



中國海外集團有限公司

CHINA OVERSEAS HOLDINGS LIMITED

Corporate Social Responsibility Report 2011

People-oriented Sustainability



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1 About the Report

1.1 Reporting Purpose

This Report is the second corporate social responsibility (CSR) report published by China Overseas Holdings Limited (the Group). The Group will continue to publish its CSR report annually. The purpose of the report is to communicate the Group's CSR vision, practices and performance to its stakeholders, including shareholders, investors, employees, customers, business partners, suppliers, the community and the general public.

1.2 Reporting Scope and Boundary

The reporting period is from 1 January 2011 to 31 December 2011. The Group is a holding company and thus the CSR performance referred to in this report concerns its subsidiaries: China Overseas Land & Investment Ltd. (COLI), China State Construction International Holdings Limited (CSCI) and COHL Investment Developing Holdings Limited (COIHL).

This report discloses information on our business operations and investments in Hong Kong, Mainland China, Macau and overseas. However, due to the small proportion of our business in Macau and overseas, this report does not include their figures unless otherwise stated.

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

1 About the Report

During the preparation of the Group's first (2010) CSR report, the Group recognised the importance of creating a comprehensive data collection system. The Group has therefore begun to develop such a system and to improve our work in this area. The report currently focuses on the Group's management approach and our progress in meeting our targets for 2011. The Group hopes that when the comprehensive data collection system is in place next year or in subsequent years, it can disclose more in-depth information to its stakeholders.

1.3 Access to the Report

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

1.4 Contacts

We have taken stakeholders' interest and expectations into consideration while writing this report. In order to improve our sustainability performance, we welcome any feedback. You may contact us at:

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



Communication



Transparent



Honesty

2 Message from Chairman

We truly believe that businesses today have to take into consideration the interests of shareholders, employees, the environment and the wider community to create lasting value in the society, and that this should be done with genuine conscience.



2 Message from Chairman

Since the beginning, China Overseas Holdings Limited (the Group) has operated according to the principle of: 'Exercise caution in details and implementation. Build a strong foundation to seek greater success'. Corporate social responsibility defines the very nature of our company culture. The Group is the subsidiary of China State Construction Engineering Corporation and started operations in 1979. Over the past thirty years and more, the Group has been diligently following set strategies, striving to perfect management, building a people-oriented corporate culture and a human resources system that offers employees room for development, a supportive work atmosphere and incentives to motivate employees. For our employees, we provide a safe and secure working environment and career advancement opportunities. For our customers, we provide good quality products and services. For our shareholders, we provide reasonable investment returns. We understand that these attributes are the basic fundamentals of being a good corporate citizen.

This year we have faced various challenges arising from fierce competition and rapid changes in the market economy. Coupled with this, it was the first year of China's 12th Five Year (2011-2015) National Development Plan. Our response to these events has been to strengthen human resources planning in our company to ensure that our employees are equipped to face the challenges. At the same time, we have strengthened our policies and structures to counter corruption and to increase the overall efficiency of our operations.

We recognise that construction and property development are industries which emit a vast amount of carbon emissions – both during construction and when buildings are in use. We incorporate energy efficiency initiatives, as well as other environmental and health and safety considerations, into the design, construction and development of our projects and in our property management. We develop low carbon buildings in the hope of creating awareness among our peers to work together to build a greener community. We are pleased that many of our construction projects have received numerous environmental awards from independent parties this year. Some of these projects are presented as case studies in this report.

2 Message from Chairman

The Group is keen on honouring its responsibilities as a good corporate citizen. We have been participating in a variety of community activities. We have incorporated the “China Overseas Charity Fund Limited” and created the brand slogan “The Sea has no Limit and Love has no Boundary” to underline the Group’s commitment to community work. To date, the Group has donated more than HK\$130 million for poverty alleviation, education and other charitable initiatives. We are honoured that our efforts have been acknowledged by various parties. This year, the Group won the “10th Anniversary of The Most Respected Companies of China Award” and “China Corporate Social Responsibility Outstanding Award”. In 2011, our subsidiary, China Overseas Land & Investment Ltd., became a constituent of the Hang Seng Corporate Sustainability Index and the Hang Seng (Mainland and HK) Corporate Sustainability Index for the second consecutive year and was selected as Hang Seng Corporate Sustainability Benchmark Index.

The Group will continue to take a humble approach to further our work in corporate social responsibility in the future. With the development of an effective framework to facilitate our community work, we hope that our support to education, young people and well-being conveys a positive message to public. We truly believe that businesses today have to take into consideration the interests of shareholders, employees, the environment and the wider community to create lasting value in the society, and that this should be done with genuine conscience.



Yi Jun

Chairman, China Overseas Holdings Limited

3 About the Group

3.1 Group Profile

China Overseas Holdings Limited (formerly known as “China Overseas Building Development Co., Ltd.”) was established in Hong Kong in June 1979. The Group is wholly owned by the China State Construction Engineering Corporation Limited, which partly (54.28%) belongs to the China State Construction Engineering Corporation (CSCEC). CSCEC is a large state-owned enterprise under China’s State-owned Assets Supervision and Administration Commission and was ranked 147 among the top global 500 companies in 2011.

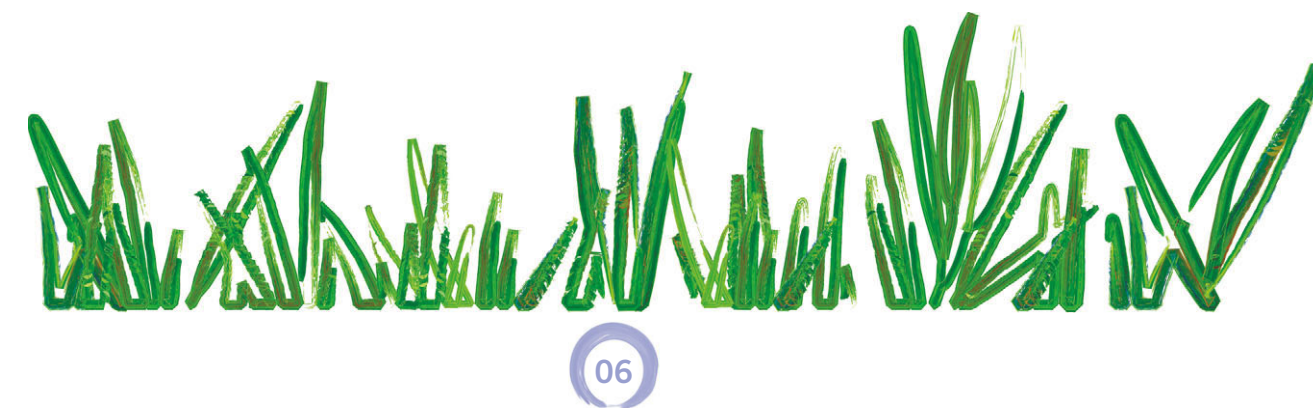
The Group is involved in real estate investment, construction, urban-rural planning and design, marketing and sales planning, manufacturing of construction supplies, after-sales service and property management. At the end of 2011, the Group had total assets of more than HK\$200 billion and total market capitalisation of HK\$136.2 billion.

The Group owns 530 companies: 494 of them are directly controlled¹ (i.e. 93% of the total) and 36 are indirectly² controlled (i.e. 7% of the total). Its principal activities are conducted by the three key second-tier subsidiaries:

- China Overseas Land & Investment Ltd.
- China State Construction International Holdings Limited
- COHL Investment Developing Holdings Limited

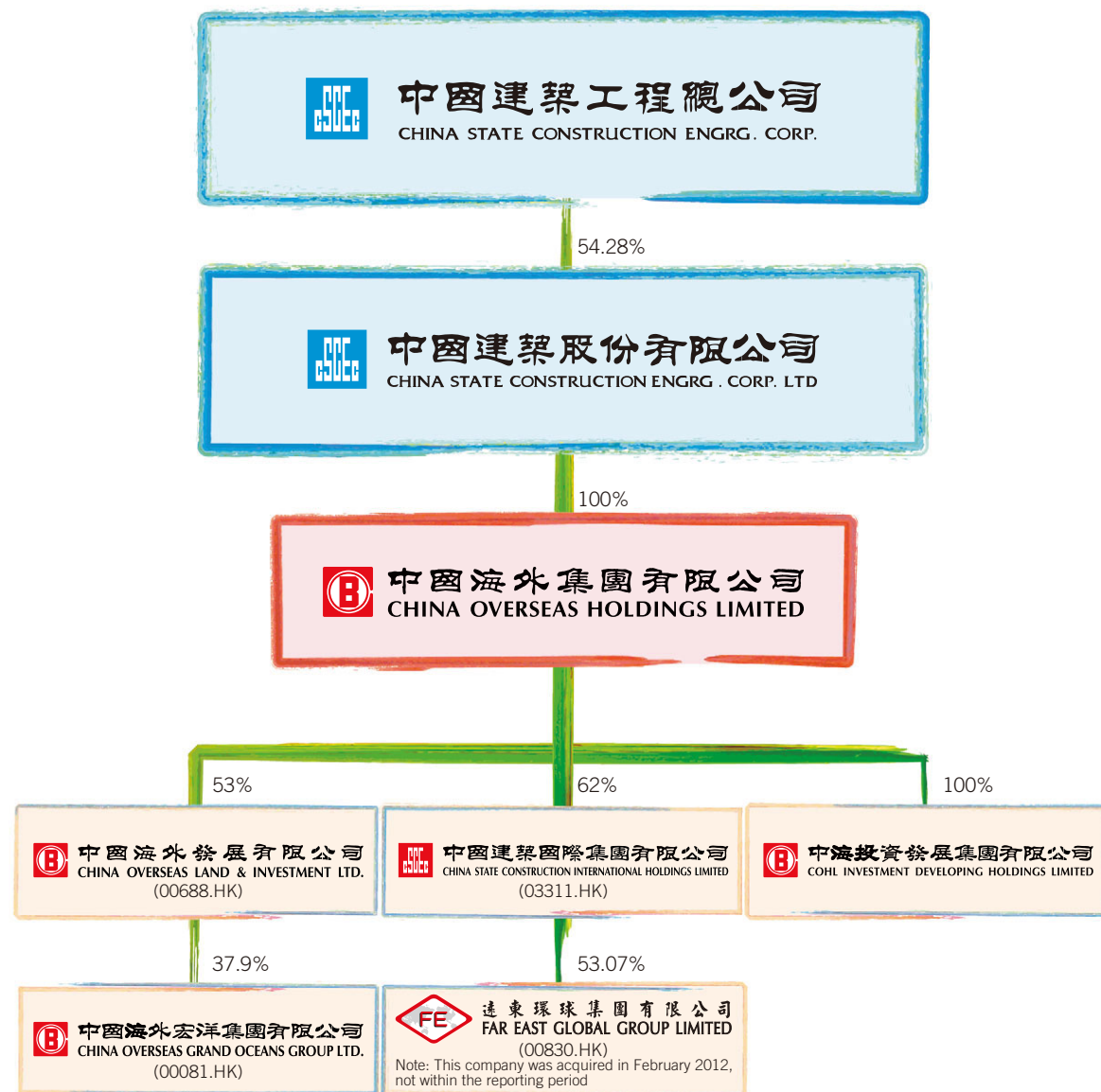
¹ In directly controlled companies, the Group’s equity ratio is greater than or equal to 50%.

² In indirectly controlled companies, the Group’s equity ratio is less than 50%.



3 About the Group

Organisational Structure (as at 31 December 2011)



3 About the Group

3.2 An Overview of China Overseas Land & Investment Ltd.

Subsidiary	Business	Region	Listed Company	Controlling Companies
China Overseas Land & Investment Ltd. (COLI) (00688.HK)	<ul style="list-style-type: none"> Real estate development Property investment Property management Planning and architectural design 	<ul style="list-style-type: none"> Hong Kong Mainland China Macau 	China Overseas Grand Oceans Group Limited (00081.HK)	384 companies <ul style="list-style-type: none"> Directly owned: 364 (95% of total) Indirectly owned: 20 (5% of total)

COLI was established in Hong Kong in 1992 and listed on the Hong Kong Stock Exchange in August. It became a constituent stock of the Hang Seng Index (00688.HK) in 2007, making it the first Chinese property developer to be selected. Its business has expanded from Hong Kong to Macau and in more than 30 economy dynamic cities in Mainland. At the end of 2011, the company had a total gross floor area of 34.45 million square meters for development. China Overseas Property has become a well known brand in the property management industry in the Mainland, holding a large market share in Hong Kong and in the Mainland serving good property management.

Since our listing, real estate development has been the core business of COLI, providing hundreds of thousands of premium residential units to more than a million customers. In 2011, COLI further improved its regional management system. The company was again ranked the first among “Best 20 of China Real Estate Enterprises Brand Value” with a brand value of RMB24.69 billion (around HK\$30.08 billion). Meanwhile, China Overseas Property has remained as the “Leading Brands of China Real Estate Companies”. The company has been acknowledged as a “China Blue Chip Real Estate” for eight consecutive years. Eight projects of China Overseas Property were recognised by the “Zhan Tianyou Award” for their quality, design, management and other professional aspects. For further information, please refer to the COLI Annual Report 2011: <http://www.coli.com.hk/En/investor/finaropor.aspx>

3 About the Group

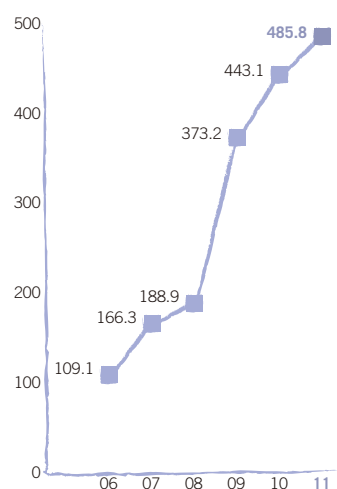


Note: The 32 major cities in Mainland China, including: Beijing, Shanghai, Shenzhen, Guangzhou, Foshan, Suzhou, Hangzhou, Shenyang, Chongqing, Xi'an, Changchun, Changsha, Chengdu, Dalian, Jinan, Nanchang, Nanjing, Ningbo, Qingdao, Tianjin, Wuhan, Xiamen, Yantai, Zhongshan, Zhuhai, Guilin*, Jilin*, Heifei*, Hohhot*, Lanzhou*, Nanning*, Yinchuan*, Hong Kong and Macau.

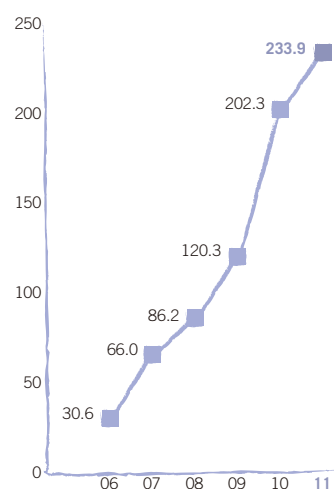
* Cities where China Overseas Grand Oceans Group Ltd operates, the company also operates in Beijing and Guangzhou.

Economic performance:

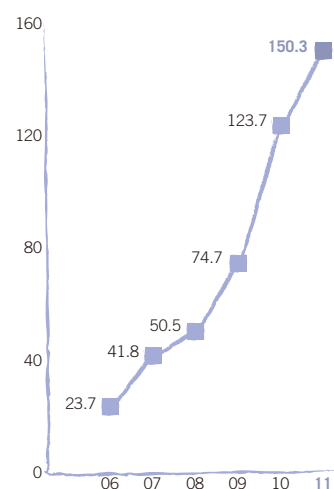
Turnover (HK\$ in 100 million)



Profit (HK\$ in 100 million)



Profit attributable to shareholders (HK\$ in 100 million)



3 About the Group

3.3 An Overview of China State Construction International Holdings Limited

Subsidiary	Business	Region	Listed Companies	Controlling Companies
China State Construction International Holdings Limited (CSCI) (03311.HK)	<p>Core Business</p> <ul style="list-style-type: none"> Building construction Civil engineering works Infrastructure investment <p>Others:</p> <ul style="list-style-type: none"> Foundation engineering works, Site investigation, Mechanical and electrical engineering works, Highways and bridges construction, Ready-mixed concrete, Pre-cast structure production 	<ul style="list-style-type: none"> Hong Kong Mainland China Macau Overseas (India, United Arab Emirates) 	No listed company in 2011 (Far East Global Group Limited (00830.HK) was acquired in February 2012)	<p>91 Companies:</p> <ul style="list-style-type: none"> Directly owned: 79 (87% of total) Indirectly owned: 12 (13% of total)

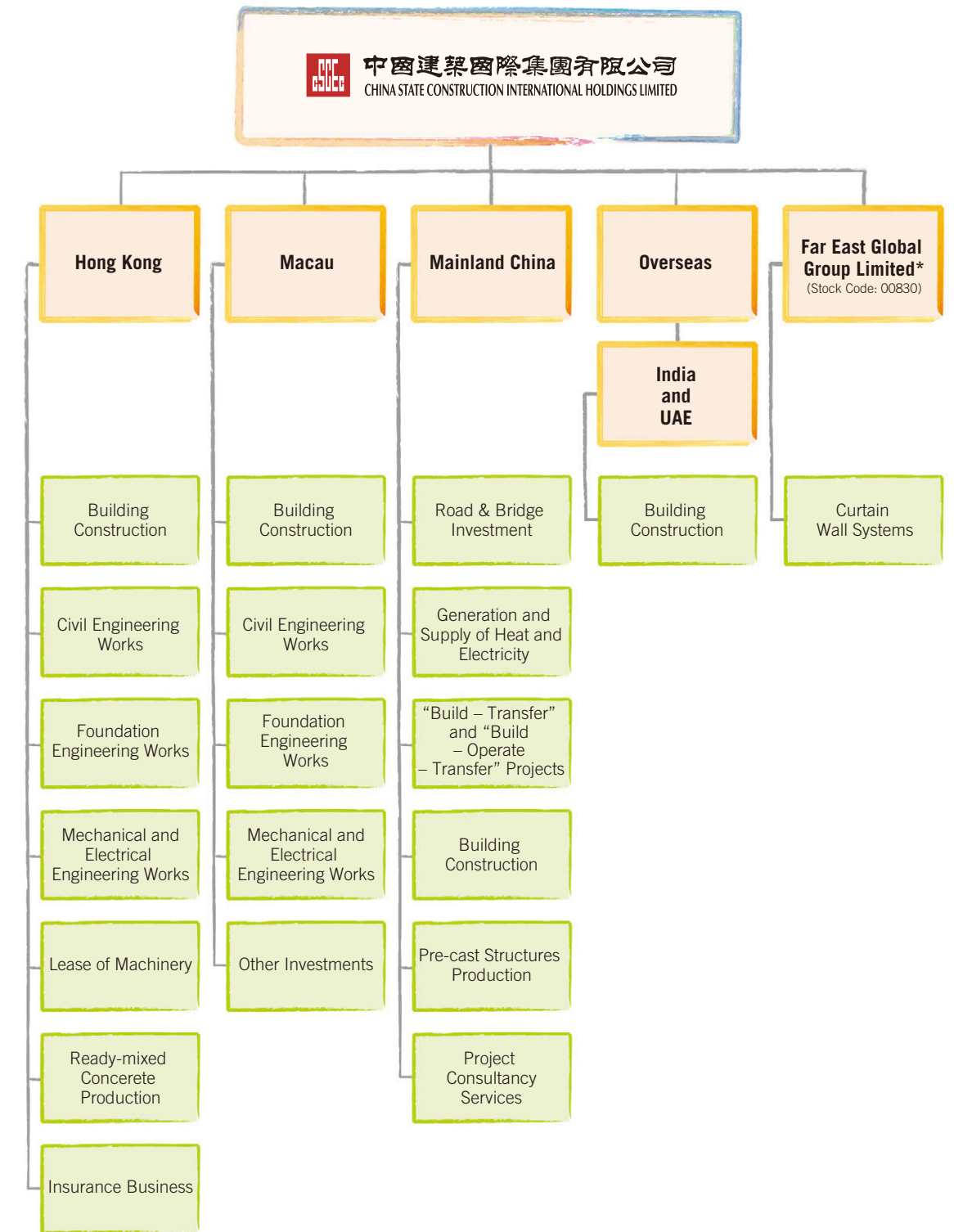
In 1979, CSCI started its construction business in Hong Kong. It was separated from COLI and listed in 2005 (03311.HK). CSCI plays an active role in the construction industry via its quality management and has thus established a strong reputation in the industry. It has undertaken over 780 projects in Hong Kong, Mainland China and Macau over the past years, accumulating a vast range of experience. Projects undertaken include building works for public housing, private residential, office and commercial buildings, industrial sites, hospital institutions, educational and cultural facilities, hotels and public institutions. Civil engineering works include site formation, highways, bridges, reclamation and tunnel projects, as well as piling, mechanical and electrical engineering works.

3 About the Group

The company is equipped with sophisticated technology as well as advanced management, planning and coordinating abilities. It is also dedicated to the research and development of innovative building technologies and methods. Coupled with the implementation of centralised purchasing and allocation system, these help to improve the construction procedures, cost efficiency and provide the company a strong foundation for sustainable development. Drawing on the experiences it gained in Hong Kong, Mainland China and Macau, CSCI has extended its reach across regional boundaries and succeeded in developing construction businesses in the United Arab Emirates and India. In 2011, CSCI restructured its business operations in infrastructure investment and contracted construction for better strategic development of these businesses in Mainland China.

CSCI is one of the earliest contractors certified to the international standards ISO9001, ISO14001 and OHSAS18001, reflecting its commitment to pursue quality, safety and environmental protection management. In 2011, CSCI completed 28 projects and started 37 new projects. At the end of 2011, there were 90 construction projects in progress valued at HK\$73.95 billion in contracts. In 2011, CSCI became the first company to receive the “Outstanding Contractor (Construction) Gold Award” from the Hong Kong Housing Authority for three consecutive years. Given its excellent performance in environmental protection and safety promotion, many of its construction sites in Hong Kong were awarded by the Labour Department of Hong Kong, the Hong Kong Development Council, and the Hong Kong Occupational Safety and Health Council. For further information, please refer to the CSCI Annual Report 2011: <http://www.csci.com.hk/cscec/portals/p2/a/index.aspx>

3 About the Group

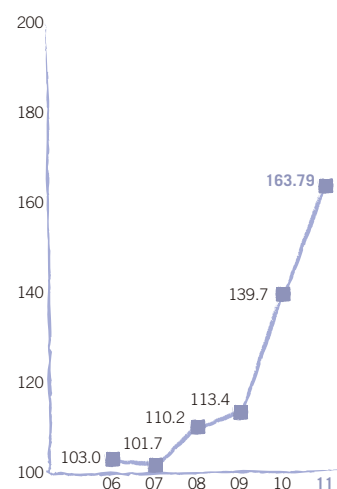


* As at 28 February 2012, the Company interested in approximately 53.07% of the issued share capital of Far East Global Group Limited.

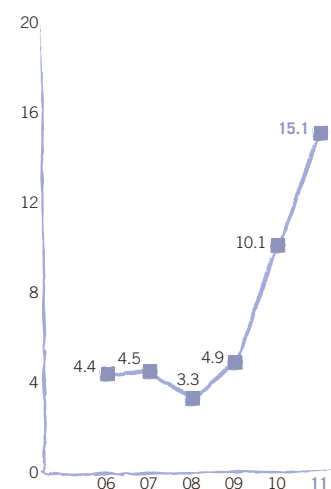
3 About the Group

Economic performance:

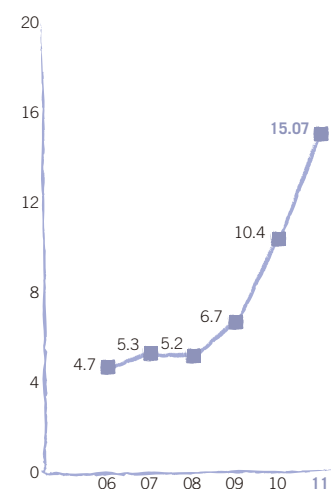
Income (HK\$ in 100 million)



Profit (HK\$ in 100 million)



Profit attributable to shareholders (HK\$ in 100 million)



3.4 An Overview of COHL Investment Developing Holdings Limited

Subsidiary	Business	Regions	Listed Company	Managed Companies
COHL Investment Developing Holdings Limited (COIHL)	<ul style="list-style-type: none"> Infrastructure Investment and Operation Urban-rural planning investment Finance and shares investment 	Mainland China	No	COIHL serves as a management platform without equity relationship, thus it does not have subsidiaries

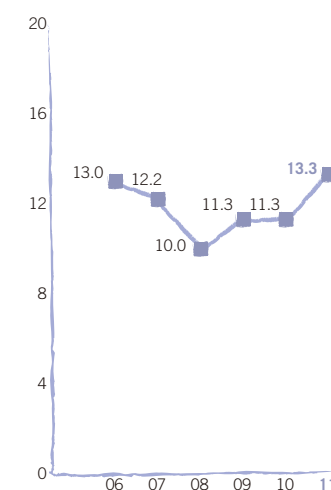
3 About the Group

COIHL is positioned as a management platform to operate and manage the infrastructure business as well as the urban-rural planning investment business for the Group. COIHL is responsible for the important task of managing quality projects to improve the value of the Group. The Group aims to develop the “China Overseas Investment” brand through COIHL. It has been actively involved in the investment, acquisition, and equity participation in projects which potentially bring long-term and stable investment returns to the Group, in order to supplement the Group’s core business and sustain its development.

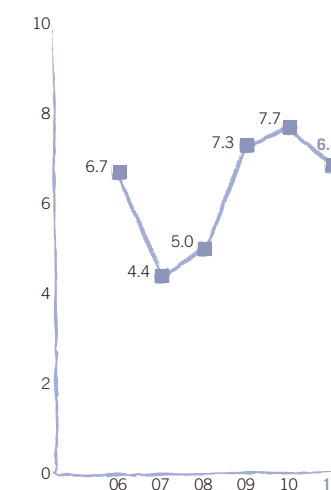
In recent years, COIHL has been transforming its business model and optimising the construction of its headquarters. COIHL currently manages three main businesses. The first is investment and operation of infrastructure, and this includes Shenyang Huanggu Thermolectricity, Second Nanjing Bridge, Shandong Laizhou Harbour Affairs, Nanchang Bridge and Nanchang Xin Ba Yi Bridge. The second is urban-rural planning investment, including Chongqing Lixiang Lake, Zibo Wenchang Lake Project and Shanxi Weinan Project. The third is finance and shares investment, including Guoyuan Trust, Guoyuan Investment and Huawen Investment. Its main areas of business operation are in Mainland China.

Economic performance of managing the three main businesses:

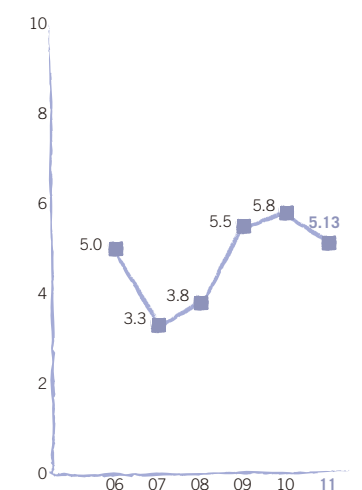
Income* (HK\$ in 100 million)



Profit (HK\$ in 100 million)



Profit attributable to shareholders (HK\$ in 100 million)



* The above data represents the economic performance of the businesses operated by COIHL on behalf of CSCI.

4 Sustainable Management

4.1 Approach and Structure

It is the Group's belief that steady development lays a solid foundation for sustainable development and the Group's values are founded on "Exercise caution in details and implementation. Build a strong foundation to seek greater success". The Group strives to continuously integrate CSR into its business operations and culture. As a good corporate citizen, the Group takes corporate governance, quality control, human resource development, environmental protection, community contribution and stakeholder engagement seriously. To ensure sustainable development in the short, medium and long-term, the Group has developed various strategies that take into account its strengths, the nature of its business and the macro-economic conditions. The Group's approach is:

- To improve regional strategic management for sustainable development
- To strengthen innovation and quality control and develop more green and energy-saving residential buildings
- To apply innovative management and organisational strategies to accelerate progress in regional development and professionalism
- To value talent and improve the human resource strategy through advanced people management and incentive policies
- To strengthen the development of the "China Overseas Corporate Culture" and fulfil its responsibility to "enhance shareholders' value, benefit the community and enhance employees' value" as a good corporate citizen
- To increase input into low-income housing projects for development and participate in poverty alleviation and charity projects
- To promote the implementation of urban-rural planning projects, explore new ways to drive innovation in China's urbanisation process, and assist farmers in increasing their income
- Increase competitiveness overseas and develop an international brand

4 Sustainable Management

4.2 The CSR Committee

The Group's CSR Committee was officially set up in 2008 to enable more systematic formulation of CSR policies, and planning and implementation of CSR-related work. The CSR Committee is directly supervised by the Board of Directors. Through regular engagement and cooperation between the CSR Committee and other Board-level committees as well the Group's subsidiaries, the Group hopes to improve its overall CSR performance.

The Group's CSR Committee

Committee Title	Name	Company Title
Director	Kong Qingping	Vice Chairman and President of China Overseas Holdings Limited
Vice Director	Li Jianbo	Vice Chairman of China Overseas Holdings Limited
Committee member	Zhu Yijian	Assistant President of China Overseas Holdings Limited
	Dong Daping	Director of China Overseas Holdings Limited
	Liu Wei Min	Secretary of the Board of China Overseas Holdings Limited, General Manager of President Office
	Wang Yapeng	General Manager of Human Resources Department of China State Construction International Holdings Limited
	Lam Yuen	Deputy General Manager of Finance and Treasury Department of China Overseas Holdings Limited
Secretary	Liu Wei Min	Secretary of the Board of China Overseas Holdings Limited, General Manager of President Office



4 Sustainable Management

4.3 Corporate Governance

The Group fully understands the importance of corporate governance to facilitate the Group's work in sustainable development. The Group therefore makes significant efforts to improve its corporate governance in three ways. Firstly, ensure the Group, including its subsidiaries, complies with laws and regulations as well as ethical codes. Secondly, the Board continues to improve management systems and mechanisms to secure the interests of different stakeholder groups. Thirdly, use the corporate governance principles as guidance for the Group to enhance its competitiveness and increase stakeholder value.

The Group has two managing bodies, the Managing board and the Executive Committee, to develop procedures and improve the collective decision-making mechanisms. The Managing board, which is at the core of the corporate governance structure, monitors various committees including the CSR Committee, Human Resource Management Committee, Strategy and Risk Management Committee, and Treasury Management Committee (refer to Figure 1). This structure reflects best practice in corporate governance in Hong Kong and internationally. There is a clear division of work between the Board and management. To ensure the Board's independence, the responsibilities of the Chairman and the President are clearly separated and outlined in the Board of Directors' Duty Statement.

The Group's Hong Kong-listed subsidiaries, COLI and CSCI, have their own Boards of Directors. Each of these boards has established an Audit Committee, Nomination Committee and Remuneration Committee. Most of these committee members are independent non-executive directors. For more information, please refer to the Corporate Governance Report in the 2011 Annual Report of COLI and CSCI.

4 Sustainable Management

4.4 Anti-Corruption Mechanism

In order to strengthen anti-corruption and improve management efficiency, *COLI Policies on Conversation with Integrity and Efficiency* and the *COLI Grievance Mechanism* were released in 2011. Regional general managers of COLI are required to sign an official integrity agreement document, so are the corporate leaders in COIHL. Every year, the management of CSCI issue an official open letter for their employees, sub-contractors and suppliers as an anti-corruption reminder.

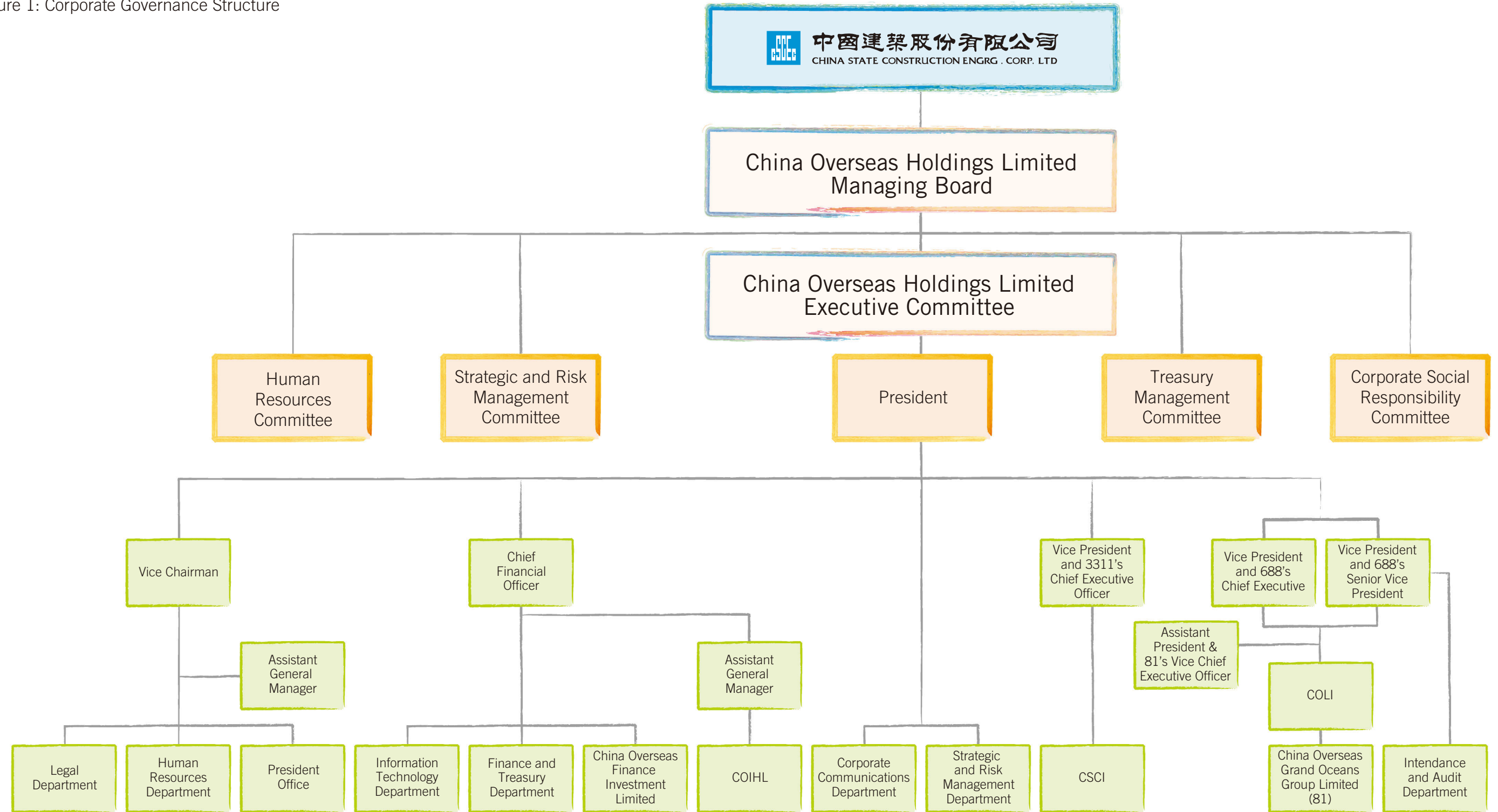
China Overseas Property, a subsidiary of COLI, sends formal written notices to its business partners to remind them of the prohibition of gift-giving to its staff at all levels to avoid termination of partnership. Complaint channels are also provided to allow misconduct to be reported. All partners, such as the construction sub-contractors, material purchasers, designers, marketers and stationery suppliers are required to sign an official probity agreement. China Overseas Property also distributes questionnaires to their partners to assess the company's employee performance in terms of integrity and self-discipline.

Employees that accept personal gains from business partners are subject to severe penalties and potentially litigation. In general, the Group focuses on preventative measures through the establishment of formal control mechanisms (e.g. the launch of *COLI Temporary Provisions on Accountability*, *COLI Policies on Managing the Three Key Issues and the One Influential Issue*³, and *risk prevention strategies*). The Group also emphasises integrity and honesty by distributing anti-corruption themed comics and other publications, as well as mobile phone text messages to its employees.

³ Three Key Issues refers to 1) decision-making on significant problems, 2) appointment and dismissal of key personnel, and 3) planning of major projects; One Influential Issue refers to the consumption of large capital resources.

4 Sustainable Management

Figure 1: Corporate Governance Structure



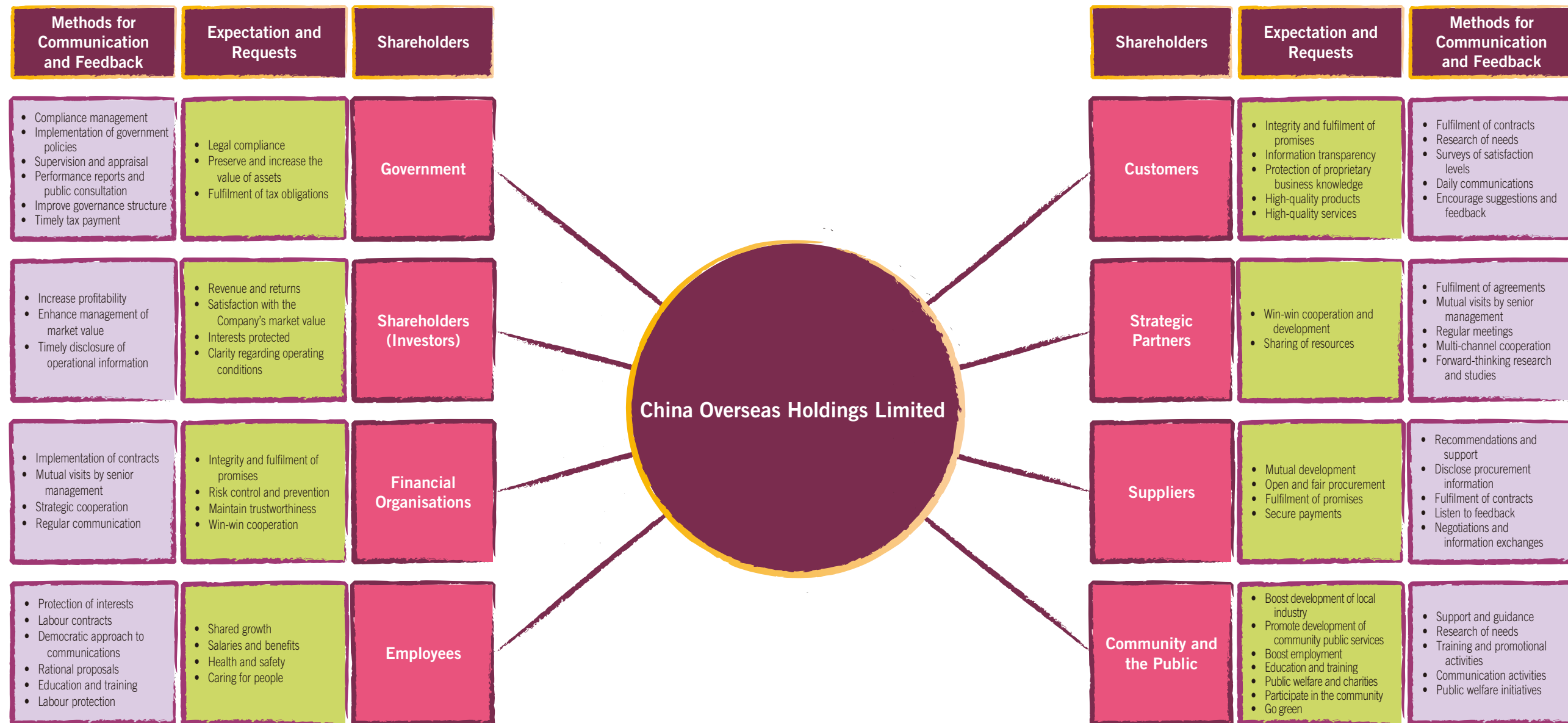
4 Sustainable Management

4 Sustainable Management

4.5 Stakeholder Engagement

The Group believes stakeholder engagement is important to enable the Group to understand its CSR work through the eyes of its stakeholders, so that the Group can evaluate its performance more objectively. The Group's stakeholders include shareholders, investors, financial organisations, employees, customers, strategic partners, customers, sub-contractors, suppliers, community and the public. Only with effective communication can the Group understand different stakeholders' expectations and balance their various interests.

Depending on the interests and expectations of its stakeholders, the Group explores different engagement approaches for different stakeholder groups, for instance, regular meetings, satisfaction surveys or need surveys, field visits, discussion forums, training, research and charity activities. In day-to-day operations, the Group often listens to, collects and responds to their needs. The interaction between the Group and its stakeholders in 2011 is shown in the following chapters.



5 Quality Assurance

5.1 Quality and Purchasing Management

The Group attaches great importance to quality in the design, construction and management of its properties. A “Headquarters-Regional-Local” three-tier quality management system has been established to meet the short- to long-term needs of its business development and support quality control across the Group.

The system for quality control applies to all aspects of its operations including supplier access and assessment, work implementation, and customer service. During the construction and service life cycle, each business unit is responsible for refining the system and implementing policies to ensure high quality control.

To ensure high quality construction and service, the Group carefully monitors the quality of raw materials. For raw materials and services provided by suppliers, China Overseas Property has established controls related to purchasing which include the quality of material, inspection of purchases upon arrival and documenting each purchase stage. Since centralising its purchasing, China Overseas Property has established strategic and cooperative relationships with suppliers by adopting comprehensive, long-term and stable policies. This has enabled the Group to obtain the best supplies and services and also to secure new projects and technologies at competitive prices. This also provides benefits for suppliers who can gain increased market share and reasonable profit.

5 Quality Assurance

Targets for 2011	Status and Achievements in 2011
1 Conduct Customer Satisfaction Index Assessment in 2011	1 China Overseas Property conducted a customer survey in the second half of 2011 and collected a large amount of valuable feedback from property owners Please refer to section 5.3 for details
2 Further strengthen the work of China Overseas Property Club (a customer association), focusing on rebuilding the website and strengthening the nation-wide customer care activity	2 China Overseas Property Club organised the first national event for children of China Overseas property owners with significant impact The fourth China Overseas Art Festival was successfully completed Please refer to section 5.2 for details
3 Develop a “Clicking Input and Tracking Output” tracking system for customers based on an iOS platform and continually improve Customer Relationship Management (CRM) software to enhance the customer experience	3 The CRM system was launched for 252 projects in 21 cities in Mainland China and this will continuously be monitored and improved. The “Clicking Input and Tracking Output” system that is used to help property owners in the property handover process is progressing well Please refer to section 5.2 for details
Targets for 2012	
1 Make use of advanced technology to transform traditional promotional materials to make them more interactive and with multimedia features	
2 Increase the response rate of the business partners’ satisfaction survey to obtain a more comprehensive understanding of their views	
3 Implement the 2012 annual customer surveys and continue to listen to customers	
4 Continue to improve the CRM system to make it more user-friendly. Use IT to upgrade products and services and improve customer satisfaction systematically	
5 Increase the number of nation-wide activities carried out by the China Overseas Property Club and be more proactive in customer care	

5 Quality Assurance

5.2 Branding Management System and Customer Relations

The Group maintains close relations with its customers. The Group's customer service system is operated under its management philosophy of "Excellent Integrity, Eternal and Excellent Products" to provide quality services both before and after the sale of its properties.

In 2010, the Customer Relationship Management (CRM) system was implemented to standardise customer service process of China Overseas Property. In 2011 its CRM system was rolled out across 252 projects in 21 cities in Mainland China by China Overseas Properties. This has become an effective channel for gathering customer feedback to ensure that it continues to improve the product and service quality.

The Group introduced an iPad application for customers to log on and track the procedures for internal property inspection and property delivery and occupation. This enables the customers to play a part in inspecting the quality of the Group's products and services. In addition, the Group has implemented a system that tracks the quality of property services both pre-sale and post-sale on a 24 hours a day, 7 days a week basis. During the sales period, the Group's "Communications Ambassadors" maintain regular communication with property owners to ensure that they are updated on the progress of construction and are responding promptly to the needs of the customers.



Communications Ambassadors are assigned to respond to customers' needs and provide professional and attentive services

As a result of the regular communication with branding professionals, the Group has established a Corporate Identity (CI) system for its subsidiaries and brands. In 2011, the Group updated the CI system and its guidelines, and promoted the system across different subsidiaries and departments. It also strengthened the external branding efforts by launching a multimedia promotion project, and making its commercials and brochures more interactive. The Group hopes to expand this into the corporate souvenirs to meet the needs of external relations, and which were estimated to be produced in 2012.

5 Quality Assurance

In order to strengthen the engagement between China Overseas Property and the community, China Overseas Property established the China Overseas Property Club to enhance the relationship with its customers or the property owners. By the end of 2011, the Club has set up branches in 30 cities in Mainland China with more than 120,000 members and almost 400 business alliances. The China Overseas Property Club upholds the concept of "wonderful livelihood, remarkable life" which places customers at the centre and excellent service as a prerequisite. To promote a harmonious community, we endeavour to organise innovative charitable events and leisure activities for its customers to engage with them more regularly. The Group hopes that through receiving feedback from the members, it can further enhance its products and services.

China Overseas Experience Camp for Children of Property Owners

In July 2011, the China Overseas Property Club organised the "China Overseas Experience Camp for Children of Property Owners", a four-day event which targeted children of property owners aged seven to fourteen. This activity aimed to promote the children's understanding of property management and the benefits of being part of the community. The activities organised included "little security patrol", "little customer service officer" and "little gardener", taught by its property management personnel. This event was launched in 80 communities within 21 Mainland cities where the Group operates and attracted 1,200 participants. 300 of China Overseas Property employees participated as teachers or organisers of the events. This has been one of the largest and most influential national events organised by the China Overseas Property Club since its establishment.



5 Quality Assurance

Arts Festival of China Overseas Property Club

In order to strengthen the Group's interaction with property owners and encourage the property owners to participate in art, since 2005 it has organised a biennial arts festival named "On the road with you" for China Overseas property owners in Chengdu. The event, in October 2011, received positive responses from the top ten China Overseas communities in Chengdu. The participants included over 400 property owners and tenants from a wide range of age groups, which exceeded previous years. The participants performed singing, dancing, hosting, instruments, painting and stand-up comedy. The judges for the event included professors and senior directors from the Sichuan Music College, the China Dramatists Association and the Senki Art Troupe.



5.3 Customer Satisfaction

The Group values customer feedback. In the second half of 2011, China Overseas Property conducted a large scale customer survey covering 127 China Overseas communities in 21 cities. It randomly selected about 10,000 participants based on their background (soon to be property owners, new property owners, mature property owners and long-term property owners), covering a wide spectrum of people and geographical locations. The survey was conducted via telephone or in person and consisted of questions covering project development, payment, post-sales services and communication with customers. The Group incorporated relevant feedback into its business operations to improve the overall quality of the service and products.

5 Quality Assurance

In terms of property management, China Overseas Property Service Limited, the subsidiary of COLI, is required by the Group to conduct a customer satisfaction survey annually. The aim of the survey is to better understand customer satisfaction in property management, security, cleaning and maintenance in the company's properties in Hong Kong. In 2011, the company received a total of 787 survey responses. Based on the findings, it was found that there was a high level of satisfaction among its customers at 89%.

5.4 Business Partners' Satisfaction

In 2011, China Overseas Property conducted a business partner satisfaction survey which included contractors, material suppliers, design companies and marketing and advertising agencies. It developed three sets of surveys for engineering, design and marketing companies respectively, involving a total of 31 regional companies. The questions in the survey covered their overall impression of China Overseas Property and their perception of its employees' integrity, complaint handling and willingness to cooperate with business partners as well as their partnership with China Overseas Property. A total of 1,000 survey questionnaires were sent out, generating a response rate of 13.2%. The survey results are as follows:⁴

Overall satisfaction on regional company	Satisfied or quite satisfied	Not so satisfied	Unsatisfied or quite unsatisfied
Contractors/Material suppliers	98.6%	–	1.4%
Design Companies	100.0%	–	–
Marketing & Advertising Agencies	97.6%	2.4%	–
2011 Survey Total of	98.4%	0.8%	0.8%
All Business Partners			
2010 Survey Total of	95.7%	4.3%	–
All Business Partners			

⁴ In order to better understand the satisfaction level of the business partners, the Group will improve the response rate of the surveys in future.

6 Human Resources

6.1 Management Approach on Employee Responsibility and Talent Development

China Overseas supports equal opportunities. The Group is committed to providing equality for employees in the processes of recruitment, training, promotion, transfer, compensation, benefits and termination of contracts, regardless of gender and age.

Great human resources management – such as developing effective staff recruitment, training, rewarding and appraisal systems – is key to the Group's vitality and competitiveness, and enables the Group to meet the needs of both its business operation and employees. The "Sons of the Sea" is the brand of the Group's human resource initiatives. It aims to support, attract and nurture talent in schools and within the Group through various channels. To enhance the training system, the Group continues to review the training methods and innovate to meet the needs of the employees and operations.

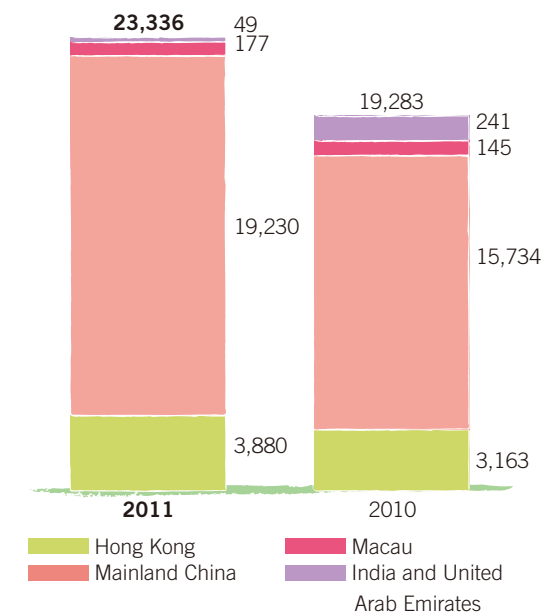
In 2011, the Group launched its management guidelines on continuing education and training, outlining the training system that caters to employees of four different levels. The training for senior management focuses on increasing their knowledge of various business models and strategic decision-making ability; mid-level managers are encouraged to take up training on leadership skills and management thinking; operational managers and professionals are trained to enhance their management and operational skills; for all other general employees, the training approach includes the development of internal courses, peer interaction sessions and a mentor team. At the same time, employee education and learning is promoted through an internal online platform. The Group has also set aside resources for developing specific training courses based on the needs of its business expansion or on ad hoc topics. This covers employees of all levels.

Besides enhancing the career development of its employees, the Group is mindful of its responsibility to ensure a good work life balance. The Group wants to build not only good quality buildings, but also helps the employees to have a happy family life. The Group's Staff Association and its eight affiliated associations – the Staff Association of the Group's Headquarter, China Overseas Property Staff Association, China State Construction Staff Association, China Overseas Investment Staff Association, China Overseas Photography Association, China Overseas Sorority, China Overseas CSR Department and China Overseas Volunteers Association – have worked together and individually to organise all types of recreational and community activities for staff and to promote a healthy corporate culture.

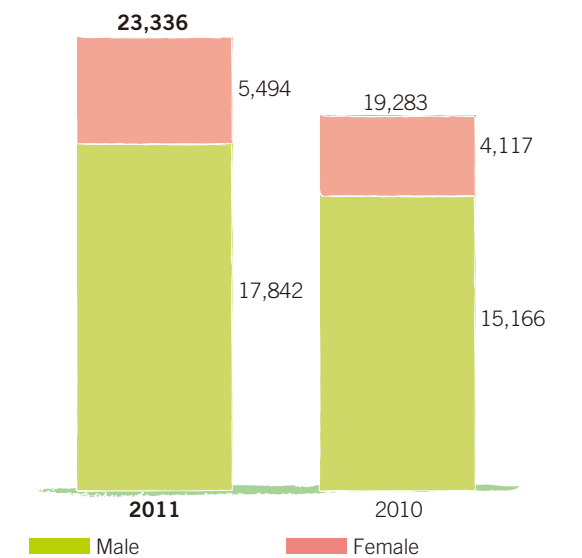
6 Human Resources

Total number of employees of the Group, including the three second-tier subsidiaries

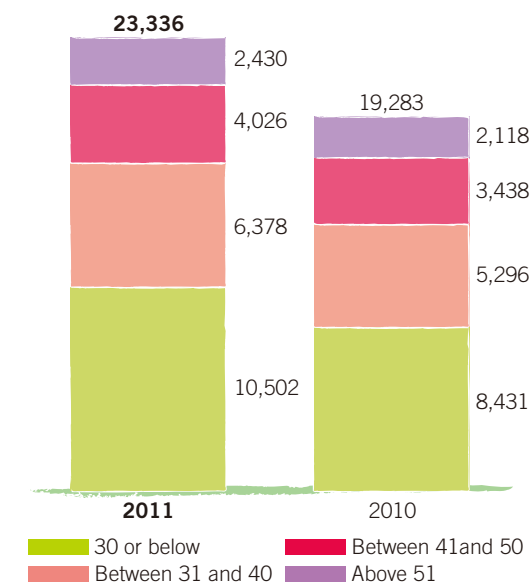
Workforce by region



Workforce by gender



Workforce by age



6 Human Resources

Targets for 2011	Status and Achievements in 2011
1 Incrementally establish the Group's unified online appraisal platform	1 A unified internal online appraisal platform was set up, covering the assessment of senior and middle management and professionals Please refer to section 6.4 for more information
2 Provide medical plan benefits for employees	2 The employee medical plan has been improved starting from October 2011. Employees based in Hong Kong receive a special discount on an annual health check-up at specified medical institutions
3 Organise the 6th "Sound of China Overseas" Show	3 Reached a successful conclusion. Please refer to section 6.5.1 for more information
4 Additional benefits for employees: (i) Organise "Mental Health First Aid Course" for employees (ii) Provide badminton courses for employees	4 The "Mental Health First Aid Certificate Course" was in progress of preparation Regular badminton classes have been conducted
Targets for 2012	
1 Progressively implement the human resource strategy that was developed in line with the "12th Five-year Plan"	
2 Enhance the capacity of middle and senior management, while establishing succession planning to support the continued growth of the business	
3 Strengthen the overall merit-based management system which follows the establishment of the online appraisal platform	
4 Focus on leadership development of senior and middle management by implementing the "China Overseas EMBA – China Europe" leadership development programme	
5 Further explore ways to help employees in their career development, for example providing training courses on professional knowledge, with priority given to project supervision skills, architecture systems, human resource management, and financial management	
6 Organise the 2012 China Overseas Chess and Card Tournament	

6 Human Resources

6.2 Exploring and Nurturing Talents

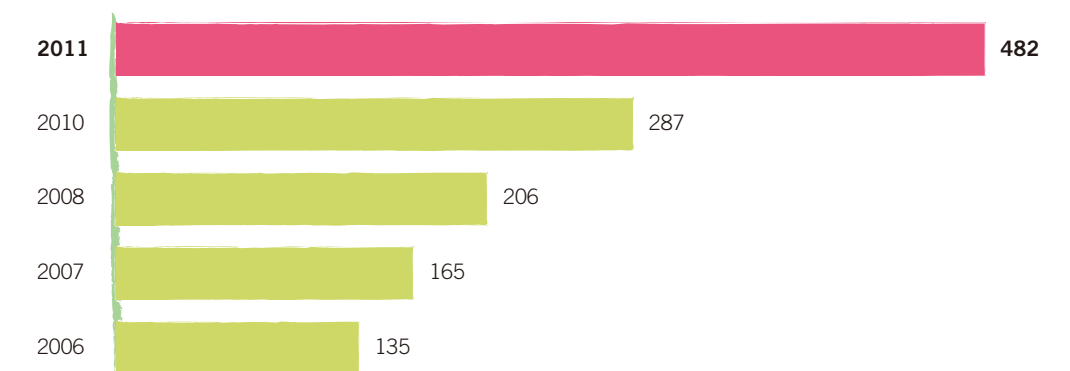
6.2.1 Talent Recruitment Plan

The "Sons of the Sea" and the "Sea's Recruits" are two successful human resource programmes established by the Group. Employees recruited by these two programmes have grown to become the corporate backbone, supporting the sustained development of The Group.

The "Sons of the Sea" aims to attract and cultivate talents in school. The "Sons of the Sea" is open to three groups: third year college students or early year postgraduate students, fresh graduates and new employees. The "Sea's Recruits" programme mainly recruits experienced specialists in the property development industry.

In 2011, more employees were recruited through the "Sons of the Sea" programme than the previous year. Taking COLI as an example, the "Sons of the Sea" programme successfully recruited over 300 outstanding graduates for the Group. The "Sea's Recruits" programme also attracted more than 500 talented individuals. Both of these schemes have been effective in helping to meet the needs for talent to fuel the Group's expansion.

The number of students recruited through the "Sons of the Sea" Programme in 2006-2011

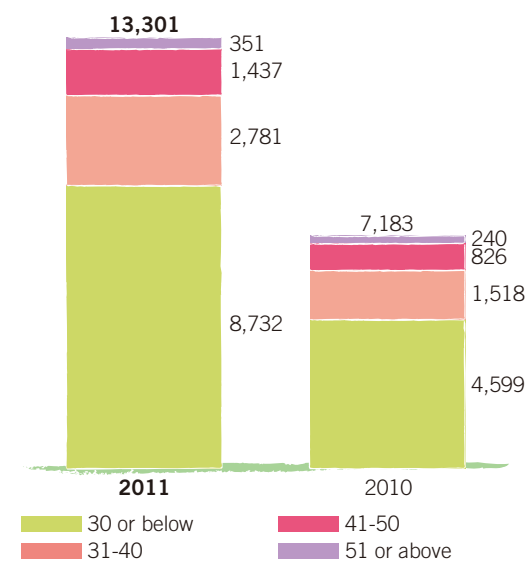


Note: The "Sons of the Sea" programme was stopped in 2009 due to the financial crisis.

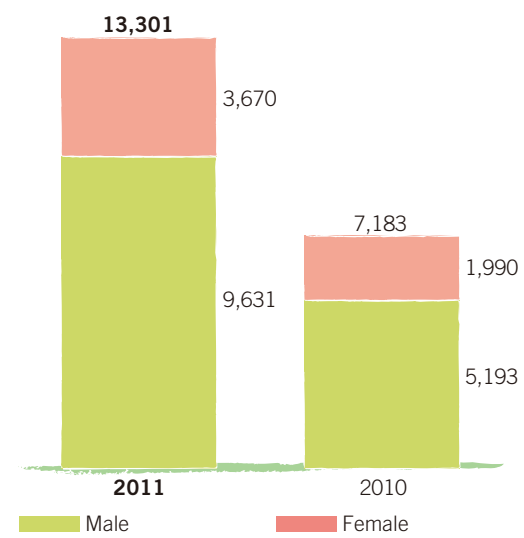
6 Human Resources

Comparison of new employees and employee turnover of the Group and its three key subsidiaries

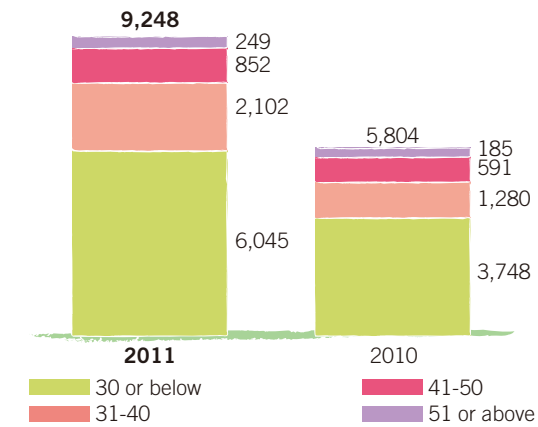
New employees by age



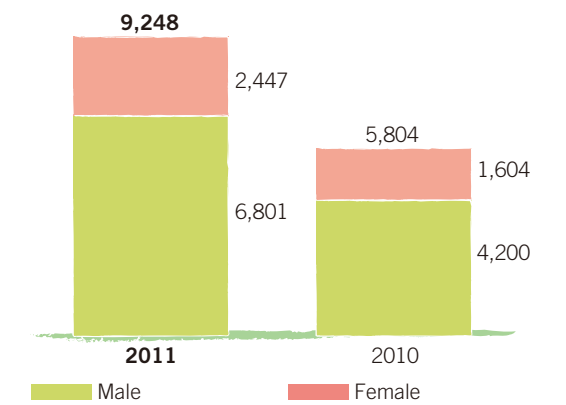
New employees by gender



Employee turnover by age



Employee turnover by gender



Note: The turnover rate of the Group's non-property management business is maintained at approximately 15% level, in line with the general industry trend. The majority of turnover staff are from the property management business, accounting for 80% of the total turnover of the Group in 2011. Given the nature of the property management business, the employee turnover is relatively high (especially those at the operational level and those aged 30 or below). The Group is actively involved in providing training, cultural activities and improving the appraisal system to strengthen its young employees' job satisfaction and sense of belonging and to attract new employees.

6 Human Resources

6.2.2 Career Development Workshop

China Overseas Property's "Career Development Camp" is an important element of the Group's "Sons of the Sea" programme and exemplifies its efforts in promoting research and study as well as apprenticeship. The "Career Development Camp" is considered to be a pioneering initiative for human resources in Mainland China. Participants are third year university students or postgraduate students who are due to graduate the following year. The Group first started to partner with ChongQing University to establish the career development camp in 2007. Since then, the Group has strategically partnered with several universities to attract talent, including Tsinghua University, Tianjing University, Shandong University of Science & Technology, Dalian University of Technology, Shenyang Jianzhu University, ChongQing University, Xi'an University of Architecture and Technology and Southeast University from May to September 2011. The partnership through the career development camp is beneficial to the Group and the society in many ways:

- Sharing of regional resources: Employees from the same region can access renowned lecturers within the same region when the career development courses are conducted.
- Nurturing and motivating lecturers: Good lecturers would be recommended by the Group to take up professorship and to provide them with the opportunity to play a part in community work.
- Attracting quality talent resource: Through the "Career Development Camp", the Group is able to select the best students to participate in the Group's internship programme and who could be potential employees for the Group.



6 Human Resources

6.3 On-the-job Training and Skills Development

6.3.1 "Sons of the Sea" Orientation Class

The orientation class of the "Sons of the Sea" is mainly for new staff of the property development and construction divisions. The training includes sessions by the Group's senior management. This mimics the environment of the Group's management and operations as this enables new employees to familiarise themselves with the company culture, core values and rules through simulation exercises. The training also consists of both indoor and outdoor exercises to help to build team spirit.

In 2011, COLI organised the orientation class of the "Sons of the Sea" for new employees to provide training on organisational skills, management and service. This ten-day training programme involved 306 participants who came from the property development divisions of 28 cities. Participants organised forums related to basic knowledge of the real estate industry, the profession and the Group. They also set up a dedicated Weibo website for the Group's employee initiatives, produced publications and videos, created a photography exhibition and poster exhibition of the orientation programme. These exercises helped further the participants' understanding of the Group's operational structure and management targets.



6 Human Resources

6.3.2 Regional Training Series – Case Study Sharing Centre

Regional companies within COLI all have different development histories, models, markets, operations and experiences that represent good case studies to share. The establishment of the “Case Study Sharing Centre” provides an effective platform to do this.

The purpose of the Case Study Sharing Centre is to facilitate exchange between different business lines in a region. The companies in the same region rotate to organise activities and share knowledge on good organisational structure and work practices. This helps them to improve their organisation and planning skills. The regional training platform plays an important role in supporting The Group’s “Headquarters-Regional-Local” three-tier management system.

East China Region – Case Study Sharing Centre

In the COLI’s 2011 Human Resources Forum, the “East China Case Study Sharing Centre – New Regional Training Platform” won the “2010 Human Resource Management Case”.

The “East China Case Study Sharing Centre” has been used as an effective platform to consolidate the training resources within the specific region. Through close coordination with the headquarters, it becomes a centre of professional guidance, coordination and services for the region. Training provided included sales, planning, development, contracts and construction, representing the five core business activities of the Group. Trainees are from different levels of seniority: from general staff and middle management staff to senior management as well as staff from different business lines.

6 Human Resources

6.3.3 Broaden Employees’ International Perspective and Skills

To support the international expansion of its business, the Group developed a training programme focusing on international operation strategy for management staff. The Group invited instructors from overseas to teach modern safety management and to strengthen the management quality of the Group. Through the “Manpower Development Programme”, “Engineer Apprenticeship Scheme A Training Programme” and “Apprentice Training Scheme”, it provides different opportunities and exposure for staff and thus improves the overall quality of their performance.

To meet the different needs of its senior management, the Group has implemented a training programme to keep them abreast of new business thinking and ideas and help strengthen their core skills and management skills. In 2011, the EMBA (Executive MBA) programme co-organised by the Group and Nankai University was successfully completed. In November 2011, the China Overseas EMBA and China Europe International Business School jointly organised a leadership development course.

CSCI also complements a job rotation system by providing international placement opportunities via its “International Plan for Cultivating Talents”. This enables talented employees to broaden their international perspectives and enhance the Group’s talent management plan.

6 Human Resources

6.3.4 Electronic Platform for Continuing Education

In order to support its staff in their continuing education, COLI established an internal e-learning platform in September 2011: the E-learning Academy of China Overseas Property, which has been highly supported by employees of all levels.

Based on the abilities, habits and interests of the employees, the electronic platform provides a timely and targeted training programme to improve their management and professional skills. The training courses currently being provided include 5 classes of corporate culture, 90 classes of management, 17 classes of professional skills and 11 classes of humanities: a total of 123 classes. Among these courses, 9 of them were tailored-made courses, 112 were purchased from external sources and 2 were instructed by guidelines. The platform can provide statistics on training in different business lines, their knowledge base, degree of learning and assessment dimension. This online training can also be integrated with the Group's existing centralised training, daily video training and certification.

At the end of 2011, there were 1,593 participants who had participated in courses on the electronic platform, which accounts for 55% of COLI staff. 4,700 learning opportunities were provided which totalled more than 3,000 of online training hours.

Programme	Top Management		Other Managerial Employee		Professional Technicians		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	Participating in company training (excluding overseas training)	179	143	710	1,990	3,236	5,833	4,125
Participating self-selected study	70	84	968	636	4,188	2,777	5,226	3,497
Participating in e-training	20	10	664	562	3,988	1,412	4,672	1,984
Participating in overseas training	0	0	2,348	18	720	5	3,068	23
Total	269	237	4,690	3,206	12,132	10,027	17,091	13,470

6 Human Resources

6.4 Employee Appraisal System

In line with the "12th Five Year Plan", the Group has placed emphasis on human resources development as well as on its appraisal system for employees. During the year, the Group and its subsidiaries developed a standardised appraisal platform to assess mid-level management and professional talent.

During the past two years, COLI complemented the regional control system by establishing the trial version of the *Regional companies operation management assessment methods*, which is a set of assessments for senior managers on human resource management. CSCI has implemented an assessment system which is based on a set of key performance indicators and revised the "Construction Site Subcontractor Accountability System". In addition, COIHL has improved the Key Performance Indicators (KPI) assessment system and conducted assessments on employees' role and honesty.

6.5 Fostering Corporate Culture

'A corporation is a boat. Culture is its paddle. Only by paddling can a boat move forward. Therefore we need to develop a strong corporate culture to support our operations and bring innovation.'

~Li Jianbo, Vice chairman of COHL

6.5.1 "The Sound of China Overseas" Art Festival

In order to strengthen its corporate culture, the Group holds a large-scale sports or art event annually. On 11 November 2011, the sixth "The Sound of China Overseas" was showcased with the participation of 260 cast members and around 1,300 friends, residents and the Group's employees. The show included performances of dancing, poetry, new folk music, musical, drama and acrobatics. The themes of the performances revolved around the Group's business, charitable work and its employees. With the help of professional directors and mentors, and the employees contributing nearly 100 non-working days of practice, the 90-minute show was successfully concluded. The artistic talent of the employees was fully unleashed in the event.

6 Human Resources

The musical “*Love Is hope*” was premiered at that evening’s performance. Cast and crews consisted of the Group’s employees, as well as teachers and disabled students from the Xinjian Special Education School in Dujiangyan. During rehearsals, the participating employees worked closely with disabled students.

‘This is a group of admirable China Overseas employees. They actively participated in the show since the beginning although they were only working at the backstage.’

~Wu Zhi Xuan, COIHL



6.5.2 China Overseas Photography Competition

In 2011 the China Overseas Photography Association organised the fourth China Overseas photography competition to commemorate the Group’s contribution to society amidst changes happening in China. This competition attracted many photography enthusiasts including the employees, property owners and the general public. There were more than 4,000 submissions and their work focused on landscapes, local customs, employees’ livelihoods, and news and events related to the Group.

6 Human Resources

6.5.3 Other China Overseas’ Cultural Activities

The Group encourages its subsidiaries to organise activities for its employees to strengthen their understanding of its corporate culture. For example, during January and February of 2011, China Overseas Logistics, a subsidiary of COIHL, displayed promotional items and organised a quiz for its employees on the corporate culture to increase their sense of belongings to the Group. Employees from all business units of the Group are encouraged to submit their own written articles for the bi-monthly “China Overseas Publication”. In 2011, six volumes of the publication were published with each volume consisting of 64 pages. About 300 manuscripts and more than 600 pictures were processed for the publication.



China Overseas Publication

6.6 Work Life Balance

6.6.1 Daily Activities and Seasonal Activities

The Group encourages a healthy lifestyle and the Group’s staff associations organise various activities for its employees. Employees are able to participate in a wide range of activities related to sports or interests (reading group, outings, swimming, chess, badminton, basketball and photography). Through enabling a good work life balance, the Group hopes that its employees will have a greater sense of belonging to the Group.



Hiking activities in spring

The Group’s employees participate in large scale activities each quarter (for example, a bowling competition in the winter, and a badminton competition). In 2011, the star events of the Group included the China Overseas Property’s hiking competition and swimming competition, and COIHL sports competition. As well as organising events for employees, the Group also encourage its employees to participate in activities organised by its business peers and other charitable activities. For example, the Group’s employees participated in “Bank of China Cup Basketball Invitation Championship” and “Bank of China Outward Bound Corporate Challenge”. During the year, the Group also organised holiday tours for its employees.

6 Human Resources

6.6.2 Care for the Female Employees

Although traditionally more men are engaged in the construction and real estate sector than women, the Group carefully considers the needs of its female employees. Each staff association annually identifies talented female employees, supports their personal development and encourages female employees to establish their role in the Group. Local and regional offices are encouraged to hold activities during International Women's Day. China Overseas Sorority annually conducts activities during International Women's Day and invites employees and their children to participate. In 2011, the Group's non-profit organisation partner, Hong Kong Single Parents Association was also invited for the celebration.



Celebration of International Women's Day

6.6.3 Showing Appreciation to the Retirees

Besides caring for students, its current employees and their families, the Group also extends its care to the retirees. Just as the expression goes, "when drinking water, don't forget those who dug the well", the Group recognises that it is their hard work and efforts which have made the Group successful today. In 2011, the China Overseas Property Staff Association organised two holiday tours during the summer and autumn season for 30 retirees which received positive feedback from them.



Holiday tour for retirees

6 Human Resources

6.7 Volunteering Services

The Group encourages its employees to care for the environment and the community. The China Overseas Charity Team has been actively participating in different volunteering services. This year, it received the Volunteer Service Gold Certificate from the Hong Kong Social Welfare Department. Currently, there are around 100 volunteers. In addition, the Group is actively involved in initiatives promoting education and serving vulnerable groups. This includes providing regular tuition sessions to children of single parent families, new arrivals and poor families, organising seminars for parents and fundraising for the elderly (for more information, please refer to Section 9).




7 Health and Safety

7.1 Health and Safety Approach and Commitment

Protecting the health and safety of its employees is fundamental to the Group's business. The Group adheres to the principle of "safety first" in building a comprehensive safety system.

Due to the nature of construction sites, the Group places great emphasis on health and safety conditions. Its construction arm, CSCI, has a designated department to provide a structural framework and related policies on health and safety and to ensure effective implementation. The Group has been actively exploring ways to improve its safety system. For example, each project is assigned at least one full-time safety management staff member and there is an average of 2.5 persons involved in each project who oversee safety issues on construction sites.

 **The Group has set "Zero injuries, zero accidents, zero complains and zero prosecution" as the ultimate goal of its construction sites**

All employees are required to attend safety training programmes to better understand the Group's safety requirements and work procedures. CSCI regularly engages with professional bodies to provide health and safety training for construction site managers and contractors, conduct health and safety risk assessments, and organise forums on the corporate and legislative requirements for health and safety issues. The latest information about these issues is also provided to staff through the Group's intranet. It provides reimbursement for construction site managers to attend training courses related to legal requirements and contractual agreements on health and safety issues.

The Group adopts a comprehensive approach of encouragement and accountability in managing health and safety issues. Its stance is to put proactive encouragement and incentives first and reactive punishment second. The Group has developed a "Site Safety and Environmental Protection Performance Incentive Programme" to encourage each unit to participate in the occupational health and safety competition organised by the Development Council, the Labour Department and the Occupational Health and Safety Council. This helps to showcase the Group's understanding and achievement on health and safety issues, gain recognition from its peers and enhance the overall image of the Group.

The Group has also established the "Civilised Site Construction Incentive Programme" and "Labour Insurance and Premium Incentive Programme" to reward those who meet the health and safety standards set out by the Group. Hopefully, this provides an open and fair system to encourage its construction site workers' commitment to improving the Group's overall health and safety standards. The Group will continue to explore new opportunities to strengthen its efforts in promoting a health and safety culture in its construction sites. It believes the insistence on proper health and safety on construction sites will mitigate its impacts on the nearby neighbourhoods.

7 Health and Safety

To ensure the health and safety of staff, the Group is committed to:

- Putting health and safety first
- Carrying out regular assessments and providing employees with information on the risks associated with construction
- Providing safety training to employees
- Establishing effective communication and consultation channels for employees
- Strict compliance with regulations and contractual requirements
- Carrying out safety audits to improve employees' safety
- Taking reasonable, practical and innovative measures to continually improve the Group's health and safety performance

Under the guidance of the above commitments, the Group has set up management systems to protect the health and safety of its employees, contractors and the general public who might be affected by its construction.

Targets for 2011	Status and Achievements in 2011
1 Minimise accidents and prevent serious accidents to avoid prosecutions due to breach of rules	1 The Group has been actively establishing and promoting a culture of safety on construction sites
2 Reduce the accident rate per 1,000 employees to below 7	2 In 2011, the accident rate per 1,000 employees of CSCI is 6.8 in Hong Kong, which is far below the rate disclosed by the Hong Kong construction industry (i.e. 49.7). Compared to the accident rate in 2010, there was a drop by 7% for the accident rate in 2011
Targets for 2012	
1 To implement initiatives in accordance with the findings and recommendations outlined in the independent audit, to enhance the overall safety management standards	
2 To improve the safety management system in Mainland China	
3 For "Zero injuries, zero accidents, zero complains and zero prosecution" to be the ultimate aim for construction sites	

7 Health and Safety

7.2 Safety Inspections and Assessment

The Group's regular inspections include:

- Daily safety inspections on construction sites
- Weekly safety inspections in conjunction with property owners and consultants
- Regular inspections and specified inspections conducted by the designated department of safety and environment protection
- Random spot checks conducted by the Labour Department of the Hong Kong government

CSCI has been certified OHSAS 18001. The Certification requires an independent follow-up audit to be conducted on an annual basis. Also, in accordance with labour laws in Hong Kong, a qualified auditor is required to conduct a safety audit on all the Group's subsidiaries who are involved in the construction business and their construction sites every six months. The audit covers the Group's safety systems and the health and safety conditions of each construction site.

According to the results of the 2011 statutory safety audit, all 42 of the Group's construction sites in Hong Kong achieved an average score of 91.6. The safety audit is conducted by an external auditor or registered auditor appointed by the designated department of safety and environmental protection. The safety audit assessed the following areas:

Health and safety policy	98	Personal safety policies	93
Safety organisation	93	The hazardous accidents/ accident investigation	94
Safety training	89	Preparedness in dealing with emergency situations	90
Construction site safety team	88	Safety promotion	94
Internal safety policies and regulations	94	Employee health protection plan	88
Hazard inspection programme	90	Selection, assessment and management of subcontractors	89
Occupational safety analysis	91		
Overall average score			91.6

7 Health and Safety

Based on the findings and recommendation of the audit, the Group will:

- Strengthen investigation of near hazardous incidents and their causes
- Carry out follow-up checks after implementation
- Strengthen inspection of work-at-height safety measures
- Keep construction sites clean
- Ensure proper storage of flammable substances
- Conduct checks on electric mills before use and ensure proper labelling
- Take appropriate measures to prevent injuries caused by falling objects
- Strengthen assessment of the use of chemicals and flammable substances

In Mainland China, the Group's regional offices annually conduct safety checks to assess the safety conditions of the construction sites and closely monitor them to ensure continuous improvement. In March 2011, China Overseas Property issued an official document that requires quality assessments to be conducted for all the projects in the Mainland China starting from June 2011. This assessment includes the monitoring of every stage of the project process and every regional and local business unit involved in the project to ensure the best possible quality of work.

7 Health and Safety

7.3 Promotion of Healthy and Safe Culture

Even with the implementation of professional safety systems and equipment, and providing training to employees, the Group understands that there will still be violations in safety measures at work due to bad habits, meeting project deadlines or being overloaded with work. It believes that establishing a safety culture at work is important in reducing accidents in construction sites. In addition to conducting safety inspections daily, the Group is actively developing a comprehensive safety awareness programmes and reporting mechanism in order to cultivate a safety culture. The Group is also incentivising employees and contractors to attend safety awareness and training programmes. The construction sites have implemented the “three NOs policy” which are to take no names, attribute no blame and to give out no punishment to encourage construction site staff to report hidden safety issues.



In 2011, CSC's Kai Tak Site 1A Phase 1 & 2 project received several awards from the Hong Kong Occupational Safety and Health Council, including the gold award in recognition of the health and safety culture on site, silver award for its safe construction practice, silver award for the health and safety activities on site, and silver award for implementing the “Pointing and Calling” campaign⁵. The following case study illustrates the Group’s efforts in promoting health and safety in one of its construction sites.

⁵ The “Pointing and Calling” campaign is a signalling exercise by using finger gestures and calling out the action aloud to improve employees’ awareness and accuracy. This avoids occurrence of accidents caused by human negligence, error or misunderstanding.

7 Health and Safety

“Safety Depends on You” – Kai Tak Site 1A Phase 1 & 2 case study

This project is one of the ten major infrastructure projects in Hong Kong. It has the highest level of quality, safety and overall performance of public housing projects in Hong Kong. The project includes 5,204 public housing units in six residential buildings, a three-storey shopping centre and an underground car park, which are expected to be completed in 2013.

Some highlights of the safety awareness measures on this project include:

Strict implementation of the daily work safety programme

- Require employees to attend a morning meeting on safety, conduct an inspection prior to work and inspections of the working environment, and clean the working area before day end. Supplement this with guidance and monitoring throughout the day. Employees are also reminded of harmful behaviours through picture illustrations

Sharing and learning culture

- Conduct a “work safety climate index” survey and carry out a “work safety behavior programme”, and inform employees of relevant information to strengthen safety in construction sites
- Communicate regularly with those working in construction sites to promote a safety work culture
- Promote “Pointing and Calling” signaling system

Hazard awareness and planning culture

- Conduct risk assessments prior to work. Employees participate in hazard identification and establish accident prevention methods
- Display posters to create awareness of safety around construction sites
- Set up a promotional safety exhibition room with a different theme each quarter to promote a safety culture

7 Health and Safety

Reporting and rewarding culture

- Support and encourage employees to report potential hazards and behaviors where safety might be compromised through the “Three NOs Policy”
- Encourage workers to ask questions and provide recommendations
- Implement the “Quarterly Zero Work-Related Injuries Bonus” and the “Site Safety Award Stamps Redemption Scheme” to encourage employees to develop good safety working habits

Fair and caring culture

- Implement a bottom-up safety management model and involve frontline staff in managing safety in the construction site, helping to establish mutual trust between management and frontline staff
- Organise staff meetings on a regular basis and introduce the best employee election to reward project managers who demonstrate their commitment in developing a health and safety culture



Posters displayed at construction sites to create awareness of safety

7 Health and Safety

7.3.1 Promotion for Civilised Construction Competitions

In 2011, CSCI held the “Promotion for Civilised Construction Competition” to find innovative safety concepts, plans and safety measures that could be extended to other construction sites. The entries were assessed based on the level of innovation, feasibility and the benefit they could bring. The winning entry “Site Safety Award Stamps Redemption Scheme” was recommended for other construction sites to implement. The most attractive factor of this scheme is that if workers implement good safety practices and achieve zero injuries, they are rewarded. This helps to increase the safety knowledge among employees and encourage frontline management staff to be more proactive in monitoring health and safety in construction sites.



Site Safety Award Stamps Redemption Scheme

This scheme is open to the Group’s construction site workers and has been implemented in more than 50 projects. It is hope that the construction workers will encourage each other to participate in the scheme. The costs of the scheme were estimated to be no more than HK\$50,000 for each construction site. In addition, each construction site can nominate a construction worker who is outstanding in their safety performance each month for the “Star of Safety”.

7 Health and Safety

7.3.2 Getting Contractors Involved in Innovative Safety Programmes

Heavy lifting in construction sites is unavoidable, with the weight possibly reaching 14 tonnes. Serious accidents can happen especially when more than one lifting crane is in operation at the same time. Despite the potential danger, training courses that lifting signalmen receive vary in the market. As the Group recognises the importance of and risk inherent to heavy lifting, CCTVs and effective alarm systems are installed on sites and dedicated areas are allocated for heavy lifting activities. The Group is selective in hiring qualified lifting signalmen through a strict interview process. For the Kai Tak Site 1A project, it is piloting the “Star Lifting Signalman Reward Scheme” and the result has been positive. The Group is hoping to introduce this in other construction sites to encourage lifting signalman to continue their education and obtain professional qualifications. The contractors are also required to participate in the Group’s health and safety reward schemes to encourage their construction workers to proactively address their safety at work. This is in addition to the Group’s standard monitoring measures for contractors.

The overall rate of construction accidents in 2011



Remarks:

- Accident rate per 1,000 employees is only calculated based on relevant projects of CSCI in Hong Kong
- Accident rate per 1,000 employees = (number of accidents/average of daily workers) × 1,000

8 Contribution to the Environment

8.1 Commitment to Environmental Protection

The Group has long recognised the importance of climate change and environmental protection. During the last thirty years, the Group has incorporated green building designs into all areas of its business. The Group carefully considers environmental protection in its construction of both commercial and residential buildings. Its efforts include using advanced technology, precast concrete and low carbon or environmentally friendly materials and equipment. It incorporates energy efficiency measures into the design, construction and management of its buildings to create a more environmentally conscious community.

According to the estimation of European Commission, construction activities pose a significant impact on the global resources and environment. In terms of energy consumption, the construction industry consumes at least 40% of the global energy resources, 42% of water resources, 50% of raw materials, and 48% of arable land

In view of pollution, the construction industry causes 50% of the global air pollution, 42% of greenhouse gas emission, 48% of solid waste, and 50% of chlorofluorocarbons emission

The Group contributes numerous resources to support scientific research on green building design. It has implemented pilot projects with green building designs in various locations and this has become one of the Group’s core sources of competitiveness. Its *Technical Guidelines for Green Building of China Overseas Property* integrate China’s *Green Building Evaluation GB/T 50378-2006* and the US Green Building Council LEED-NC Standard form the basis of the Group’s green building framework. Besides, the *Measures for the Promotion and Implementation of Green Buildings for China Overseas Property* specifies project development and management procedures which incorporate proven green building technology. The Group also applies the green building design standards in the jurisdictions in which it operates. For example, in Hong Kong, it takes into consideration the Hong Kong Green Building Council’s BEAM assessment.

8 Contribution to the Environment

The Group manages over 100 construction sites simultaneously in Hong Kong and China. As a result, we established the *Environmental Management Standard Procedure* which sets out our impact assessment for air, water, noise pollution, waste and dangerous and chemical materials on each construction site. We have also established the *China Overseas Property Construction Safety Management System* as a guidance document for site safety and environmental protection. CSCI has established a Safety and Environment Department which is responsible for supervising safety and protecting the environment in all its projects.

As a leader in green buildings in China, the Group and its subsidiaries are actively promoting low carbon buildings. It runs promotional campaigns, conduct research and implement initiatives which focus on green buildings. With its strong knowledge and technical expertise, China Overseas Property was elected as the first team leader of the Green Real Estate Group of the China Green Building Council (CGBC). The Group is actively engaged in creating awareness of environmental protection and implementing practical applications.

The Group's commitment to the environment:

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

8 Contribution to the Environment

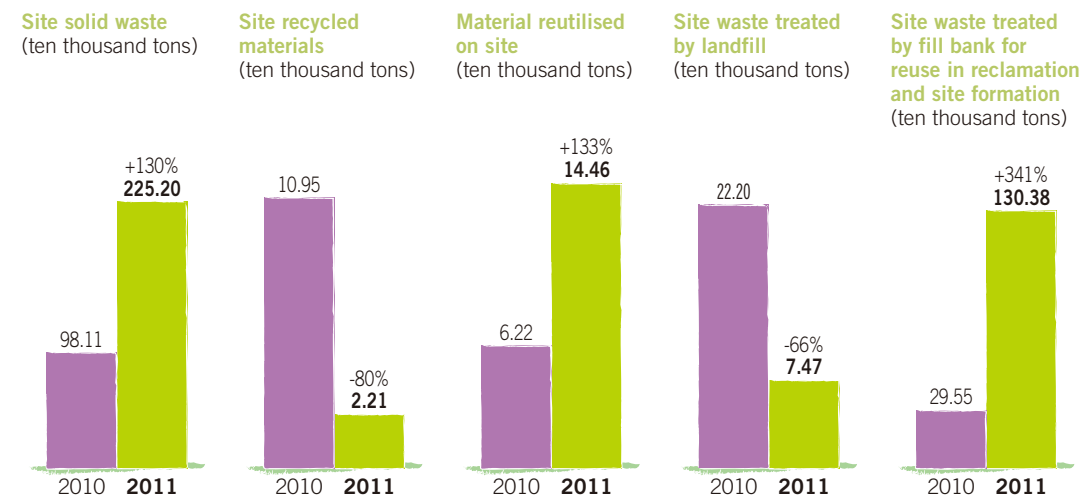
Targets for 2011	Status and Achievements in 2011
1 Continue integrating green design concepts in all aspects of the business	1 CSCI carried out promotional activities for low carbon buildings. Please refer to section 8.2 for more information
2 Increase staff and other resources to develop environmental protection technology, and maintain strong performance related to green buildings	2 Received recognition and awards from various institutions. Please refer to section 10
3 Promote innovation with regard to green offices and green management in all operations	3 Continued to increase environmental awareness among the employees, residents and the community. Please refer to section 8.3 and 8.4
4 Centralise and improve environmental data recording across business units as the basis for improving the Group's environmental performance and increase transparency	4 In progress
Targets for 2012	
1 Expand the scope of data collection and disclosure	
2 Strengthen the Group's tree planting activities	
3 Reduce the use of timber, paper, ready mixed concrete and iron on construction sites	
4 Reduce energy and water usage on construction sites and in offices	
5 Actively recycle wasted paper and computers in offices	

8 Contribution to the Environment

8.2 Green Technology, Design and Construction

The Group has vast experience and technical expertise in conducting research in low carbon buildings and making use of green technology. When designing the buildings, it ensures that they are energy and water efficient, it minimises the use of materials and incorporate low carbon elements whenever possible. For the new development, it is considering the specifics of the site (i.e. topography, climate and geology) and introducing renewable energy when possible. The Group also uses energy efficient lighting and electronic appliances to reduce the carbon footprint.

The Group is committed to minimising construction waste and lessening the burden on the landfill sites. It recycles its waste through reusing it in the construction phase or transporting it to an authorised party to handle.



Note: This data is based on CSCI's 40 construction sites in Hong Kong, including projects related to infrastructure, civil engineering and construction. There is a large increase of site solid waste this year compared with data in 2010. This was due to the increase of completed construction projects within 2011. However, there has been a reduction in the volume of waste sent to landfill (with the greater use of recycling materials or reutilisation of materials on site) and thus lessening the burden on the landfill.

In 2011, CSCI began promotional activities to showcase the energy efficiency initiatives implemented at the Kai Tak Site 1A Public Housing project. During the construction of the project, it is estimated that 54,000 tonnes of carbon (representing 24% of the total carbon emissions) were saved. This is equivalent to the carbon absorbed by 2 million trees in one year. The Kai Tak Site 1A project is currently applying for BEAM certification (2004 version) with the residential buildings applying for Gold status and two shopping centres applying for Platinum status.

8 Contribution to the Environment

Low carbon design and construction – Kai Tak Site 1A Public Housing Construction Project in Hong Kong

During the design phase:

Use of renewable energy:

- Installed solar power panels on the roof of the residential and commercial buildings. The energy generated is used to power the public area
- The energy generated from the escalator is connected to the electricity grid. As the energy generated from the escalator is not affected by weather conditions and its investment is lower than solar panels, it is expected to see the return on this investment in 8-9 years
- Energy generated from wind power is used to power lights
- The design of the building takes natural lighting and wind direction into consideration. This will reduce energy needed for lighting and air conditioning and reduce the running cost

Providing green landscape:

- 30% of the site area is used for greening including green rooftops and balcony (if excluding rooftop and balcony, green space still accounts for 20%)



8 Contribution to the Environment

Providing green facilities:

- Electric vehicles (EV) charging stations were installed



Reducing water consumption:

- Rainwater collection system for irrigation
- Water dripping from the air conditioning system will be collected

During the construction phase:

Use of construction waste

- Reusing dredged/excavated sediment as filling for the construction site to lessen the burden on landfill
- Mixing sediments with cement and sandstones to make bricks or floor tiles for construction use

Using biofuel to operate machines

- During the construction period, excavators, bulldozers and vehicles transporting precast materials use biofuel (some made of local waste oil)

Using precast to reduce waste

- Use a large volume of precast (these includes precast rails, exterior walls, interior walls, structural beams, refuse chute, staircases and three dimensional kitchens and bathrooms), which is rarely used in Hong Kong. The precast is made in assembly lines in the Group's factories, and so the volume of water, electricity and materials can be better estimated and controlled

8 Contribution to the Environment

Install solar panels and food compost

- There are solar panels installed to heat up water for construction workers' showers to reduce energy consumption.
- A food compost machine was installed to turn food waste into fertilisers, which were used for growing plants in the construction site.



The Hong Kong Environmental Protection Bureau awarded the Group's Lower Ngau Tau Kok Estate project (a public rental housing estate in Kwun Tong) a "Merit" in its Hong Kong Awards for Environmental Excellence. This project was also rated "Excellent" by the Prevention of the Pneumoconiosis Best Practice Awards and "Excellent" by the Hearing Conservation Best Practices Awards. In 2011, the Occupational Safety & Health Council also awarded the site a "Best Safety Culture Site – Certificate of Merits" and "Good Housekeeping Campaign – Bronze Award". The site has received letters from public utilities or institutions such as MTR, Fok Tak Temple (a temple near the site) and Bishop Paschang Catholic School (the demolished school in the estate) commending the company on its work.

8 Contribution to the Environment

Environmental protection and safety in the construction site – the demolition and redevelopment of the Lower Ngau Tau Kok Estate

Lower Nagu Tau Kok Estate is a public rental housing estate in Kwun Tong, Hong Kong, situated close to Amoy Garden and Telford Garden. The Group was responsible for the demolition of the second, third and fifth phases of the Estate, the roads and the foundation. It also oversaw safety and environmental protection during the demolition.

Highlights of the work in environmental protection:

- **“Cutting and lifting” to demolish housing to reduce dust and noise**

Using this new method to cut precast concrete helps to better manage materials and keep construction sites clean and easier to monitor. The walls cut from the building and balcony can be used in other construction sites to help reduce the volume of waste, dust and noise.

- **Dust prevention**

Using the automatic Giant Atomiser (which sprays up to 40 metres high) and mobile sprinkler system to reduce dust creation. Cleaning vehicles on site also help to reduce dust being spread to the community. It closely monitors the level of dust in the two large neighbouring housing estates and regularly clean the walkways to minimise the impact on the community.

- **Reducing construction waste**

The site transported concrete (around 1,840 tonnes), which is a by-product of demolition, to other construction sites for land filling and levelling. It recycled iron and steel collected from the demolition of buildings to recycle. It also recycled electricity cables, pipes and window frames (500 tonnes of metal waste in total) and separated steel bars from the precast to recycle.

8 Contribution to the Environment

- **Recycling**

The site recycled the materials in the office of the construction sites (i.e. desks, book shelves and sanitation facilities) and separated other goods for recycling (for example, paper, plastics and LPG bottles).

- **Energy efficiency**

Used solar panels to provide energy for lighting on streets around the construction site to reduce energy usage.

- **Greening the environment**

Planted greenery in railings around and in the construction site to improve air quality. The site replants or relocates plants when demolishing buildings.

- **Care for the surrounding environment**

Installed two 24 hours mosquito repellent machines, and sprayed mosquito repellent everyday at different areas of the site to reduce the presence of mosquitoes. In addition, the site conducts tests on noise levels in different areas and closely monitors.

In terms of safety, there is a restricted area of broken gravel where only assigned staff may enter. The site is cautious of the safety of the mobile lifts operating on the construction site and follows the safety guidelines very closely. It conducts emergency drills for the employees on the construction site to ensure that they are well prepared.

Seven independent safety assessments were conducted on the construction site and scored an average of 90 out of 100 reflecting the effectiveness in safety measures. It is aimed to have “zero injuries, zero accidents, zero complain and zero prosecution” on the construction site.

8 Contribution to the Environment

Environmental Data for Construction Sites				
Year		2011 ¹	Change%	2010
Energy consumption²				
Site electricity consumption	KWH	10,384,114.5	+53	6,789,812.48
Site diesel consumption	L	11,301,610.2	+35	8,390,673.60
Site petrol consumption	L	670,808.6	+111	317,609.73
Material³				
Concrete	m ³	623,551.8	+47	425,289.88
Cement mortar	m ³	20,816.4	+74	11,931.50
Reinforcing steel bar	Tons	118,115.02	+51	78,000.80
Joist steel	Tons	17,192.8	+18	14,529.38
Disc	Tons	4,497.09	-41	7,583.15
Cement	Tons	15,494.66	-1	15,665.47
River sand	Tons	46,472.84	+8	43,026.12
Stones	Tons	119,684.27	+95	61,384.59
Water consumption, sewage recycling and discharge⁴				
Construction site water consumption	Tons	998,158.70	+54	649,330.87
Site water discharge through storm drain	Tons	506,569.61	+84	275,882.57
Site water discharge through sewer	Tons	110,418.3	+53	171,636.10
Site water discharge by other means	Tons	15,560.4	+35	15,000.00

¹ Data are from CSCI's 40 construction sites in Hong Kong during 2011 and it includes their infrastructure construction, civil engineering projects and housing construction projects.

² In 2011, there were more projects completed than last year which caused a larger volume of energy consumption. Besides, different stage of construction process consumed different level of energy, and the type of projects involved also determined the energy consumption level. In order to reduce energy consumption, each construction site has set a target to reduce their electricity bills and we will use increasingly more renewable energy in the future.

³ The disc bought in 2010 were reused for the 2011.

⁴ As there were more new projects in 2011, water consumption had increased comparing to 2010. However, there was increase of site water discharge through storm drain and less through sewer, signifying that the Group could reuse rainwater more effectively in future.

8 Contribution to the Environment

8.3 Promoting Green Office and Staff Green Awareness

The Group established a commitment to having green offices many years ago. Its employees continue to follow this commitment by printing double sided and recycling waste paper. The Group encourages the use of video conferencing to reduce business travel and the associated carbon emissions. These two initiatives have become second nature to the employees. Also, the China Overseas Building participates in the Environmental Protection Department's Separation of Commercial & Industrial Waste Scheme.

Making one tonne of paper (the equivalent of 5,000 newspapers) requires 20 trees approximately eight feet tall and 16 cm in width. It takes around 20-40 years to grow trees of such height and width.

Using recycled paper instead of original paper reduces air pollution by 75%, water pollution by 35%, water usage by 60%, waste volumes by 40% and reduces large volume of waste.

Total office paper collected from China Overseas Building for recycling (Tonnes)



The Group demanded that the cleaning company at the building strengthen their work in recycling paper. As a result, the volume of paper recycled increased by approximately 16%.

In order to increase employee awareness of energy efficiency, the Group encourages participation in activities focused on environmental protection. Since 2009, the 3rd of June has been established as the "China Overseas Environment Day". On this day in 2011, the Group organised the Long Valley Eco & Heritage Tour for its employees to experience conservation in action by visiting the largest and the most intact piece of agricultural freshwater wetland in Hong Kong and the Hakka Village in Sheung Shui. More than 40 employees participated in this event. The Group also participated in the Earth Hour organised by the World Wide Fund for Nature and Walk for the Environment organised by The Conservancy Association.

8 Contribution to the Environment

The Group also allowed flexibility for each division to identify interesting and innovative activities to participate in. For example, through the intranet developed by China Overseas Logistics, employees were encouraged to participate in competitions on environmental protection ideas organised by the company. The employees share their or their families' ideas by using words and pictures to illustrate innovative environmental designs, and winners were chosen from an online voting platform. On 11-17 June 2011, China Overseas Logistics also participated in the Chinese Government's "National Energy Saving Promotion Week" and "Energy Saving – My Action Low-Carbon Life" promotional activities.

8.4 Green and Healthy Communities

China Overseas manages over 230 properties in Hong Kong and China including residential properties, commercial properties, large residential estates and public facilities. The Group contributes vast numbers of people and resources to build greener residential communities. In 2011, it continued to receive positive feedback and support from its residents.

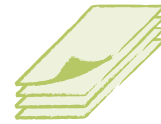





During the year, many of its residential properties in Hong Kong were awarded by the local government departments and non-profit organisations (e.g. Water Supplies Department, Environmental Protection Department, Hong Kong Housing Authority, Environmental Campaign Committee and Friends of the Earth). The awards include:

- Hong Kong Awards for Environmental Excellence – Energywi\$e Label "Class of good"
- Hong Kong Awards for Environmental Excellence – Wastewi\$e Label "Class of excellence"
- Used Clothes Recycle Scheme – Commendation
- Quality Water Recognition Scheme for Buildings
- Source Separation of Domestic Waste Competition – Certificate of Merit/Bronze Award

The Group actively promoted the reduction of domestic waste, participated in the "Fluorescent Lamp Recycling Programme" and was certified ISO 14001 by the Hong Kong Housing Authority.

8 Contribution to the Environment

China Overseas Property Services Limited organised and kept records of the recycling efforts of 56 managed properties. The following table details their efforts in 2011.

Papers		465,131.9 kg
Plastic bottles		35,023.6 kg
Aluminum cans		14,288 kg
Mooncake tin		95,802.3 kg
Old clothes		47,058.5 kg
Computers		1,600 set

8 Contribution to the Environment

8.4.1 Tree planting activities

The Group works with different community partners to organise annual tree planting activities for different divisions. The “China Overseas tree planting activities” started in Hong Kong in June 2009 with the planting of trees in the Fung Yuen Butterfly Reserve by management and employees, who conducted regular conservation work and built a path to provide access to the hills. In 2011, the Group’s construction workers together with members of its long term community partner, the Hong Kong Single Parents Association, visited the “China Overseas Garden” to do conservation work on the trees that were planted two years before.

Hong Kong: Green living in Cheung Sha Wan

During the year, the Group, together with The Hong Kong Housing Authority, organised the “Green Living in Cheung Sha Wan” event at the Un Chau Estate and the construction site of the Former Police Residential blocks. Four types of seedlings (totalled 400 seedlings) were planted and participants were encouraged to adopt seedlings, helping to create awareness of environmental protection among residents and contributing to a greener community. This activity is part of the Hong Kong Housing Authority’s “Community Planting” Programme, designed to achieve greener housing estates.

Mainland China: Green Redemption Activity

In Mainland China, China Overseas Property, together with the Beijing Times and Greens, organised a “Green Redemption” programme where participants could recycle books and newspapers and in exchange received plants from the programme. This project helped the customers to better organise their waste and build a greener a community. The company recognises that its customers are keen to see their property management put resources into recycling efforts and provide facilities for recycling.

9 China Overseas and the Community

9.1 The Management Approach for Community Work

The Group’s community work is performed under the guidance of its CSR strategy. In 2008, the Group established its CSR Committee and incorporated the “China Overseas Charity Fund Limited”. The Group also created its brand slogan “The Sea has no Limit and Love has no Boundary” to underline its commitment to community work. A mid- and long-term plan for CSR has since been established, outlining the Group’s blueprint for future community work.

China Overseas’ Community Brand Slogan:



Mission of the China Overseas Charity Fund

1. Contribute to poverty relief; take care of, assist and protect those in need because of ill-health, disability, financial hardship or other disadvantages
2. Advocate, promote and participate in activities to advance education, science, art and research; publicise related research achievements, contribute to other activities considered helpful to promote the above activities
3. Advocate, raise funds for and promote the advancement of citizenship and social welfare, including relevant research activities; publicise the research achievements
4. Organise, support or participate in the construction of facilities that are beneficial to society or social welfares organisations
5. Carry out other charitable practices

9 China Overseas and the Community

Community development, education and charitable donations are the three key areas of the Group's community work. For community development, the Group is involved in urban-rural planning projects and affordable housing projects, taking advantage of its expertise as a property developer. The Group continues to extend its contribution through building Hope Schools in Mainland China and strengthens its partnerships with non-profit organisations through involvement in fundraising, education and other community events. This also provides an opportunity for the corporate volunteers to meet with children and youngsters of different abilities and to help address their needs. Giving back to the society helps to reinforce its community brand – "The Sea has no Limit and Love has no Boundary".

Targets for 2010	Status and Achievements in 2011
1 Involved in Chongqing Affordable Housing Project	1 Successfully secured a large-scale affordable housing project in Chongqing by CSCI. Please refer to section 9.2.1 for details
2 Programmes in Hope Schools (i) Visit Xinjian Special Education School in Dujiangyan, Xichuan province (ii) Host the second "China Overseas Summer Camp for Mainland and Hong Kong Youth 2011" (iii) Host the third new year drawing competition in China Overseas Hope Schools	2 Achieved. Please refer to section 9.3.1
3 Move China Overseas Shaling Hope School to its new campus. Select the location for the China Overseas Hope School in 2012	3 In operation from September 2011. Please refer to section 9.3.1
4 Organise the summer training programme with the Hong Kong Single Parents' Association	4 Successfully organised. Please refer to section 9.3.1
5 Organise donations and charity activities in the name of the China Overseas Charity Fund and the Group's CSR Committee	5 Ongoing. Please refer to section 9.4

9 China Overseas and the Community

Targets for 2012

- 1 Build China Overseas Majin Hope School at Kaihua, Zhejiang; Jinfeng Huimin Hope School at Yinchuan, Ningxia; and China Overseas Dougou Hope School at Jinan, Shandong
- 2 Organise more effectively the regular community activities that the Group has been involved in, such as: Summer Camp, Drawing Competition, Community Chest's, Walk for Millions campaign, The Conservancy Association's Walk for Environment event, and the Outward Bound Corporate Challenge

9.2 Community Development

In planning and selecting community development projects, the Group focuses on the project's impact on the sustainable development of that community. Different communities have different economic, social and environmental characteristics and needs.

The first step in a successful community development project is to fully understand the needs of local communities. A project can make an impact only when the true needs of the local communities are met. Sincere and regular engagement with the community is also vital during the implementation stage to allow timely adjustment to the project as necessary.

9.2.1 Provision of Affordable Housing

Although the profit for affordable housing projects is lower than that for other private housing projects, China Overseas understands the importance of affordable housing for low-income families. The Group plays an active role in affordable housing projects in Hong Kong and second- and third-tier cities in Mainland China (e.g. Tianjin, Chongqing, Wuhan, Chengdu, Xian, Changsha) to meet the needs of low-income families and the government's housing policies.

In 2011, CSCI signed a Build and Transfer agreement, totalling HK\$2 billion, for a resettlement and public rental housing development in the Hechuan area in Chongqing City. The construction site for the resettlement housing development is around 375,000m² while the site for the public rental housing is around 400,000m². These two projects began in the first quarter and second half of 2011 respectively, each was anticipated to last 24 months.

9 China Overseas and the Community

9.2.2 Urban-Rural Development Planning

There has been a notable gap between urban and rural areas in terms of economic development, education and social welfare for a long time. Over recent years, the Group has been involved in urban and rural development projects through its subsidiary COIHL in order to help address this gap.

Teaching one to fish is better than simply giving some fish. The Group has been exploring an appropriate model to make local farmers shareholders for urban-rural development projects so that they can sustain themselves by their own means. This model should serve to consolidate the scattered resources of farmers and help modernise their traditional operational approach. It also means that, as shareholders, farmers are more motivated in their involvement with the business and are able to enjoy the profits generated. The Group hopes this provides one solution to help narrow the gap between rural and urban development.

In April 2011, China Overseas signed an agreement with the Government of Weinan City, PRC for an eco-tourism project in the rural area of Taihua Lake in Weinan, with a total investment of RMB36 billion (equivalent to HK\$43.9 billion). It is estimated that the project will develop around 150,000m² of quality housing for local farmers. It should bring over 2,000 job opportunities in the area given the combination of agriculture, tourism, hospitality and other related services offered in the project. This will enable local farmers to have a stable place to live and work at the same time. The facilities would also allow local farmers to enjoy a similar living standard that of people in the city.

The biggest challenge in the urban-rural planning projects is reconciling the problems facing farmers in the best possible way. The Group places the interests of the farmers before that of the Government and the corporation, and believe in the importance of cooperation amongst all parties. To benefit the local agricultural industry, villages and farmers, the Group helps to consolidate their capital resources through corporatisation, promotes the use of technology, supports diversity in businesses operations and creates townships for villagers. Through its involvement in advocating innovation and investment in basic infrastructure, the Group hopes to increase the land value so as to benefit the villagers or farmers and the company.

9 China Overseas and the Community

9.3 Passion in Education and Care for Children and Youngsters

The Group is dedicated to the education of the younger generation, as it understands the impact this can have on children's future development. It has consistently contributed to various education development initiatives every year.

9.3.1 China Overseas Hope Schools and Related Hit Activities

Official Operation of China Overseas Shaling Hope School

Building Hope Schools has been China Overseas' focus area in education development in Mainland China since 2005. The scale and number of Hope School is increasing. On 22 October 2011, the China Overseas Shaling Hope School organised the school opening ceremony in Shenyang city after a two-month trial. It is the sixth Hope School donated by the Group. The school has 15 classes for six grades with a total of 674 students and 38 teachers. The school was built on a plot of 40,000m² and includes of a multi-purpose teaching tower with a construction site of 5,000m². The tower is well-equipped with a music room, arts room, computer room, and reading room, among others. In addition to constructing Hope Schools, the Group maintains a long-term and regular engagement with the headmasters, teachers and students.

2011 China Overseas Hope School series

- China Overseas Qinglong Hope School
- China Overseas Sanquan Hope School
- China Overseas Xihu Hope School
- China Overseas Sanxia Hope School
- Xinjian Special Education School in Dujiangyan
- China Overseas Shaling Hope School

For more information on the activities related to these Hope Schools, please visit <http://school.cohl.com/>

9 China Overseas and the Community

Visiting Xinjian Special Education School in Dujiangyan

On 15 May 2011, the Group visited the Xinjian Special Education School in Dujiangyan to commemorate the third anniversary of the Wenchuan earthquake and the 21st National Help-the-Disabled Day in China. The Group was involved in the development of a series of games and activities through cooperation with children that have hearing problems and those who are mentally challenged. 30 China Overseas property owners and family representatives of the Group's employees participated in the event, re-instilling the Group's community spirit of "The Sea has no Limit and Love has no Boundary". This event was co-organised by the Group, the local Education Bureau of Dujiangyan City and China Disabled People's Federation.

Xinjian Special Education School in Dujiangyan was destroyed completely by the Wenchuan earthquake in 2008. Immediately after the earthquake, the Group donated RMB20 million to reconstruct the school to resume its operation in the same year. The Group has made use of its business strengths to promote the school externally, strengthen the school network and encourage internal discussions to improve the operation of the school. A variety of school activities were also held to involve the Group's employees and their children, customers and their children, the students and teachers.

China State Construction Engineering Corporation nominated the Dujiangyan reconstruction project for the 2011 Award of "Best CSR Practice by a Central State-Owned Enterprise", organised by the SASAC (State-owned Assets Supervision and Administration Commission of the State Council). The case was highly commended at the SASAC's working conference held in Beijing.



9 China Overseas and the Community

9.3.2 Long Term Partnership with Non-Profit Organisations

Through close partnership with experienced non-profit organisations, China Overseas hopes to help resolve problems facing underprivileged children and young people more effectively. Hong Kong Single Parents Association, St. James Settlement, and TREAT (a pioneer charitable organization in Hong Kong that works with children with special needs) are the Group's long term partners with whom it has established plans for regular activities.

Cheers Mate: 2011 China Overseas Summer Camp for Hong Kong and Mainland China Students

The Group and TREAT co-organised the second cultural exchange programme this year. This is the first time the Group and the NGO partner have organised such a large-scale cross-border collection of youth activities in Hong Kong. The team for the Summer Camp included over 50 members, comprising 36 students and teachers from five of the Hope Schools in China, eight student representatives from the Hong Kong Single Parents Association and seven of our employees' children. Through a series of non-competitive activities, the objective of the Summer Camp was to enable students from both regions to understand the importance of being caring and accepting differences, respecting equal rights in participation and learning to appreciate each other.

9 China Overseas and the Community

The five-day cross-cultural event also included visits with rich natural, cultural and historical aspects to allow participants to understand Hong Kong from different angles and to appreciate the infrastructure developed by China Overseas. During the event, three of the student representatives from China and Hong Kong were interviewed by different media organisations in Hong Kong to share their opinions about the camp.



“It raises the awareness of students from different backgrounds of harmonious integration and teamwork through non-competitive activities. Participants learnt to accept and help each other and increased their understanding about Hong Kong’s history and cultures.”

Mr Hu Xian Quan

Deputy Headmaster of China Overseas Sanquan Hope School

9 China Overseas and the Community

“Friendship without Boundaries” – China Overseas and TREAT Co-organised Drawing Competition for Students from China and Hong Kong

In 2011, China Overseas and TREAT co-organised a drawing competition, themed “Friendship without Boundaries”; the event was sponsored by China Overseas Charity Fund Limited. The aim of the event was to provide a platform for primary school students in both Hong Kong and China to share their art work, encourage their creativity, and allow them to convey their thoughts about friendship, equality and other topics through their drawing. This also enabled the adults to better understand the children’s perceptions of the world.

This is the third time the drawing competition has been organised. Over 6,700 drawings were received from students from more than 140 schools in Hong Kong and China, including the Hope Schools.



For more information on the event, please visit <http://school.cohl.com/cny2011>

9 China Overseas and the Community

“Learning Station” Volunteer Tuition Class Series

Since early 2009, the Group and the Hong Kong Single Parents Association have run a Learning Station tuition programme in Sham Shui Po District in Hong Kong. This programme provides English teaching for form one and two secondary school students coming from new arrival families, low-income or single-parent families. The volunteer teachers are mainly made up of the Group’s staff members and their children, family members or friends. They spend their weekends teaching the students English through various approaches such as listening to English songs, reading English books and watching English movies. Besides improving their standard of English and receiving assistance with school work, students are supported in developing a positive attitude. Through regular sharing sessions among students, parents, teachers and social workers, students are encouraged to voice their opinions on different social issues.

The Learning Stations also aims to highlight the importance of the parent-child relationship and participation in charity activities, for example through organising environmental protection events that encourage the participation of both parents and their children. The staff and their children who participate as teaching assistants also benefit from improved communication with each other, and enhance their understanding about other families.

9 China Overseas and the Community

In 2011, a new tailor-made tuition course was designed to boost both the Chinese and English abilities of students enrolling in secondary schools. The course was developed to prepare them for their new environment and many of the volunteer teachers were either existing university students, or those who had just finished the Hong Kong Certificate of Education Examination or college entrance examinations. This minimised the age and communication gap between the teachers and students. Mr. Elgar Lam, one of the first batch of teachers at the Learning Station, was successfully admitted to the Chinese University of Hong Kong in September 2011 and continued his service for the Learning Station. He also organised a site visit to the Chinese University of Hong Kong for the tuition class students so that they could experience the university environment. Besides, the Group’s staff volunteers helped to arrange the students’ participation in the AFS (American Field Service) intercultural exchange to enable them to interact with students coming from different countries and with different cultural backgrounds.

From 2009 to 2011, the Group’s staff and their children volunteered for over 1,600 hours in total (excluding planning, class preparation, pre- and post-work for organising outreach activities). Ms. Hilda Wong, the person in charge of the tuition classes and the current deputy manager of the materials department of CSCI, spent 220 hours volunteering and inspired her family to follow suit.



“Learning Station” Orientation Party

9 China Overseas and the Community

9.3.3 Other Caring Activities for Youth

The Group also encourages its subsidiaries in Mainland China, to actively participate in youth activities. The following takes an example from a branch office in Shenyang.

China Overseas Shenyang Education Alliance

The China Overseas Shenyang Education Alliance was established on 28 August 2011, where the real-estate arm of China Overseas partnered with seven schools to build a solid foundation for the development of elementary education. These schools included primary and secondary schools and kindergartens which are well-known in the local community.

Unleashing Children's Talent

China Overseas Property in Shenyang organised a large-scale children's talent competition, "China Overseas Property Cup" at the Liaoning Theatre. The competition was initiated by the Education Association of Shenyang City and was jointly organised by 16 mainstream media companies. It was the largest children's talent event in 2011, with over 5,000 participants.



9 China Overseas and the Community

9.4 Charity Donation

The Group makes a number of charitable donations every year, including cash and in-kind donations to people in need. To the Hope Schools alone, the Group has donated millions of dollars over the year. The following table lists part of the Group's donations to the Hope Schools through the China Overseas Charity Fund in 2011:

Activity	Donation (HK\$ in ten thousand)
Communion Experience Day – 2011 China Overseas Hope School Visit to Dujiangyan, Sichuan Province	12.48
China Overseas 2011 Summer Camp for Mainland and Hong Kong Students, including those in Hope Schools	34.08
Donated the construction of China Overseas Jinfeng Huimin Hope School in Yinchuan, Ningxia	625.00
The Group's leaders and employees donated HK\$73,000 to support the students education and provided sports equipment and school supplies to China Overseas Sanxia Hope School	9.13

Hong Kong and Kowloon Walk for Millions

The Group supports fundraising for non-profit organisations. For example, it has been supporting the Community Chest's "Walk for Millions" event every year. In 2011, more than 400 of its employees participated in the event to raise fund for NGOs focusing on family and children's welfare.



9 China Overseas and the Community

Collective Efforts within the Business Community

In 2011, the Group supported various activities initiated by the Hong Kong Chinese Enterprises Association to commemorate the 100th anniversary of the Chinese Revolution of 1911. The Group also participated in the Outward Bound Corporate Challenge event initiated by Bank of China (Hong Kong). The event was held in the Chinese University of Hong Kong, aiming to raise funds for helping disabled children and youngsters. The Group recognises the deeper meaning of these kinds of events in promoting cooperation among business corporations to deliver collective impact for society and to remind them of their social responsibility.



10 Awards and Honours



Disclaimer: The Awards and Honours Table has been translated for the convenience of non-Chinese reading public. Reasonable efforts have been made to provide an accurate translation. However, if any questions arise related to the accuracy of the information contained in this translation, please refer to the Chinese version of the report which contains the original version of the text.

10 Awards and Honours

The Group, together with its subsidiaries, has received numerous awards in 2011. The following table lists out some of the key awards representing the Group's commitment in CSR.

Overall Performance		
Awarding Parties	Awards or Honours	Awarded Units
Hong Kong Productivity Council	The 2nd Hong Kong Outstanding Corporate Citizen Award – Services Sector – Bronze Award	China Overseas Holdings Limited
The Hong Kong Council of Social Service	Caring Company logo 2010/11	China Overseas Holdings Limited, China Overseas Land & Investment Ltd., China State Construction International Holdings Limited, China Overseas Property Services Limited
Hang Seng Indexes Company Limited	A constituent stock of the Hang Seng Corporate Sustainability Index (2010, 2011)	China Overseas Land & Investment Ltd.
Peking University Case Research Center/The Economic Observer	10th Anniversary of The Most Respected Companies of China	China Overseas Land & Investment Ltd.
The Economic Observer, Sina Leju	2011 China Blue Chip Real Estate	China Overseas Land & Investment Ltd.
China Business News	2011 Real estate value in China: TOP 10 Hong Kong-listed Chinese Enterprise	China Overseas Land & Investment Ltd.
	The China Corporate Social Responsibility Outstanding Award	China Overseas Property Group Company Limited
China Real Estate Association	China's Real Estate Trustworthy Enterprises	China Overseas Land & Investment Ltd.

10 Awards and Honours

Overall Performance		
Awarding Parties	Awards or Honours	Awarded Units
State Council Development Research Center/Real Estate Institute of Tsinghua University/China Index Research Institute	2011 China Top 100 Real Estate Developers: Top 10 Developers of Comprehensive Strength 2011 Hong Kong-listed Chinese real estate company Leading Brand of China Real Estate Company (2004-2011) No. 1 China Real Estate Enterprise Brand value	China Overseas Land & Investment Ltd.
	Top 10 Real Estate Project Brands in China	La Cite (Brand Series, Hangzhou (owned by COLI))
State-owned Assets Supervision and Administration Commission of the State Council	Best CSR Practice by a Central State-Owned Enterprise	China Overseas Holdings Limited – Dujiangyan reconstruction project

10 Awards and Honours

Design and Construction, Technology and Quality

Awarding Parties	Awards or Honours	Awarded Units
Working Guidance Committee of Residential Construction of China Civil Engineering Society	2011 China Civil Engineering Zhan Tianyou Award – Excellent Community Planning Award	The West Coast, Qingdao (owned by COLI)
	2011 China Civil Engineering Zhan Tianyou Award – Resident Golden Award	The Rivieva, Hangzhou, Orchid Garden, Chengdu, Windsor Pavilion, Beijing, Le Temps De La Seine, Shenzhen (owned by COLI)
	2011 China Civil Engineering Zhan Tianyou award – Resident Outstanding Construction Award	International Community, Shenyang, Glorious City, Hohhot (owned by COLI)
	2011 China Civil Engineering Zhan Tianyou Award – Resident Outstanding Technology Award	Blossom Riverine, Foshan (owned by COLI)
China Construction Industry Association	China Construction Project Luban Award	China Overseas Building (owned by COLI)
	Recognition for advancement in construction technology	China State Construction International Holdings Limited
Hong Kong Housing Authority	Quality Public Housing Construction and Maintenance Awards – New Works Projects Contractor (Construction) – Gold Award	China State Construction Engineering (Hong Kong) Co., Ltd
Environmental Protection Department	2010 Hong Kong Awards for Environmental Excellence (Construction Industry) Certificate of Merit	Demolition, Road and Foundation Works for Redevelopment of Lower Ngau Tau Kok Estate Phases 2,3 and 5 (owned by CSCI)
China Civil Engineering Society	Top 100 Outstanding Civil Projects in a Century	Hong Kong International Airport New Passenger Terminal and Hong Kong Disneyland (owned by CSCI)

10 Awards and Honours

Environmental Protection, Health and Safety

Awarding Parties	Awards or Honours	Awarded Units
Hong Kong Occupational Safety & Health Council	Safety Management System Award (Construction Sector) – Silver	China State Construction Engineering (Hong Kong) Limited
Hong Kong Labour Department	The Construction Safety Award Scheme 2010-11	Construction of Shopping Centre at Yau Tong Estate Redevelopment Phase 4 (owned by CSCI)
	Building Sites (Public Sector) – Gold Award	
	Safety Team – Meritorious Award	
	The Construction Safety Award Scheme 2010-11	Superstructure Works for Proposed Composite Development at 3 Chun Yan Street, Wong Tai Sin (owned by CSCI)
	Building Sites (Private Sector) – Silver Award	
	Safety Team – Meritorious Award	
	The Construction Safety Award Scheme 2010-11	Construction of Un Chau Estate Phase 5 (owned by CSCI)
	Building Sites (Private Sector) – Meritorious Award	
	The Construction Safety Award Scheme 2010-11	Construction of Yuen Long South Branch Sewers and Expansion of Ha Tsuen Sewage Pumping Station (owned by CSCI)
	Civil Engineering Sites – Meritorious Award	
The Construction Safety Award Scheme 2010-11	The Chinese University of Hong Kong Wu Yee Sun College student dormitory (owned by CSCI)	
Safety Team – Meritorious Award		

10 Awards and Honours

Environmental Protection, Health and Safety

Awarding Parties	Awards or Honours	Awarded Units
Development Bureau of Hong Kong	Considerate Contractors Site Award Scheme 2010	Decking of Jordan Valley Nullah In Kwun Tong, Flower Market Road
	Considerate Contractors Site Award – Gold Award	Nullah in Mong Kok and Tonkin Street Nullah in Sham Shui Po (owned by CSCI)
	Outstanding Environmental Management and Performance Award – Gold Award	
	Considerate Contractors Site Award Scheme 2010	Reconstruction and Improvement of Tuen Mun Road – Tai Lam Section (owned by CSCI)
	Considerate Contractors Site Award – Silver Award	
	Outstanding Environmental Management and Performance Award – Silver Award	
Considerate Contractors Site Award Scheme 2010		Widening of Tolo Highway/Fanling
	Considerate Contractors Site award – Meritorious Award	Highway between Island House Interchange and Fanling (owned by CSCI)

10 Awards and Honours

Environmental Protection, Health and Safety

Awarding Parties	Awards or Honours	Awarded Units
Hong Kong Occupational Safety & Health Council	Best Safety Culture Site – Gold Award	Construction of Public Rental Housing Development at Kai Tak Site 1A Phases 1 and 2 (owned by CSCI)
	Best Safety Working Cycle Site – Silver Award	
	The Best Safety Culture Activity Team – Silver Award	
	Pointing and Calling Award – Silver Award	
	Best Safety Culture Project Manager – Gold Award	
	Best Performance – Silver Award	Superstructure Works for Proposed Composite Development at 3 Chun Yan Street, Wong Tai Sin (owned by CSCI)
	Best Safety Working Cycle Site – Meritorious Award	
	Best Short Video on Site Safety Exercise and Safety Briefing – Bronze Award	Central – Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section) (owned by CSCI)
	Best Safety Culture Site – Meritorious Award	Demolition, Road and Foundation Works for Redevelopment of Lower Ngau Tau Kok Estate Phase 2,3,5 (owned by CSCI)
	Good Housekeeping Competition – Bronze Award	
	Best Safety Cultural Project Manager – Meritorious Award	
	Occupational Health Award 2010/11:	
	Hearing Conservation Best Practice Award	
	Prevention of Pneumoconiosis Best Practice Award	
Certificate of Merits in “Best Safety Culture Project Manager”		

10 Awards and Honours

Environmental Protection, Health and Safety		
Awarding Parties	Awards or Honours	Awarded Units
Hong Kong Environmental Campaign Committee	Class of Excellence of HKAEE Wastewi\$e label	Widening of Tolo Highway/Fanling Highway between Island House Interchange and Fanling, Reconstruction and Improvement of Tuen Mun Road – Tai Lam Section, Harbour Area Treatment Scheme Stage 2A Upgrading Works at Stonecutters Island Sewage Treatment Works – Sludge Dewatering Facilities, Central Reclamation Phase 3 (owned by CSCI)
	Class of Excellence of HKAEE Energywi\$e Label	Reconstruction and Improvement of Tuen Mun Road – Tai Lam Section (owned by CSCI)
Environmental Protection Department	Hong Kong Awards for Environmental Excellence (construction) Industry – Certificate of Merit	Demolition, Road and Foundation Works for Redevelopment of Lower Ngau Tau Kok Estate Phases 2, 3 and 5 (owned by CSCI)
Hong Kong Drainage Services Department	Construction Sites Housekeeping Award Scheme 2010	Decking of Jordan Valley Nullah In Kwun Tong, Flower Market Road Nullah in Mong Kok and Tonkin Street Nullah in Sham Shui Po (owned by CSCI)
	The Best Construction Sites Housekeeping Award	

11 Feedback Form

Dear our Honourable Readers,

Thank you for reading China Overseas Holdings Limited Corporate Social Responsibility Report 2011. We hope to hear your feedback, which will help us to better fulfill our social responsibilities and make improvements in our work. Thank you for your time and your valuable comments.

