



中國海外發展有限公司
CHINA OVERSEAS LAND & INVESTMENT LTD.

Stock Code : 00688

2018 Environmental, Social and Governance Report



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MESSAGE FROM *The Chairman*

Striving with Determination for 40 Years Forging Ahead Confidently on the New Journey

Founded in 1979, China Overseas Land & Investment Ltd. ("COLI") celebrates the 40th anniversary this year.

Despite the vicissitudes of the macro economy, social structure and real estate industry, we keep forging ahead at a steady pace and maintain a leading position in mainland China, Hong Kong and Macau markets. As we push forward with the strategic objective of "To Be an Exceptional Global Property Development Corporation", we are increasingly aware that our business is closely related to sustainability issues such as regional development, public well-being, ecological civilization, culture and education. As such, we determined to pursue the sustainability strategy of building ourselves into a company of "Four Excellences" (四好公司) – providing customers with "good products and services" through efficiency improvement and continued innovation by professional teams, living up to the social responsibilities with "good citizenship", and achieving "good effectiveness" on a sustainable basis.

With the evolution of social structure, COLI has re-defined "good products and services". We continued to adhere to the development concept of "Each and Every Detail of Each and Every Project" and put more emphasis on building new communities integrating technology, health and humanity elements to cater to new types of living and office work. We carried out customer need analysis, established a model for customer segmentation, conducted innovative thematic research, and increased the engagement of marketing management, customer service and project operation departments in the early stage of project development, in order to create more customer-oriented "good design". We continued to purchase safe and green "good materials" through strict evaluation measures and technical requirements, carried out delicacy management based on the information management platform, and strengthened quality and risk assessment of construction processes to ensure the "good quality" of products. We vigorously advanced innovative business and commercial asset enhancement in an effort to create a great living space for homeowners and tenants with "good supporting facilities". During the year, 13 premium schools, kindergartens and senior apartments were put into operation. In commercial projects, we enlarged the application of smart services and environmental monitoring systems, and introduced BOMA asset management system for the first time. We also strengthened customer communication during pre-delivery, post-delivery and operation stages of property projects. To integrate customer needs into the full cycle of product development and service offering, we gathered customer feedback through channels such as customer satisfaction surveys, mystery customer visits, "Door Knocking Plan" homeowner's visits, and CRM customer system APP, conducted interdepartmental analysis of such feedback, and deconstructed customer satisfaction indicators to fit into the performance appraisal system.

Employees are the driving force to realize "good effectiveness". In a committed effort to become a good employer, we have made employee satisfaction a KPI of the Company. During the year, we conducted a survey on employee satisfaction, formulated the "Satisfaction 6+1" scheme for improvement of employee engagement and satisfaction, reviewed the employee benefits system and employment system with a focus on six employee benefits policies and on the basis of listening to employees, and strengthened the communication between departments and employees. We made several major changes to our performance management and talent cultivation plans, including introducing the MAPS hierarchical structure, the "COLI



Star” appraisal system and equity incentive plans to help clarify career paths for employees and provide them with more performance incentives, as well as augmenting the recruitment and training of professionals for innovative business lines through a variety of career development programs, including “Sea’s Recruit”, “Sons of the Sea” and “Stars of the Sea”, so as to build a professional team comprised of various talented individuals.

Embodying “good citizenship”, COLI is determined to reduce the environmental and social impacts of its project development process and contribute to addressing climate change and promoting public well-being. During the year, we promoted the R&D and application of green building technology, participated in the compilation of national technical standards for the industry, obtained green building certification for 44 projects, and secured the first place among the China’s Top 50 Listed Real Estate Enterprises in Green Credit Index of 2018. To provide overall solutions for community renovation, we conducted environmental and social risk assessment of each project, surveyed the construction sites and the surrounding environment and supporting facilities, and took into consideration ecological compensation and residents’ needs in project planning and construction. We continued to improve the environmental of projects in operation. Energy consumption information platform was officially launched in ten commercial projects during the year, achieving real-time intelligent energy consumption management. We value and support the sustainable development of local communities. By virtue of our own technology and vast customer network, we launched a poverty alleviation program called “Sea of Hope” in Lan County of Shanxi, Kang County of Gansu and Chongqing to help farmers increase income and get over the poverty line by promoting unique local agricultural brands and supporting the development of local industries. We continuously promoted the construction of affordable housing and Hope Schools, organized various community care and environmental protection activities and invited employees, homeowners and tenants to participate in such activities and work together to create more positive impacts on society.

Thanks to the support of stakeholders, the Company managed to achieve better and faster development. This year, the Company achieved new heights on various operating indicators. Our operating profit reached HK\$70.73 billion, with a net profit margin of 26.2%, reaching a five-year high. During the year, the Company was once again selected as a constituent stock of the Hang Seng Corporate Sustainability Index Series, and received credit ratings of Baa1/stable, BBB+/stable and A-/stable from Moody’s, Standard & Poor’s and Fitch respectively, indicating that the Company’s management performance is well recognized by the capital market.

Looking back on the past 40 years, the Company’s fruitful results today owe much to the long-term support and trust of various stakeholders. We hereby express our heartfelt gratitude to shareholders, employees, customers and different sectors of the community. Going forward, we will continue to innovate and seek changes to “Envision Delightful Space and Create Infinite Value” for various stakeholders by creating more pleasant and livable spaces, so as to realize our ambitious objective of attaining sustainable business growth.

Chairman of the Board of Directors
China Overseas Land & Investment Ltd.

ABOUT THIS Report

Since 2012, China Overseas Land & Investment Ltd. (“COLI”, “China Overseas”, “the Company” or “We”) has disclosed our governance philosophy, strategies and achievements in corporate social responsibility and sustainable development in the form of annual independent report to the public.

This report is the fourth annual Environmental, Social and Governance Report of COLI (i.e. the eighth corporate social responsibility report; the last report was published in May 2018). The Company views this report as an internal and external communication platform, expecting to promote stakeholders’ understanding of and participation in the sustainable development progress of COLI through providing objective and reliable non-financial information.

Reporting Principles

This report was prepared under the guidance of the Corporate Social Responsibility Committee of the parent company, China Overseas Holdings Limited (the “Group”), with reference to the United Nations’ Guide for Business Action on the Sustainable Development Goals (SDGs), and in compliance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) and the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The compilation process of this Report follows the reporting principles suggested by GRI Standards and the Guide, which include:

- **Materiality:** Based on the results of stakeholder communication, we reassessed the importance of various sustainability issues this year, identifying the disclosure focus of this report and responding to the issues of greatest concern to all parties accurately and in detail.
- **Balance:** In addition to the work progress, this Report also discusses the Company’s challenges and space for improvement in sustainable development management, and provides explanations for unreported information.
- **Quantitative:** Department and business lines use data collection tools to record and monitor various economic, environmental and social indicators continuously. This report also covers some of the Company’s historical data, indicating year-to-year changes in the Company’s performance.
- **Consistency:** Unless otherwise stated, we collect and present information in the same manner as in the past to ensure comparability.

Reporting Scope

This report covers the efforts and results of the Company and its subsidiaries at all levels in environmental, social and governance aspects for the period from 1 January 2018 to 31 December 2018. Of which, China Overseas Grand Oceans Group Limited (stock code: 00081), as an associate of the Company, was also listed on the Stock Exchange. The details of its performance in environmental, social and governance aspects are available in the 2018 Environmental, Social and Governance Report of China Overseas Grand Oceans Group Limited (website: cogogl.com.hk), which is not included in this report.

The reporting scope of this report's performance indicators covers 100% of the Company's operating entities. Of which, the reporting scope of environmental KPIs include 45 offices of the Company, 95 sales centers for projects on sale, 135 projects under construction and 38 commercial projects held by the Company and operated throughout the year (measured in number of buildings, respectively 26 office buildings, 5 shopping centers and 7 hotels).

Confirmation and Approval

The board of directors of the Company (the "Board") is committed to monitoring the content of the report and ensuring that it does not contain false records, misleading statements or material omissions. The report, which has been prepared based on the Company's official documents and statistics, had been reviewed and approved by the Board and executive committee of the Company.

Access of the Report

This report has been prepared in simplified Chinese, traditional Chinese and English versions for readers' reference. The electronic, downloadable version of this report is available on the Company's website (www.coli.com.hk/csr/report/) or the Stock Exchange's website (www.hkexnews.hk).

Contact Us

COLI is committed to listening to the voices of stakeholders. If you have any opinions or questions on the content of this report or our work on sustainability development, please contact the Company's Corporate Communications Department via the following means:

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10/F, China Overseas Building, No. 399 Fuhua Road, Futian District, Shenzhen

Tel: 852-2988 0666/0755-8282 6666

E-mail: coli_esg@cohl.com

Official website: www.coli.com.hk

COLI brand website: www.coli688.com

COLI's

Strength



Paramount Jade, Jinan

Overview of COLI

Economic Performance

Cities with business coverage¹:

64

Corporate brand value in 2018:

RMB
72.256
billion

Total assets:

HKD
725.3
billion

Net assets:

HKD
293.6
billion

Operating revenue:

HKD
171.46
billion

Contracted sales¹:

HKD
301.24
billion

Profit attributable to shareholders:

HKD
44.90
billion

Land reserve¹:

91.44
million sq m

Employees

Employees:

5,895

Average employee training hours:

69.4
hours

Personal accident insurance coverage :

100
%

Social Recognition

National Green Building Star Certification, US LEED certification projects, UK BREEAM certification projects:

44
awards for this year

156
awards in total

Tien-yow Jeme Civil Engineering Prize:

58
awards in total

China Construction Engineering Luban Prize:

7
awards

International Property Awards:

18
awards

The Company has been selected as a "China Blue Chip Real Estate" developer and was acknowledged among the "Leading Brands in China's Real Estate Industry" for the 15th consecutive year.

¹ Includes associates, joint ventures and jointly-controlled entities of the Company

Business Structure

COLI is a subsidiary under China State Construction Engineering Corporation. It was founded in Hong Kong in 1979 and listed on the Hong Kong Stock Exchange in 1992 (stock code: 00688.HK). COLI commenced residential housing development business in Hong Kong in 1984 and has been included in Hong Kong Hang Seng Index Constituents since 2007, becoming a forerunner of the real estate industry in mainland China.

COLI's strategic goal is "to be an exceptional global property development corporation". Over 40 years of development, the Company's business positioning has centered around three major businesses – "Residential Development", "Urban Services" and "Design Services" for extension and expansion.

Residential Development

The Company has 40 years of experience in real estate development and property operation and management. Our business covers more than 60 cities in Hong Kong, Macau and mainland China, representing more than 600 development projects accumulatively. Adhering to the development philosophy of "Each and Every Detail of Each and Every Project", the Company has launched five generations of exquisite residences successively utilizing "China Overseas Property" as a brand, with a completed area of development and construction exceeding 150 million sq m. The Company's project performance has been remarkable, honorably obtaining 58 Tien-yow Jeme Civil Engineering Prize – Outstanding Residential Community Awards (35 golden awards, 23 individual awards), 7 China Construction Engineering Luban Prizes and 18 International Property Awards. In 2018, the Company has been selected as a "China Blue Chip Real Estate" developer and was acknowledged among the "Leading Brands in China's Real Estate Industry" for the 15th consecutive year.

In line with the industry's development trend, the Company actively develops prefabricated buildings and housing industrialization projects. We cooperate with our partner enterprise Zhonghai Hailong, one of the largest prefabricated housing companies in China, which developed and constructed more than one million sq m of prefabricated residential projects by collaboration. Meanwhile, the Company focuses on forward-looking investment in residential development and discovers market opportunities. The Company deploys resources in the production and manufacturing segment of our value chain. Our wholly-owned subsidiary Tianshan Door has created the "Dr. Door" series, develops and produces a series of advanced fire doors, anti-theft cast aluminum doors. It has also established its competitive advantage in the industry through owning 26 design patents in the field of cast aluminum door manufacturing.

Urban Services

COLI's city operation industries are diverse, covering office buildings, shopping malls, prestigious hotels, subway superstructures, urban renewal, tourism, logistics and other types of business operations. The Company operates a total of 68 commercial properties with a total gross floor area of 4.09 million sq m, including 42 "China Overseas" Grade-A office buildings, 13 shopping centers and 12 starred hotels, making it one of the largest developers and operators of sole-ownership office buildings in mainland China.

To keep up with the trend of the sharing economy and the stock era, China Overseas Commercial Properties Co., Ltd. ("COCP"), a wholly-owned subsidiary of COLI, established a comprehensive commerce and office service brand "COOC China Overseas Officloud" in 2016, leading the integration of our commercial asset management and resources through leveraging our five major Grade-A office building products, business service platform "China Overseas Officloud" and co-working space brand "OfficeZip". China Overseas Officloud offers professional support including structure optimization, industry incubation, brand marketing, etc. to enterprises via big data analysis, while OfficeZip focuses on providing customers with flexible leasing, conferencing services and comprehensive solutions. The Company accelerated its expansion during the year. As at the end of 2018, OfficeZip gained access to 6 key cities with a shared office operation area of over 30,000 sq m, and the occupancy rate of the 12 OfficeZip projects exceeded 90%.

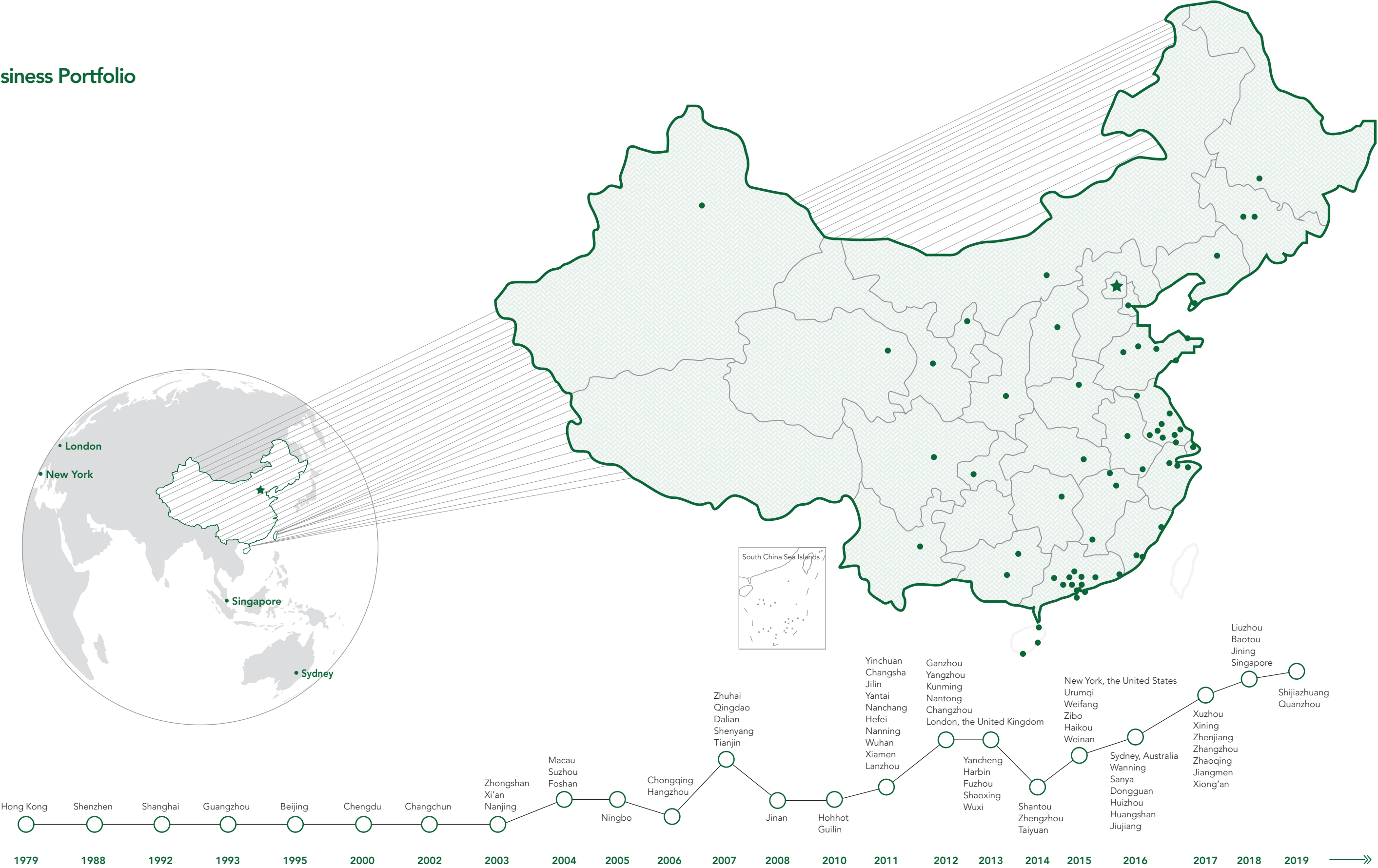
The Company is also dedicated to urban renewal and integrated regional development. We have developed a complete value chain covering investment and financing, land consolidation, regional planning, property development, construction, industry development, commercial operation and property management, realizing the advantage of property investment, construction and operation integration. Of which, Xiong'an Citizens Service Center, a tender jointly won by the Company, China Construction Third Engineering Bureau Co. Ltd. ("CCTEB"), China Construction Engineering Design Group Co., Ltd. ("China Construction Engineering Design") and China Construction Investment Fund Management (Beijing) Co., Ltd. ("China Construction Investment Fund"), commenced operation officially during the year and became an exemplary project for the construction of Xiong'an New Area. We also participated in two major projects located in Beixin'an Shanty Area, Beijing and Huashan Area, Jinan, offering integrated solutions for the community redevelopment. As for our cultural business, Shenzhen Contemporary Art Centre and Urban Planning Exhibition Hall numerous prefecture-level exhibitions successfully, with the recorded number of visitors reaching over 750,000 as at the end of 2018.

Design Services


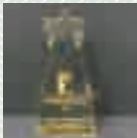
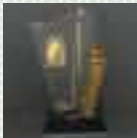
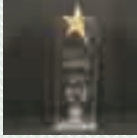

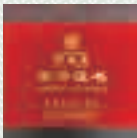
Hua Yi Design Consultants Limited ("Hua Yi Design"), a wholly-owned subsidiary of COLI, is a national high-tech enterprise that has attained dual Grade-A qualifications comprising Architectural Design Qualification and Urban and Rural Planning Qualification and possesses the capability to apply "Building Information Modeling (BIM) Design" technologies in the entire design process. Currently, Hua Yi Design's branches are located in Beijing, Shanghai, Nanjing, Guangzhou, etc., employing nearly 1,000 excellent professional designers with more than 2,700 engineering projects and over 300 planning and design consultation projects completed. These types of projects include urban planning, mega residential areas, integrated office buildings, hotels, medical, recreational and sports facilities, etc., which won a total of 430 design awards at the national, provincial and ministerial level of the Shenzhen city.

Centering around real estate development, the Company is also promoting innovative businesses progressively with focuses on three industries, namely education, elderly care and logistics in 12 business types. During the year, 13 new projects were launched and 18 projects came on stream with an operating area exceeding 350,000 sq m. The Company has established the "Zhonghai Education" brand, operating schools, kindergartens, COLI Academy and outdoor campsites, as well as a senior living brand named "China Overseas Jinnian", operating senior apartments, senior communities and community health centers. The Company has also operated and managed China Overseas Logistics Park with a floor area exceeding 500,000 sq m in the Binhai New Area, Tianjin.

Business Portfolio



Awards and Honors

AWARD		AWARDING ORGANIZATION
China Overseas Land & Investment Ltd. The Asset Corporate Awards 2018 — Platinum		The Asset
China Overseas Land & Investment Ltd. Hong Kong Outstanding Enterprises 2018 — Blue Chip Category		Economic Digest
China Overseas Land & Investment Ltd. China Property Award of Supreme Excellence		The Hong Kong Institute of Financial Analysts and Professional Commentators Limited
China Overseas Land & Investment Ltd. Top 100 Hong Kong Listed Companies — Top 100 in Comprehensive Strength		Finet Group QQ.com
China Overseas Property No. 1 in China's Top 80 Sizable Listed Real Estate Enterprises in Credit Security 2017		Standard Real Estate Academe
China Overseas Property No. 1 in China's Top 50 Real Estate Developers in Brand Value		China Real Estate Association
China Overseas Commercial Properties Co., Ltd. No. 2 in China's Top 10 Commercial Property Enterprises in Brand Value 2018 China's Professional Unique Real Estate Brand Enterprise 2018		China Real Estate Appraisal Center
China Overseas Property China Blue Chip Real Estate Developer (for 15 consecutive years)		The Economic Observer
OfficeZip Science Technology Elite Award Operating Brand, Award of Excellence	 	Ministry of Science and Technology of the People's Republic of China National Office for Science and Technology Awards Elite Science and Technology Award Committee

AWARD	AWARDING ORGANIZATION	
China Overseas Land & Investment Ltd. No. 1 in Hong Kong-listed Mainland Chinese Real Estate Companies 2018 — Top 10 in Wealth Creation Capacity No. 1 in Hong Kong-listed Mainland Chinese Real Estate Companies 2018 — Top 10 in Financial Stability No. 2 in Hong Kong-listed Mainland Chinese Real Estate Companies 2018 — Top 10 in Comprehensive Strength	China Index Academy	
China Overseas Land & Investment Ltd. No. 4 in Comprehensive Strength of China’s Listed Real Estate Companies 2018	China Real Estate Association E-house China R&D Institute China Real Estate Appraisal Center	
China Overseas Land & Investment Ltd. No. 3 in China’s Top 10 Listed Real Estate Enterprises 2018	EH Consulting China.com.cn	
China Overseas Commercial Properties Co., Ltd. New Value Award for Original Content in Commercial Property in the PRC granted by Mall China	Mall China Shopping Center	
China Overseas Land & Investment Ltd. Asian Excellence Awards <ul style="list-style-type: none">• Best Investor Relations Company• Asia’s Best CEO (Investor Relations)		Corporate Governance Asia
China Overseas Property China’s Top 10 Exemplary Real Estate Enterprises for Poverty Alleviation 2018		Leju.com Sina.com Zhonghouse.cn
China Overseas Property Top 3 Real Estate Enterprises for Targeted Poverty Alleviation 2018	Standard Real Estate Academe	
China Overseas Property No. 1 in China’s Top 50 Listed Real Estate Enterprises in Green Credit Index 2018	Chinese Investment Association	
Shenzhou Peninsula Project of China Overseas Property Ecological and Cultural Tourism Model Award 2018	China Real Estate Chamber of Commerce, China Real Estate Business, creb.com.cn, China Real Estate Think Tank, Research Institute of China Real Estate Business	

Sustainability MANAGEMENT

COLI has been forging ahead for 40 years. While realizing business expansion and internationalization, we always remember our mission to create value for stakeholders. We are convinced that establishing perpetual communications and trust with stakeholders is the key to success for a company to maintain long-term competitiveness and also an indispensable foundation to realize sustainable development.



Vision

To be an Exceptional Global Property Development Corporation

With global expansion as the path, we provide customers with comprehensive solutions to meet residential and business needs in real estate development, investment and operations



Mission

To Envision Delightful Space and Create Infinite Value

Satisfying customers – focusing on customers' short-term and long-term interests to create space with dedication and experience

Value-adding – uniting employees, empowering employees, sharing the fruits with value creators and building the future hand in hand

Rewarding shareholders – continuously creating value return to investors and striving to become the most preferred investment target

Benefiting the society – focusing on the function of space and the optimization of environment to make a contribution to the society's harmony, stability and sustainability



Core Values

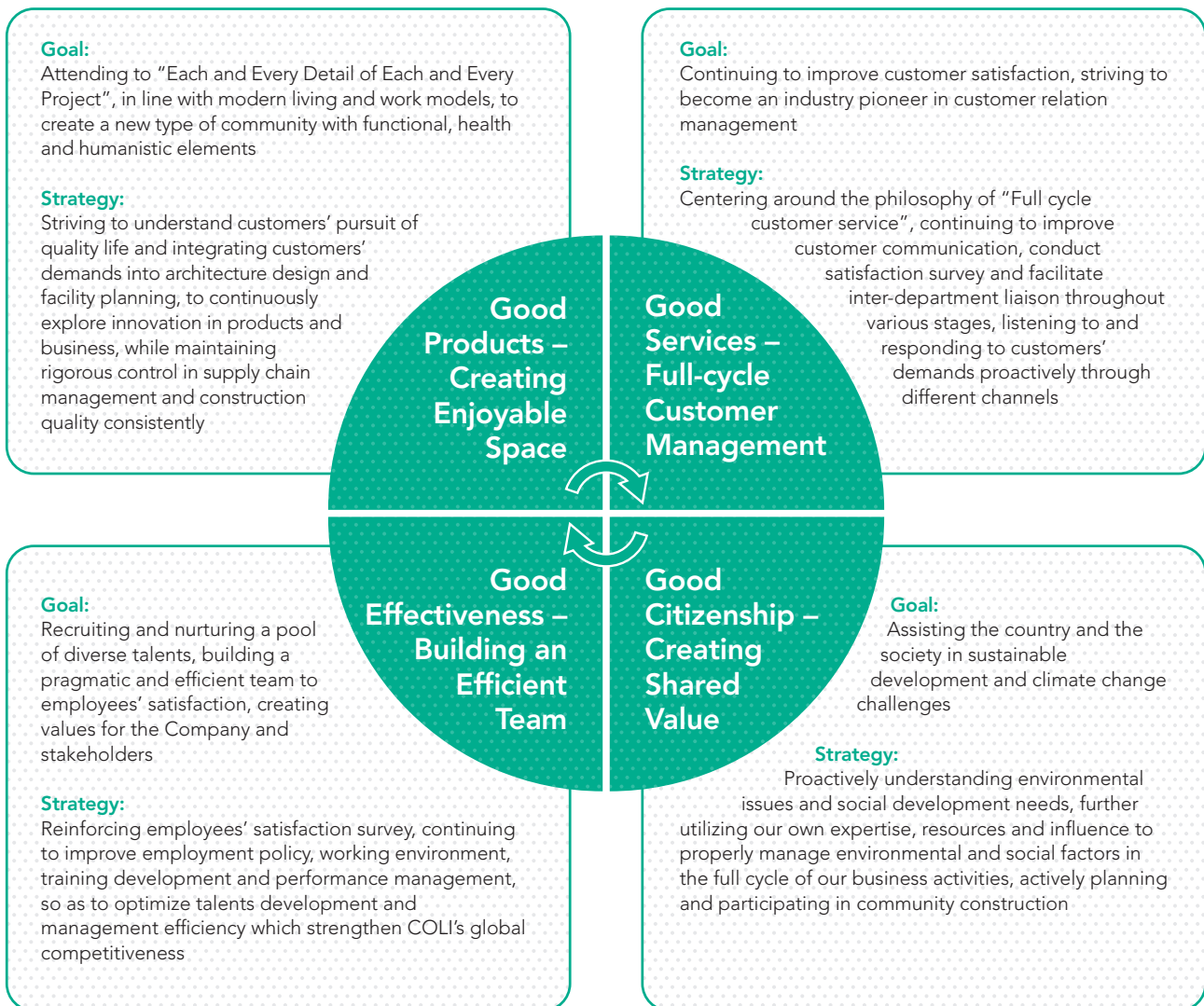
Diligent, Grounded, Visionary, Innovation

Adhering to the principles of proper behavior, strictly complying with rules, seeking truth rigorously and being honest and pragmatic, realizing individual's value and the ambitious centennial goal of China Overseas' through continuous innovation

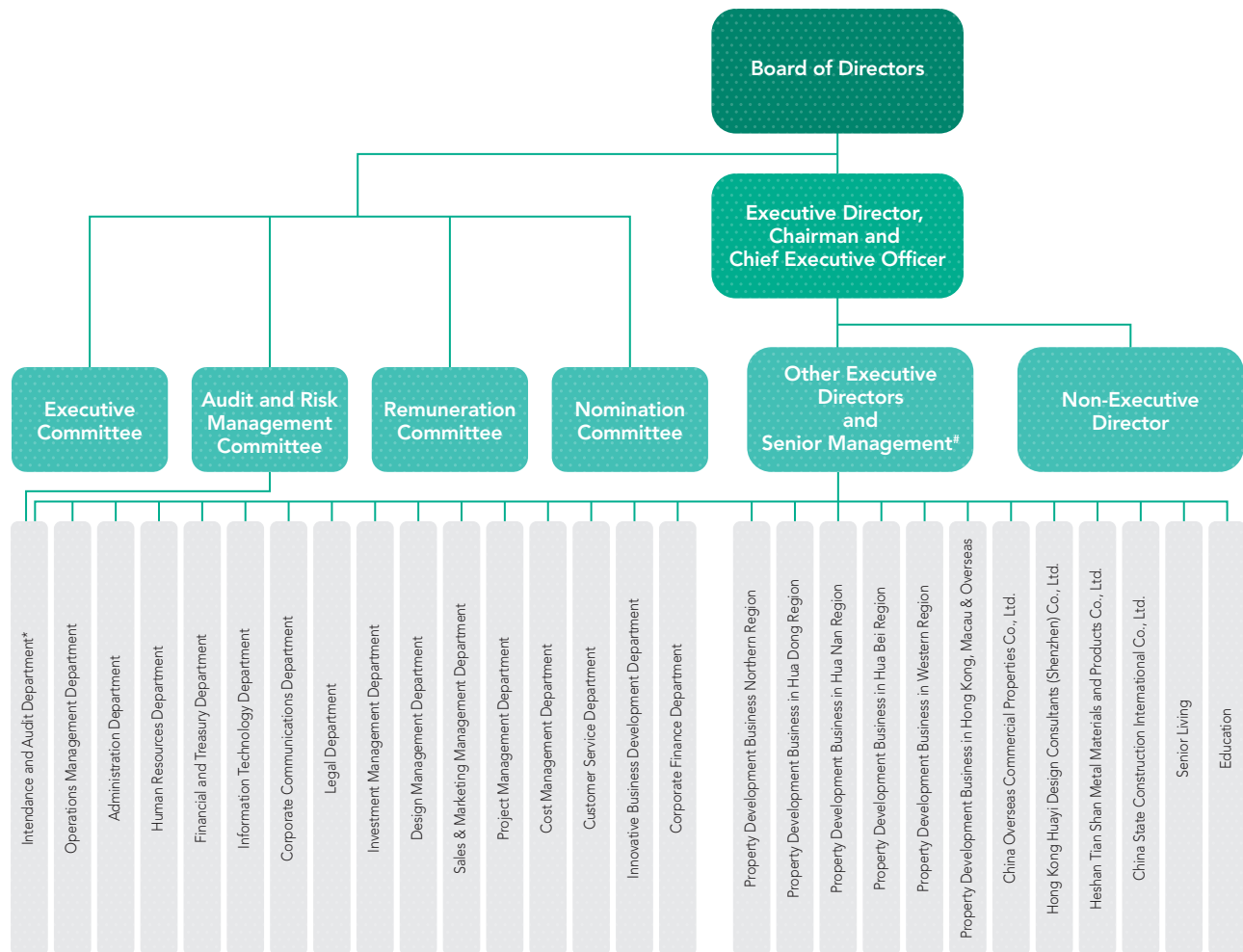
Sustainability Strategy

Based on our vision and mission, COLI further establishes the sustainable development strategy framework to work towards “Four Excellences”. Through efficient and transparent corporate governance and supervision, we strive to integrate significant governance, environmental, social and economic sustainability factors into COLI’s operation management, monitoring system and project development process, proactively take and practice the corporate responsibility of sustainable development to carry out the mission of value creation.

The Sustainable Development Strategy Framework of a company of “Four Excellences”



Corporate Governance Structure



An efficient and transparent governance structure is the foundation to promote sustainable development. Through coordination and communication system that covers all rank and file, COLI promotes effective cooperation between various departments and business lines, continues to monitor operation performance and risk, focuses on external and internal stakeholders' needs, reviews our own operation model and management strategy constantly and ensures the complete implementation of various sustainable development policies and measures.

[#] Senior management personnel refers to COLI's employees who rank above general managers

* Risk Management Team is set under Intendence and Audit Department

Function of the Board

The Board is responsible for leading the Company's development, establishing strategic goals and formulating the Company's overall strategies and policies to ensure that the Company can obtain necessary financial and other resources to achieve these goals. Meanwhile, it supervises the work of the management and reviews business performance of the Company. The Board is also responsible for assessing and determining the nature and degree of acceptable risks in the course of achieving the business goals, supervising the management in the establishment and maintenance of appropriate and effective risk management and internal control systems. Committees have been established under the Board to assist the Board in performing the aforementioned management and supervision responsibilities.

Committees	Major Responsibilities
Audit and Risk Management Committee	<ul style="list-style-type: none"> To review the integrity of reports and data related to the Company's finance To research and review the Company's financial control, internal control and risk management system
Remuneration Committee	<ul style="list-style-type: none"> To make recommendations to the Board regarding the remuneration policy and structure of all directors and senior management personnel
Nomination Committee	<ul style="list-style-type: none"> To make recommendations to the Board regarding the appointment or re-appointment of directors and director succession plan To review the structure, size and composition of the Board To evaluate the independence of independent non-executive directors

Risk Management and Internal Control

The Company has established risk management organization structure on the relations between sustainable development and corporate risk management, conducted risk assessment and risk control for various sectors, and continuously monitored national policy, human resources and other external or internal factors related to sustainable development. The composition of structure, responsibilities and management methods are as follows:

Committees	Major Responsibilities
Functional Departments at The Headquarters	<ul style="list-style-type: none"> To complete the scoring and initial ranking of annual risk matters To implement corresponding risk management measures
Risk Management Team	<ul style="list-style-type: none"> To summarize and analyze the Company's annual risk events To make a coordinating functional departments and relevant units to track the changes of significant risks and the implementation of corresponding measures
Risk Management Committee	<ul style="list-style-type: none"> To determine the Company's annual risk management events and their rankings To formulate risk management procedures and designating department as risk owners
The Board and the Audit and Risk Management Committee	<ul style="list-style-type: none"> To conduct final evaluation and approval for annual risk events and management procedures

The Intendence and Audit Department bears the responsibility of internal audit, monitoring the Company's risk management and internal control system (the "System") on an ongoing basis. It reviews relevant work and the System bi-annually, identifies rooms for improvement in the design of the System, reports to the Risk Management Committee and the Board and makes recommendations. During the year, the Company also appointed an independent auditor to review the sufficiency and effectiveness of the System for our continuous improvement.

Upholding Corporate Integrity

The integrity of the management, employees and partners is an important defense line to maintain operational compliance. Through codes, agreements, policies and various training and education, the Company's Human Resources Department and Intendence and Audit Department communicate with stakeholders on the Company's requirements regarding anti-corruption and other professional ethics, and jointly implement and supervise the Company's relevant policies to raise the diligence to responsibility and prevent corruption risk.

Code of Conduct – Establishing Common Values

We define the behavioral standards that applies to all employees of the Company and its subsidiaries and branches in Employees' Code of Conduct and Employees' Handbook, which include but are not limited to

- **Anti-corruption:** Corruption and bribery are strictly prohibited, and employees shall comply with relevant rules of handling and reporting matters related to commission, kickback, payment, entertainment and gifts
- **Anti-competitive practices:** Keeping decision-making procedures transparent among at least 3 people of the Company's management, that no personnel is authorized to award a contract to a bidder based on individual discretion
- **Information confidentiality:** Fulfilling confidentiality obligations in accordance with the Confidentiality Management Measures of China Overseas Property Group (《中海地產集團保密管理辦法》) and intellectual property policies
- **Conflicts of interest:** Avoiding the employment of relatives and prohibiting employees from engaging in other paid jobs or investment involving in conflicts of interest
- **Anti-discrimination:** Being respectful to colleagues, customers and business-related units and all employees are equal before the system and positions
- **Whistleblowing and grievance:** Reporting to the superior and Human Resources Department actively if any conducts that violate the Code of Conduct are identified

Integrity Agreement – Communicating the Standards and Requirements of the Company

All employees including the management of the Company are required to sign the "Work Integrity Responsibility Statement" annually as an acknowledgement that they understand and promise to comply with relevant codes. During the year, we signed the Integrity Agreement with all bidding units (such as suppliers and contractors), as a form of supplier code of conduct specifying that the Company prohibits cooperating parties from requesting or accepting any form of advantages such as sponsorship, rebates, banquets, etc. Meanwhile, we issued "An Open Letter to Partners" as a reminder to all employees and business partners emphasizing compliance with relevant guidelines.

System Restrictions – Work System that Promotes Mutual Checks and Supervision

Work positions in the Company are set according to the requirement of separation of duties, specifying the scope of authority, approval procedures and corresponding responsibilities. “The Administrative Measures for Personnel Appointment” of the Company stipulates that staff must pass qualification evaluation before taking office, prohibiting them from taking positions that are incompatible with their responsibilities. Key management officials shall also take job rotations after serving a certain number of years to prevent the conflict of positions and abuse of power. Meanwhile, the Company formulates the “Administrative Measures for COLI Integrity Construction Responsibility System”, incorporating aspects such as the establishment of systems of punishment, prevention and accountability mechanisms and personal integrity of management personnel into the performance evaluation system and indicators of regional companies through self-check fillings, annual work summary statements as well as employees satisfaction survey and interview.

Promotion and Education – Raising the Awareness of Corruption Risk Prevention

The Company formulates the “Administrative Measure for Integrity Conversations”. The Company’s CEO will conduct pre-service conversations with new leaders to stress the proper use of executive power and to practice integrity, and set reminder conversation guidelines prompting employees who show misconduct tendency to make timely correction. The Company also sends electronic publicity files “Integrity E Materials” through internal platform “China Overseas Channel” from time to time, explaining relevant compliance requirements of anti-corruption to employees via law interpretations and case studies.

Whistleblowing and Investigation – Implementing Rigorous Reporting and Penalty System

The Measures for Handling Discipline Inspection and Supervision Cases (trial) of the Company stipulates the procedures of report handling, investigation and conclusion. Reporting channels including mails, calls, visits and internet means are in place, open to our employees, business partners and other external stakeholders. The Group’s and the Company’s whistleblowing hotline and email are also disclosed to the public on the Company’s official website, and in the “Open Letter to Partners” and the “Integrity Agreement”. The Intendance and Audit Department handles relevant reports related to matters including employees’ discipline and integrity, and cooperates with relevant authorities to follow up the investigations. Investigation-related information is kept in strictly confidence internally on a need-to-know basis, securing the independence of the investigation and whistleblower’s right. Employees who violate the “Employees’ Code of Conduct” shall be deemed dereliction of duty and might be subject to penalties including termination of employment. Business partners who violate the “Integrity Agreement” can be warned, fined or even disqualified from tendering and partnership.

Received trainings on anti-corruption policies and signed Work Integrity Responsibility Statement:

6,457
person times



100% of regional
companies, project companies and
joint ventures or associated companies



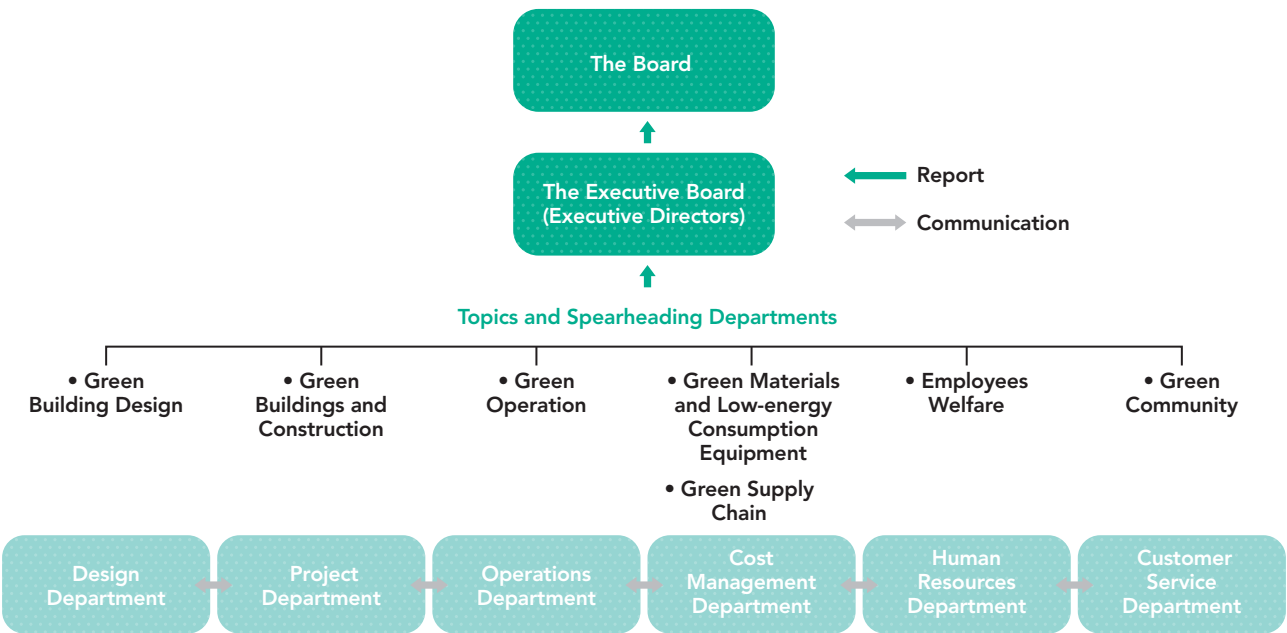
Ensuring Operational Compliance

As the Company's business become more diversified and enter more jurisdictions, effective control of the compliance risk across business lines and regions has become one of the key governance tasks. During the year, the Legal Department continued to collate internal legal functions through legal review, training and promotion. The department continued to optimize standardized contracts, and conducted legal review on 100% of the commercial contracts, internal rules and regulations. During the year, the Legal Department established a three-level (headquarters-regional-local) work mode, set up a management platform for appointment of law firms, conducted evaluation on external lawyers, formed a pool of qualified potential law firms and updated such database regularly. As for the laws and regulations related to the Company's operation, the Legal Department continues to identify the latest updates in legal and regulatory requirements. An internal e-circular "Rule of Law – China Overseas" is constantly updated to disseminate the information. Special trainings were held for relevant departments on laws related to investment, operation and sales.

As for the laws and regulations related to governance, environmental and social matters that have a significant impact on the Company's business operation, COLI and its subsidiaries had recorded no non-compliance that were elevated to the court during the year. Please refer to the section headed "Relevant Laws and Regulations" of this report for details of such laws and regulations.

Managing Sustainability Issues

COLI attaches great importance to internal joint participation in sustainable development affairs. The preparation of this report was coordinated by the Corporate Communications Department, and various departments and subsidiaries were involved in the process of policy review, data collection and report confirmation. In the future, we will proactively explore the viability of establishing formal sustainability management structure, for example, forming working groups comprised of different functional departments to jointly conduct research on the specific sustainability topic to foster further integration of sustainability matters into corporate strategy planning.



For details of the matters included in this section, please refer to the Corporate Governance Report in the Company's "2018 Annual Report".

Stakeholder ENGAGEMENT

The core of COLI's corporate mission is to create value for customers, employees, investors and communities. Stakeholders' needs and opinions inspire us to better our products, services and business model. Therefore, we strive to maintain multidimensional, constant and open communications with stakeholders via different channels and bring their voices to the Company, integrating them into COLI's management policy and strategic planning.

Constant Communication Platform

Through multiple channels, departments and business lines continue to inform stakeholders of COLI's management approach in sustainability management, understand their needs, opinions and expectations, and make responses via internal feedback mechanism. Reviewing the work on communication during the reporting period, we have identified the following groups of stakeholders and their major requirements.

Type	Focus	COLI's communication strategy	Communication channel
Employees	<ul style="list-style-type: none"> • Equal opportunity • Employee communication • Welfare protection • Health and safety • Career development 	<p>We are open to advice and encourage employees to make recommendations to the Company's management on different aspects. The Human Resources Department is responsible for leading the implementation of the employee satisfaction improvement program and optimization of talent planning. Together with other employee engagement activities, care measures and internal communication, we strive to create an efficient, transparent and communicative culture and build cohesive professional teams.</p>	<p>Employee satisfaction surveys Employee seminars and regular meetings General manager/president luncheons Chairman's mailbox Meetings of leading officials on principles Employee gatherings OA intranet system China Overseas magazine</p>
Labor	<ul style="list-style-type: none"> • Health and safety • Employment opportunities • Labor rights and interests 	<p>We emphasize safe and civilized construction. On one hand, we communicate the Company's requirements to contractors clearly through agreement provisions, guidelines and inspections. On the other hand, we hold promotion campaigns from time to time to reinforce workers' safety awareness.</p>	<p>Contract and salary administrative measures Project safety assessment and training "Safe Production Month" campaign</p>

Type	Focus	COLI's communication strategy	Communication channel
Customers	<ul style="list-style-type: none"> • Information transparency • Product quality • Healthy lifestyle • Customer experience • Handling of feedbacks and complaints 	<p>We adopt a proactive customer communication approach, continue to carry out satisfaction surveys and reviews, conduct cross-department analysis and discussion, and integrate different customer groups' needs into product and service enhancement plans. We also utilize various information systems and platforms to improve the efficiency of rectification and feedback, keeping customers posted of the latest updates.</p>	<p>Customer satisfaction surveys "Door Knocking Plan" China Overseas Property Club ("COPC") customer platform Customer service hotline and mailbox CRM system and customer APP Official WeChat</p>
Business partners	<ul style="list-style-type: none"> • Fulfillment of contracts with integrity • Mutual beneficial relationship • Equal cooperation • Joint development 	<p>We execute transparent tendering and contract fulfillment procedures, inform contractors and suppliers of our corporate ethics and whistleblowing policies, and offer guidance and training with a view to laying the foundations of cooperation with business partners based on agreed goals and mutual benefits.</p>	<p>Agreement provisions Open Letter of Tendering Management Dissemination of other policies or codes Project meetings Supplier training</p>
Shareholders/ Investors	<ul style="list-style-type: none"> • Information transparency • Investment return • Protection of rights and interests • Operational risk control 	<p>In addition to releasing financial information, the Company's management and Corporate Communications Department actively communicate with investors on a regular basis and answer queries about corporate governance and management strategy through different platforms, providing more comprehensive and transparent non-financial information for investors' analysis.</p>	<p>Press conferences Roadshows Investor and analyst meetings and conferences Corporate visits Project site visits Stock Exchange announcements Investor relations webpage</p>
Community and media	<ul style="list-style-type: none"> • Targeted poverty alleviation • Employment opportunities • Affordable housing • Synergistic community development • Public's right to know 	<p>By utilizing our own network and resources, we communicate with local governments and people, understand the needs of the community where the business operates, and allocate resources for targeted poverty alleviation, affordable housing construction, donations to school construction projects and other charity projects. As for development projects located in contaminated lands, environmental management plans are publicly disclosed in compliance with the law.</p>	<p>"Sea of Hope" poverty alleviation scheme Donations and visits to Hope Primary Schools Employee volunteering Official WeChat News center of the Company's website</p>

Type	Focus	COLI's communication strategy	Communication channel
Government	<ul style="list-style-type: none"> • Compliance with the law • Paying taxes in accordance with the law • New urbanism development 	In addition to ensuring strict compliance with laws and regulations in operations, COLI maintains proactive and close communication and cooperation with the authorities, pushing forward China's new urbanism development by participating in urban renewal, ecological restoration and heritage preservation projects.	Participating in governmental projects Meetings and interviews Project site visits

Capital Market Communication

The management and the Corporate Communications Department of COLI stay in touch closely with the investment sector through various platforms. After the release of interim and annual results, we organized activities including press conferences, analysts' meetings and post-results roadshows, proactively listening to and answering questions from shareholders, bond investors, analysts about the Company's business operation, corporate governance and performance. We also maintain communication with investors through interactive activities such as investment bank meetings conferences, company visits, teleconferences and property project visits. During the year, we met and telecommunicated with investors more than 400 times, and received 160 project-visiting groups with over 500 visitors.

COLI attaches great importance to the transparency of corporate information. We actively disclose certain unaudited key quarterly operational and financial data and publish information about property sales and land acquisitions on a monthly basis. We also actively respond to investor-oriented sustainable development index and rating surveys, including Hang Seng Corporate Sustainability Index Series, MSCI ESG Ratings, Dow Jones Sustainability Indices, Global Real Estate Sustainability Benchmark (GRESB), disclosing more corporate governance and sustainability policies and data to the capital market and providing more comprehensive non-financial information.

During the year, the three major international credit rating agencies, Moody's, Standard & Poor's and Fitch rated the Company as Baa1/stable, BBB+/stable and A-/stable, respectively. The Company also remained one of the constituent stocks of the Hang Seng Corporate Sustainability Index, indicating the capital market's high recognition for the Company's leading position in China's property market and sustainability management performance.

Industry Engagement

Sustainable city construction requires the support of the whole industry. COLI has been actively participating in industry organizations and initiatives, and is determined to drive the development and innovation of industry technology and management approach by engaging in the preparation of technical standards, project case demonstrations and peer collaboration and exchange. During the reporting period, we took part in the following industry associations:

Industry organizations	China Overseas' unit and form of participation	
China Green Building Council ("CGBC")	China Overseas Property	Leading Unit of the Property Team
Shenzhen Green Building Association	Hua Yi Design	10 experts participated in the Expert Committee, one of whom was awarded "2018 Annual Excellent Expert"
Shenzhen Construction Science and Technology Committee		1 expert participated in the Specialized Green Building Committee
China Index Academy	China Overseas Commercial Properties Co., Ltd.	Member of the China Commercial Property Index System Advisory Committee
Building Owners and Managers Association ("BOMA")		BOMA China Platinum Member
Architectural Design Branch of China Survey and Design Association		Member of the Internet of Things Research and Promotion Department

China Overseas Property – Green Building and Urban Renewal Technology Exchange

As the Leading Unit of the Property Team of China Green Building Council, China Overseas Property has been leading other housing enterprise team members to promote green construction across the nation, actively participate in relevant industry discussions and jointly formulate green property development strategy.



During the Fourteenth International Conference on Green and Energy-Efficient Building & New Technologies and Products Expo this year, China Overseas Property and Vanke Group jointly held the “Green Real Estate” forum. In addition to China Overseas’ vision on future products, we took The Paragon, our project in Shenzhen and the Xiong’an New District project as case studies, sharing COLI’s green building experience in super high-rise residential buildings and state-level new areas. China Overseas Property also attended the Sixth Shenzhen International Low Carbon City Forum, discussing green buildings and industrialization of buildings with peers in the industry.

During the year, the Hua Yi Design team participated as an expert in formulating a number of national industry standards such as Shenzhen Green Campus Design Standards, Technical Specification for Application of Roof Greening System in Guangdong Province and Technical Specification for Green Building Operation Inspection, setting a benchmark for the green building industry.

We also shared our results achieved in technology deployment with the industry via publishing theses. COLI’s Urban Renewal White Paper 2018, published during the year, summarizes China Overseas’ experience in two mega urban renewal projects – Beixin’an Shanty Area, Beijing and Huashan Area, Jinan reconstruction projects, demonstrating COLI’s comprehensive solutions to demolition and relocation in old areas, ecological preservation, heritage conservation and planning for ancillary facilities in the community.

“Sustainable Development and Urban Symbiosis – Green Building Practice of Suzhou Shuangwan Garden Phase 2”, published by China Overseas Property, was rated as an excellent thesis and included in the anthology of China Civil Engineering Society 2018 Academic Annual Conference.



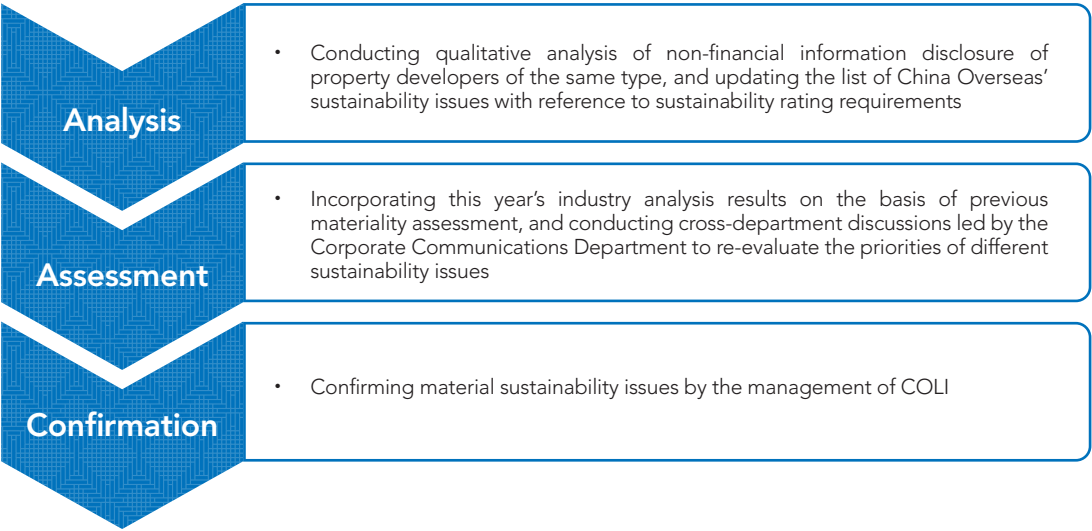
China Overseas Officloud – Participating in Formulating China Commercial Property Index and Office Building Rating Standards

During the year, China Overseas Commercial Properties Co., Ltd. participated as a professional advisor in the research and compilation projects of China Commercial Property Index System of China Index Academy. We took advantage of our business scale to provide detailed and authentic sample operational data, which became one of the important references for research. Furthermore, China Overseas Office Capital (“COOC”) participated in compiling the Chinese version of BOMA China’s International Office Building Rating Guide. The Guide clearly determines the rating basis for commercial properties with reference to different aspects ranging from geographical areas, architectural design, ancillary services to green building certification. The official release of the index system and the Guide not only fills the information gap of the domestic commercial leasing market, but also assists operators, investors and merchants to improve their management, analysis and decision-making procedures, further driving the industry system to keep up with international standards.

Material Sustainability Issues

In addition to daily communication, COLI also invited stakeholders to participate in discussions on the Company’s sustainable development in defining material management issues. We appointed a third-party to collect and analyze opinions of key stakeholders via interviews, workshops, focus group discussions and survey ratings.

To ensure that our analysis is in line with corporate strategy, industry development and concerns of the capital market, during the year the Company commissioned an independent consultant to conduct industry analysis, based on which materiality of various issues were assessed. It forms the scope of disclosure of this report and preparing ourself for the increasing disclosure standards and information requirements in the future. Our analysis performed during the year and the results are summarized as below.





No. COLI's material sustainability issues

- 1 Increasing revenue and reducing operating costs
- 2* **Investing in community infrastructure and supporting services**
- 3* **Distributing and utilizing economic gains reasonably**
- 4* **Supporting regional economies and targeted poverty alleviation**
- 5 Establishing a comprehensive employment management system
- 6* **Diversifying management structure and workforce**
- 7 Offering development and training opportunities to support continuous staff development
- 8 Providing satisfactory products or services for customers to ensure their health and safety
- 9 Offering a healthy and safe work environment to protect employees from occupational hazards
- 10 Ensuring that all business partners are fairly and reasonably treated
- 11 Preventing anti-competitive practices (e.g. collusive tendering)
- 12 Securing customers' information privacy
- 13 Conserving water and improving water efficiency
- 14* **Employing local management talents**
- 15 Eliminating workplace discrimination and promoting equal opportunities
- 16 Preventing bribery, extortion, fraud and money laundering
- 17 Complying with advertisement and sales descriptions
- 18 Assessing and monitoring the supply chain to manage risks concerning the environment, labor and operation
- 19 Minimizing the negative impact of products and services on the environment
- 20 Conserving energy and improving energy efficiency
- 21 Increasing the use of environmentally friendly materials
- 22 Establishing an effective grievance mechanism related to operation management
- 23* **Preserving or restoring biodiversity**
- 24 Reducing and properly handling air pollutants and greenhouse gas emissions
- 25 Reducing and properly handling sewage and waste
- 26 Screening business partners based on environmental standards

* Material issues added this year

GOOD Products

Creating Enjoyable Space

We responded to these SDGs



Good health and well-being



Quality education



Industry, innovation, and infrastructure



Sustainable cities and communities



Responsible consumption and production

With the changes in social structure and the development of information technology, people's lifestyles are being constantly reshaped. The pursuit of a better life extends gradually from comfortable housing to the level of the community and its vicinity, which renews our understanding of "good products". We continue to adhere to the concept of attending to "Each and Every Detail of Each and Every Project", with further emphasis on creating a product solution to meet the needs of new living habits and lifestyles. Through the collaboration, coordination and innovation of various departments, we are committed to proactively considering the needs of our customers and stakeholders in the project development process to create a healthy and pleasant living space for our customers with the principle of "good design, good materials, good quality and good supporting facilities".

Good Design – People-centric Living Space

Besides the project director, all of our project teams are composed of managers from seven functional departments, including the Operations Management Department, the Design Management Department, the Project Management Department, the Customer Service Department and the Sales & Marketing Management Department, ensuring that the customer needs and risks are integrated into project design, planning and process management in the early stage.

We carry out ongoing product and customer research and data census to analyze customer needs from different perspectives. The Sales & Marketing Management Department conducts regular customer needs analysis and special research to understand the market environment and the needs of different customer groups, and examines the product design and positioning of the Company accordingly to explore the product innovation direction. Customer service departments of different regions and China Overseas Property Holding Limited conduct joint regular visits and spot checks to collate product defect cases submitted by property owners, analyses the causes and feedback to corresponding departments through reports and focused training, so as to ensure full consideration of customers' actual needs in future design and construction.

Good Materials – Improving Supply Chain Management

Safe and harmless materials and equipment with stable quality are the basic requirements for building good products. For a company with diversified business and portfolio, stable supply chain management is an indispensable part of enterprise risk management. The implementation of the Material Management Measures (《物資管理辦法》) at the headquarters and regional levels establishes a standard practice for procurement procedures and work structures in terms of bidding, supplier review, contract management, etc. of various types of materials, the information of suppliers with large product purchase amounts is regularly monitored and reported, and strict examinations are carried out from the upstream supply chain.

Distribution of suppliers by geographical region

Supplier's Geographical Area	Number of Central Procurement Suppliers	Number of Regional Procurement Suppliers	Number of Local Procurement Suppliers
Northern Region	2	1	22
Hua Bei Region	18	0	36
Hua Dong Region	34	3	45
Hua Nan Region	44	3	62
Western Region	2	2	24
Total	100	9	189

Number of critical suppliers (i.e. suppliers with top ten highest central procurement amounts)

No.	Type of Materials	Number of Central Procurement Suppliers
1	Elevators	2
2	Wires and cables	3
3	Waterproof materials	3
4	Cupboards	2
5	Wall and floor tiles	5
6	Pipe materials and fittings	2
7	Entrance doors	3
8	Sanitary ware, faucet and hardware	2
9	Exterior paint (Supply)	6
10	Interior doors	3
Total		31 (Representing 70% of the Total Central Procurement Amount for the Year)

All potential suppliers are required to pass the screening according to the established procedures and conditions as set out in the Central Procurement QDSS Management Guidelines (《集採QDSS管理工作指引》). The Company assesses the performance of the potential suppliers in the areas such as management mode, production process and material quality through data verification, leadership interviews, site visits, enterprise benchmarking and internal and external research. Only suppliers that pass the assessment can be admitted to the Company's qualified suppliers' (QDSS) list and have an opportunity to participate in biddings.

The Cost Management Department of the Company coordinates with multiple functional departments including the Design Management Department, the Project Management Department, the Customer Service Department and the Sales & Marketing Management Department annually to conduct a comprehensive assessment of suppliers in cooperation (the "Partners"). In combination with on-site acceptance, quality inspection and unannounced third-party inspection, we grade and classify our partners, publish, applaud and reward outstanding units and prohibit those unqualified from participating in the bidding within two years to continuously monitor the management performance of the Partners. No suppliers were included in our "List of Unqualified Suppliers" for this year due to sub-par standards.

We focus on the supplier risks arisen from the impact of materials on health, safety and the environment. We compiled the Technical Requirements (《技術要求》) for different building materials, setting out the national standards or higher technical standards to be complied with when purchasing materials. For example, the formaldehyde emission of wooden furniture should not be higher than the Class E1 emission concentration of the national standards, which is a stricter emission standard; the adhesive must comply with the requirements of the Limit of Hazardous Substances in Adhesives (《膠粘劑有害物質限量》) of the PRC and pass the fire test of government authorities. The bidders have to submit certificates such as inspection reports, ISO quality management certifications, safety production permits and the origin of materials for review.

We have included special provisions relating to intellectual property rights in the procurement contract, which require the supplier to ensure that the product and its components do not infringe third party intellectual property rights, trademark rights or industrial design rights. If the intellectual property rights are not possessed by the supplier, the supplier must provide formal certified documents for verification.

Good Quality – Each and Every Detail of Each and Every Project

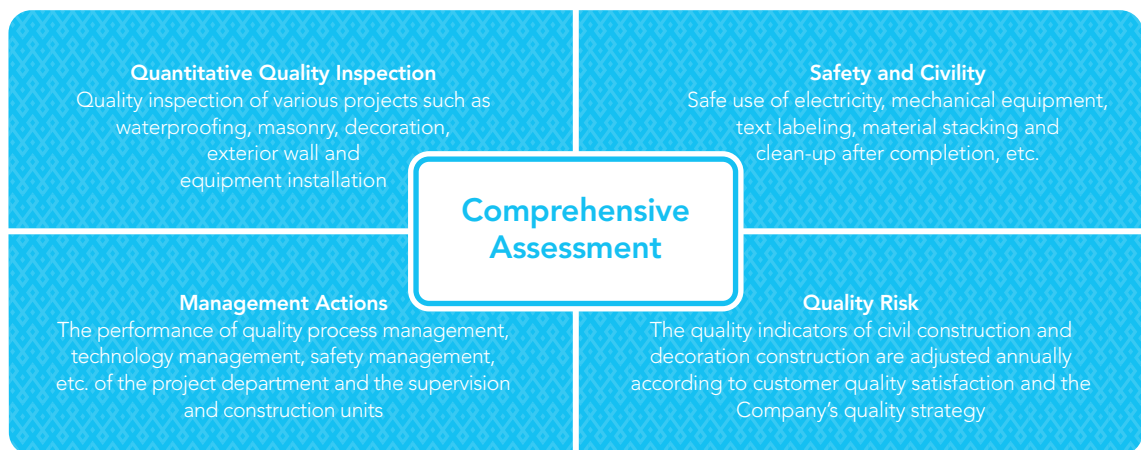
In addition to the materials provided by the suppliers, the construction quality will directly affect product quality. The performance in construction safety will also have a significant impact on our reputation. Adhering to the philosophy of attending to "Each and Every Detail of Each and Every Project", we carry out quantitative quality inspections and risk checkpoint monitoring for our projects, increase the frequency of surprise checks and strictly control the process to ensure the highest standards of our products. During the year, we initially established a digital management platform that embraces the whole process of real estate development, offering information management systems such as city maps, panoramic project management planning and remote surveillance of project works, to achieve precise management of key nodes of projects by using technology.

Before Construction:

We conduct land surveys on the construction site and surrounding areas to assess the impact of groundwater and soil on structural safety, in order to prevent buildings from being constructed in locations with poor geological conditions such as unstable rocks, landslides and mudslides, and ensure that the site is geologically stable and suitable for building projects.

During Construction:

In order to further improve the refinement of safety management, based on the existing Operation Manual on Quality and Safety Assessment (《質量安全評估操作手冊》), the Company formulated the Operation Manual on Comprehensive Assessment (《綜合評估操作手冊》), the Operation Manual on Monthly Assessment (《月度評估操作手冊》) and the Operation Manual on Weekly Assessment (《週評估操作手冊》) during the year. Focusing on the areas including “quantitative quality inspection”, “safety and civility”, “management actions” and “quality risk”, the Company established process management targets for inspection of different project milestones with a view to improving inspection, construction management and risk control standards. We redistributed the scoring weights, increasing the significance of quality risk in our comprehensive assessment to mitigate the potential risks caused by design defects, lack of production technology, lax process control and any other reasons. We also strengthen control over the quality aspects that customers are most concerned about, such as structure, waterproofing and materials. We conduct timely measurement and assessment regarding dimension control, crucial processes and potential leaks during the construction of the project, so as to urge contractors to make rectification.



Before Project Delivery:

One to three months ahead of any product delivery, each department will line up a third party inspection company to go through cross-examination, making comprehensive evaluation to the soon-to-be turned over product, and promptly resolve any defects. According to the Instructions of the On-site Operation Process for Pre-delivery Quality Assessment (《交付前質量評估現場操作流程》), the assessment team will carry out completion inspection of landscaping, facade waterproofing, public equipment, power supply lighting, indoor environment, etc. and prepare a summary report, in order to carry out analysis on the quality problems, issue risk alerts, conduct a review for improvement and form the basis of excellent case sharing.

We value and feedback customer's post-move-in comment to the responsible department, forming a close-loop of quality management system. Taking a commercial project as an example, one year ahead of move-in, the commercial management company starts aligning with the engineering department, and joins in professional work-group discussion, making alternative recommendations based on customer concerns in operation phase, which range from the property's function, facilities, materials and system enhancement, to ensure the project can meet customers' current needs and the long-term operations capability.

Good Supporting Facilities – Product and Service Innovation

COLI's Vision for its Fifth-Generation Premium Projects

"Enjoyable Space, Intelligent Internet of Things, Green Technology, Healthy Lifestyle"

According to statistics², the elderly currently accounts for over 17% of the domestic population of the PRC. At the same time, as the birth control policy of the PRC loosens, the birth rate has also increased rapidly in recent years. COLI is aware that changes in population structure drives an evolving requirements on housing and office space. We purposely renovate our product strategy, through multi-development on our businesses, combining technology, strive to provide residents, tenants and merchants with complete and convenient supporting facilities to strengthen connections in the neighborhood and create a healthy community.

Improving Community Facilities and Services

To integrate different community needs into the development planning of Innovative Business, we have modeled "6 Lifestyle Scenarios", studied the community demand for education and senior living services, striving to combine community facilities and resident's living habits, creating an environment that takes care of the elderly, putting to use the working population, and rising up children.

This concept is fully reflected in the development mode of "Nursing Home + Kindergarten" in Shizhong District, Jinan city, Shandong Province. As COLI Kindergarten in the district is adjacent to China Overseas Jinnian Fangting Senior Apartment, where interactive teaching activities between children and seniors are regularly arranged. This "One Senior and One Child" model not only helps the elderly to achieve their unique value through staying in touch with the society, but also enables children to learn the traditional cultural virtue of respecting the elderly, establishing mutually supportive relationships between fellow residents.

In view of the current domestic early childhood education problems such as the unavailability and expensive tuition fees of kindergartens, and in line with the national goal of achieving 80% coverage rate of affordable kindergartens by 2020, the Company opened three affordable kindergartens in Jinan, Foshan and Dongguan respectively in 2018, bringing to ordinary families affordable quality education.

² Statistics as at 2017 from China National Committee on Aging; Source: <https://www.chinatimes.com/newspapers/20180523000189-260301>

Opening COLI Kindergarten with Care for Local Children's Physical and Mental Development



Covering an area of more than 5,400 sq m, Foshan COLI Kindergarten is located at No. 2 Jiangyue Road, Zhangcha Street, Chancheng District. It is the Company's third affordable kindergartens, which is equipped with first-class kindergarten facilities in Guangdong Province.

Although the kindergarten is run on a non-profit-making basis targeting the general public, it maintains the characteristics of typical COLI schools in offering international quality education. The Company cooperates with the kindergarten of Renmin University of China to introduce quality preschool education resources from the university in terms of curriculum and management. Meanwhile, the school is equipped with an experienced team of teaching staff comprised of qualification holders with associate degree or above to ensure teaching quality. For design and materials, we also focus on children's safety and health. For instance, furniture in the kindergarten is made of materials rated as E0 grade, which is the most rigorous grade according to the national standards. The formaldehyde emission per 100g of materials is less than 5mg, ensuring a healthy and harmless learning environment for kids.

Building a Healthy Community with Technology

To achieve the new generation pursues of technological application and healthy lifestyle, COLI re-examines the relation between “people and building”, giving priority to user experience. We are committed to creating shared, convenient and safe living space for customers through innovative technology, management model and space utilization, turning the vision of premium projects – intelligent Internet of Things and green technology into action.

China Overseas International Center, Chengdu – Attained the first-ever BOMA Management System Certification

BOMA is a global leading commercial property industry association, and BOMA Chinese Building Management Certificate of Excellence (COE) is the highest recognition for commercial property operation. During the year, China Overseas International Center in Chengdu fully introduced BOMA asset management system and obtained five BOMA COE certifications, namely “building operations management”, “energy management”, “training management”, “marketing and communication management” and “environmental management”, becoming the first commercial project to get certification within the China Overseas system and in midwest China, which demonstrates that this project meets international health and safety management standards.



China Overseas International Center has established air quality, water quality management, chemical management and other health and safety management systems. Staff ranging from the management to frontline employees receive specific training including “Environmental Management – Green Cleaning Strategy” and “Building Health and Safety Management”. We have commissioned third parties to conduct regular inspections on indoor air quality, water quality and other areas to maintain an excellent indoor environment. We have also set up an emergency team and hold regular operation training and fire drills to strengthen the team’s emergency responsiveness.

As for the hardware, PM2.5 treatment system was installed in the project which enable monitoring of air quality indicators such as carbon dioxide, temperature and humidity in the common area, and carbon monoxide and nitric oxide in the parking garage. The project is equipped with adequate safety equipment, including an SOS emergency system, an automated external defibrillator and a fully equipped “miniature fire station”. The project also aims to promote a caring, barrier-free culture for the disabled by adding or retrofitting various accessibility facilities. These include disabled access, accessible toilets and accessible parking spaces, to cater for the special needs.

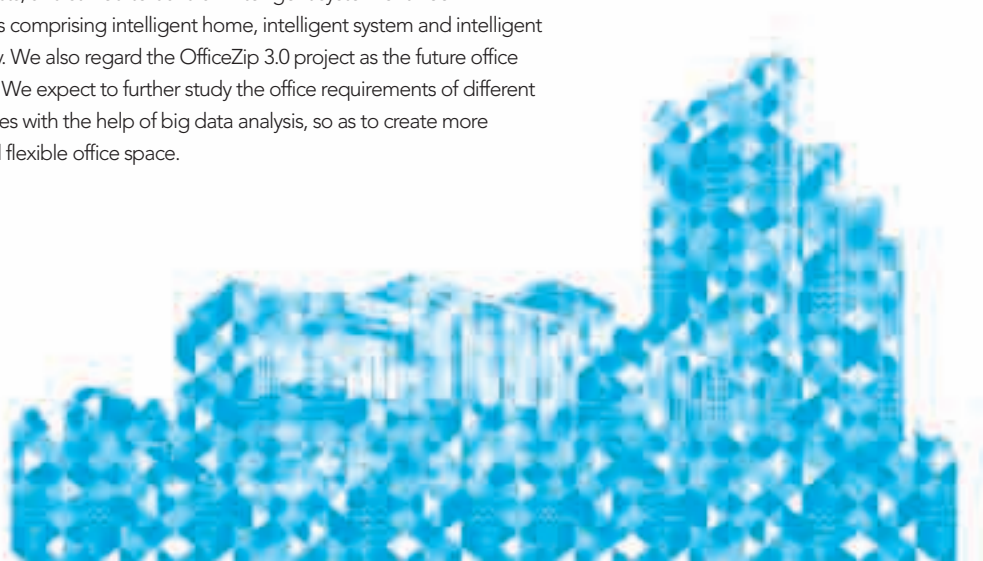
OfficeZip – Co-working Space Combining Function and Art

OfficeZip is a co-working brand launched by COOC. By virtue of technological innovation and excellent operation, to date we have elaborately created high-end co-working space that combines both environmental health and local colours in Beijing, Xiong'an, Shanghai, Chengdu, Jinan, Wuhan and other cities.



During the year, COOC's two "OfficeZip 3.0" intelligent upgraded co-working space projects, Beijing China Overseas Plaza OfficeZip and Shanghai China Fortune Tower OfficeZip, were officially launched. The projects apply the intelligent system of ubiquitous Internet of Things, allowing users to connect eight smart service systems, including intelligent access control, face recognition access, intelligent storage cabinet, intelligent conference room, intelligent LED and unmanned retail store, through mobile electronic devices. An intelligent environmental butler system was first introduced in the project, which allows monitoring of the temperature, humidity, CO₂, PM2.5, formaldehyde and other environmental data of the office space, as well as 24-hour remote adjustment of independent air-conditioning and formaldehyde purification equipment through mobile applications, creating a healthy workspace with technology.

COLI is committed to investing in the R&D of technology. During the year, the Company and Huawei established a joint R&D team, integrated technologies including the Internet, big data and artificial intelligence, developed interactive, systematic, wireless and non-inductive intelligent R&D projects, and strived to build an intelligent system of three dimensions comprising intelligent home, intelligent system and intelligent community. We also regard the OfficeZip 3.0 project as the future office laboratory. We expect to further study the office requirements of different communities with the help of big data analysis, so as to create more quality and flexible office space.



GOOD *Services*

Full-cycle Customer Management

We responded to these SDGs



Good Health and Well-being



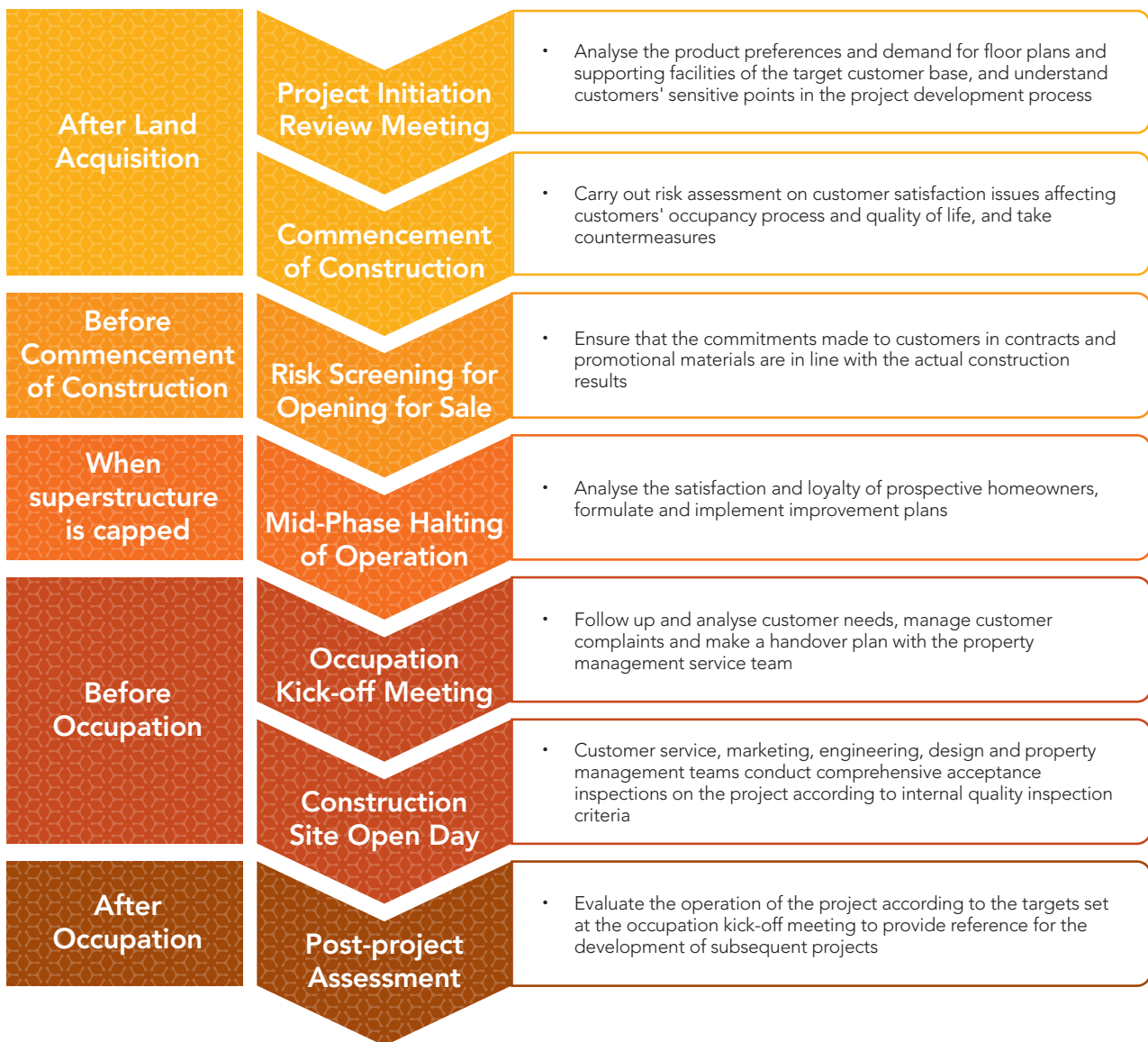
Responsible Consumption and Production

Unlike typical project management models, all project teams of COLI adopt a "7+1" structure, which comprised of a project director plus the heads of seven headquarters departments - operation, design, engineering, customer service, marketing, cost and legal affairs, in order to ensure that customer-facing and service-providing functions are highly involved in by the key processes in the early, intermediate and final stages of a project cycle. On this basis, together with other customer survey and other communication platforms, we strive to reflect customer needs in the full cycle of project development, with the ultimate goal of improving customer satisfaction and building customer loyalty.

Customer Needs Analysis

COLI has established the Project Risk Management Measures to continuously identify matters related to customer needs in the process of project development and enable key information such as customer type, project positioning and sales planning to be communicated among various departments, with a view to strengthening communication and collaboration between "product" teams and "service" teams. In all project development cycles, we have set up seven operation "checkpoints" that represent the key risk assessment elements of a project, covering the identification and management of customers' needs for and satisfaction with products and services.

Seven Project Operation Checkpoints – Some of the Inspections Items Related to Customer Needs



The marketing management department conducts customer surveys from time to time, and analyses the needs and sensitive points of different types of customers from the dimensions of family structure and purchasing power, so as to understand the changes in the market environment and the needs of different customer groups. We have also set up a customer research center and established a product R&D system based on the classification of customers into “five categories and ten types”. On this basis, we coordinate regional subsidiaries to sum up their experience, methodologies and work guidelines and build a library of typical cases for the Work Guidelines on Five Categories and Ten Types as a fundamental basis for improving project positioning and product innovation in the project development process.

At the “project initiation review meeting”, the Customer Service Department will conduct analysis of customers’ sensitive points, assess product elements that affect customer satisfaction and environmental and community factors such as floor plan design, landscape and daylight, municipal facilities and surrounding traffic based on project site inspections and other surveys, and report customer needs to the project development team for joint discussion on project positioning and countermeasures. For the inspections at the stages of “risk screening for opening for sale” and “occupation kick-off meeting”, the Marketing Management Department and the Customer Service Department will respectively lead other departments to screen customers’ sensitive concerns, such as the “unfavorable factors” that may affect customers’ health and living experience including noise, odor and industrial activities around the project, and to ensure that the personnel training, environmental rectification and other preliminary work of the property management team are properly completed.

Improving Customer Experience

Like product quality inspections, “good services” also require a set of objective and scientific quality evaluation criteria. COLI uses different customer experience survey tools to understand where services can be improved from the perspective of customers, and develops complete customer service improvement plans leveraging the improvement mechanism covering all work units to meet customer needs.

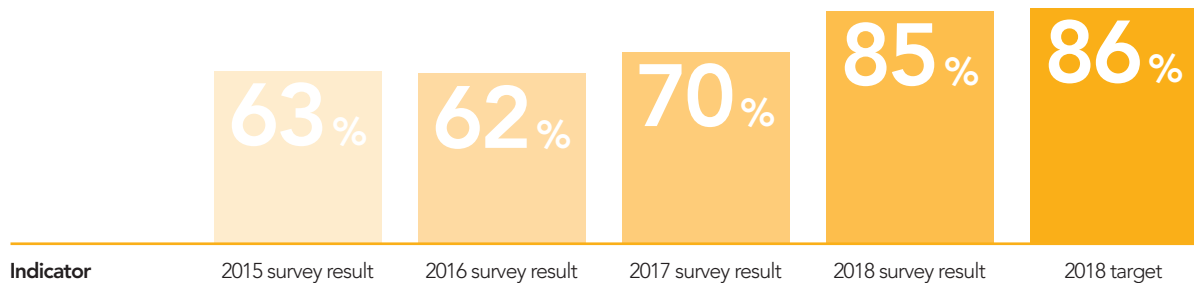
Customer Satisfaction Survey

In 2018, we engaged a third-party agency to conduct a customer satisfaction survey by randomly sampling 10% of the 900,000 customers of our residential projects for telephone interviews. We tracked and surveyed multiple product and service categories and related indicators to understand the experience and feedback of old and new homeowners at six time points after contract signing, product delivery and occupation.





Customer satisfaction



This year, our customer satisfaction rate reached 85%, representing a substantial increase of 15% from that of last year and reaching a record high. Customer loyalty and Net Promoter Score were 70% and 29% respectively, both above the 85th percentile in the industry. The key indicators of satisfaction with various products and services were significantly improved compared with those of 2017, with the satisfaction scores on property services, delivery services, complaint handling and maintenance services each increasing by more than 10 points. We outperformed our peers in all key indicators. In particular, our scores in post-contract signing communication, property services and complaint handling were above the 90th percentile in the industry; our delivery services ranked above the 85th percentile in the industry; our sales services were rated above the 80th percentile in the industry; and our scores in supporting facilities were above the 75th percentile in the industry, with 15 of our regional subsidiaries ranking among the top five locally in terms of customer satisfaction, and Changchun and Xinjiang subsidiaries ranking first locally.

For the operation of innovative business, we also conducted separate satisfaction surveys to enhance the understanding of the needs of specific customer niches. For example, we conducted a survey on parents' satisfaction with the "COLI Academy" to help assess whether the teaching resources, learning atmosphere and subjects of study are appropriate, providing quantitative reference for the subject selection and teaching resource allocation.

Mystery Customer Visit Mechanism

In order to ensure the effective implementation of our customer service standards, the headquarters of COLI engaged a third-party research agency this year to conduct quarterly mystery customer visits to 128 residential projects and 128 sales sites of 32 regional subsidiaries.



The management of the Company, the Customer Service Department and the Marketing Management Department at the headquarters held a kick-off and training conference to introduce the purpose, significance, inspection criteria and scoring methods to relevant departments of regional subsidiaries and property management companies.

According to the purchase process of customers, the mystery customers made unannounced visits to the sales halls, exhibition areas and model houses to observe and evaluate the work status and business familiarity of the sales staff as well as the planning of the sales sites and public information on unfavorable factors, covering a total of 96 indicators. The visits to residential projects covered six major aspects, including environmental management, safety management, customer service, operation & maintenance, decoration, and building system testing, and 99 indicators such as waste disposal, safety patrol, customer service personnel, and public area maintenance. Through industry benchmarking, internal ranking and reporting of the visit results, our team was able to objectively review the issues in sales and property management services and thus improve the workflow and monitoring system.



Continuous Improvement Mechanism

COLI believes that effective internal communication, follow-up and improvement mechanisms are the key to improving customer experience.

In 2018, we continued to hold the “Customer Value Day” conference where third-party research agencies were invited to explain the Customer Satisfaction Survey Report and the Mystery Customer Inspection Report to the representatives of company leaders, and the departmental representatives gave responses to the survey and visit results, reviewed existing practices and put forward improvement measures. Under the coordination of the Customer Service Department, we worked out and implemented an action plan for improving customer satisfaction at the headquarters and regional levels, covering various business lines such as cost, engineering, design, marketing and human resources and including improvement targets, specific measures, responsible persons and completion dates, and ensured that all departments worked together to implement the plan. During the year, each regional subsidiary carried out improvement tasks in an orderly way on a monthly basis as scheduled, including following up engineering defects, strengthening training on the customer relationship management (CRM) system, planning COLI homeowner networking activities, etc.

COLI also improved our performance management system to promote the implementation of the improvement measures. We have incorporated customer satisfaction-related indicators including customer satisfaction rate, mystery customer inspection score, front-line staff training and compliance management into the performance appraisal of business lines and regional subsidiaries, with a view to enabling functional departments to understand the relationship between customer value and their scope of work and strengthening the entire COLI team’s awareness of improving customer service quality.

Customer Networking Activities

Since its establishment in 2004, China Overseas Property Club (“COPC”), a customer service platform, has held numerous community cultural activities, charity, recreational and sports activities from time to time to promote the interaction between the Company and the community and enhance the living experience of homeowners. COPC keeps striving for more special service offers from contracted merchants for homeowners, and has built up a membership of over 300,000.



“Chinese New Year Escort” series customer care activities including bus pick-up service and luggage handling service



Pick-up service and care program for students attending public exams





Each COPC branches in 32 cities invited two children of our homeowners to participate in the summer camp themed “Children’s Dreams - Inclusive Little Pioneers” in Haikou jointly held by the Group and TREATS, a Hong Kong charity organization.



Elderly care series activities on the Double Ninth Festival including “Wedding Dress Photography for the Elderly” and “Sharing Happy Family Pictures”



Protection of Customers' Rights and Interests

The premise of providing “good services” is to respect the basic rights and interests of customers. COLI has set up different internal guidelines and communication channels to ensure that the customer-oriented service delivery to reinforce customers’ long-term support for and trust in the COLI brand.

Product and Service Quality Assurance



Construction Site Open Day



In order to facilitate the transparent disclosure of project information and understand the prospective homeowners’ views on product quality in advance, we hold “Construction Site Open Day” activities from time to time and invite prospective homeowners to visit the construction sites where professional engineers will answer inquiries about building structures, building materials and construction methods, and will record in detail the problems found in the process for follow-up rectification. Each residential project has a “Housing Maintenance Center”, which is responsible for the rectification of problems found in internal inspections, rectification arrangements for owners after occupation, receiving and handling engineering quality complaints, after-sales maintenance management of contractors, public area inspection and handover management, etc.



Local branches of COPC have introduced service modules for premium, comfortable and pleasant living experience to provide homeowners with services such as maintenance of water and electricity equipment and household mite control.

In terms of commercial projects, for example, we have SOP Guidelines for Occupancy of Projects for specifying the matters to be coordinated between the COLI team and property management companies, with a view to strengthening the planning and management of property services. The COLI team will review the service management plan submitted by each property management company and supervise its staffing and training of property management personnel, safety management manual and emergency plan preparation. Each property management company has to ensure that the necessary service personnel are in place and organize special training on various service standards and emergency drills for its service personnel in advance based on its occupancy preparation plan.

Fair Marketing

The Sales Management Measures of China Overseas Land & Investment Ltd. establishes procedures and codes for front-line sales staff, covering subscription, deposit collection and contract signing. We strictly prohibit duplicate selling of the same flat, require the sales staff to use the sales control form and electronic system to clearly describe the sales status of each unit in a project, and formulate unified templates for subscription agreements and related contracts to ensure the fairness and transparency of sales methods and product information. The Company has incorporated compliance requirements into the performance appraisal indicators of each team, and violators of these requirements may be subject to warning, performance score deduction, demotion or even dismissal.

The marketing materials of all COLI projects on sale in Hong Kong strictly comply with the relevant provisions of the Residential Properties (First-hand Sales) Ordinance. In mainland China, in compliance with the local government's regulations on the sale and purchase of commercial housing, the Company discloses in each project sales office the relevant documents, including sales licenses, public information on unfavorable factors inside and outside the red line indicating the development's boundary, sandbox risk warnings, and model house risk warnings. Complaint hotline is disclosed at the sales site, property management office, maintenance center and on the business cards of sales and customer service personnel and the delivery notice to protect customers' right to know and complain.

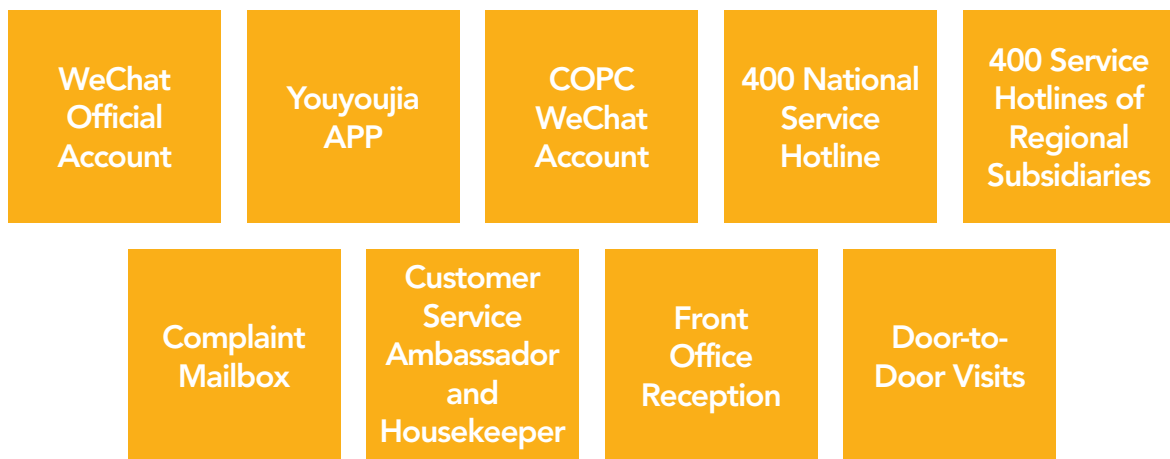
Cybersecurity and Customer Privacy

Information security risk management is an important part of promoting customer service digitization. The Company has developed the Information Security Management Measures of China Overseas Land & Investment Ltd. to specify the guidelines for information management regarding passwords, networks, systems and data. We have set up five dedicated positions responsible for regular vulnerability scanning, risk assessment, database maintenance and account management. We organize an internal information security audit at least every six months and an external special audit every year to ensure the effectiveness of relevant measures. Under the coordination of the Information Management Department, this year we passed the independent third-party audit of ISO 27001 information security management system and maintained the ISO 27001 certification. We also held the 2nd Cyber Security Week to provide special training for employees in all regions, carrying out security measures such as password modification and account clearing, and strengthen employees' awareness of information security.

In addition, we took administrative measures to safeguard the security of customers' personal data. The Company issued the Guidelines for Customer Information Security Management to stipulate the work guidelines and confidentiality requirements for the storage, use, handling and destruction of customer data. These guidelines set out the measures for the storage of paper and electronic data and the procedures for central application for the use of data. The Marketing Planning Department is responsible for recording customer information obtained during the sales process, and the Customer Service Department is responsible for supervising the implementation of these guidelines; Any department wishing to use customer data must submit a central application and obtain approval from the above two departments. Personnel in key positions are each required to sign a confidentiality agreement with the Company.

Properly Responding to Customer Requests

Electronic and Face-to-Face Complaint Filing Channels



We have established different complaint platforms, the information of which is publicized at project sales sites, property management offices and lobbies, delivery sites and online platforms, and constantly improve communication and complaint handling efficiency using information technology. Our CRM system connects homeowners, suppliers and the COLI team and has functions covering the full cycle from project sales to occupation and use. Customers can use the mobile phone or other mobile devices to report incidents on our APP or WeChat Official Account which will be communicated to the suppliers and employees of COLI in real time. In this way, we make the process of reporting, recording, sorting of and responding to customer demands electronic, so as to efficiently address customer demands.



The Measures for Incident Reporting and Compensation Management of China Overseas Land & Investment Ltd. standardizes the workflow of processing customers’ reported incidents and the response timeframe. All reported incidents are classified by nature into categories such as planning & design, project quality, property services and sales, and graded by level of impact such as inquiry, suggestions, general reporting, significant reporting, material complaints and crisis-level complaints. According to the defined accountabilities and procedures, the Customer Service Department will notify and coordinate the responsible departments at the headquarters and regional levels to jointly handle the reported issues, and the handling results will be reported back to the complainants through the CRM system. In response to cases of complaint escalation, such as complaints for the second time, collective complaints and claims, we have set up a 400 national customer service hotline answered by dedicated personnel to help identify customer sentiment and strengthen process supervision and risk identification.

In 2018, the Company received a total of 5,102 complaints nationwide, none of which were related to health and safety of products and services, advertising, labeling and customer privacy, nor did they give rise to any legal proceedings.

GOOD Effectiveness

Building an Efficient Team

We responded to these SDGs



Good Health and Well-being



Decent Work and Economic Growth



Reduced Inequalities

Employees are a core factor in maintaining the competitiveness of a company. COLI's people management approach focuses on overall employee satisfaction, working conditions, remuneration, job opportunities and satisfaction with the Company's operation and management. While actively communicating with employees, we strive to promote equal opportunities and diversity and provide a harmonious, healthy and promising work environment for employees through a sound training and development and occupational safety management system. This year, we made several updates to our employment measures, including revamping the recruitment plan of the recruitment brand "Stars of the Sea" to meet the demand for talents for diversified business development, and introducing a new on-campus recruitment brand which is dedicated to recruiting fresh graduates with high potential.

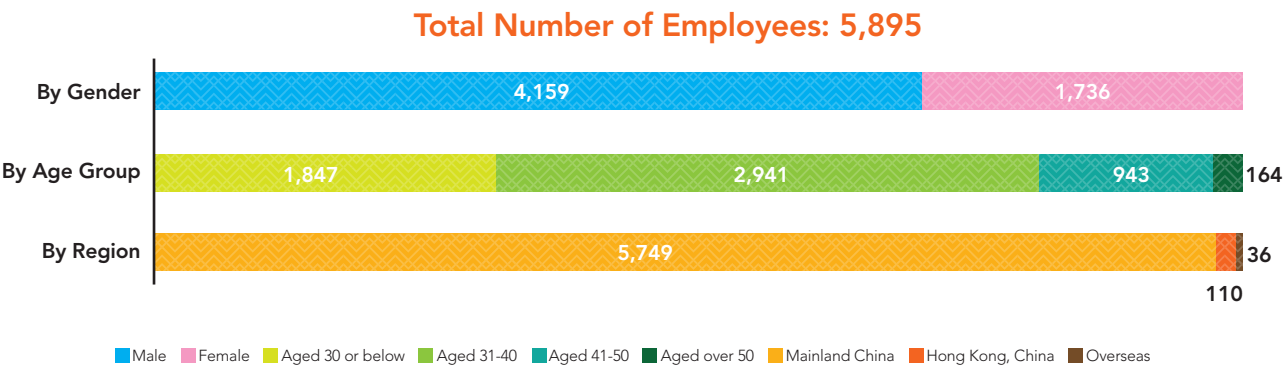
Employment and Performance Management

Based on system improvement and cultural construction, COLI has established a set of sound human resources management policies. The Company requires the headquarters and its subsidiaries to strictly follow the relevant policies and regulations and the Management Measures for the Appointment of Employees of China Overseas Land & Investment Ltd. By doing so, we recruit and manage talents based on ability, ethics, diversity, meritocracy, performance and public recognition, and systematically standardize the guidelines on compensation and benefits, recruitment and promotion, job transfer and cross-region exchanges, resignation, working hours, holidays and leaves, job requirements, appraisal, etc.

Team Diversity

COLI’s employee management strategy is aligned with its strategic development plan. When recruiting employees and determining their base salaries and benefits after recruitment, we focus on their past experience, qualifications and competence to ensure that job seekers and employees are not discriminated against because of factors such as gender, age, family status, disability, race and religion. We advocate equal opportunities and have established employee diversity indicators which we continuously monitor.

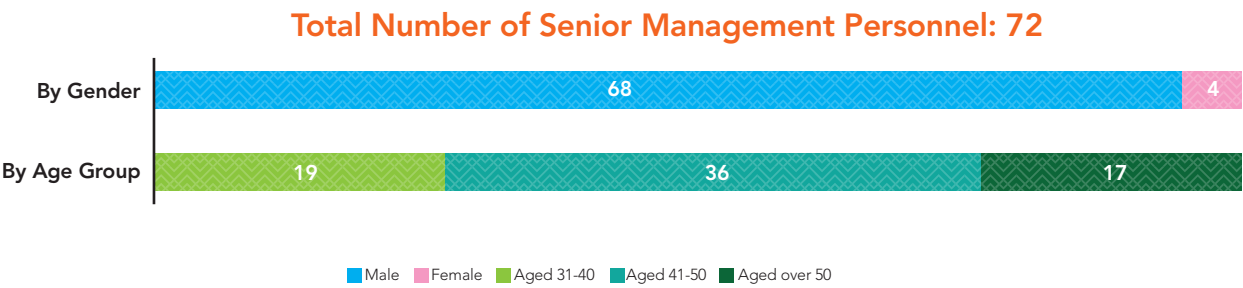
The breakdown of employees of COLI in 2018 is as follows:



A diversified board of directors and management team can bring more perspectives, knowledge and solutions to the decision-making process on corporate governance. Since 2013, the Board of Directors has adopted a board diversity policy which stipulates that candidates for directors must be selected with reference to a range of diversity indicators, including but not limited to gender, age, educational background, professional experience, knowledge, culture and term of service, and the final appointment decisions must be made based on the candidates’ merits and contributions to the Board of Directors. We also employ local executives in the places where we operate to support the development of local talents.

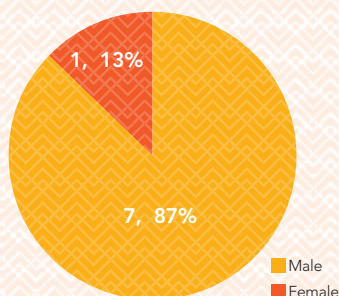
As at 31 December 2018, the Company had eight directors, including one female director. The Nomination Committee reviews the policy in due course to ensure that it is appropriate and effective. The procedures for the appointment, election and dismissal of directors (including selection and recommendation criteria) and the board diversity policy have been published on the Company’s corporate governance website (www.coli.com.hk/ir_gov/) for inspection by shareholders and stakeholders.

The breakdown of senior management personnel (at general manager level and above) of COLI in 2018 is as follows:



The composition of the Board of Directors of COLI in 2018 is as follows:

Total Number of Board Members: 8



Protection of Human Rights and Labor Rights

Upholding the people-oriented principle, COLI is committed to promoting a work culture of mutual respect. The Company respects every employee, and the employees of each partner. Our human resources policies and measures support the basic principles and initiatives of the United Nations Global Compact.

We ensure that there is no discrimination within the Company and eliminate unreasonableness and unfairness. The Company implements equal pay for equal work for both genders, and the employees' labor contract signing rate is 100%. We are committed to protecting the human rights of employees and prohibiting the employment of child labor or forced labor. There are facilities to provide differentiated services for employees with different religions, such as providing halal food in the canteen of China Overseas Property's Xinjiang subsidiary.

We are also concerned about the protection of human rights and labor rights by our partners. In the general terms and conditions of our tender documents, we require contractors to determine the working hours, working conditions and wages of their employees in accordance with the current laws and regulations and purchase accident insurance for their construction workers. In the event of wage arrears and other labor disputes, we may, depending on the circumstances, require the contractor concerned to settle them within a time limit, or even stop paying the project funds to the contractor or disqualify it as a contractor. In the procurement process, we will review whether the business partner's employees receive reasonable compensation, as well as their labor management, wage payment, civilized and safe construction work plan, corporate credit and track records, and work with them to improve labor protection in the industry.

Performance Management System

COLI always adheres to a performance-oriented employee development and assessment model and focuses on creating value and promoting the culture of fighting spirit. Our organizational performance evaluation consists of KPI assessment, functional line evaluation, and process assessment of "Stars of the Sea". Our individual performance evaluation consists of KPI assessment, the "Morning Star" Organization and Talent Review Strategy and appointment inspection.

Individual performance evaluation results are divided into five levels (with each level having a standard description) in the principle of absolute distribution, forming a set of standards that covers all rank and file across various organizational levels, and links strategic objectives with phased objectives, results orientation with process management, and organizational performance with individual performance. The assessment results will be applied to the areas of, among other things, development and appointment, distribution of incentives, improvement and enhancement to create a competitive, result-oriented culture.

- **“Stars of the Sea” Assessment System:**

By implementing the “Stars of the Sea” process evaluation management system, we assess the performance of various departments to encourage management outcome. We examine each entity's implementation of the Company's current measures and the work plan carried out in the course of business operations. The performance assessment outcomes are divided into positive and negative, which can translate into bonuses or penalties.

- **MAPS Hierarchical System:**

This year, COLI reviewed and updated its performance management system and introduced the MAPS hierarchical system, realizing the separation of posts, duties and ranks and the unification of management language. We divide our employees into a four-tiered hierarchy: M (management), P (professional), S (marketing and innovation), and A (administrative assistants), thereby building a human resources management mechanism that facilitates appointment and dismissal, mobility in either way and compensation adjustment while broadening the career development channels of employees. At the same time, the MAPS hierarchical system, featuring expansibility and flexibility, provides tools for appointment, compensation, performance, division of authorities and responsibilities, and efficiency management, and introduces such measurement standards as per capita rank, per capita rank labor cost, per capita rank efficiency and differentiated promotion management, thus enriching performance assessment dimensions and enhancing refined management.

- **“Professional Manager” System and Share Option Scheme:**

In 2018, the Company, as an experimental entity to employ the “Professional Manager” system of CSCEC, formed a “1+N” system in terms of market-oriented selection, performance appraisal, compensation distribution, tenure and exit, and established four core mechanisms of “competency-based talent selection, performance-based assessment, value contribution-oriented incentive compensation, and retaining the cream of the crop to motivate personnel”. By doing so, we strengthened middle and senior executives' awareness of building a career community, with a view to creating sustained value for and achieving win-win among the Company, its shareholders, partners, employees and society.

While carrying out the reform of the professional manager system, we launched an share option scheme as a listed company to improve the medium- and long-term incentive mechanism and enhance the loyalty and professionalism of middle and senior executives and other key personnel. The scheme plays an important role in improving the operating performance of the Company and has been recognized and praised by the capital market. The share option scheme has granted approximately 107 million share options to 404 middle and senior executives in the first phase. In the next few years, the Company will gradually have the underlying shares vested in batches.

Communication and Activities

COLI believes that an open communication culture promotes the long-term development of the Company. As such, we proactively build communication channels between employees and the Company's leaders to understand the needs of employees.

Employee Satisfaction Survey

COLI has been conducting annual employee satisfaction surveys since 2016, in an effort to understand employees' opinions and feedback on the work environment and human resources system. Starting from 2017, we have invited third-party agencies to conduct in-depth surveys. This year's employee satisfaction and engagement increased significantly from 79 points in the previous year to an average of 85 points.

According to the internal survey results, the Company launched the "Satisfaction 6+1" scheme for improvement of employee engagement and satisfaction. The Human Resources Department coordinated with various departments to review and improve employee welfare policies with a focus on six employee welfare policies based on the views of departments, policy makers and families. We also introduced peer benchmarks to provide a reference basis for the Company's executives to make business decisions, and implemented measures to improve employees' satisfaction and work-life balance, such as improving compensation and welfare policies, adjusting work intensity, and caring more about the lives of employees.

Welfare Policies

- Publicise the recently issued compensation and welfare policies to build the concept of comprehensive compensation

Teambuilding Activities

- Departmental or cross-business-line teambuilding activities, site-visits or outdoor activities

Overtime Care

- Overtime care and welfare

Caring Culture

- Canteen culture, family culture, project culture

Troop-like Spirit

- Overcome difficulties in business activities such as property sale and delivery in peak periods with troop-like spirit

Departmental Structure Review

- Flexibly adjust departmental structure

Employee Communication Platform

COLI adopts the people-oriented principle to build bridges of communication between employees and the Company's leaders. In order to improve the Company's management quality and business standards, we have long been using different channels to receive suggestions from employees and regularly generate reports for review by the Company's leaders. We promote communication between the management and employees through the Chairman's Mailbox, an anonymous forum and employee seminars, and encourage employees to actively put forward their opinions. To keep employees abreast of the latest developments of the Company, we deliver the Company's policies, strategies and trends through OA intranet system-based work meetings and regular meetings and publish the Company's news on our "China Overseas" magazine.

Team Building Activities

In an active effort to promote our corporate culture and team spirit, COLI organized various employee activities promoting diversity, healthy lifestyle and team spirit during the year. Through these activities, we hoped to strengthen team cohesion and reduce the stress of employees to the effect that they work more efficiently, while promoting a healthier and more harmonious work environment.



Root-seeking journey of COLI – Hong Kong

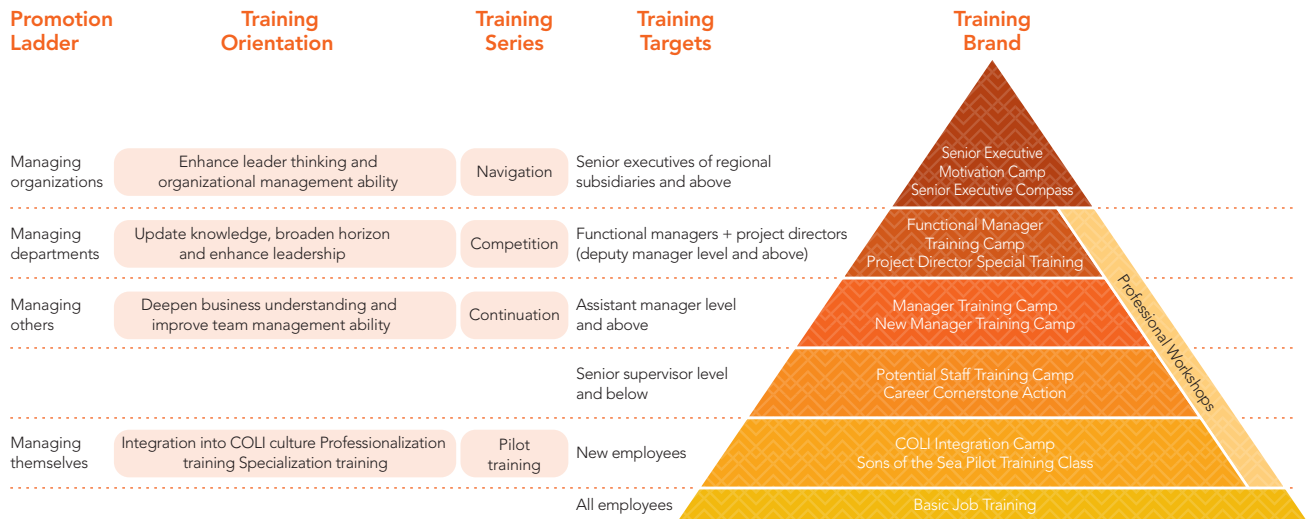
In order to help the Company's leaders, general managers of its regional subsidiaries and department heads at the headquarters better understand the culture of COLI, learn about the key milestones in the history of the Company, and explore the footprints and fighting spirit of COLI's personnel, the Company launched a journey to explore our cultural roots in Hong Kong in mid-July 2018.

Training and Development

The key to COLI's training and development policy is to cultivate talents in a way their mindsets are aligned with the Company's objectives and values, inspiring them to reach their greatest potential. Starting from our recruitment platform, the Company has made adjustments to the policy in respect of employees' capabilities and positions and our industrial development. The Company has developed the "COLI Training System" to carry out four series of training activities – "Navigation", "Competition", "Continuation" and "Pilot training" for employees at different levels and with different training needs and to help employees plan their career development paths, so as to facilitate their personal development.

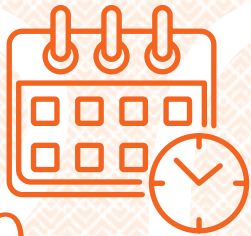


COLI Training System



Total training hours

409,370 hours



Average training hours per employee by rank

Senior executives

60 hours

Middle executives

65 hours

General executives

62 hours

General staff

72 hours

Average training hours per employee by gender

Male

70 hours

Female

68 hours

Career Development Plan

In addition to general induction training, COLI also puts emphasis on the career planning and development paths of employees and offers new courses on business knowledge, latest management theories, policies and regulations from time to time. On the basis of respecting the opinions of employees, we conduct a survey of training needs every January, and set up courses accordingly. The Company then posts the relevant information on the Company's intranet before training, so that employees can choose to sign up for the courses.

COLI's career development plan will be adjusted dynamically to reward employees for their efforts and achievements according to their performance and career development status. The Company has several recruitment brands, namely "Sea's Recruit", "Sons of the Sea" and "Stars of the Sea". We employ staff in the principles of democracy, openness, competition and meritocracy, and organize training activities that cater to the development needs of staff.

Sea's Recruit

Recruit experienced employees directly from the society

Sons of the Sea

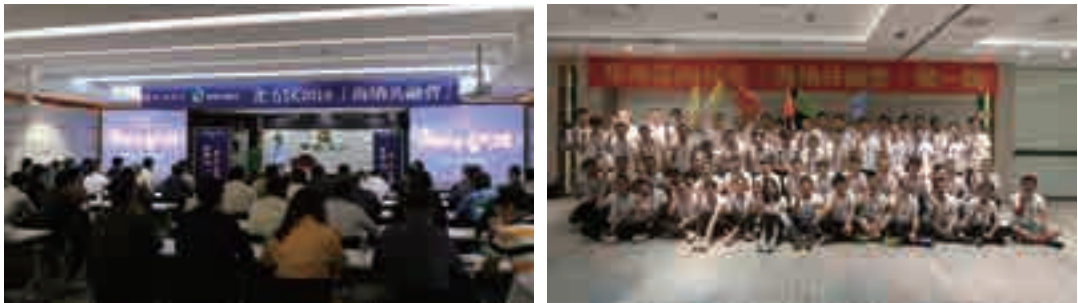
Hire fresh graduates from university campus

Stars of the Sea

A new on-campus employer brand launched in 2018 targeting high-potential fresh graduates of different majors for the development of three major business lines

Sea's Recruit

This year, we organized special training for employees recruited through "Sea's Recruit" with an aim to promote our corporate culture and pass on professional skills and management experience to them and help them integrate into COLI at a faster pace. We carried out several training sessions for the Sea's Recruit Camp under the coordination of the headquarters and the central organization of regional subsidiaries. Through a range of activities including lectures of famous teachers, project inspections and business line seminars, specialized trainings helped new employees recruited through "Sea's Recruit" understand and become familiar with the Company's business operations, adapt to their professional roles more quickly and integrate well into COLI culture, and promoted professional value creation.



"Sons of the Sea"

Starting from the "Six Major Programs", we have developed a complete personnel training mechanism for "Sons of the Sea" and formed a sustainable talent ecosystem.

Sons of the Sea Study Program — This year, the Company organized 5 regional companies and 16 local offices to visit more than 30 universities at home and abroad, carried out the work under the Sons of the Sea Study Program, and recruited 455 students to participate in a study camp to learn about the career opportunities and career development prospects in COLI.

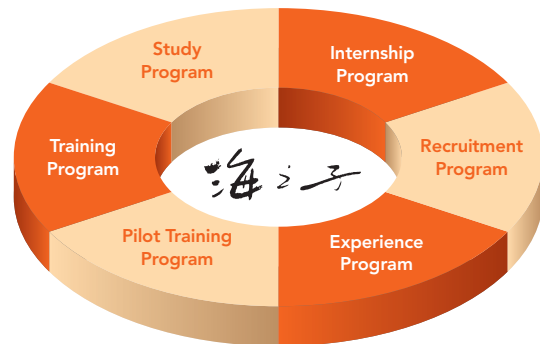
Sons of the Sea Internship Program — Hundreds of college students from local study camps came to work for nearly 40 regional subsidiaries of COLI as summer interns. We arranged mentors to give guidance to students on professional etiquette, professional knowledge and professional spirit, with a view to preparing them for future career development.

Sons of the Sea Recruitment Program — The headquarters organized subsidiaries to carry out the recruitment program. Specifically, we held 13 recruitment presentations covering 30 key universities in 13 places across the nation and recruited 230 "Sons of the Sea" in the process.

Sons of the Sea Experience Program — It was designed to improve the onboarding experience of prospective "Sons of the Sea" and strengthen their impartment of corporate culture and industry knowledge through supplementary pre-work education and corporate humanistic care "Sons of the Sea".

Sons of the Sea Pilot Training Program — During the ten-day training class under the Pilot Training Program, we provided training courses for fresh graduate employees from three dimensions - corporate culture, professionalization and specialization to help them understand the Company's development process and corporate culture.

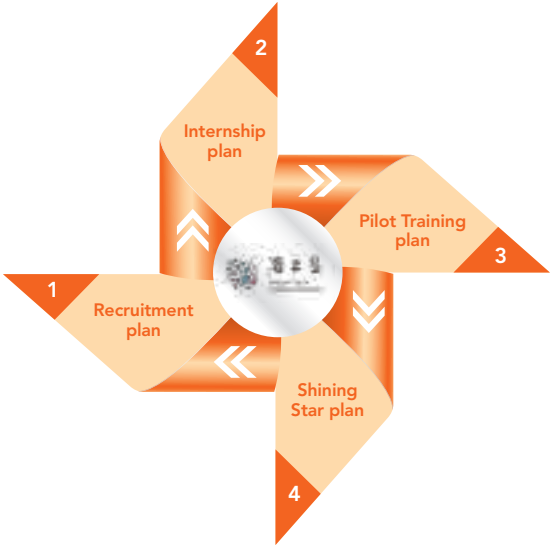
Sons of the Sea Training Program — The Company will track and train "Sons of the Sea" who have joined the Company for one to three years and help them review their work performance and enhance their all-round capabilities, so as to accelerate their growth into managers of COLI.



“Stars of the Sea”

“Stars of the Sea” is a recruitment brand established by COLI to meet the Company’s demand for talents in sales, commercial, education and elderly care business lines. This year, we recruited more than 440 talents under the “Stars of the Sea” recruitment campaign which covered 226 universities.

The Company coordinated the 2018 Stars of the Sea Pilot Training Class according to the nature of business activities to be undertaken by the Stars of the Sea. We designed training courses from three dimensions - corporate culture, professionalization and specialization based on regional subsidiaries to enable trainees to organize and manage themselves and simulate business operations of the Company. Through a series of activities including military training, outdoor activities, thematic activities, and graduation results reporting, we helped new employees integrate into COLI and get a sense of the paths to professionalism and specialization.



Introduction and Training of Talents for Education and Elderly Care Business Lines

To facilitate the future development plans of COLI for its elderly care and education business lines, we planned a series of talents introduction programs for elderly care business. The Company recruits outstanding teachers from elite schools in different provinces and cities through the “Sea’s Recruit – Famous Teacher Program” on the one hand; and outstanding graduates from renowned Normal Universities across the nation through the “Stars of the Sea” campus recruitment program on the other hand.

In 2018, the Company’s elderly care business recruited outstanding graduates from well-known universities such as Peking University, Tianjin University, Nanjing University and Suzhou University, and groomed them to be future key management personnel. We have established good cooperative relations with Changsha Social Work College jointly established by the Ministry of Civil Affairs and Hunan Province and other professional colleges and universities, and have recruited graduates to take front-line nursing positions as interns in the Company’s elderly care institutions. We have also invited the Principal of the Renmin University of China Kindergarten to provide long-term guidance in Jinan. Our teachers are required to receive pre-job training in the Renmin University of China Kindergarten and pass the examination before taking up their posts. Through internships, mentoring, and external practices, we strive to provide effective growth support and development channels for personnel in our innovative business lines.

Employee Learning Platform

In addition to the training activities organized by the Company itself, COLI also provides a platform for self-study and knowledge sharing where employees are encouraged to enhance and exchange their views and practices at work and thus contribute their talent and strength to the growth and development of COLI staff.

In order to encourage employees to learn from each other, the Company has set up a gold medal lecturer system to facilitate the cultivation of teaching staff by subsidiaries at all levels based on the principle of combining internal and external lecturers. Our mentor system, applicable to Sons of the Sea who are employed for less than one year, is designed to give full play to the industry know-how and management experience of newly recruited lecturers and help new employees rapidly integrate into COLI and improve their professionalism and specialization. We have also set up an internal lecturer mechanism to encourage employees to become internal lecturers and continuously improve their teaching quality by providing lecturing remuneration and organizing teaching skills improvement activities. The outstanding lecturers selected by all staff members will receive the honorary title of “Gold Medal Lecturer”. In addition, we have also established the E-learning Academy of COP as a knowledge sharing and learning platform to encourage employees to enhance their knowledge through online learning.



In May this year, COLI established the China Overseas Institute of Management for the development of tiered young talents. We invited internal lecturers and external experts to give lectures on special topics related to operational strategy, which received positive responses from employees.

Occupational Health and Safety

A healthy and safe work environment is an integral part of business operations. In addition to the high-risk operations involved in property and infrastructure projects, COLI is concerned about occupational health and safety issues in projects in operation. According to our Safety Management policy, we prevent, control and eliminate the potential hazards in professional posts, regularly perform safety inspections on office buildings and project sites to prevent safety hazards, and conscientiously carry out safety management and relevant rectification work.

Employee Health and Safety Management

In addition to improving safety standards of infrastructure, raising employees' awareness of occupational health and safety is an important part of promoting occupational safety and health culture. The Company provides training on occupational health and safety to help employees better master the methods of preventing, controlling and eliminating crises, and implements the Safe Production Management Measures of China Overseas Holdings Limited formulated by the Group, clarifies the main responsibility of subsidiaries at all levels for safe production, and develops a long-term mechanism for safe production.

COLI aims to achieve zero accident rate among employees in the course of day-to-day operations. In 2018, there were no work-related fatalities and injuries among employees of the Company.

Safety Inspections on Working Days and Holidays

Urge all departments and subsidiaries at all levels to earnestly carry out safe production and security work, conduct regular safety inspections on office buildings and project sites with a focus on overhaul of water and electricity facilities to eliminate safety hazards, and take effective measures for fire prevention and theft prevention.

Annual Physical Examination of Employees

According to its relevant benefits policies, the Company organizes 100% of its employees to take annual routine physical examination every year for the benefit of their physical and mental health.

Supplementary Medical Insurance for Employees

In addition to making mandatory social insurance (including medical, pension and unemployment insurance) contributions for all employees, the Company also provided supplementary medical insurance for all employees in 2018.

Safe and Civilized Construction

As a responsible and quality-oriented property developer, the Company proactively promotes the occupational health and safety management of business partners, especially contractors and subcontractors, in the construction process. We take various measures such as strict safety inspections, education and training, and third-party safety risk assessment to ensure workplace safety and civilized construction of projects.

In order to identify and eliminate project risk through regular assessment, we have formulated the Guidelines for Safe and Civilized Construction on Site according to the Standard for Construction Safety Inspection (JGJ59-2011) issued by the state, and developed operational rules on safe and civilized construction and risk management to be observed by contractors and subcontractors in all project phases. We regularly carry out safe production inspections, covering such inspection items as workers' safety equipment, building materials and equipment, safe use of electricity, and fire prevention management. In an effort to eliminate potential safety hazards at the construction sites, we make photographic records of all items involving deduction of points or risk warnings to facilitate the traceability, tracking and implementation of corrective measures.

In order to ensure the construction of COLI's projects is smooth and safe, we formulate safety training programs at the beginning of each year, and organize targeted training according to the different stages of project construction, covering scaffolding engineering, construction electricity use, border protection, large equipment management, etc.

The Company encourages using contractors and subcontractors with third-party quality management system certification (e.g. ISO 9001, ISO 14000, OHSAS 18000, etc.) to ensure sound occupational safety and health management in the construction process. In 2018, there were no major injuries and fatalities in the Company's construction projects.

Safe Operation and Management of Projects

We have extended our health and safety management system to commercial projects in operation. As such, we inspect and track the occupational safety and health status of tenants, suppliers and service providers. Regional subsidiaries are responsible for analyzing and assessing the work conditions of different positions to ensure that the workplace conditions meet the requirements of relevant laws and standards. In addition, we have established the Health Records of Tenants, Suppliers and Service Providers, and requires that regional subsidiaries take measures to help and support any tenants, suppliers and service providers who have suffered from safety hazards or occupational diseases to various degrees in accordance with relevant regulations or standards.

We require regional subsidiaries to meet the requirement to ensure the occupational safety and health of tenants, suppliers and service providers, including treatment of gases, dust and hazardous materials, necessary hygiene conditions, safety equipment & facilities, etc. The Company dispatches the heads of relevant departments to investigate the activities that may give rise to occupational diseases or injuries due to physical factors, biological pollution, excessive labor intensity or unsafe facilities, and record the investigation findings in the Investigation Form on Job Status of Tenants, Suppliers and Service Providers.

In 2018, no work-related injuries, both minor and serious, nor fatalities were recorded by COCP.

GOOD *Citizenship*

Creating Shared Value

We responded to these SDGs



Sustainable real estate development relies on its care for society. COLI firmly believes that a company seeking to embody “good citizenship” in the international community should regard environmental protection and people’s well-being as core values and integrate them into its development strategies. We are determined to give back to the society and change the world for the better with buildings. We are concerned about environmental protection, people’s livelihood and economic development in communities where we operate. We leverage our advantages in business, technology and resources to manage and reduce operations impacts on the environment and society with the aid of various community investment projects, so as to contribute to a long-term and healthy development.

Sustainable Architectural Design

COLI firmly believes that promoting green building development can effectively reduce carbon emissions of buildings during their lifecycle and serve as an important tool to address climate change. The 13th Five-year Plan for Building Energy Conservation and Green Building Development issued by the Chinese government clearly states that by 2020, the energy efficiency of new buildings in cities and towns need to be 20% higher than that in 2015, and green building materials should account for 40% of the total use in construction. We are committed to comprehensively promoting green building development by integrating green building elements and technologies into COLI’s 5th generation of premium products. In addition to engaging in the preparation of and exchanges on industry technical standards, we also independently develop green building technology and apply it in construction projects to earn green building certification.

Green Building Philosophy and Standards

Drawing upon decades of experience, COLI has established the green building principle of “natural green is better than artificial green, conservation is better than compensation” to advocate natural environment conservation and passive energy conservation as the core principles of architectural design. Starting from project positioning, planning and design, our team conduct site selection survey, study local environmental factors such as sunlight, climate, terrain and rainfall, and adopt a building layout and design suitable for local conditions. Upholding the architectural philosophy of respecting nature, we try our best to maintain and utilize the original geographic and geomorphic conditions and minimize changes to the surrounding area and ecosystem, so as to maximize the benefits of green buildings.

According to the Company's requirements for green building development, COLI has formulated the Green Building Technical Manual of China Overseas Property Group Co., Ltd. (“Green Building Technical Manual”) which summarizes the latest national policies, standards and evaluation methods on green buildings, and provides green building cases and technical systems at different levels for reference by design companies. The Green Building Technical Manual explains the green building indicators in different areas of the Green Building Assessment Standard of China, covering land conservation and outdoor environment, energy conservation and utilization, water conservation and utilization, material conservation and utilization, indoor environmental quality, construction, and operation management, and establishes the work standards for architectural design, construction and operation, etc. To date, this manual has been widely used throughout the country and applied to approximately 10 million sq m of construction projects.

Considering that pedestrians and other nocturnal creatures may be exposed to light interference or excessive light radiation caused by the light sources of urban buildings, when designing outdoor night lighting devices, the Company follows the relevant requirements on light pollution control in Chapter 7 of the Code for Lighting Design of Urban Nightscape (JGJ/T163) to reduce potential negative impact on people and the ecological environment. In addition, our project design mostly adopts green building design to leave enough space for different plants and animals to grow. For example, we plant middle-aged trees to achieve multi-layer greening with “arbors, shrubs and grasses” so that the covered depth and drainage capacity of the planting area can meet the demand of plants at different growth stage. Furthermore, the topsoil at the site, rich in organic matter, minerals and trace elements, is suitable for the growth of plants and microorganisms. By recycling and utilizing the topsoil, we not only protect soil resources but also help maintain biodiversity.

Research and Development of Green Building Technology

With our ongoing efforts in the research and development of green building technology, COLI has obtained a total of 24 technology patents in the field over the years. In 2018, the Company obtained a total of five new patents, which can be applied not only to beautify the green landscape of buildings, but also to achieve energy conservation and waste reduction using greening devices and smart technologies.

No.	Patent name	Licensing date	Summary
1	Greening manhole cover	9 January 2018	Greening manhole covers can be perfectly integrated with the surrounding landscape and vegetation without affecting the normal use of the inspection shafts and valve wells.
2	Embedded green sunshade device	23 February 2018	It can be installed on the facade of newly-built or existing buildings, which can not only reduce energy consumption of air conditioning but also beautify the exterior of buildings.
3	Four-pipe simultaneous cooling and heating device for network machine room	2 March 2018	It can reduce waste heat emission by optimizing the utilization of air conditioning.
4	Ventilation window structure suitable for rainy areas	19 October 2018	It not only prevents rainwater from entering the room, but also meets the requirements of ventilation and retains the original function of oriel window.
5	Oil smoke exhaust system with intelligent fan gear control	14 November 2018	Its intelligent and flexible control mode can save energy.

Green Building Certification

This year, COLI further established its green building certification targets. We require that all newly developed projects should obtain at least national one-star green building certification, and that each region should have at least one project receiving three-star certification every year. Furthermore, residential projects with foreign green building certifications such as LEED and BREEAM should also apply for national green building certification.

Among the projects completed in 2018, COLI obtained 44 green building certifications (42 for residential projects and 2 for commercial projects), including 31 one-star certifications, 10 two-star certifications, 1 three-star certification, and 2 LEED Gold Awards, covering a total gross floor area (GFA) of 8.79 sq m. As at the end of 2018, COLI had developed a total of 154 green building-certified projects (134 residential projects and 20 commercial projects), with a total GFA of 28.4 million sq m.

COLI's achievements in green building development are there for all to see and highly recognized by the industry. During the year, the Company won the first place in the China's Top 50 Listed Real Estate Enterprises in Green Credit Index of 2018 in the 2018 China Green Finance and Green Building Summit Forum. In particular, The Paragon, our project in Shenzhen, was selected as one of the 2018 Green Building Innovation Examples in China.

Projects that Received Three-star Green Building Certification or LEED Gold Award in 2018

Area A5 (76-97#, 24-25#) of International Community (Yantai)	Three-star Green Building Certification
China Overseas Building (Nanjing)	LEED Gold Award
Block C/D, China Overseas International Center (Chengdu)	LEED Gold Award

Projects that Received Two-star Green Building Certification in 2018

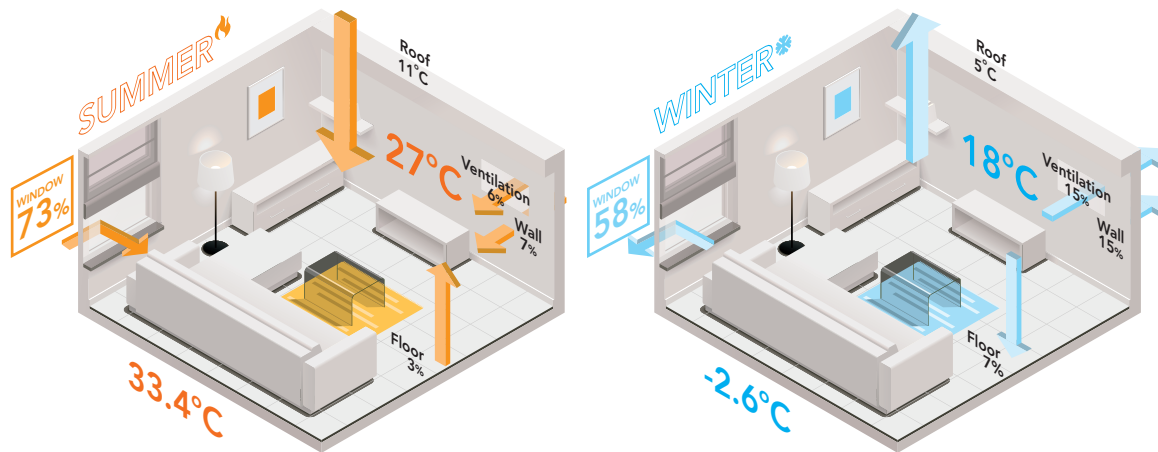
1 Ningbo Jiangbeizhuang Bridge Project	6 Glory Park North (Yancheng)
2 UNIONE Phase II (Ningbo)	7 Glory Park South (Yancheng)
3 Suzhou Xingzhou Project	8 The Lakeside (Zhuhai)
4 The Phoenix (Wuxi) (Plot A2)	9 Unipark Shopping Mall (Zhuhai)
5 Royal Pavilion (Yantai)	10 Century ELITE (Zhuhai)

Projects that Received One-star Green Building Certification in 2018

1 Platinum Mansion (Changzhou)	16 CITIC Triumph Town Phase VII (Huizhou)
2 Lagoon Manor (Chengdu)	17 Huashan West Phase IV and V (Jinan) (Plot G)
3 Royal Mansion (Chengdu)	18 Dragon Mansion (Kunming)
4 The Phoenix (Fuzhou)	19 Pukou Project (Nanjing)
5 Glorious City (Fuzhou)	20 Xiaolongwan Project (Nanjing)
6 King Palace (Fuzhou)	21 Cixi Plot E-01 (Ningbo)
7 The Throne (Fuzhou)	22 Cixi Plot F-03A (Ningbo)
8 The Riverside (Fuzhou)	23 Shounan Plot (Ningbo)
9 One Riverside Park (Ganzhou) (Plot E11-2)	24 Royal Mansion (Weinan)
10 The Cullinan (Ganzhou) (Plot E17)	25 Gedian (Wuhan)
11 Xiangqi Housing (Hangzhou)	26 Ruyuan Garden (Zhengzhou)
12 COLI City (Hefei) (Plot FD17-2)	27 The Majestic (Zhengzhou)
13 The U World (Hefei)	28 Yiyuan Garden (Zhengzhou)
14 Royal Villa (Hefei)	29 International Community (Chongqing) (Plot #5 & 6)
15 Waterfront City Phase VII (Huizhou)	30 Chongqing Kafu Plant Project
	31 Mansion Hills (Chongqing)

Residential Project in A5 Area of International Community (Yantai) – A Project with National Three-star Green Building Certification

The project took advantage of the climate characteristics of Yantai and was built with appropriate green building design and technology, fully reflecting COLI's architectural philosophy of "natural green and passive green".



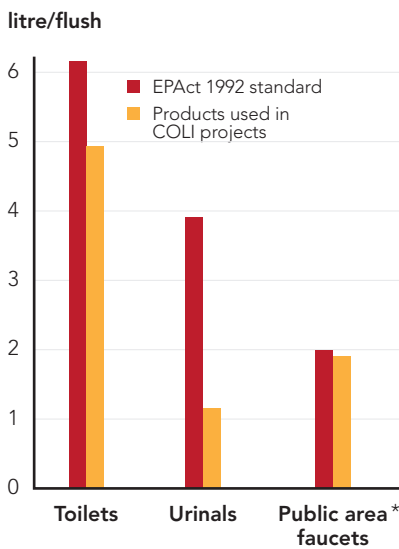
Building envelope system is one of the passive technologies adopted in the project. This passive exterior design of the building can reduce heat transfer and realize indoor heat preservation and constant temperature, thus saving household electricity consumption generated by air conditioning. We also incorporated renewable energy into the construction plan. Equipped with a solar water heating system, the project building can save over 3.76 million kWh of electricity every year.

The project also incorporates the concept of sponge city, with a rainwater harvesting system set up to use rainwater for greening irrigation, road sprinkling, garage washing and landscape water replenishment. The system can recycle approximately 16,000 cubic meters of rainwater every year, accounting for 3.62% of the total annual water consumption of the project, thus reducing dependence on municipal water supply and making good use of fresh water resources. All sanitary fittings of the project meet the Level 1 water use efficiency under the national standard for Domestic Water Saving Devices, which is the lowest water consumption level.

China Overseas Building (Nanjing) – A Project Received 2018 LEED Gold Award

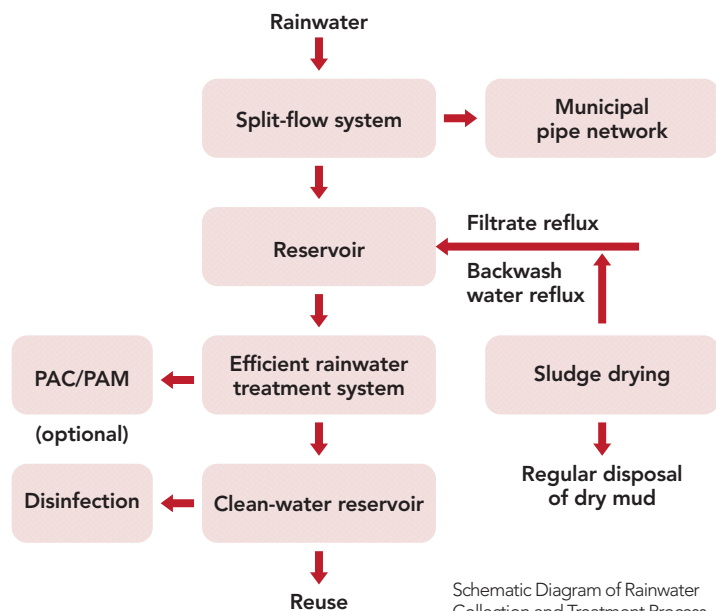
The project makes full use of the existing geographical advantages of the site. On the one hand, it connects to the urban road network to create a pedestrian-friendly business community. On the other hand, it leverages natural factors to regulate the climate and reduce the use of air conditioning and heating systems, in a drive to build a modern green business center.

The project adopts the energy consumption analysis software eQUEST, which can monitor the energy consumption information of the whole building and different areas of the building in real time, including the building structure, enclosure materials, heating system and air conditioning distribution, indoor lighting and personnel activities. eQUEST can dynamically calculate the annual energy consumption and output analysis charts, which is helpful for property managers to formulate further energy-saving measures. The project can effectively reduce energy consumption in the operation stage with a series of energy-saving equipment and technologies, such as new wind-heat recovery system, efficient refrigeration equipment, energy transmission and distribution system, infrared intelligent lighting control system and T5 power-saving fluorescent lamps. The estimated energy-saving efficiency of the project can reach 14% under the benchmark comparison model established based on ASHRAE Standard 90.1 2007.



Water consumption parameters of sanitary appliances used by COLI are lower than the EPA 1992 standard required by LEED

* Unit of measurement: litre/minute



By controlling the project's water discharge and peak water flow, we collect rainwater under the principle of safe flood control to save water used in project operation and reduce the pressure from the project on local drainage and wastewater treatment systems. We direct rainwater to underground collection pools for use in landscape irrigation and garage washing, and some of the rainwater is purified and disinfected for use as drinking water. With the above measures, the project can save more than 60% of irrigation water. In addition, through the extensive use of water-saving sanitary appliances, the project is able to reach the water consumption target of 30% lower than the LEED certification standard.

Sustainable Project Planning

The diversity of species and ecosystems is an important indicator of sustainable urban development. We believe that only by satisfying the survival needs of plants, animals and human beings, forming a good ecological balance as well as achieving a harmonious coexistence between human beings and nature can we maintain a healthy and livable living space for the next generation in the long run. To this end, COLI has formulated a comprehensive policy for the whole project development cycle to assess the needs of communities, species and ecosystems, with a view to reducing the negative impact of business activities on ecology and assisting in restoring the local ecological landscape while developing houses.

Site Selection

In order to assess the impact of development on the local ecology, the Company's investment department will conduct risk screening during the site selection process to identify potential risks related to the land environment and the ecology. The department will also communicate with the government, the land bureau, the land planning administration, countryside collective production units and other relevant units to learn about the background of the land.

The Green Building Technical Manual of COLI sets out the Company's commitments to protecting biodiversity. We require that projects be developed in accordance with the local urban and rural planning requirements, the Nature Reserves Regulations and the Urban and Rural Planning Law, and not be developed in national nature reserves, so as to protect the local representative natural ecosystems and rare and endangered wildlife species. To help restore the local ecology, the Company also actively participates in the restoration and utilization of contaminated, abandoned land, such as abandoned warehouses or factories, bare rock, gravel land, saline-alkali land, sandy wasteland and waste kilns.

Environmental Impact Assessment

In the early stage of project development, the Company will conduct preliminary research on the geological terrain and soil risks of the site to understand the potential environmental impacts. The Company carries out environmental impact assessment for new projects in accordance with the Environmental Impact Assessment Law of the People's Republic of China. A project will not start construction until being approved by the local environmental authority. For example, our Beixin'an shantytown renovation project is located in a land where a special steel company operates. As such, the Company entrusted an independent external professional with China Metrology Accreditation qualifications to carry out on-site sampling and testing of the soil and groundwater to detect the contents of heavy metals, semi-volatile organic compounds, mercury, arsenic and other pollutants, so as to help determine our site restoration targets. The environmental assessment reports on such projects (including details of pollution remediation targets and assessment procedures) have been published on the website of China Overseas Property (<http://www.coli688.com/news/announcement/>) for the public's information.

Habitat Restoration

During the planning and construction process, we will adopt construction methods that have less impact on the surrounding environment, such as avoiding earth and rock works as much as possible to protect local biodiversity. After the completion of a project, the Company will take ecological restoration measures according to the actual situation to reduce changes and damages to the original environment of the site, such as ecological treatment of soil, purification and recycling of polluted water, and ecological design of vegetation to restore the original habitats of animals and plants. For example, in the Beixin'an shantytown renovation project, the Company cleared, temporarily stored and burned the contaminated soil in the area, and took measures to control waste gases, semi-volatile pollutants and dust in order to avoid secondary pollution while restoring the ecological system.

River and Mountain Landscape Restoration – Huashan Mountain Scenic Area Ecological Restoration Project in Huashan District and Licheng District of Jinan

Huashan Mountain is 197 meters above sea level in the northeast of Jinan and boasts beautiful scenery. It is reputed as the best scenic spot among “Jinan’s Nine Mountains”. Due to over-exploitation of the famous “Jinan Qing” rocks, the local water quality and the mountain environment severely deteriorated. In 2014, the Jinan municipal government and COLI worked together to restore the local ecology while developing properties. We built an ecological park to reshape the environment to the effect that people and nature live in harmony.



According to the national 5A scenic spot standards under the Classification and Evaluation of Quality Grades of Tourism Scenic Spots, COLI team planned the construction of a Huashan wetland park that meets the 12 required conditions in areas such as tourism transportation, safety and protection of resources and environment. We injected water into the 3,600-mu Huashan Lake and restored the local freshwater ecosystem. The completed wetland park covers an area of about 6.25 sq km, which is equivalent to the size of six Daming Lake Parks, and recreates the “Misty Landscape Between Que Mountain and Huashan Mountain” (鵲華煙雨).

We also carried out mountain restoration and greening in Woniu Mountain, which used to be an ore mining site, for the construction of an ecological park and a geopark. After four years of construction works, more than 90,000 seedlings of various types have been planted around the mountain, covering 130,000 sq m, and 7,600 meters of roads have been built in the park, presenting five major landscape areas and nearly 20 scenic spots of different sizes to the public. The two parks have already opened to the public and are successful examples of integrating ecotourism and real estate development.

Community Engagement

In order to reduce the impact of the project development process on the local community, COLI endeavors to consider the needs and willingness of the community in project planning, preserving the local traditional and historical buildings and build a modern city that embraces cultural integration. Pursuant to the Criteria for Planning and Design of Urban Residential Areas, we will carry out preliminary project risk assessment covering compensation for the acquisition of agricultural land, supporting facilities in the target area, noise and industrial activities and other social factors, in order to understand the demands of the local community for residential environment and take countermeasures in project planning.

Properly Resettling Residents and Revitalizing the Historical Context – Urban Renewal Project in Huashan District, Jinan

The urban renewal project in Huashan district is the largest with the highest difficulty in demolition in Jinan. Before demolition, the shantytowns, which occupied 14.6 sq km of land, had poor-quality dwellings and bad living conditions and were rife with waste management and flood risks. More than 4 million sq m of buildings needed to be demolished in the area. A total of 19 villages needed to be relocated, involving about 37,000 residents and more than 1,700 enterprises.

Referencing a government public consultation survey actively responded to the comments and demands of residents in the course of project planning and making demolition and resettlement arrangements. In addition to providing resettlement compensation in kind, we also provided monetary compensation to those who were affected. In terms of the construction schedule, we prioritized to build relocation housing and affordable housing in the project, so as to put the residential rights of the original residents first and eliminate public concerns. In order to bring long-term social benefits for the relocated residents, we also collaborated with the government to build commercial office buildings in the area and introduced COLI's Unipark shopping mall to boost local employment. This year, a total of more than 2 million sq m of relocation housing flats were centrally delivered with all residents being relocated back to the area.

We also strive to protect and promote the deep cultural heritage of Huashan District in an effort to drive the local cultural tourism. In the project, we successfully restored the largest ancient building complex in Jinan - buildings and murals of Huayang Palace, which have been reopened to the public in May this year. In addition, we built a cultural exhibition hall and an urban renewal exhibition hall to showcase the history, culture and transformation of Huashan District and to let the public understand the vicissitudes of Huashan District through this "urban window".



Sustainable Construction

Improving the Efficiency of Resource Utilization

COLI has developed specifications on how to use and manage building materials to improve the efficiency of resource use. The Company's Green Building Technical Manual, prepared based on the latest national standard - Green Building Assessment Standard, provides economically and technically optimal options for reference and use by our teams according to the green building certification requirements at different star levels. We recommend that new projects use not less than 8% of reusable and recyclable building materials and pursue 100% integration of civil engineering and decoration design. The residential project in A5 Area of Yantai International Community using ready-mixed concrete and ready-mixed mortar as cast-in-situ concrete with the weight of recycled input materials amounting to 23,735 tonnes and accounting for 6.19% of the total weight of all building materials can serve as an example.

In terms of resource management, the Company implements at each construction site a mechanism of materials collection quota which is determined by the project materials department on a monthly basis based on its calculation of material consumption and saving ratio, so as to reduce the waste or excessive use of building materials. To help achieve a circular economy, our engineering team will first recycle building materials such as sand heads, waste ceramic tiles and stones, and then collect scrap materials such as cables, steel bars, iron wires, nails, waste fasteners, scrap steel pipes, waste frameworks, waste paper and waste safety nets for plastic products, which will be stored in categories and regularly sold to recycling agencies for disposal. Some construction sites are equipped with a rainwater harvesting system to collect rainwater for car washing, greening, firefighting and dust prevention, with a view to making effective use of natural resources.

In addition, we will rationally plan temporary construction facilities according to the construction scale, on-site conditions and other related factors. After comparing the prices and environmental costs of rental and self-built temporary houses, if there is no suitable temporary housing to rent, the Company will build assembled box houses which will be dismantled and transferred to the next construction site for use after the completion of the project. The Company requires that an on-site office should adopt an open office layout and utilize natural ventilation, daylighting and energy-saving lamps to reduce the energy consumption of air conditioning and lighting.

The Company will install meters at each construction site to monitor the use of water and electricity. The construction team is required to calculate the consumption of water, electricity and fuel and fill in the Energy consumption Measurement Map each month. We also inspect the water supply system at each construction site from time to time to prevent water dripping and leaking. Each quarter, to ensure the construction projects are making effective use of natural resources, the Company will assess the energy-saving effect of all projects as a competition where the persons in charge will be rewarded or penalized accordingly.

On-site Environmental Management

For the treatment of different emissions, we have formulated relevant management specifications and technical standards documents to give clear work guidelines to employees and contractors. We also actively promote smart construction site measures to improve environmental management at the project sites. This year, we took the Beixin'an Shantytown Renovation Project in Beijing as a pilot project to try such measures. We monitored a variety of environmental data such as PM2.5, PM10, noise, temperature and wind speed in real time through an environmental data monitoring platform, and took timely measures such as fencing-based spraying, tower crane spraying and new energy cleaning vehicles to clean the environment. Once any potential environmental risks are found in a project, staff of the project can report to supervisory and other management personnel in real time through the mobile app developed by the Company to speed up the rectification process.

In order to reduce air pollution, the ground of a construction site must be hardened, and mixers, vehicles transporting bulk materials and other dust pollution sources must be covered with protective nets or tarpaulin. In some projects, the engineering team will carry out temporary greening work. For example, the Yinhu Times Center Project afforested the bare loess laying idle for more than four months to prevent dust flying from soil erosion.

Sewage discharge management at the construction sites must be carried out in strict accordance with the Comprehensive Sewage Discharge Standard issued by the state. The engineering team will set up separate pipe networks for rainwater and sewage shunting to prevent pollution of local water sources. At each construction site, drainage ditches are set up on the roads and material storage sites to control the flow of sewage to a sedimentation tank, in order for the sewage to be discharged into the municipal sewage network or rivers only after it has reached the discharge standard after on-site treatment. In addition, the Company obtains drainage permits according to the requirements of the government and entrusts qualified agencies to carry out wastewater quality testing.

Chemicals at construction sites are stored in areas with waterproof layer and impervious concrete to prevent land pollution caused by leakage of chemicals. Each construction site has in place at least three garbage pools to collect and store hazardous wastes, recyclable materials and other wastes separately. The hazardous wastes must be stored separately in designated sealed containers and marked. The project team has to entrust a transportation agency approved by the environmental protection bureau to transport toxic and hazardous wastes to the designated place for dumping and make disposal records.

The engineering team will also set up temporary sound barriers at the construction site, strictly limit the operational time, and take anti-noise and noise reduction measures for noisy machines such as mixers, air compressors and woodworking machines.

Sustainable Property Management

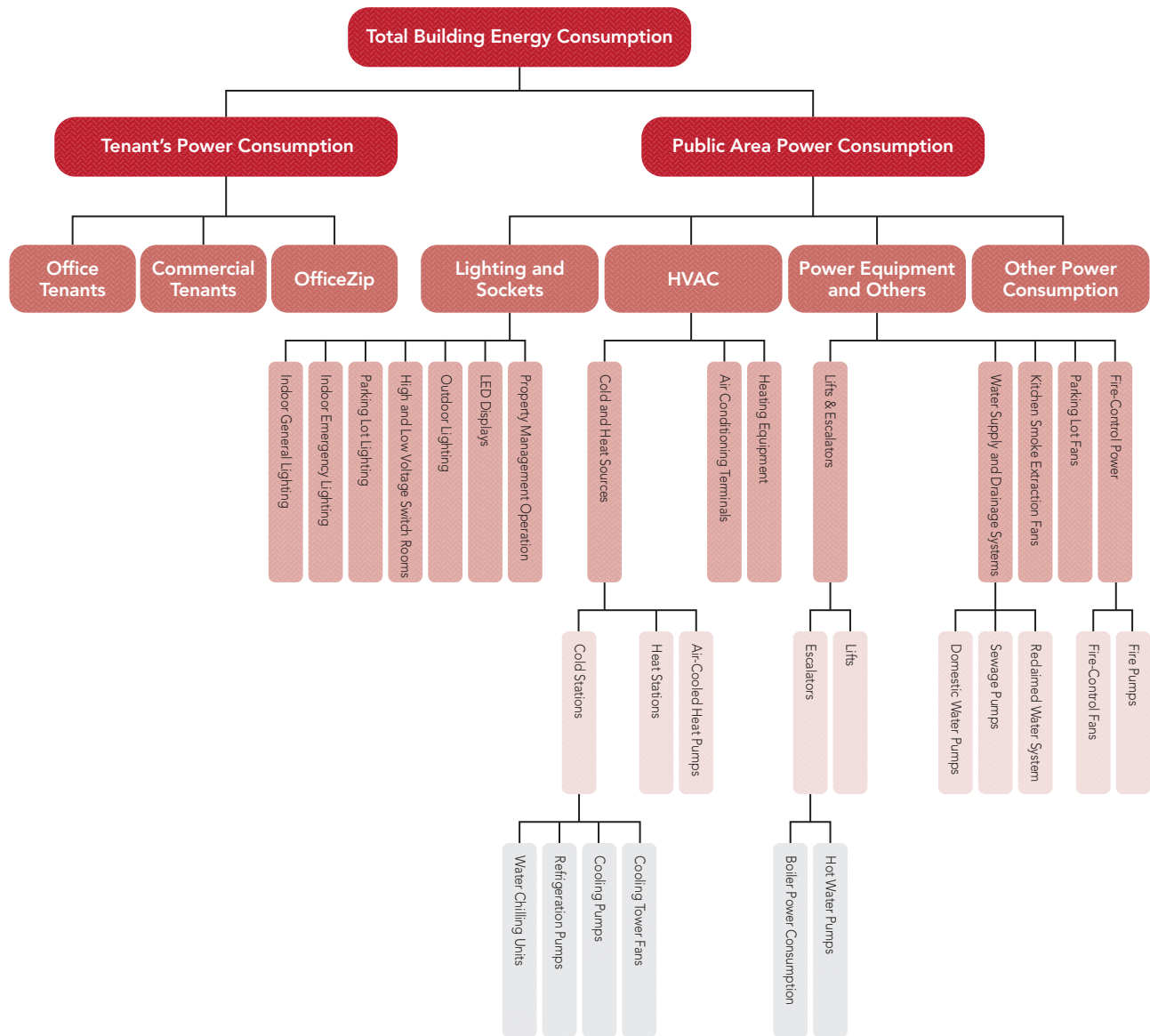
Looking at the international community, greenhouse gas emissions, water shortage and municipal waste disposal are generally major environmental challenges facing highly urbanized areas. According to data of the United Nations Environment Program and the International Energy Agency, the property construction and management industries account for 40% of the global energy-related carbon emissions, which is significant³. COLI is determined to implement conservation and emission reduction measures in different areas of project operation and examine the implementation details in a scientific and quantifiable manner, in order to improve operational efficiency and help address global climate change.

Energy Management

This year, a building energy management system developed by the Company was officially put into operation and applied to 10 projects of COCP. We installed a total of 8,593 metering stations to monitor the energy consumption and power distribution of each equipment and facility in real time, and analyzed the monthly energy consumption and energy saving results of each project in operation. As there are many kinds of electromechanical equipment, we have developed an energy consumption model using a unified data definition method to carry out energy management based on classification of monitoring data. The Company also put in place dedicated energy management personnel, who are responsible for using the platform for energy saving diagnosis, recording abnormal energy usage, and submitting monthly operational energy consumption analysis and energy conservation reports for discussion of energy-saving measures.

³ 2018 Global Status Report jointly issued by the United Nations Environment Program and the International Energy Agency; Source: https://wedocs.unep.org/bitstream/handle/20.500.11822/27140/Global_Status_2018.pdf?sequence=1&isAllowed=y

Energy Consumption Model for Commercial Real Estate Companies



The platform enables us to understand different energy consumption trends in project operation, so that we can improve energy consumption performance in a more targeted manner. For example, according to the analysis of the platform, we found that the air conditioning terminal system of one of the projects was not completely shut down at night and the LED display screen was on standby mode for a long time, resulting in power waste. Accordingly, we re-set the management strategy for equipment automation and completely shut down the screens at night, thus saving over 145,000 kWh of electricity a year.

This year, despite the overall rising occupancy rate, the energy consumption in public areas of the 10 projects above was still down by 5.2% compared with the 2017 baseline when the platform was yet to be launched.

COLI also continued to carry out energy-saving retrofits in different projects. For example, during the year, some of our hotel projects retrofitted or installed LED lamps, solar power supply panels and secondary water supply equipment, and took management measures to limit the lighting time in public areas.

Water Conservation

Our project operation involves many domestic water facilities, such as bathroom equipment, restaurant cooking equipment, swimming pools and clean water in shopping malls and hotels. Given the different water consumption sources, COCP has developed water supply management and control procedures to fully implement water-saving measures from the aspects of management system, education and hardware upgrade.

We organize the property management office of each project to inspect its water supply network and facilities on a daily basis, conduct leak detection at least once a year, and intensify examination of water-consuming facilities such as swimming pools and waterscape pools to deal with water leakage and overflow in a timely manner. We also require the property management office to read the main water meter every day for water consumption measurement and analysis, formulate relevant water-saving measures accordingly, and carry out publicity of water conservation among customers once a year. This year, we also carried out water-saving renovation works in several hotel projects, including the installation of additional equipment in The Coli Hotel, Shenzhen, to recycle steam condensate, and the replacement of the obsolete water supply network of Shantou Nanbin Hotel to reduce the chance of blasting and leakage of pipes.

Water and Electricity Conservation Solution of Dongguan Nankai Experimental School

In addition to commercial real estate projects, we also work to improve the environmental benefits of innovative industry projects in operation. In Nankai Experimental School, we implement a water and electricity conservation management program to set management practices for the use of different equipment and facilities in school buildings and dormitories. We also implement a target management system. In addition to designating the persons in charge of various conservation measures, we also clarify the responsibilities of school staff, allocate quota targets for water and electricity conservation, reward individuals and units that have performed well in conservation, and establish a policy of monitoring and reporting rule-breaking use of water and electricity to promote awareness of conservation based on the principle of fair rewards and punishments.



Waste Management

In the process of operating shopping malls, office buildings, and hotel projects, COLI needs to assist in the disposal of wastes generated by merchants or customers. To this end, COCP has established solid waste control procedures for classified disposal of waste and clarified the responsibilities and management scope of different departments in this regard.

We have set up recycling stations to collect paper, metal, glass and other recyclable waste, while other household garbage will be collected and disposed of by garbage collection contractors. Construction waste generated from tenants' decoration and maintenance works must be disposed of in accordance with the provisions of the competent municipal environmental authority. The Company has developed a list to identify different types of hazardous wastes such as waste batteries, pesticide wastes, waste mineral oils, waste coatings and mercury-containing wastes, and formulated relevant treatment procedures. In particular, the Company requires employees to store the waste batteries in the collection containers with relevant classification labels, and regularly arranges the removal and disposal of such batteries by waste collectors with qualifications for the treatment of hazardous wastes. In order to ensure compliance of the disposal process with relevant regulations, we also maintain records of hazardous waste carriers, including their qualification certificates, contracts with them and the Hazardous Waste Transfer Manifests.

Green Leasing

According to the Global Real Estate Sustainability Benchmarks (GRESB), approximately 70% of the energy consumption of general commercial properties is attributed to tenants⁴. As such, in order to maximize the emission reduction and energy conservation results, COLI continuously interacts with tenants in different ways and encourages them to practice sustainable operation by reaching resource-based lease terms with them.

⁴ Source: <https://gresb.com/verdanis-guide-to-stakeholder-tenant-engagement/>

Promoting Green Leasing – Trial Implementation of Green Environment Pact

This year, COCP formulated the Green Environment Pact for trial implementation in the office buildings of Chengdu China Overseas International Center and Beijing CSC Fortune International Center. In the Pact, we set forth the environmental principles, details and communication mechanisms for different areas of operation such as waste and pollutant management, office resource use, green building materials and products, with a view to motivating tenants to support the sustainable development of the community with concrete actions.



Areas covered by the Green Environment Pact

General Obligation

Recognise environmental management as an important issue and incorporate environmental management into day-to-day operations, including providing and using green products or services as much as possible, educating and training employees, etc.

Public Cooperation

Properly dispose of wastewater, exhaust gases and wastes, classify, collect, dispose of and, if possible, recycle garbage, and participate in improving the ecological environment of the community, such as greening activities organized by the community.

Conference Mechanism

A green environment conference is set up to hammer out and adopt its rules of procedure, financial rules, responsibilities and specific measures for protecting and maintaining the community environment by consensus.

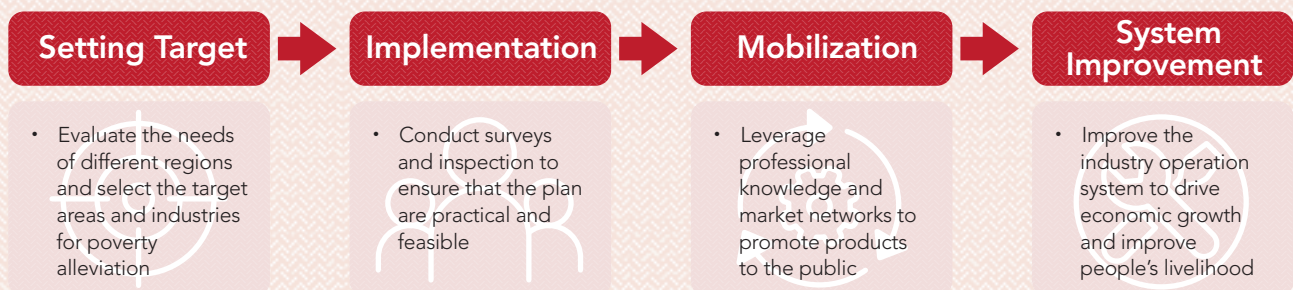
Green Office

In 2018, the Company participated in the Group's "Energy Conservation and Emission Reduction Program" by undertaking to save materials and energy and reduce waste in the office environment, shoulder more environmental responsibilities as a corporate citizen and create a green office culture. According to the program, we formulated the Green Office Guidelines, the Energy Conservation and Emission Reduction Action List and relevant energy conservation and emission reduction targets to encourage employees to save electricity, paper and water in day-to-day work and live a low-carbon life. The Company has to regularly review the targets of the program to ensure that the above measures are effectively implemented.

Sustainable Community Building

Targeted Poverty Alleviation

COLI plans community investment projects after assessing the real-life needs of poverty alleviation targets and based on the principles of "seeking truth from facts, adapting to local conditions, classified guidance, and targeted poverty alleviation". In order to eradicate poverty in rural areas, following the national policy on poverty alleviation, the Company has made precise plans regarding the poverty alleviation targets, tailoring for households, project arrangements, allocation of fundings and review of results. To address the disparity between the rich and the poor in rural areas, the Company has developed an "industrial poverty alleviation model" to support local distinctive industries and help local residents produce in a sustainable way, so as to help rural areas keep up with the economic boom of the nation and empower villagers to combat poverty through self-reliance.



This year, COLI officially launched the first territory-wide poverty alleviation project under the brand of "Sea of Hope". Based on our national presence, COLI initiated a campaign to solicit "special agricultural products grown in the hometowns of employees" and called on employees from various regions to make recommendations. After considering the poverty alleviation needs in various regions, we selected 4 products from more than 80 agricultural products by voting, and dispatched a dedicated team to carry out six field inspections in relevant regions to investigate transportation, storage, output and quality inspection of the selected products. Finally, the millet industry in Lan County of Shanxi Province was selected as our supporting target. We helped the local farms build the brand "Xiurong Millet" leveraging our marketing and customer service resources and successfully promoted the product to the whole country, thereby helping villagers continuously increase their income.

“Sea of Hope” Targeted Poverty Alleviation Project – “Xiurong Millet” from Lan County of Shanxi Province

Shanxi millet, nutritious and tasty, has long been well-known among consumers. By virtue of its unique geography, Lan County of Shanxi Province, where more than 10% of the residents live under the poverty line, boasts great natural conditions for the production of millet.



Generally, what the rural farmers need the most is market development support. To give full play to Lan County's industry advantages, this year we worked with local government leaders and rural cooperatives to help local farmers build the brand “Xiurong Millet”. Our team helped handle everything from millet sourcing and processing outsourcing, to quality inspection and marketing, and successfully built up an entire industry chain, thus promoting the millet products to the entire country.



We purchased more than 310,000 catties of “Xiurong Millet” at a price higher than the market price, which is equivalent to the annual output of the villages receiving help. We designed a packaging with local characteristics for the millet, and purchased the first batch of products, some of which were given to customers as gifts in marketing and customer service activities such as “Walking into COLI's Communities”, “Door-Knocking Program”, Customer Service Day. Moreover, we organized special promotion activities for the millet in offices, residential communities, commercial projects and campus job fairs in many cities across the country to evoke discussions, attention and support for poverty alleviation from all walks of life.



In order to achieve the ultimate goal of industrial poverty alleviation, we also introduced “Xirong Millet” into “Younijia” (優你家), an O2O platform run by China Overseas Property and opened an exclusive online store on Taobao to help farmers develop more sales channels. We mobilized our homeowners and the masses across the country to support “Xirong Millet”, in an effort to maintain a sustainable marketing model.

Benefiting

134

peasant households in
four poor villages

Over **230**
promotion events
nationwide attended
by more than
120,000
customers

265
articles in mainstream
media with
over 1 million views

75,000 boxes
of millet sold in the
online store

This year, in addition to the project under “Sea of Hope”, we also participated in a targeted poverty alleviation project initiated by CSCEC in three counties of Gansu Province by paying a large sum for bulk purchase of two agricultural products of Kang County – Chinese date and walnut as gifts to be given away in the Company’s trade union activities and employee benefits. By virtue of this “industrial poverty alleviation model”, which is sustainable and replicable and makes full use of our own business strengths, COLI secured the third place in the 2018 Ranking of Top 20 Property Developers in Targeted Poverty Alleviation published by the Standard Real Estate Academy, earning high recognition.

Construction of Affordable Housing

A combination of housing that caters to the needs and affordability of different communities is the foundation of a city's healthy and harmonious development. COLI has long been upholding this belief since we took part in the construction of Tsui Ping Estate in Hong Kong in 1987. We keep participating in the government's affordable housing projects to build low-price or rental housing that low-income families or youth, relocated families and those who have housing problems or special needs, so as to meet the basic living needs for shelter.

In 2018, the affordable housing projects undertaken by COLI in Jinan, Nanjing, Shanghai, Hangzhou, Suzhou, Nanjing, Harbin, Urumchi and other cities were completed successively, representing a total GFA of 1.94 million sq m. During the year, we started construction for 1.49 million sq m of new affordable housing projects. We hope to continue to enhance the efficiency of affordable housing construction and improve urban living conditions.

City	Names of Projects Completed, Under Construction and Started during the Year	Type of Affordable Housing
Shanghai	Building #1, Plot 17-2, Unit SJS40001, Xiaokunshan Town, Songjiang District Floor 1-12, Right Block, Building #1, Western District (Phase I) Building #20, China Overseas Goya Garden Building #5, Yululi	Government-subsidized housing Affordable housing Affordable housing Affordable housing
Zhongshan	Zhongshan Century Mansion	Talents housing
Urumchi	Building #13, Tianyue Palace Building #1-3, Area 07, Yunding Daguan	Government-subsidized housing Government-subsidized housing
Nanjing	Tangcheng Mansion Yunlu Mansion Yuanshan	Government apartments for talents Government apartments for talents Government apartments for talents
Xiamen	China Overseas Phoenix Mansion (now renamed No. 9 Mansion)	Rent-free housing
Harbin	Building #10, Wenchang Mansion	Relocation housing
Guangzhou	China Overseas Xiyuan	Relocation housing
New town (新城)	Plot 1,608-690 for Government-subsidized Housing, Area A, Beixinan Plot 1,608-680 for Government-subsidized Housing, Area B, Beixinan Plot 1,608-688/689 for Government-subsidized Housing, Area B, Beixinan Area A of Liangxiang Relocation Housing Commercial Housing 675, Area A, Beixinan (La Cite)	Relocation housing Relocation housing Relocation housing Relocation housing Price-capped commercial housing
Hangzhou	Building 1 & 7, Area 3, China Overseas Yudao River Huiliu Apartment Complex	Public rental housing

City	Names of Projects Completed, Under Construction and Started during the Year	Type of Affordable Housing
Wuhan	Gedian Project (Phase I) Macau Road Project	Public rental housing Compensatory housing & rental housing
Jinan	Area 2 of Relocation Housing (Plots A-E and G)	Relocation housing
Yantai	Buildings #1-2 and #11-14, Jincheng	Relocation housing
Fuzhou	Guanlan Palace Purple Royal Garden Puxia Project The Phoenix	Relocation housing Relocation housing Relocation housing Government repurchased housing
Suzhou	Imperial Estuary (Phase I)	Affordable commercial housing
Qingdao	Plot No.33, China Overseas Haibo River Building E North, China Overseas La Cite Plot No.36, China Overseas Haian Road China Overseas Intelligence Island Project (Buildings 8-9# of Section I; Buildings 15-17# of Section II)	Relocation housing Relocation housing Relocation housing Government apartments for talents

Donations to Hope Schools

Education is an important infrastructure of society. Since 2005, we have been playing an active role in the Group's Hope School Donation Program. We donate to the China Overseas Charity Fund set up by the Group and leverage our professional strengths to participate in the planning and construction of Hope Schools, so as to improve the teaching standards in local communities and provide an equal, safe and pleasant learning environment for children.

The China Overseas Jiangkou Hope Primary School which was completed this year can serve as an example. With an area of over 20,000 sq m, the school is equipped with computer rooms, dance studios, laboratories, psychological counseling rooms and other functional classrooms to support the all-round development of students. By the end of 2018, we have invested in building 14 Chinese Overseas Hope Primary Schools in Shaanxi, Jilin, Chongqing, Sichuan, Liaoning, Shandong, Ningxia, Zhejiang, Hunan, Jiangxi, etc.



Community Care Projects

In addition to investing resources, COLI also supports the Group’s charity brand of “The Sea has No Limit and Love has No Boundary” (海無涯 • 愛無疆) and calls on employees throughout the country to actively participate in local community projects for practicing corporate social responsibility.

Visits to China Overseas Hope Primary Schools

Excellent hardware and facilities are the foundation of education. By visiting Hope Primary Schools, our team endeavors to further demonstrate the spirit of civic education to children. This year, more than 20 media organizations, our homeowners’ families and our employees in Hangzhou voluntarily organized donation activities and raised nearly 1,000 books for the “Seahorse Bookstore” of China Overseas Majin Hope Primary School. Moreover, we dispatched employees from ten regional subsidiaries in Changchun, Xi’an, Chongqing, Jinan, Hangzhou, Yantai, Chengdu, Shenyang and Ganzhou to visit local Hope Primary Schools where they carried out artistic activities and other exchange activities with school children to spread the philosophy of community care.



2018 Jinan International Half Marathon Surrounding Huashan Lake

We are committed to promoting to the public a healthy lifestyle linking with the nature. The 2018 Jinan International Half Marathon Surrounding Huashan Lake sponsored by China Overseas Property was held grandly in October this year. It was the first major international sports event registered with the Chinese Athletic Association. The theme of the event is "Enjoy Running Around Huashan Lake in Jinan Run over with Springs". With its course running along the glinting lake of Huashan Ecological Wetland Park, the event attracted nearly 5,000 runners at home and abroad, demonstrating the unique charm of local eco-tourism.



Climate Change Action

The global challenges posed by climate change are the shared responsibility of the government, enterprises and the public. In addition to properly managing our own operating model, COLI also leverages the Group's extensive operation network and our own tenant network to boost the environmental awareness of our employees, tenants, partners and the public through community activities, partnership and other means, and mobilizes more people to support international environmental initiatives and actions, in an effort to create greater environmental benefits.



"Open Your Mind, Be a Leading Reader in the City" Reading Event

In the first quarter of each year, COCP picks a theme related to environmental protection and holds a series of publicity activities. In the first quarter of 2018, COCP launched the "Open Your Mind, Be A Leading Reader of the City" shared reading event with a theme of "Low-carbon Life". We set up a MINI shared library in the lobby of each office building for tenants to donate and borrow books free of charge, which not only encouraged public reading, but also promoted community resource sharing and built a culture of green living.

“Earth Hour” – “Lights Out” in Local Offices to Save Energy

In 2018, COCP took part in the World Wildlife Fund's (WWF) Earth Hour for the fifth consecutive year. From 8: 30 p.m. to 9: 30 p.m. on March 24, all lighting was turned off for one hour in our office buildings in 11 cities, namely Beijing, Shanghai, Chengdu, Jinan, Shenyang, Qingdao, Xi'an, Wuhan, Nanjing, Zhuhai and Changsha, with a view to arousing the reflection of enterprises and the public on climate change.



“Marine Ecological Protection” Public Welfare Day of COLI Longhu Beach

The event was jointly organized by COLI and the Tourism Bureau of Haojiang District of Shantou, the Administration of Guangdong Nanpeng Islands National Nature Reserve and the “Walking into the Ocean” charity project team of Shantou University. It was open to all tourists for free in COLI Longhu Beach, a resort project. With the expertise of the organizers, we not only provided educational lectures, but also set up a marine biology museum and offered an array of exhibitions and games to enhance the public's understanding of marine ecology and biodiversity through interactive and interesting ways.



Relevant Laws and Regulations

Major Laws and Regulations

Relevant Governance, Environmental and Social Matters

Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Noise Pollution, Administrative Regulations of Environmental Protection of Construction Projects, Administrative Measures for Environmental Protection and Acceptance of Completed Construction Projects, etc.

Management of waste gas and greenhouse gas emissions, discharges into water and land, hazardous and non-hazardous waste, and other emissions

Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Law of the People's Republic of China on Protection of Disabled Persons, Employment Ordinance, Employees' Compensation Ordinance

- Compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other employment systems
- Management of occupation safety and health
- Child labor, forced labor or other human rights and labor rights issues

Product Quality Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China

Management of product and service information, health and safety, advertising, labeling, marketing, customer privacy, and other product responsibility issues

Anti-money Laundering Law of the People's Republic of China

Bribery, extortion, fraud, money laundering, and other corrupt practices

Criminal Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China

Legal cases regarding corrupt practices brought against the headquarters and regional companies or their employees

Anti-unfair Competition Law of the People's Republic of China, Implementing Measures for the Accountability for Illegal Operation and Investment of Central Enterprises (for Trial Implementation)

Legal cases regarding anti-competitive practices brought against the headquarters and regional companies or their employees

List of Performance Indicators

Economic Value

Indicator	Unit	2018 Total
Economic Value Generated and Distributed		
Net revenue	HK\$'000	169,658,897
Direct operating costs, exclude business tax	HK\$'000	104,855,413
Total finance cost	HK\$'000	9,355,853
Dividends payable	HK\$'000	5,478,100
Tax expenses ⁵	HK\$'000	27,668,600
Retained profits	HK\$'000	211,506,095

⁵ Including business tax and income tax expenses

List of Performance Indicators

Corporate Governance

Indicator	Unit	2018 Total
Concluded Legal Cases Brought Against the Company or its Employees		
Regarding anti-competitive practices	Case(s)	0
Regarding corrupt practices	Case(s)	0
Confirmed Non-compliance with Laws and Regulations		
Regarding waste gas and greenhouse gas emissions, discharges into water and land, hazardous and non-hazardous waste, and other emissions issues	Case(s)	0
Regarding compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other employment matters	Case(s)	0
Regarding occupational safety and health	Case(s)	0
Regarding child labor, forced labor or other human rights and labor rights issues	Case(s)	0
Regarding product and service information, product health and safety, advertising, labeling, marketing, customer privacy, and other product responsibility issues	Case(s)	0
Regarding bribery, extortion, fraud, money laundering and other corrupt practices	Case(s)	0
Communication and Training Regarding Anti-corruption Policies and Procedures		
Employees who received training in anti-corruption policies	Person(s)	6,457
Subsidiaries and joint ventures or associates which signed the Liability Statement of Business Integrity	Percentage	100%

List of Performance Indicators

Product and Service Responsibility

Indicator	Unit	2018 Total
Customer Relationship Management and Product Responsibility		
Customer satisfaction	Percentage	85%
Products and services related complaints	Case(s)	5,102
Customer privacy-related complaints	Case(s)	0

Supply Chain Management

Indicator	Unit	2018 Total		
Geographical Distribution of Suppliers		Central	Regional	Local
Northern Region	Supplier(s)	2	1	22
Hua Bei Region	Supplier(s)	18	0	36
Hua Dong Region	Supplier(s)	34	3	45
Hua Nan Region	Supplier(s)	44	3	62
Western Region	Supplier(s)	2	2	24
Total	Supplier(s)	100	9	189
Assessment of New Suppliers				
Percentage of new suppliers screened this year ⁶	Percentage	100%		

⁶ Referring to new suppliers that were originally not on the Register of Suppliers of Central Procurement at Headquarters and were then included upon passing the prequalification assessment. The prequalification assessment covers certain social standards including requiring suppliers to provide quality system certification documents

List of Performance Indicators

Employment

Indicator	Unit	2018 Total	
Composition of the Board of Directors			
By Gender			
Female	Person(s)	1	
Male	Person(s)	7	
Composition of Senior Management			
Proportion of senior management hired from the local community ⁷			
Hong Kong	Percentage	100%	
Mainland China	Percentage	85.7%	
Composition of Employees			
By Geographical Region			
Hong Kong	Person(s)	110	1.9%
Mainland China	Person(s)	5,749	97.5%
Overseas	Person(s)	36	0.6%
By Gender			
Female	Person(s)	1,736	29.4%
Male	Person(s)	4,159	70.6%

⁷ Including personnel at the general manager level and above

List of Performance Indicators

Indicator	Unit	2018 Total	
By Age			
30 years old and below	Person(s)	1,847	31.3%
31 to 40 years old	Person(s)	2,941	49.9%
41 to 50 years old	Person(s)	943	16.0%
51 years old and above	Person(s)	164	2.8%
By Employee Category			
Senior management (excluding Board members)	Person(s)	64	1.1%
Middle management	Person(s)	336	5.7%
Entry-level employees	Person(s)	1,195	20.3%
General employees	Person(s)	4,300	72.9%
By Type of Employment Contracts			
Permanent employees	Person(s)	5,895	100.0%
Temporary employees	Person(s)	0	0.0%
Total number of employees	Person(s)	5,895	

List of Performance Indicators

Indicator	Unit	2018 Total	
Number and Percentage of New Employees			
By Geographical Region			
Hong Kong	Person(s)	27	24.5%
Mainland China	Person(s)	1,255	21.8%
Overseas	Person(s)	5	13.9%
By Gender			
Female	Person(s)	968	55.8%
Male	Person(s)	319	7.7%
By Age			
30 years old and below	Person(s)	513	27.8%
31 to 40 years old	Person(s)	620	21.1%
41 to 50 years old	Person(s)	126	13.4%
51 years old and above	Person(s)	28	17.1%
Total number and percentage of new employees	Person(s)	1,287	21.8%

List of Performance Indicators

Indicator	Unit	2018 Total	
Employee Turnover in Number and Percentage			
By Geographical Region			
Hong Kong	Person(s)	24	21.8%
Mainland China	Person(s)	443	7.7%
Overseas	Person(s)	3	8.3%
By Gender			
Female	Person(s)	351	20.2%
Male	Person(s)	119	2.9%
By Age			
30 years old and below	Person(s)	204	11.0%
31 to 40 years old	Person(s)	201	6.8%
41 to 50 years old	Person(s)	62	6.6%
51 years old and above	Person(s)	3	1.8%
Total employee turnover in number and percentage	Person(s)	470	8.0%

List of Performance Indicators

Indicator	Unit	2018 Total
Average Training Hours per Employee		
By Gender		
Female	Hour(s)	60
Male	Hour(s)	70
By Employee Category		
Senior management	Hour(s)	60
Middle management	Hour(s)	65
Entry-level employees	Hour(s)	62
General employees	Hour(s)	72
Overall average training hours per employee	Hour(s)	69
Occupational Health and Safety		
Employees of China Overseas		
Number of work-related injuries	Person(s)	0
Number of work-related fatalities	Person(s)	0
Anti-discrimination		
Number of discrimination incidents reported	Case(s)	0

List of Performance Indicators

Environment⁸

Indicator	Unit	2018 Total				
		Commercial Projects ⁹	Hotels ¹⁰	Offices	Sales Centers	Projects under Construction
Energy Consumption and Production						
Direct Energy Consumption						
Diesel	L	8,074	114,310	4,883	51,286	1,355,148
Gasoline	L	11,822	69,313	825,339	175,660	340,101
LPG	kg	3,081	N/A	19,862	N/A	N/A
Natural gas	GJ	62,311	106,354	N/A	N/A	N/A
Energy consumption intensity	kWh/m ²	8.144	N/A	109.741	9.430	N/A
	kWh/guest night	N/A	88.847	N/A	N/A	N/A
Indirect Energy Consumption						
Purchased electricity	kWh	178,457,488	32,003,215	7,946,343	12,715,219	97,667,663
Purchased steam	GJ	N/A	3,169	139	419	N/A
Purchased hot water	GJ	133,648	N/A	N/A	N/A	N/A
Energy consumption intensity	kWh/m ²	99.91	93.38	114.42	58.30	N/A

⁸ The environmental data cover projects that have commenced operation during the year or those under construction during the year.

⁹ Covering commercial projects (except hotels) with more than 50% controlling interest held and operated throughout the year by the Company, including offices and shopping centers.

¹⁰ Covering hotel projects with more than 50% controlling interest held and operated throughout the year by the Company.

List of Performance Indicators

Indicator	Unit	2018 Total				
		Commercial Projects ⁹	Hotels ¹⁰	Offices	Sales Centers	Projects under Construction
Water Resources Management						
Water Consumption by Source						
Municipal water supply	m ³	4,329,543	664,841	194,734	602,736	6,557,339
Other sources of water withdrawal	m ³	N/A	N/A	N/A	N/A	175,896
Total water consumption	m ³	4,329,543	664,841	194,734	602,736	6,733,235
Water consumption intensity	m ³ /m ²	2.006	N/A	2.790	2.738	N/A
	m ³ /guest night	N/A	1.888	N/A	N/A	N/A

List of Performance Indicators

Indicator	Unit	2018 Total				
		Commercial Projects ⁹	Hotels ¹⁰	Offices	Sales Centers	Projects under Construction
Greenhouse Gas Emissions ¹¹						
GHG Emissions						
Direct emissions (Scope 1)	tonnes CO ₂	10,513	7,605	1,947	533	4,311
Indirect emissions (Scope 2)	tonnes CO ₂	131,486	19,273	5,667	8,684	64,216
Others ¹² (Scope 3)	tonnes CO ₂	94	1,390	270	N/A	N/A
Total emissions	tonnes CO ₂	142,093	28,268	7,884	9,217	68,527
Total emission intensity	tonnes CO ₂ /m ²	0.0659	N/A	0.1130	0.0419	N/A
	tonnes CO ₂ / guest night	N/A	0.0803	N/A	N/A	N/A
Waste Management						
Volume of Non-hazardous Waste Disposed of						
Renovation, construction and demolition waste	tonnes	22,447	41	N/A	N/A	20,625,913
Earthwork/muck	tonnes	N/A	N/A	N/A	N/A	14,113,530
General waste/domestic waste	tonnes	68,413	1,873	1,123	160,095	23,481
Horticultural waste	tonnes	117	182	N/A	N/A	7,162
Grease trap waste	kg	194,991	70,500	N/A	N/A	N/A

¹¹ Greenhouse Gases Emissions of the Group (Scope 1, 2 and 3) are calculated in accordance to National Development and Reform Commission's "Average Carbon Dioxide Emission Factors for China's Regional Power Grids in 2011 and 2012," "Guidelines to Account for and Report on Greenhouse Gas Emissions for Corporations operating in Public Infrastructure (Trial)," as well as "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong," a document published jointly by the Environmental Protection Department and Electrical and Mechanical Services Department of Hong Kong Special Administrative Region Government.

¹² Including carbon emissions generated from business air travel of employee, calculated using carbon emission calculator by International Civil Aviation Organization.

List of Performance Indicators

Indicator	Unit	2018 Total				
		Commercial Projects ⁹	Hotels ¹⁰	Offices	Sales Centers	Projects under Construction
Volume of Non-hazardous Waste Recycled						
Food waste	kg	916,450	200,500	32,324	N/A	454,083
Metal	kg	70	220	31	N/A	57,078,481
Paper	kg	730	3,402	3,329	N/A	159,777
Glass	kg	14,300	2,020	0	N/A	760
Plastic	kg	200	5,552	43	N/A	7,520
Volume of Hazardous Waste Disposed of						
Waste oil	kg	21,634	45,700	N/A	N/A	14,497
Waste fluorescent tubes/bulbs	kg	3,232	1,968	1,876	982	3,532
Electronic waste	kg	257	0	1,404	101	3,355
Batteries	kg	101	200	N/A	N/A	1,368
Volume of Materials Used						
Concrete	m ³	15,319,726				
Steel	tonnes	1,838,367				
Wood	m ³	365,835				

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102-3	Location of headquarters		10
102-4	Location of operations		10-13
102-5	Ownership and legal form		2. About this Report
102-6	Markets served	3. COLI's Strength	10-13
102-7	Scale of the organization		9-13
102-8	Information on employees and other workers	11. List of Performance Indicators	90
102-9	Supply chain	6. Good Products-Creating Enjoyable Space	30-32
102-10	Significant changes to the organization and its supply chain	There are no significant changes to the scope, structure and ownership of the organization and its supply chain during this reporting period.	–
102-11	Precautionary principle or approach	4. Sustainability Management 9. Good Citizenship-Creating Shared Value	17 68-69
102-12	External initiatives	5. Stakeholder Engagement	27-28
102-13	Membership of associations		26
Strategy			
102-14	Statement from senior decision-maker	1. Message from the Chairman	4-5
Ethics and Integrity			
102-16	Values, principles, standards and norms of behavior	4. Sustainability Management	16-17, 20

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General Disclosures			
Disclosure	Description	References and Remarks	Pages
Governance			
102-18	Governance structure	4. Sustainability Management	18-19, 22
Stakeholder Engagement			
102-40	List of stakeholder groups	5. Stakeholder Engagement	23-25
102-41	Collective bargaining agreements	Employees of COLI are not covered by collective bargaining agreements in this reporting period	–
102-42	Identifying and selecting stakeholders	5. Shareholders Engagement Stakeholders are identified based on their dependence and influence on the Company's decision making	28
102-43	Approach to stakeholder engagement	5. Stakeholder Engagement	23-25, 28-29
102-44	Key topics and concerns raised		23-25
Reporting Practice			
102-45	Entities included in the consolidated financial statements	2. About this Report 2018 Annual Report – Management Discussion and Analysis	7
102-46	Defining report content and topic boundaries	2. About this Report	7
102-47	List of material topics	5. Stakeholder Engagement	29
102-48	Restatements of information	This report does not include any restatements of information provided in previous reports	–
102-49	Changes in reporting	5. Stakeholder Engagement	29
102-50	Reporting period	2. About this Report	7
102-51	Date of most recent report	2. About this Report	6
102-52	Reporting cycle		6
102-53	Contact information for questions regarding the report		7
102-54	Claims of reporting in accordance with the GRI Standards		6

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General Disclosures			
Disclosure	Description	References and Remarks	Pages
102-55	GRI content index	12. Report Content Index	98-109
102-56	External assurance	COLI has yet to obtain external assurance for this report, and would consider adopting it in the future based on the readiness of our data management and reporting practice.	–
Economic Topics			
Disclosure	Description	References and Remarks	Pages
Economic Performance			
103-1	Explanation of the material topic and its boundary	1. Message from the Chairman 4. Sustainability Management 2018 Annual Report – Management Discussion and Analysis, Report of Directors	4-5 16-17, 19
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
201-1	Direct economic value generated and distributed	11. List of Performance Indicators	86
Market Presence			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team	17 50
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
202-2	Proportion of senior management hired from the local community	11. List of Performance Indicators	89

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Economic Topics			
Disclosure	Description	References and Remarks	Pages
Indirect Economic Impacts			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management	17 34 62
103-2	The management approach and its components	6. Good Products – Creating Enjoyable Space	
103-3	Evaluation of the management approach	9. Good Citizenship – Creating Shared Value	
203-1	Infrastructure investments and supporting services	6. Good Products – Creating Enjoyable Space 9. Good Citizenship – Creating Shared Value	34-35 69, 80-81
Anti-corruption			
103-1	Explanation of the material topic and its boundary		16-17, 20-21
103-2	The management approach and its components	4. Sustainability Management	
103-3	Evaluation of the management approach		
205-3	Confirmed incidents of corruption and actions taken	4. Sustainability Management 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 85 87
Anti-competitive Behavior			
103-1	Explanation of the material topic and its boundary		16-17, 20-21
103-2	The management approach and its components	4. Sustainability Management	
103-3	Evaluation of the management approach		
206-1	Legal actions for anti-competitive behavior, anti-trust, and anti-monopoly practices	4. Sustainability Management 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 85 87

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Environmental Topics			
Disclosure	Description	References and Remarks	Pages
Materials			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management	
103-2	The management approach and its components	6. Good Products – Creating Enjoyable Space	17
103-3	Evaluation of the management approach	9. Good Citizenship – Creating Shared Value	30-32, 35 63, 71
301-1	Materials used by weight or volume	9. Good Citizenship – Creating Shared Value	71
		11. List of Performance Indicators	97
Energy			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management	17
103-3	Evaluation of the management approach	9. Good Citizenship – Creating Shared Value	62-67, 71-75, 77
302-1	Energy consumption within the organization	11. List of Performance Indicators	94
302-3	Energy intensity		

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Environmental Topics			
Disclosure	Description	References and Remarks	Pages
Water			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 9. Good Citizenship – Creating Shared Value	17 62-63, 66-67, 71-72, 74-75
103-3	Evaluation of the management approach		
303-1	Water withdrawal by source	11. List of Performance Indicators	95
Biodiversity			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 9. Good Citizenship – Creating Shared Value	17 62-63, 68-69
103-3	Evaluation of the management approach		
304-3	Habitats protected or restored	9. Good Citizenship – Creating Shared Value	69
Emissions			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 9. Good Citizenship – Creating Shared Value	17 62-63, 71-77
103-3	Evaluation of the management approach		
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions	11. List of Performance Indicators	96
305-4	GHG emission intensity		

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Environmental Topics			
Disclosure	Description	References and Remarks	Pages
Effluents and Waste			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 9. Good Citizenship – Creating Shared Value	17 72, 75-76
103-3	Evaluation of the management approach		
306-2	Total amount of waste by type and disposal method	11. List of Performance Indicators	96-97
Environmental Compliance			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 10. Relevant Laws and Regulations	22 85
103-3	Evaluation of the management approach		
307-1	Non-compliance with environmental laws and regulations	11. List of Performance Indicators	87
Supplier Environmental Assessment			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 6. Good Products – Creating Enjoyable Space	17 32
103-3	Evaluation of the management approach		
308-1	New suppliers that were screened by using environmental criteria	Not applicable – On environmental aspects, the focuses of the Company's review and inspection for screening suppliers varies with factors such as the procurement categories and technical specifications, hence the data could not be compiled	–

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Social Topics			
Disclosure	Description	References and Remarks	Pages
Employment			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team	17 49, 53-54
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
401-1	New employees and employee turnover	11. List of Performance Indicators	91-92
Occupational Health and Safety			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team	17 60-61
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
403-2	Types of work-related injury, and rates of work-related injury, occupational diseases, lost days and absenteeism	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	60-61 93
Training and Education			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team	17 54-59
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
404-1	Average hours of training per year per employee	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	55 93

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Social Topics			
Disclosure	Description	References and Remarks	Pages
Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team	17 50-51
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
405-1	Diversity of governance bodies and employees	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	50-51 89-90
Anti-discrimination			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team 10. Relevant Laws and Regulations	17, 20 50 85
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
406-1	Incidents of discrimination and corrective actions taken	11. List of Performance Indicators	87, 93
Local Communities			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management 5. Stakeholder Engagement 9. Good Citizenship – Creating Shared Value	17 24 68, 70
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
413-1	Operation sites with local community engagement, impact assessments, and development plans	9. Good Citizenship – Creating Shared Value	70

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Social Topics			
Disclosure	Description	References and Remarks	Pages
Supplier Social Assessment			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management	17 30-32 51
103-2	The management approach and its components	6. Good Products – Creating Enjoyable Space	
103-3	Evaluation of the management approach	8. Good Effectiveness – Building an Efficient Team	
414-1	New suppliers that were screened by using social criteria	11. List of Performance Indicators	87
Customer Health and Safety			
103-1	Explanation of the material topic and its boundary	4. Sustainability Management	17 30, 32-37 38-42
103-2	The management approach and its components	6. Good Products – Creating Enjoyable Space	
103-3	Evaluation of the management approach	7. Good Services – Full-cycle Customer Management	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	6. Good Products – Creating Enjoyable Space 11. List of Performance Indicators	48 87

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Social Topics			
Disclosure	Description	References and Remarks	Pages
Marketing and Labeling			
103-1	Explanation of the material topic and its boundary	7. Good Services – Full-cycle Customer Management	46
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
417-2	Incidents of non-compliance concerning product and service information and labeling	11. List of Performance Indicators	87
Customer Privacy			
103-1	Explanation of the material topic and its boundary	7. Good Services – Full-cycle Customer Management	46
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	11. List of Performance Indicators	87

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Social Topics			
Disclosure	Description	References and Remarks	Pages
Socioeconomic Compliance			
103-1	Explanation of the material topic and its boundary		
103-2	The management approach and its components	4. Sustainability Management 10. Relevant Laws and Regulations	22 85
103-3	Evaluation of the management approach		
419-1	Non-compliance with laws and regulations in the social and economic area	11. List of Performance Indicators	87

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Environmental, Social and Governance Reporting Guide Content Index

Disclosure	Description	References and Remarks	Pages
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	4. Sustainability Management 9. Good Citizenship – Creating Shared Value 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 62-63, 71-77 85 87
KPI A1.1	Types of emissions and respective emissions data	Based on the nature of the business, emissions of NO ₂ , SO _x , and other pollutants are not included in material topics.	–
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	11. List of Performance Indicators	96
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	11. List of Performance Indicators	97
KPI A1.4	Total non-hazardous waste produced and intensity	11. List of Performance Indicators	96-97
KPI A1.5	Description of measures to mitigate emissions and results achieved	9. Good Citizenship – Creating Shared Value	71, 73-74
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	9. Good Citizenship – Creating Shared Value 11. List of Performance Indicators	72, 75

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Disclosure	Description	References and Remarks	Pages
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	9. Good Citizenship – Creating Shared Value	63-64, 71-77
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	11. List of Performance Indicators	94
KPI A2.2	Water consumption in total and intensity	11. List of Performance Indicators	95
KPI A2.3	Description of energy use efficiency initiatives and results achieved	9. Good Citizenship – Creating Shared Value	64-67, 71-76
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	9. Good Citizenship – Creating Shared Value	66-67, 71, 74-75
KPI A2.5	Total packaging materials used for finished products and, if applicable, materials used per production unit	Products of COLI do not involve the use of packaging material.	–
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	9. Good Citizenship – Creating Shared Value	68
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	9. Good Citizenship – Creating Shared Value	69

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Disclosure	Description	References and Remarks	Pages
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 49-52 85 87
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	50 90
KPI B1.2	Employee turnover rate by gender, age group and geographical region	11. List of Performance Indicators	92
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 60-61 85 87
KPI B2.1	Number and rate of work-related fatalities	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	60-61 93
KPI B2.2	Lost days due to work injury	During the reporting period, there was no case of work-related fatality and injury, hence number of lost days due to work injury was zero.	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	8. Good Effectiveness – Building an Efficient Team	60-61

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Disclosure	Description	References and Remarks	Pages
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	8. Good Effectiveness – Building an Efficient Team	54-59
KPI B3.1	The percentage of employees trained by gender and employee category	During the reporting period, COLI continuously provided tailor-made training for employees of different categories, but did not record the percentage of employees trained by gender and employee category.	–
KPI B3.2	The average training hours completed per employee by gender and employee category	8. Good Effectiveness – Building an Efficient Team 11. List of Performance Indicators	55 93
Aspect B4: Labor Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labor and forced labor	4. Sustainability Management 8. Good Effectiveness – Building an Efficient Team 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 60-61 85 87
KPI B4.1	Description of measures to review employment practices to avoid child labor and forced labor	Due to its nature of the business, child labor and forced labor are not material topics of COLI.	–
KPI B4.2	Description of steps taken to eliminate child labor and forced labor practices when illegal practices are discovered	8. Good Effectiveness – Building an Efficient Team	51

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Disclosure	Description	References and Remarks	Pages
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	6. Good Products – Creating Enjoyable Space 8. Good Effectiveness – Building an Efficient Team	30, 32 51
KPI B5.1	Number of suppliers by geographical region	6. Good Products – Creating Enjoyable Space 11. List of Performance Indicators	31 88
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers on which the practices are implemented, how they are implemented and monitored	6. Good Products – Creating Enjoyable Space 11. List of Performance Indicators	54-59 88
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	4. Sustainability Management 6. Good Products – Creating Enjoyable Space 7. Good Services – Full-cycle Customer Management 10. Relevant Laws and Regulations 11. List of Performance Indicators	22 30, 32-33 38-40, 45-48 85 87
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Based on the nature of the business, this indicator is not applicable to COLI.	–
KPI B6.2	Number of product- and service-related complaints received and how they are handled	7. Good Services – Full-cycle Customer Management 11. List of Performance Indicators	48 88

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Disclosure	Description	References and Remarks	Pages
KPI B6.3	Description of practices relating to preserving and protecting intellectual property rights	4. Sustainability Management 6. Good Products – Creating Enjoyable Space	20 32
KPI B6.4	Description of quality assurance process and recall procedures	6. Good Products – Creating Enjoyable Space Based on the nature of the business and products, description of recall procedure is not applicable to COLI.	33
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	7. Good Services – Full-cycle Customer Management	46
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	4. Sustainability Management 10. Relevant Laws and Regulations 11. List of Performance Indicators	20-22 85 87
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	4. Sustainability Management 11. List of Performance Indicators	22 87
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	4. Sustainability Management	20-21

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Disclosure	Description	References and Remarks	Pages
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	6. Good Products – Creating Enjoyable Space 7. Good Services – Full-cycle Customer Management 9. Good Citizenship – Creating Shared Value	34 38-41, 45 70, 77-84
KPI B8.1	Focus areas of contribution	6. Good Products – Creating Enjoyable Space 9. Good Citizenship – Creating Shared Value	30, 34 77, 80-82, 83
KPI B8.2	Resources contributed to the focus areas	9. Good Citizenship – Creating Shared Value	78-84