



中國建築國際集團有限公司

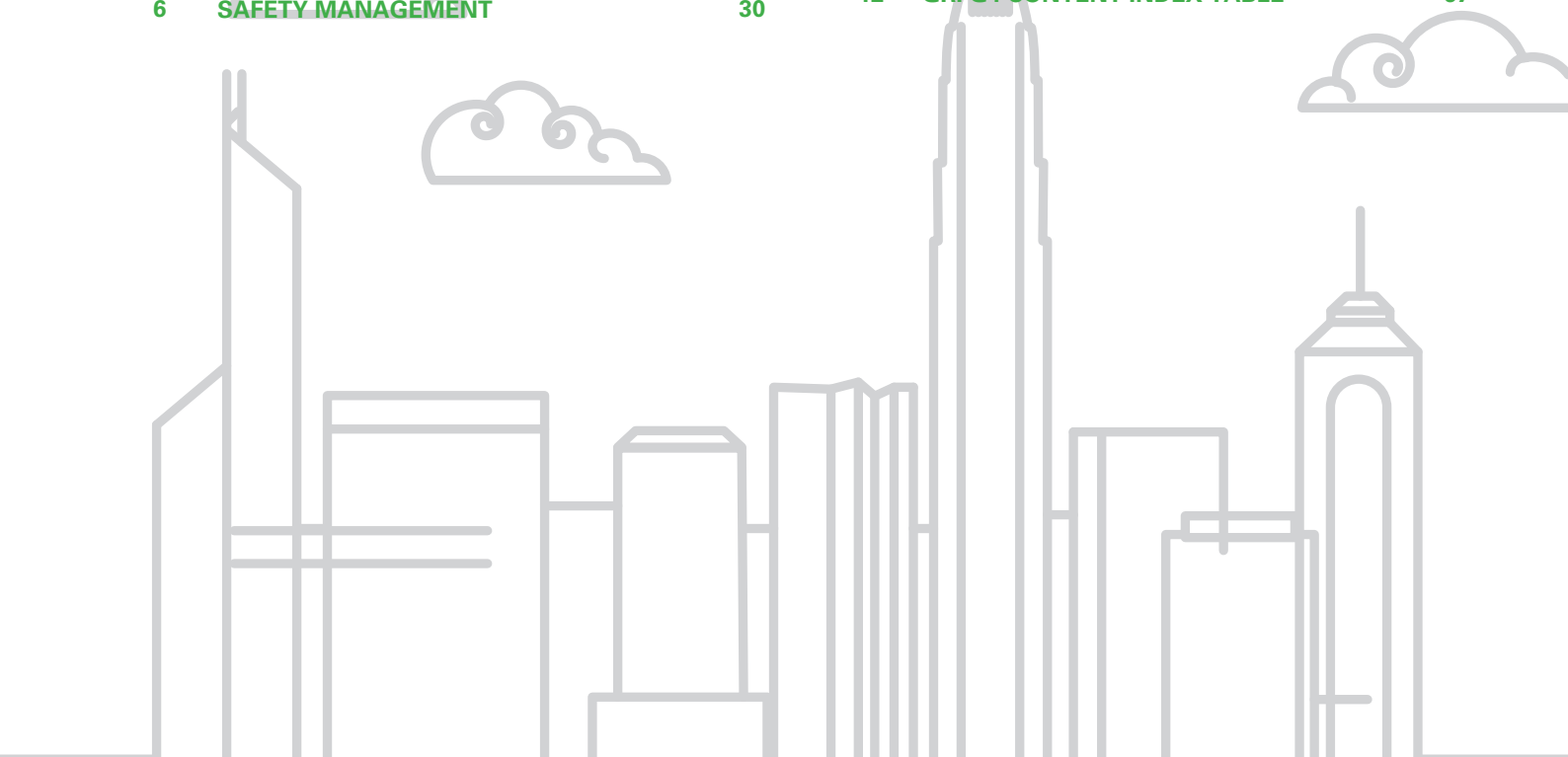
CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED



CORPORATE SOCIAL RESPONSIBILITY REPORT 2015

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ABOUT THIS REPORT



ABOUT THIS REPORT

REPORT OBJECTIVE

China State Construction International Holdings Limited (hereinafter, CSCI or the Group) continues to take steps to improve the sustainable development and social responsibility of its business. We have published an independent corporate social responsibility (CSR) report annually since 2012, providing open and transparent reporting of our CSR performance and objectives to our stakeholders and society at large.

SCOPE OF REPORT AND APPLICABLE STANDARDS

This report covers the Group's economic, environmental and community performance from 1 January to 31 December 2015. We mainly report on the CSR performance of the Group's core business and direct subsidiaries in the company's main areas of operation. Over the past four years, the Group has continued to improve its data and information collection systems, and gradually expanded its coverage.

This report was prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines Version 4.0 (G4), These Guidelines are the international community's most widely recognised sustainable development reporting guidelines. In order to ensure a standardised management approach, our CSR management framework also makes reference to the International Standardisation Organisation's ISO 26000: Guidance on Social Responsibility, and the Hong Kong Stock Exchange's Environmental, Social and Governance (ESG) Reporting Guide.

ACCESS TO THE REPORT

The report is published in Traditional Chinese, Simplified Chinese and English, and is available in PDF format from the Group website: www.csci.com.hk.

FEEDBACK AND CONTACTS

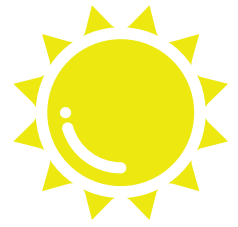
Your opinions and suggestions are important references for us to improve our CSR performance. Please use the contact information below to let us know your thoughts.

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MESSAGE FROM THE CHAIRMAN



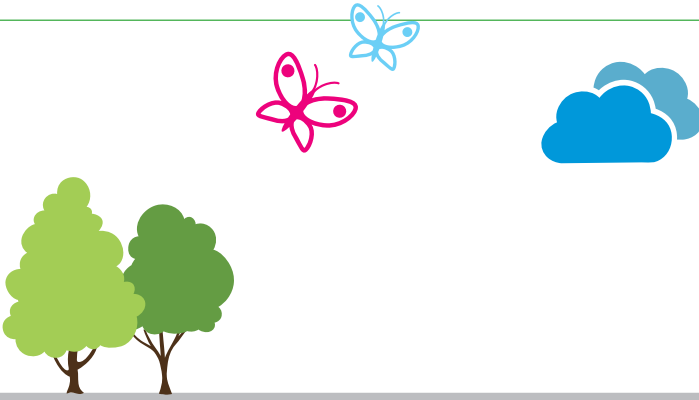
2015 marks the tenth anniversary of the CSCI Group's listing on the Hong Kong Stock Exchange, and its entry into the international capital markets. Since 2005, the global economic environment and construction industry have weathered a number of ups and downs, and a good deal of uncertainty. The Group's various business lines have also seen improvements to their technologies, quality assurance and competitiveness, enabling them to calmly face up to these challenges. The Group's turnover and profit have reached new annual highs throughout this period, and we have successfully penetrated markets both at home and abroad, furthering the objective of Chinese companies to expand abroad.

Establishing and fine-tuning a systematic structure for our CSR management has also been a major task over the last decade. As our business grows, we also hope to make a positive impact on our customers, the community, our employees, the supply chain and the environment. We believe that the Group can only continue to develop its business if it has the support of our stakeholders. Corporate social responsibility is not merely a charitable act, but must permeate the value chain of our business, and be closely connected to the core of the business. Our CSR focuses include quality and safety management, product responsibility, corporate governance, the environment, human talent and the community.

We believe that high levels of transparency and sound corporate governance form the basis for the Group's future progress. We use independent internal controls and integrity programmes to enable a corporate culture of honesty to keep abreast of — and progress with — the growth of our workforce.

Our quality assurance objectives include continuous improvement and promoting innovation. The Group has implemented stringent management guidelines and objectives for specific work flows in its various businesses, and has ensured sufficient investment in our people. In the future, the Group will focus on improving production chain traceability, as well as providing greater protection for customer and user interests. Another major Group quality initiative is the promotion of technological innovation. We encourage employees in various positions to attempt to break through project technological bottlenecks, generate technology exchanges, and at the same time actively promote the use of new materials, equipment, techniques and technologies. This is because we believe that a corporate culture of technological innovation lays a solid foundation for the Group's long-term development. Over the past decade, all of the Group's regional companies have won awards for major technological achievements, including the National Science and Technology Progress Award.

2015 saw participants in the United Nations' Paris Climate Conference approve a historic emissions reduction agreement. At the same time, China's Ministry of Environmental Protection and local governments have also implemented stringent regulations governing greenhouse gas and pollutant emissions. As a responsible corporate citizen, we continue to review our impact and carbon footprint on the environment. We are reducing the carbon footprint and resource consumption of our construction and office operations, and also actively support innovation in the housing industry and in pre-fabricated component production. We look forward to building greater numbers of green building projects which comply with domestic and international environmental standards. In 2015, HKD 80 million was invested to improve the environmental performance of the boilers of Huanggu Thermal Power, reflecting the Group's commitment to environmental investment.



Our ever-growing workforce is the source of our competitiveness. Ensuring the health and safety of our employees is our priority. We continue to improve safety management, and are making good progress towards our objective of zero work-related injuries and fatalities. We hope that our business and employees can grow together, so we provide employees with a wide range of training and professional development opportunities. In recent years, we have also committed ourselves to nurturing a backbone team that grows future professional leaders for the Group, while also providing employees with ever greater opportunities for development. The Group believes that employees' unity is based on their recognition of the corporate culture. We actively engaged our employees in corporate activities such as the "COHL Meeting Point" festival organised by our parent company to strengthen our corporate culture and understanding among our colleagues.

The construction business is closely connected to the community. The Group is committed to building community foundations for success, while at the same time driving local development. In terms of community investment, we supported our parent company's education investment projects — building China Overseas Hope Schools. As the saying goes, "it takes 10 years to grow a tree but a hundred years to nurture people". We hope to contribute to the development of our homeland by investing in education.

Looking to the future, the world economy appears set to maintain a trend of slow growth, while the "new normal" economy in China will present new challenges for the construction industry. In the future, we will actively work towards the development objectives set forth in China's "Thirteenth Five-Year" development plan, and seize the opportunities afforded by initiatives such as "One Belt and One Road", PPP and "sponge cities", using sustainable development to open up a new golden decade for the Group.

Zhou Yong

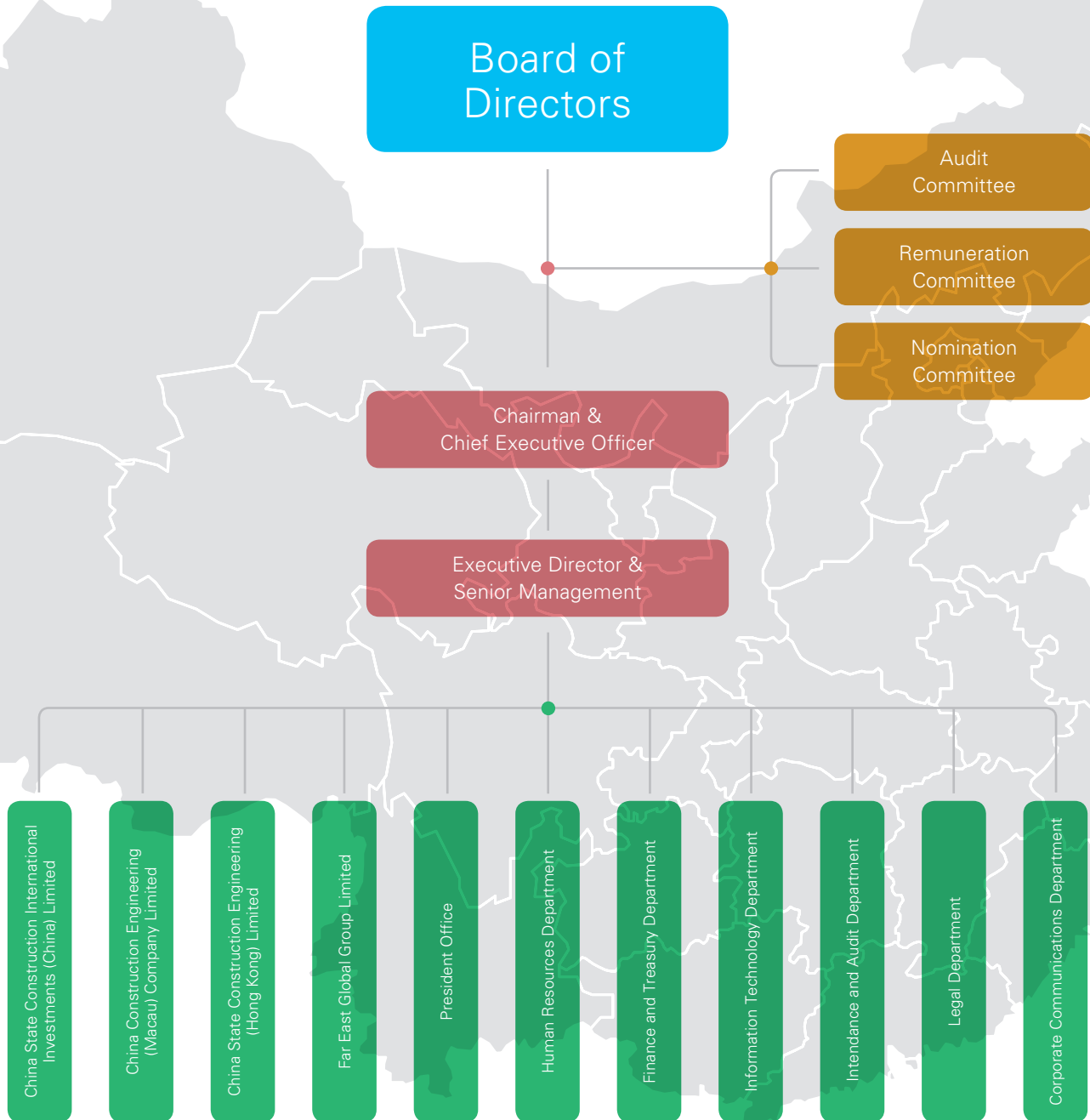
Executive Director, Chairman and Chief Executive Officer

CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY



CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY

ORGANISATION



CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY

GROUP CORPORATE GOVERNANCE FRAMEWORK

The Group is committed to ensuring effective and transparent corporate governance, and to operating in a manner consistent with our business ethics and corporate culture. The Group's highest governing body is its Board of Directors, consisting of 6 executive directors and 4 independent non-executive directors, all of whom were external professionals. Powers and authority within the board are evenly distributed, and there are no family or other significant relations between the members of the Board of Directors. The Group's Board of Directors is responsible for managing the Group's business, and controls the Audit Committee, Nomination Committee and Compensation Committee, all of which are made up of independent non-executive directors. The Audit Committee is responsible for the Group's financial, internal control and risk management; the Nomination Committee manages the composition and diversity of the Board of Directors; and the Compensation Committee takes care of the Group's salary policy, providing valuable advice and playing an independent monitoring role. The structure and procedural rules of the Board of Directors comply with the Code on Corporate Governance Practices set out in Appendix 14 to the Hong Kong Stock Exchange Listing (except for the conditions set forth in A.2.1 of the relevant article as explained in the Notes¹). The Group also employs a model code governing securities transactions by directors and associated employees no lower than set forth in the HKSE Model Code. A review determined that all Directors consistently complied with this Code during 2015.

We pay close attention to regular engagement between management and employees at all levels. The Group's Executive Director, senior administrators, middle managers, work site managers and managers at overseas subsidiaries hold regular meetings to discuss overall work progress, strategic information, and to review the performance and progress of projects under construction.

For more details on governance, please refer to our Corporate Governance Report in the company's 2015 Annual Report.

INTERNAL CONTROLS AND CORRUPTION PREVENTION

As our business has grown, the number of Group employees has also expanded exponentially. In order to ensure that internal governance and the dissemination of corporate culture have kept pace with the development of the business, the Group has in recent years actively boosted its internal control and corruption prevention initiatives. First of all, an independent Audit Department has been set up within the Group. The department, which reports directly to the Group CEO, is responsible for auditing the financial management, operational management and internal controls of all business modules. Audit Department staff not only enjoy a high degree of neutrality within the company framework, but also receive on-the-job training covering project management, auditing, discipline inspection, etc., to ensure that they are able to effectively identify risk and evaluate internal departmental performance.

In addition to a regulatory system, the Group instils a culture of integrity in all of its employees and partners by means of corruption prevention training, establishing a working environment of "not wanting, not being able and not daring to engage in corrupt practices", with the aim of eliminating corruption at its very root.

¹ in accordance with Article A.2.1 of the Corporate Governance Code, the roles of Chairman and Chief Executive Officer should be separate, and may not be held concurrently by the same person. The Group has already declared a current deviation from the Code in its Corporate Governance Report. Mr. Zhou Yong has served as the company's Executive Director and Chief Executive Officer since August 2013. The Group has taken into account the fact that the positions of Chairman and CEO require individuals with an in-depth understanding of the Group's business and a wealth of experience, and that appointing unqualified individuals to these positions might affect the Group's performance. The Group believes that allowing a single individual to concurrently hold both positions will allow the more efficient and effective implementation of the Group's overall strategy; this does not affect the balance of powers and authority of the Board of Directors. The Group will periodically review this framework, and amend it as appropriate.

CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY

Grouping	Corruption prevention training/management measures
Board of Directors/ management	<ul style="list-style-type: none"> • Please refer to the latest information on legal and statutory provisions provided by the Group • Senior company management must sign a “Honesty & Integrity Responsibility Commitment Agreement ” with the parent company to ensure that they are held responsible for any corruption which occurs under their auspices
Group employees	<ul style="list-style-type: none"> • The Employees’ Handbook, which is applicable to all employees, clearly stipulates the conduct requirements for employees who receive gifts, cash and equivalents, discounts or loans • Where the company works with a sub-contractor, procurement and other tasks are jointly decided upon by a Decision-Making Committee • We require all new employees at headquarters and new contracted workers in our Hong Kong construction business to participate in training in construction industry corruption prevention regulations, and invite Hong Kong Independent Commission Against Corruption (ICAC) Community Relations Department leaders to provide training talks. In 2015, ICAC provided 15 training sessions in Hong Kong, with a total of 553 employee participants • At the start of each year, the Group sends out an open letter to all employees in Hong Kong to remind them that they must not accept any benefit from suppliers, and that any violation of these regulations is subject to severe penalties and legal sanctions • We respond to our parent company’s integrity promotion policies, and participate in the Integrity Forum on the China Overseas E-Community corporate WeChat account, which showcases moral tales, stories, and people on an ongoing basis
Sub-contractors, suppliers	<ul style="list-style-type: none"> • The Group’s materials procurement departments perform a partner satisfaction survey of main suppliers, and also ensure that suppliers understand the self-discipline under which our employees operate • At the start of each year, the Group sends out an open letter to its sub-contractors and suppliers in Hong Kong, reminding suppliers that they must not provide company employees with any benefits, and that violations are subject to severe punishments, ranging from permanent exclusion from our approved suppliers’ list to legal sanctions.



CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY

CSR MANAGEMENT APPROACH AND STRATEGY

The Group hopes that corporate social responsibility can be reflected in all aspects of the business, such that the projects the we build and the products that we produce, as well as our modes of operation and supply chain management all meet our needs for sustainable development.

MANAGEMENT APPROACH TO CORPORATE SOCIAL RESPONSIBILITY

Economic	<ul style="list-style-type: none"> • Maintain steady business growth, and generate revenue for investors • Leverage our development projects to support the community economy, and promote employment
Corporate governance	<ul style="list-style-type: none"> • An independent audit team performs internal audits • Strengthen corruption prevention culture, and improve training in this area
Quality	<ul style="list-style-type: none"> • Set out construction quality plans and objectives in accordance with the Group quality policy • Draft specific procedural guidelines; specialists monitor their implementation and issue rewards and punishments on the basis of performance • Communicate regularly with customers • Actively participate in industry events
Safety	<ul style="list-style-type: none"> • Set out construction plans and objectives in line with Group safety policy/guidelines • Specialists strictly oversee the working environment and safety standards on work sites • Organise regular safety training • Perform regular work site safety inspections • Invest sufficiently in safety equipment and human resources
Environment	<ul style="list-style-type: none"> • Prepare construction environmental management plans and objectives in accordance with the Group's environmental policy • Organise periodic environmental management training • Perform regular work site environment inspections • Appointed specific staff responsible for supervising environmental issues • Actively collaborate with our employees, local residents and community organisations to create a green community
Employees	<ul style="list-style-type: none"> • Continue to care for our employees' development and welfare, and ensure that periodic performance reviews and career development evaluations are provided to all employees • Provide periodic opportunities for training and technical exchanges • Monitor the equal treatment and opportunity conditions of employees from different backgrounds • Organise and participate in large-scale employee events
Community	<ul style="list-style-type: none"> • Standardise the management of community public relations, and provide timely responses to stakeholder views • Participate in social housing and infrastructure projects • Encourage employees to participate in volunteer activities of all kinds • Support our parent company's charity events as well as China Overseas Charity Fund "The Sea has no Limit, and Love has no Boundary" events

CORPORATE GOVERNANCE FRAMEWORK AND CSR MANAGEMENT STRATEGY

CSR MANAGEMENT FRAMEWORK

We believe that senior management play a major role in the planning and promotion of corporate social responsibility. The Management Board of our parent company, China Overseas Holdings, set up a Social Responsibility Committee in 2008. The committee's members are managers from our parent company and its affiliated listed companies, who are dedicated to developing and coordinating CSR policy, promotion and regulation in China Overseas Holdings as a whole as well as its subsidiaries, including CSCI. Our parent company has prepared specific Group guidelines and regulations for these areas of CSR management.

Although CSR management is integrated as much as possible into daily operations, the Group in 2013 established a CSR Report Committee in order to coordinate CSR reporting and feedback, and increased the Committee's decision-making powers in 2014. The CSR Report Committee is led by the Group's Chief Financial Officer, and its members consist of various Group managers, as well as representatives from subsidiaries. During the year, the Committee are regularly involved in the definition and discussion of CSR material issues as well as in gaining an understanding of views expressed by our stakeholders, such that CSR management is seamlessly integrated into the Group's operations.

Adhering to our concept of taking a cautious approach and building the foundations for success, we will adopt a pragmatic approach to identifying CSR risks and opportunity in our business, actively communicate with all parties, and fine-tune the relevant mechanisms to ensure ongoing progress in the development of our corporate social responsibility.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Our stakeholders include customers, commercial partners, supply chain, employees, residents living adjacent to our projects, and community partners. We engage in wide-ranging engagement and conversation with our stakeholders to understand their different expectations and assessments, which allows us to take an objective look at the corporate social responsibility and sustainable development components of corporate planning, management, implementation and evaluations.

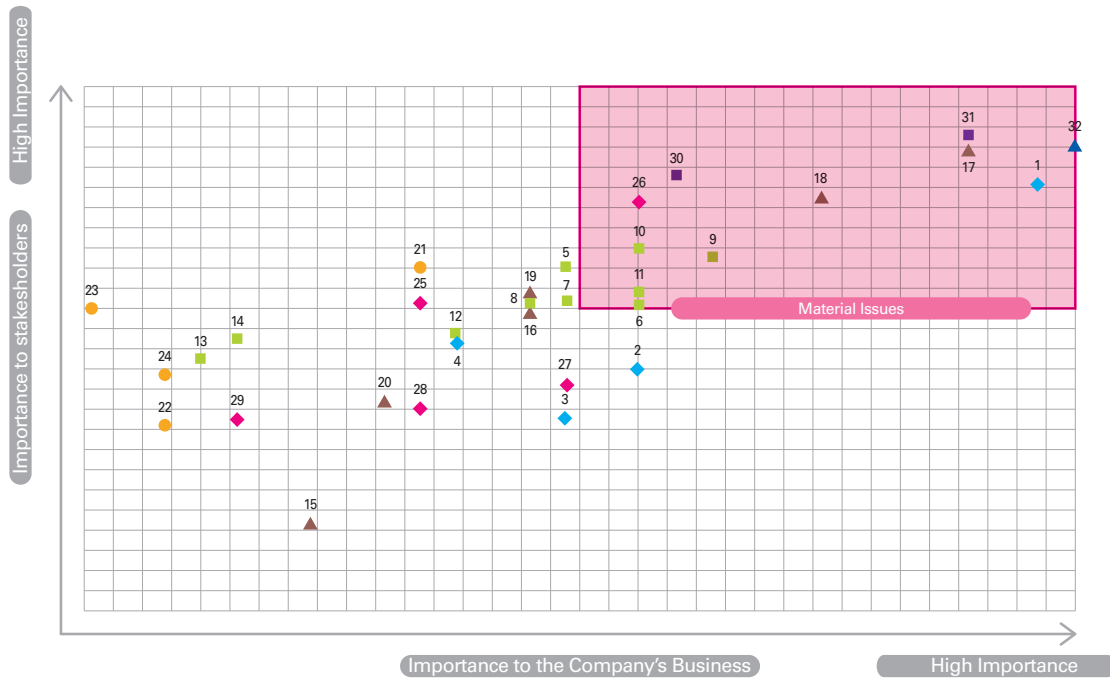
Stakeholders	Communication channels
Customers	<ul style="list-style-type: none"> We maintain close contact with appropriate government departments, including the Environmental Protection Department, Labour Department, Architectural Services and Housing Departments We participate in regular consultancy and technology exchanges and workshops organised by Government departments
Employees	<ul style="list-style-type: none"> We organise monthly new employee training sessions, and allow our new colleagues to interact with department managers We perform sample employees opinion surveys of all contract employees We organise a range of large- and small-scale quality training courses and workshops We organise different work-related exchanges (such as quality assurance standardisation exchanges), and plan employee events with staff committees We have established a Cultural Development Department and support exchanges between Mainland Chinese and Hong Kong employees
Supply chain partners	<ul style="list-style-type: none"> Materials Department managers convene regular meetings with suppliers and producers to discuss supply and demand conditions For all large-scale purchases, we invite suppliers to a valuation meeting, to allow the work site to discuss its requirements, and suppliers to talk about product and market conditions. This ensures communication and understanding between both sides Work sites perform semi-annual sub-contractor performance evaluations Suppliers hold annual informal discussions with Group leaders, and meet regularly with our Materials Departments We perform an annual partner satisfaction survey of suppliers
Community	<ul style="list-style-type: none"> Most projects appoint a community public relations officer who is responsible for engaging with the surrounding community The contact details of engineering project managers are given on project site notice boards, for use by residents with concerns or complaints
Investors	<ul style="list-style-type: none"> We organise annual and interim results meetings with analysts, non-deal related road-shows as well as annual shareholders' meetings We participate in an average of 2-3 investor meetings organised by investment banks per month On average, we receive more than 30 investor visits and phone calls per month We organise project visits to increase the capital market's intuitive understanding of the Group's business We report monthly operations and quarterly operating results in a newsletter, improving Group transparency We are improving online disclosure channels to ensure that information is disclosed accurately and effectively

In addition to these regular, fixed communications and exchange platforms, the Group also uses the preparation of its CSR report as an opportunity to compile opinions communicated by stakeholders on corporate social responsibility topics.

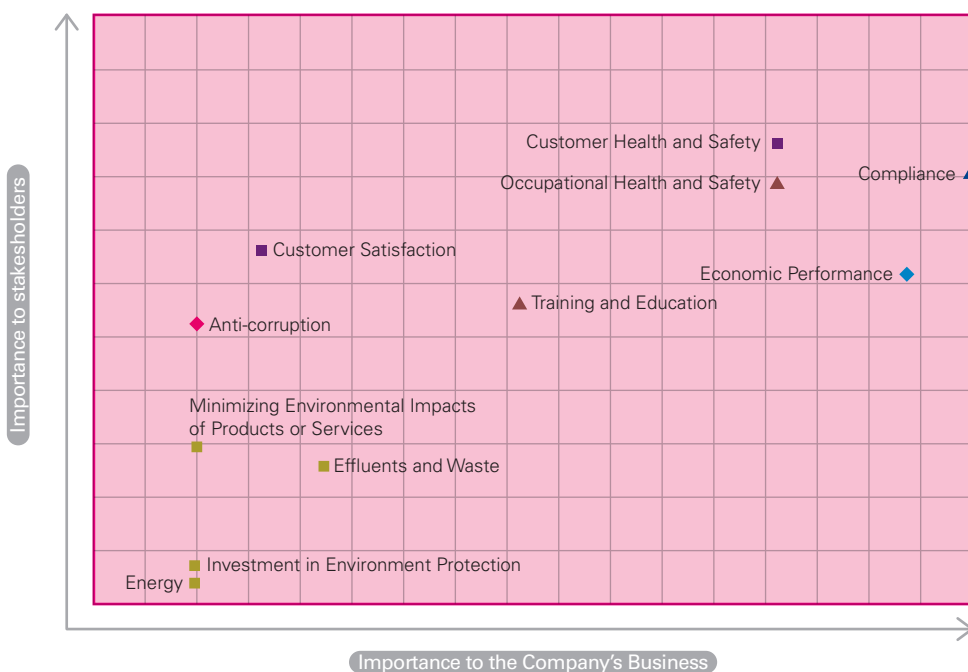
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In 2014, the Group commissioned an independent third-party consultant to perform an anonymous online questionnaire survey, group discussions and individual interviews to collect more than 600 opinions from our internal and external stakeholders on our CSR material issues. We then developed a materiality matrix from these overall results, reflecting our material CSR issues. The 2014 materiality matrix and material issues are shown below:

Materiality Matrix for CSCI Corporate Social Responsibility



- ◆ Economic
- Environmental
- ▲ Workplace
- Labour/Human Rights
- ◆ Community
- Product Responsibility
- ▲ Other – Compliance



- ◆ Economic
- Environmental
- ▲ Workplace
- Labour/Human Rights
- ◆ Community
- Product Responsibility
- ▲ Other – Compliance

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

#	CSCI CSR material issues
32	Compliance (including environmental, social and product responsibility aspects)
1	Economic performance
31	Customer health and safety
17	Occupational health and safety
18	Training and education
9	Effluent and waste management
30	Customer satisfaction
26	Anti-corruption
10	Overall efforts to minimise environmental impacts
11	Environmental investment
6	Energy use

In 2015, we once again commissioned an independent third party, and, using the eleven key corporate social responsibility issues identified last year as a basis, used anonymous telephone interviews with ten internal and external CSCI stakeholders to collect up-to-date opinions on the Group's CSR performance in 2015. After compiling stakeholder opinions from the overall content of the interviews as well as our normal collection mechanisms, the consultant held a crucial workshop to provide the members of the Group's CSR report drafting committee with a summary of the CSR issues reflected in our stakeholders' opinions and other information. The committee reviewed these before discussing the relevance to the Group of — and voting on — existing and newly-added material issues. Lastly, they produced the updated material issue list below, which defines the reporting scope of the Group's 2015 CSR report, as well as the foci of future CSR initiatives.

Topics	2015 CSR material issue	Report chapter
Economic	Economic performance	Business and quality management
Environment	Effluent and waste management Overall efforts to minimise environmental impacts Environmental investment Energy use Compliance Effluents and waste (new issue added for 2015)	Commitment to the environment
Labour	Occupational health and safety Training and education Employment (new issue added for 2015)	Commitment to our people
Community	Anti-corruption Compliance	Commitment to the community
Product responsibility	Customer health and safety Customer satisfaction Compliance	Business and quality management

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Other stakeholder opinions and expectations	Group responses/actions
<p>Economic</p> <ul style="list-style-type: none"> It is generally agreed that the company performed well economically last year Some of our stakeholders are concerned about work site investment in environmental protection resources 	<ul style="list-style-type: none"> We are maintaining steady business development, and seizing the opportunities afforded by China's "Thirteenth Five-Year Plan" and "One Belt and One Road" The company has already drawn up work site environmental management and occupational safety guidelines, and sets forth clear rules and requirements governing environmental protection equipment and measures on all work sites. We also estimate the cost of environmental measures for any project as early as the tendering stage.
<p>Corporate governance</p> <ul style="list-style-type: none"> External stakeholders believe that the company's tendering process is open and fair, as it is essentially the lowest bidder who wins the contract. Our external stakeholders believe that the company should improve communications with suppliers and sub-contractors. 	<ul style="list-style-type: none"> In accordance with our Standard Operating Procedures, the company performs periodic work performance evaluations of sub-contractors and suppliers. Poor performers are subject to disciplinary action. During the bidding process, the track record of suppliers and sub-contractors is rated and taken into consideration when awarding a contract. The Group will review existing communication channels with supplier and sub-contractors, and improve these as required
<p>Product responsibility and safety</p> <ul style="list-style-type: none"> It is generally agreed that the company has continued to improve in terms of its safety performance over the last year, including increasing the number of non-contractually required safety officers and their associated resources Our stakeholders generally agreed that last year, the company's product responsibility issues were one-off events, and were caused by a lack of awareness. Although these issues were not systemic, oversight could be improved A number of stakeholders felt that when an issue occurs at a work site, they are often required to communicate directly with senior company management for follow-up, leading to project delays. Our external stakeholders had different opinions of our communication mechanisms: a number believed that the company was rather passive when providing responses and follow-up, an issue which requires improvement 	<ul style="list-style-type: none"> We are enhancing engineering project feedback mechanisms to more effectively follow up on our stakeholders' opinions and advice We are reviewing the resource allocation/decision-making powers of middle-management staff, and adjusting these as necessary We continue to follow up on the lead-tainted water incident

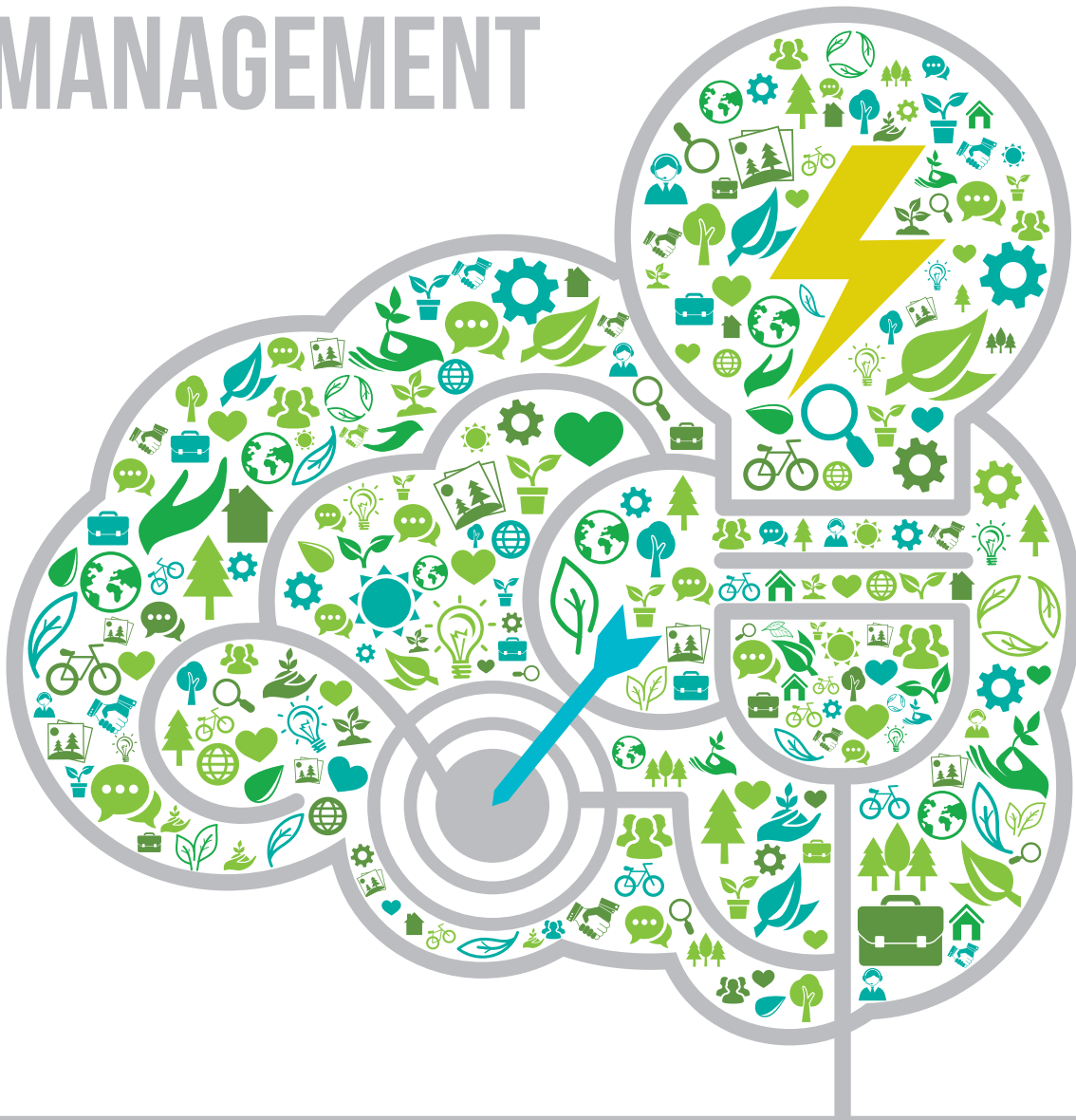
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Other stakeholder opinions and expectations	Group responses/actions
<p>Employees</p> <ul style="list-style-type: none"> • Internal stakeholders have a generally positive impression of our communication mechanisms. The mechanisms for communication with and between management and internal stakeholders were deemed to be sufficient. There are very few exchanges and engagement between different company departments and between subsidiaries • It was generally agreed that the company performed well in terms of training last year. For example, our stakeholders felt that the company has already taken every possible step to promote its “Master Craftsman” certification to workers. The company is more pro-active than most of its industry counterparts, and should be encouraged • A number of stakeholders noted that the company cares for the welfare of its suppliers’ employees. This includes projects in Mainland China, where the company rigidly requires suppliers to make salary payment arrangements, effectively reducing the risk of sub-contractors owing their workers money • Some stakeholders felt that the company currently provides a clear career development ladder, as well as reasonable compensation • Some stakeholders felt that although the company’s compensation packages were reasonable, owing to the company’s background as a State-Owned Enterprise, these might have trouble keeping abreast with those of the company’s privately owned counterparts in China 	<ul style="list-style-type: none"> • We will continue to invest in resources which may improve safety performance

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Other stakeholder opinions and expectations	Group responses/actions
<p>Environment</p> <ul style="list-style-type: none"> • Our stakeholders generally agreed that the company is performing well in terms of environmental compliance, but did so mainly in order to satisfy customer requirements. Some stakeholders felt that in Design and Build projects, the company could provide a greater number of environmental programmes or measures from which customers could choose, or refer to. • Some stakeholders mentioned that the company ought to use more pre-fabricated components, as these play a positive role in terms of environmental impact and project progress management. These should however be proposed for consideration during the project design stage • A number of stakeholders praised the carbon reduction plans and excellent cyclical energy performance of the Shenyang Huanggu Thermal Power Plant in 2015. This has not only been recognised by the provincial government, but also reflects our spirit of innovation • Some stakeholders felt that in its environmental performance disclosures, the company rarely mentions specific objectives and progress, making it harder to understand the company's progress over the last few years. Company performance might conceivably deteriorate in certain areas without this being detected and remedied 	<ul style="list-style-type: none"> • We are providing customers with more environmentally friendly or energy-saving options and suggestions (i.e., which were not stipulated by the customer in the contract) • When designing projects, we use pre-fabricated components wherever possible and take these into account when considering the environment (e.g. for procurement purposes) • We establish clear short- and long-term environmental performance objectives, and report our performance and progress in tabular form in our annual CSR reports
<p>Community</p> <ul style="list-style-type: none"> • Our stakeholders generally felt that the company communicates with communities close to work sites • Some stakeholders felt that company participation in social outreach initiatives was relatively low 	<ul style="list-style-type: none"> • We maintain communication with the communities affected by our projects • We will increase our participation in community charities, and introduce more longer-term community charity activities

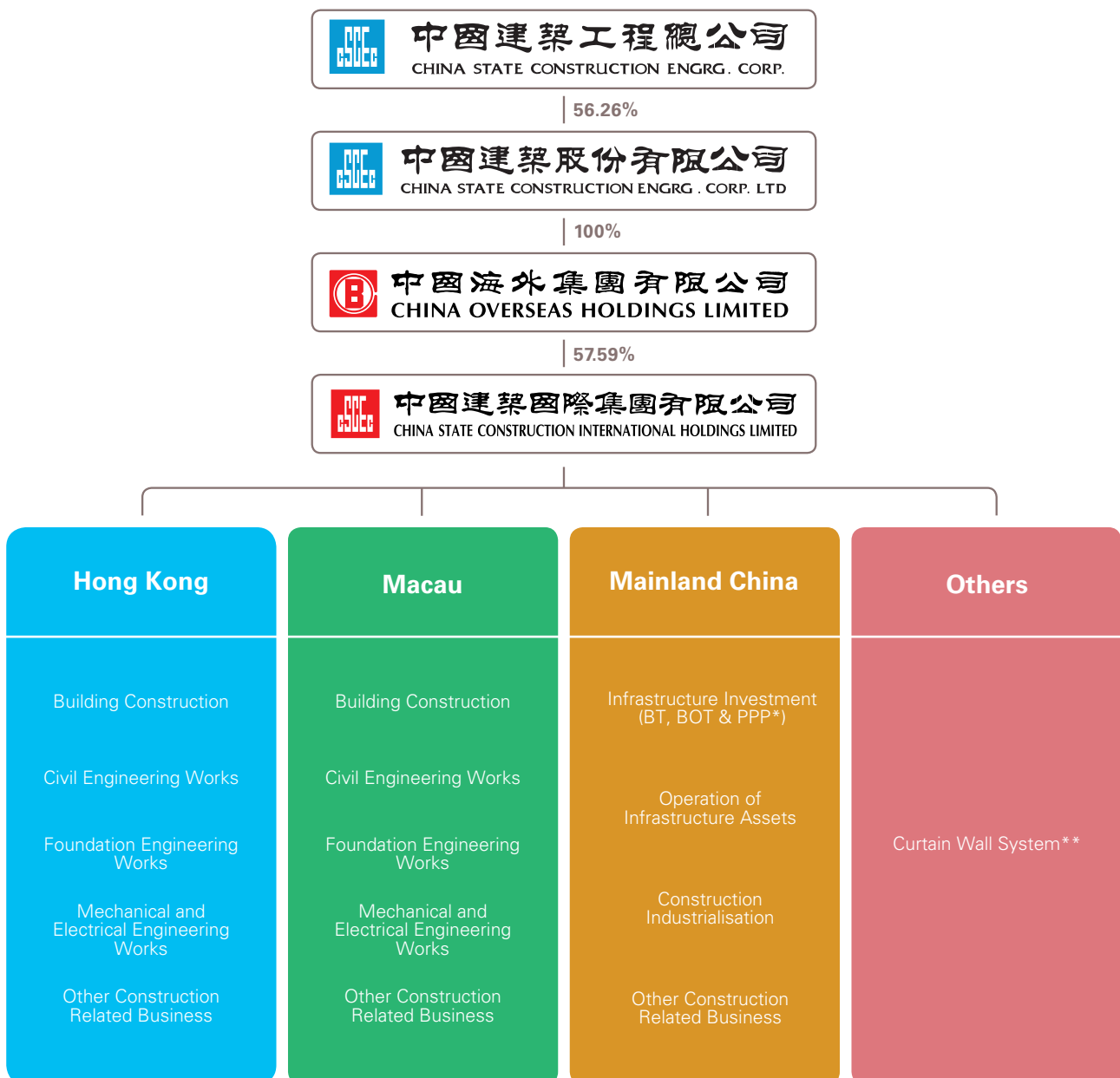
BUSINESS AND QUALITY MANAGEMENT



BUSINESS AND QUALITY MANAGEMENT

GROUP BUSINESS OVERVIEW

China State Construction International Holdings Limited is an affiliate of China Overseas Holdings Limited (hereinafter "China Overseas Holdings"). The Group established its business in Hong Kong in 1979, and was listed on the Main Board of the Hong Kong Stock Exchange (stock code: 03311) in July 2005, over a decade ago. Today, the Group is mainly involved in infrastructure investment and infrastructure asset management, industrial construction, housing projects, civil engineering, foundation engineering, electrical engineering and other construction business. Our main areas of operation are in Hong Kong, Macau and Mainland China. We also operate a medium-sized thermal power plant in Mainland China. The company's listed subsidiary Far East Global Group Limited (stock code: 00830) is mainly involved in the production and installation of curtain wall systems. In addition to Hong Kong, Macau and Mainland China, it also operates overseas, in countries including the USA, Canada and Australia.



* "BT" — "Build-Transfer"

* "BOT" — "Build-Operate-Transfer"

* "PPP" — "Public-Private-Partnership"

** Operate through a listed subsidiary, Far East Global Group Limited (Stock Code: 00830)

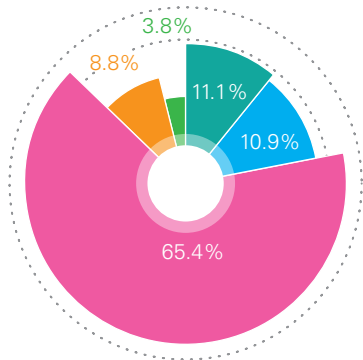
BUSINESS AND QUALITY MANAGEMENT

OUR BUSINESS PERFORMANCE IN 2015

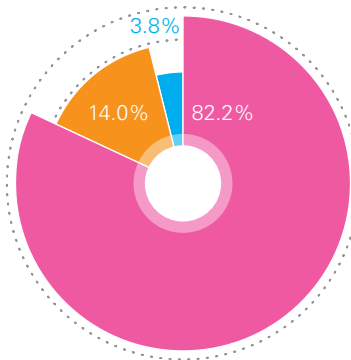
Summary for the year

- 41 New projects awarded
- Attributable contract value for new projects awarded was HK\$70,089 million

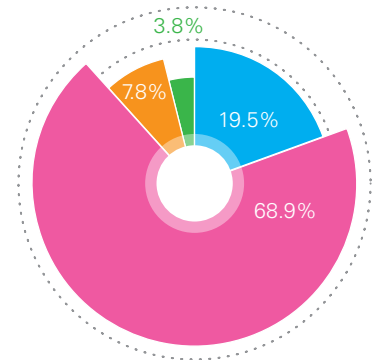
By Categories



By Customers



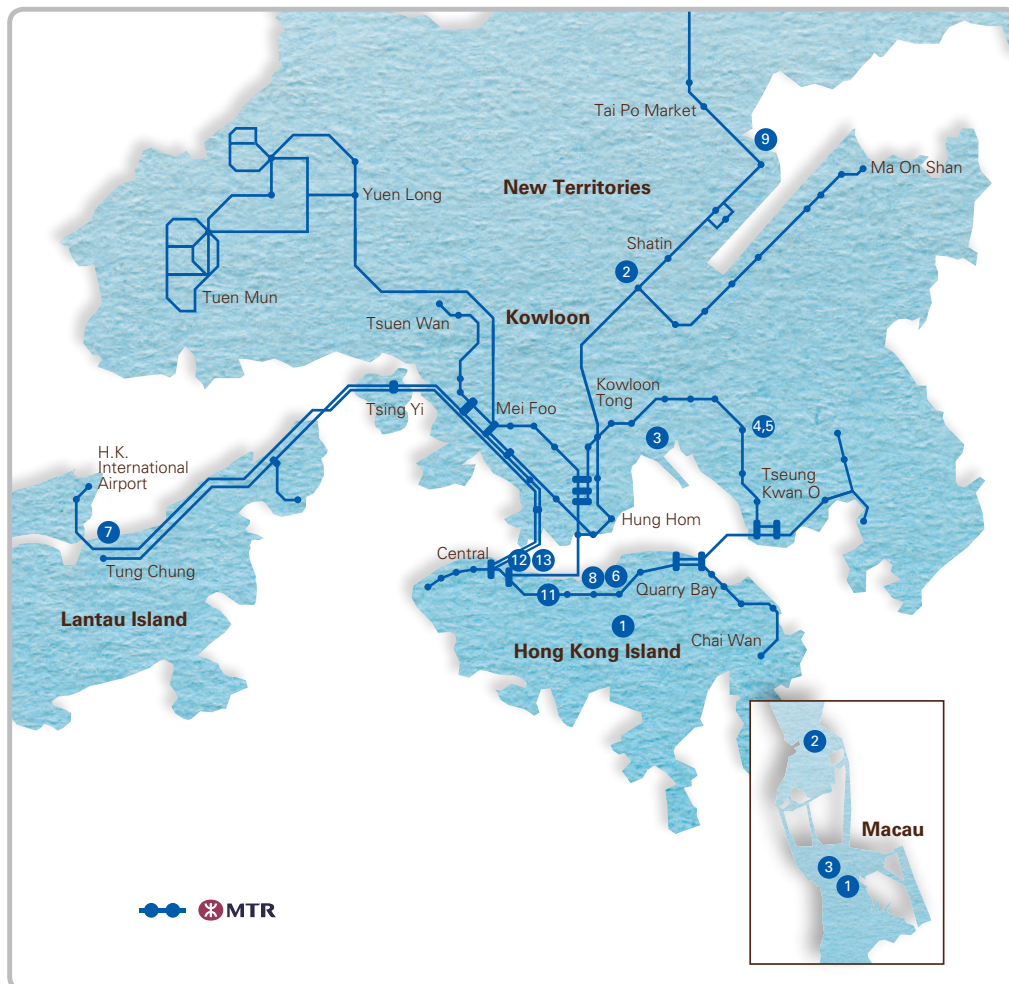
By Market



- Infrastructure Investment
- Civil Engineering Works
- Building Construction
- Far East Global
- Others

- Government / Public Sector
- Far East Global
- Private Sector

- Mainland China
- Hong Kong
- Far East Global
- Macau



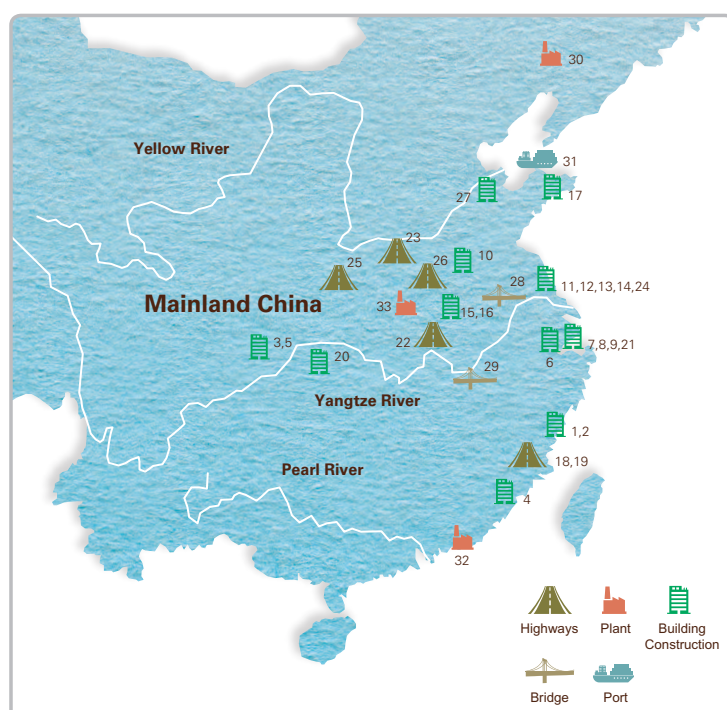
BUSINESS AND QUALITY MANAGEMENT

MAJOR PROJECTS IN PROGRESS — HONG KONG

No.	Project Name	Attributable Contract Value HK\$'million
Building Construction		
1	Construction of Superstructure of Block B for St. Paul's Hospital Redevelopment	1,776
2	Construction of Public Rental Housing at Sha Tin Area 52 Phase 3 and 4	2,580
3	Design and Construction of Centre of Excellence in Paediatrics in Kai Tak Development, Kowloon	5,454
4	Construction of Public Rental Housing at Anderson Road Site C1 & Ancillary Facilities Block at Site C2 Phase 2	1,044
Civil Engineering Works		
5	Development at Anderson Road — Site Formation and Associated Infrastructure Works	2,063
6	Central-Wan Chai Bypass Tunnel (Causeway Bay Typhoon Shelter Section)	5,377
7	Hong Kong-Zhuhai-Macau Bridge Hong Kong Link Road — Section between Scenic Hill and Hong Kong Boundary Crossing Facilities	8,875
8	Central-Wan Chai Bypass Tunnel (Slip Road 8 Section)	4,792
9	Expansion of Tai Po Water Treatment Works and Water Transfer Facilities	1,659
10	Widening of Fanling Highway — Tai Hang to Wo Hop Shek Interchange	2,510
11	Exhibition Station and Western Approach Tunnel Project of Shatin to Central Link	2,876
12	Central-Wanchai Bypass Tunnel (West Section in Wanchai)	1,708
13	Construction Project of Cross Harbor Tunnel Railway (North South Corridor) of Shatin to Central Link	2,132

MAJOR PROJECTS IN PROGRESS — MACAU

No.	Project Name	Attributable Contract Value HK\$'million
Building Construction		
1	Section 1 & 2 of Public Housing in Ilha Verde, Macau	1,892
2	MGM Cotai Project	10,485
3	Main Contract for Residential Development of Nova City Phase 5, Taipa	5,405



BUSINESS AND QUALITY MANAGEMENT

MAJOR BUSINESSES — MAINLAND CHINA

No.	Project Name
Infrastructure Investment	
Affordable Housing	
1	BT Contract of Affordable Housing Construction in Lucheng District, Wenzhou, Zhejiang Province
2	Relocation Housing BT Project in Pingyang County, Wenzhou City, Zhejiang Province
3	Relocation Housing Project in Modern Industry Project of Hyundai Motor, Ziyang, Sichuan Province
4	Zhangzhou Ecological Park Relocation Housing
5	Financed Construction Project of Relocation Housing In Tianfu Xinqu, Sichuan Province
6	Hangzhou Xiaoshan Beigan Relocation Housing Phase 2
7	Relocation Housing BT Project in Pinghu of Jiaxing City, Zhejiang Province
8	Affordable Housing BT Project in Wuxing District of Huzhou, Zhejiang Province
9	Affordable Housing and Infrastructure Projects, Jiaxing, Zhejiang Province
10	Relocation Housing Project in Residents Public Service Core District of Zhengzhou, Henan Province
11	Affordable Housing BT Project in Jingkou District, Zhenjiang, Jiangsu Province
12	Relocation Housing BT Project in New District of Zhenjiang, Jiangsu Province
13	Relocation Housing Project with PPP model, Huaiyin District, Huaian, Jiangsu Province
14	Public Facilities and Relocation Housing Project with PPP model, Huaian, Jiangsu Province
15	Dayang Affordable Housing Project in Luyang District, Hefei, Anhui Province
16	Residential Industrialization Project, Hefei, Anhui Province
17	Affordable Housing Project in Chengyang District, Qingdao, Shandong Province
Infrastructure	
18	BT Project for Rerouting Lianjiang — Jinan section of National Highway G104 in Fuzhou, Fujian Province
19	Infrastructure BT Project in Longhai of Zhangzhou, Fujian Province
20	Infrastructure Project, Hechuan District, Chongqing
21	People's Hospital and Infrastructure Project in Wuxing District with PPP model, Huzhou City, Zhejiang Province
22	Five Infrastructure Projects including Binjiang Avenue in Wuhan, Hubei Province
23	Two Roads BT Projects in Zhengzhou, Henan Province
24	Relocation Housing and Hospital Projects with PPP model, Zhenjiang, Jiangsu Province
25	Infrastructure Project Phase II in Qujiang New District, Xi'an, Shaanxi Province
26	Highway Project, Bengbu, Anhui Province
27	Infrastructure and Related Facilities Projects, Binzhou, Shandong Province
28	Nanjing No. 2 Yangtze River Bridge
29	南昌大橋及南昌中海新八一大橋(Nan Chang Bridge and Nan Chang Zhong Hai Xin Ba Yi Bridge)
30	Shenyang Huanggu Thermal Power Plant
31	Laizhou Port
Construction Industrialised Factory	
32	Shenzhen Hailong Construction Products Plant
33	Anhui Hailong Construction Products Plant

BUSINESS AND QUALITY MANAGEMENT

FINANCIAL DATA AND PERFORMANCE

Direct economic value	HKD (thousand)		
	2015	Year-on-year % change	2014
Revenue	37,913,159	10%	34,439,575
Profit attributable to company shareholders	4,153,072	20%	3,457,410
Distributed economic value			
Cost of construction and sales	32,883,385	11%	29,696,483
Administration, selling and other operation expenses*	995,527	(4%)	1,033,140
Dividends distributed	1,210,310	35%	895,251
Income tax expenses, net	654,526	(1%)	659,716
Charitable donations	62	(26%)	84

* Includes charitable donations

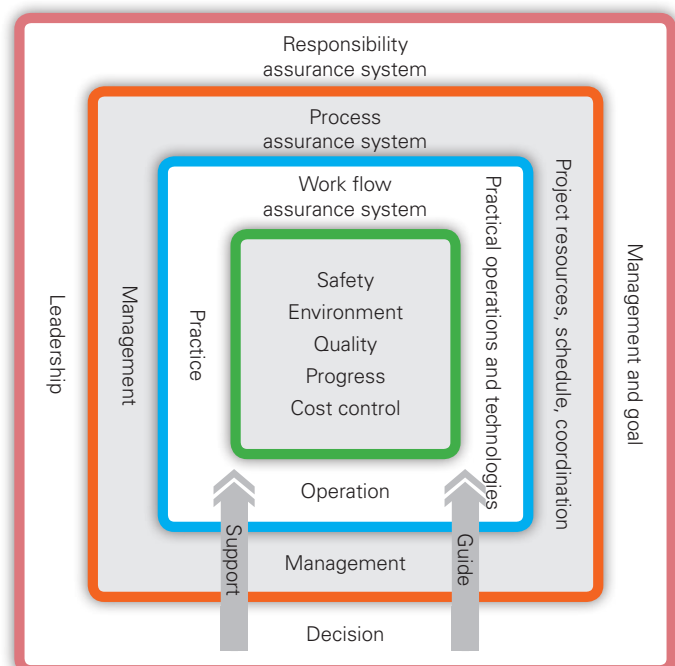
GROUP QUALITY ASSURANCE

Construction business

The Group upholds a spirit of building for the long-term, and adheres to contractually stipulated quality requirements, as well as to baseline local statutory provisions. Our quality policy sets out a “Perfect Once, Perfect Forever” quality objective of achieving first-time quality approval 100% of the time, continuing to improve the business’s quality assurance mechanisms over years to come, and gradually achieving international quality certification. The Group relies on the company’s unique “5+3” integrated project management model comprising three systems — a flow assurance system, process assurance system and responsibility assurance system; and five management segments across all areas of the Group, namely safety, environment, quality, progress, and cost. Over the past decade, the company has been awarded 22 major quality assurance awards in Hong Kong.

The Group’s Annual General Meeting recognises and rewards teams who achieve excellent results in quality, safety and technological innovation (such as obtaining a patent or winning a public contest), and encourages colleagues to continue their efforts to defend the Group’s quality brand.

The “5+3” integrated project management model divides project objectives into five elements, i.e. safety, environment, quality, progress and cost, towards which the operations, management and decision-making levels all work using three flow, process and responsibility assurance systems, ensuring that these five elements are balanced at the micro, meso and macro levels.



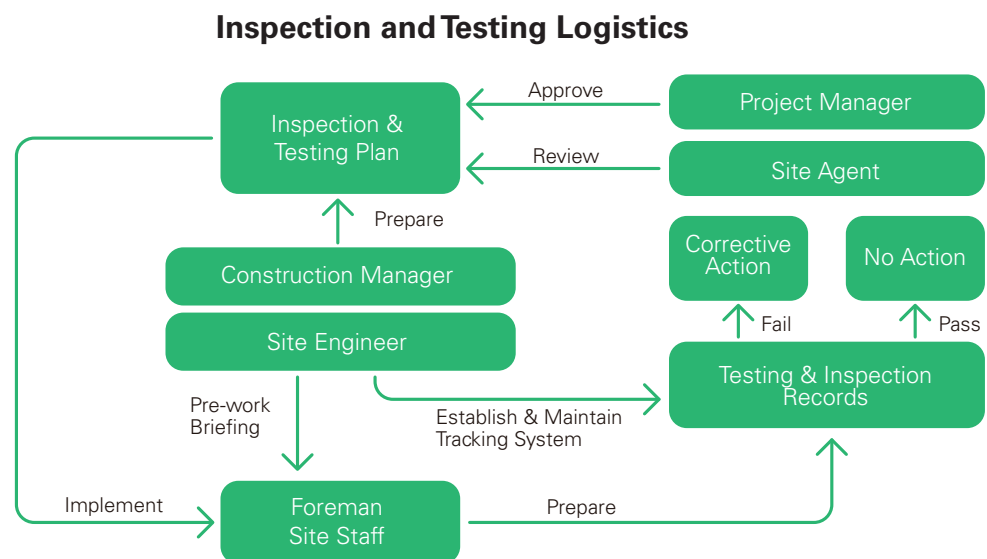
BUSINESS AND QUALITY MANAGEMENT

Hong Kong projects

We have established an intra-departmental integrated management committee which is responsible for setting out and implementing the Group’s quality policy, mechanisms and measures, for continuously improving the company’s quality assurance system and for raising the company’s quality standards. The Quality and Technology Department is responsible for daily operations, and assists in the definition and implementation of the company’s quality assurance mechanisms and measures. The department periodically reviews the Group’s quality assurance system, and proposes initiatives for continuous improvement. Each project company’s chief engineer and quality manager coordinates, reviews and implements project quality assurance, and ensures its effective operation.

On the work site, the site manager is responsible for quality, while the project manager coordinates work site quality assurance, and assists the work site quality manager and quality engineer to supervise project quality. Dedicated staff are assigned to supervise and check the work quality of sub-contract workers.

Work site examination and test flowchart:



Mainland China projects

Company leaders in association with regional companies and project departments have established quality assurance work teams, which perform real-time quality monitoring of projects, and periodic major quality inspections to identify issues and provide timely solutions.

Macau projects

The Project Contract Department appoints a specialised member of staff who is responsible for quality assurance, a quality manager who is responsible for work site issues, and a quality engineer responsible for quality inspections.

Besides a stringent quality assurance mechanism, another major Group quality initiative is to promote technological innovation. We encourage employees at all levels to attempt to break through project technological bottlenecks, generate technology exchanges, and at the same time actively promote the use of new materials, equipment, techniques and technologies. A corporate culture of technological innovation lays a solid foundation for the Group’s long-term development. Over the last ten years, the Group has been awarded a total of 39 National Science and Technology Progress Awards, Lu Ban Prizes, Zhan Tianyou Civil Engineering Prizes and other national and provincial-level awards for technological achievement. We have also successfully registered 53 patents, and 26 work methods with headquarter-level and above certification.

BUSINESS AND QUALITY MANAGEMENT

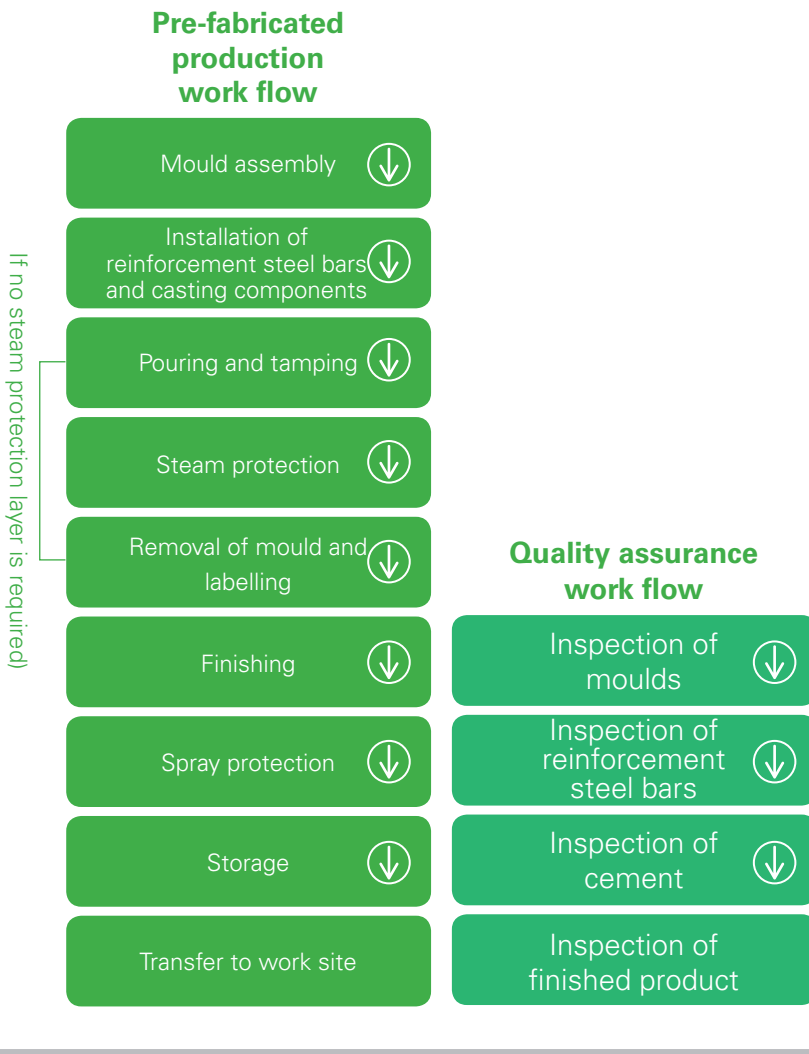
PRODUCTION BUSINESS

Pre-fabricated component production quality assurance flow

The Group's pre-fabricated component production subsidiary, Shenzhen Hailong Construction Products Company Limited (hereinafter, "Hailong") also operates a strict monitoring system.

Hailong produces pre-fabricated components in a wide range of shapes and sizes, including internal and external wall panels, floor panels, staircases, balconies, entire kitchens and bathrooms, all kinds of roofing beam, crane beam, connecting beam, bridge box beams, bridge girders, road and bridge parapets, a wide range of tunnel and underground tube sheeting, fencing and other products. The company's pre-fabricated components fulfil the individual requirements of different engineering projects, including hotels, office buildings, factories, schools, bridges, roads, tunnels, and underground railway lines.

Hailong pre-fabricated component production and quality inspection workflow:



BUSINESS AND QUALITY MANAGEMENT

As early as 1997, Hailong was awarded the Shenzhen Construction Bureau's highest-ranking pre-cast concrete component professional qualification certificate, and has since gradually achieved ISO 9001 quality system, ISO 14001 environment management system and GB/T28001 occupational health and safety management system certification. Hailong has also been recognised as a compliant supplier of pre-cast concrete components by the Hong Kong Government's Housing Department, Buildings Department, Drainage Services Department, and Highways Department. Systra S.A. (a French-based consultancy specialising in tunnel projects) has also certified the company as a tunnel sheeting supplier for the Shenzhen Metro project.

Thanks to its strict control of quality and active technological innovation, the Group has full faith in Hailong's quality, team and working environment. In 2014, the company organised a reverse road-show, inviting a team of analysts and fund managers from 28 investment banks and funds to introduce them to the company's technological and capacity leadership position in housing industry projects.

During 2015, Hailong was once again awarded a number of national and Hong Kong invention patents, and its fabricated ferro-concrete complete pre-cast bathroom construction techniques were recognised as internationally advanced at the Guangdong provincial level. The "Hong Kong construction industry key technology research and application" technological achievements jointly achieved by Hailong and the Group stood out in the 2015 Annual Science and Technology Awards organised by China State Construction headquarters, winning first prize — a very gratifying result.

GLASS CURTAIN WALL PRODUCTION QUALITY ASSURANCE FLOW

The Group's Far East Global Group Limited subsidiary (hereinafter, "Far East Global") provides glass curtain wall and other external wall design, supply, value-added and installation services to high-end facilities including hotels, commercial buildings, high-end residential housing and other projects. The company upholds the Group's "Perfect Once, Perfect Forever" quality policy, and Far East Global places a marked emphasis on quality assurance, technological innovation and effective operations. Far East Global continues to assure technological quality in order to improve internal efficiency and customer satisfaction. All employees must perform their duties in accordance with the requirements of the quality assurance system. Clear guidance documents are provided for all procedures and scopes of work, such as quality record control, human resources, tenders and offers, design control, project management, supplier evaluations and procurement control, sub-contracting control, factory warehouse management, factory production equipment maintenance and repairs.

During 2015, we achieved the following in different areas of management:

Goods procurement management	We received no warnings relating to the supply or quality of materials; supplier performance evaluations achieved a pass rate exceeding 98%
Building projects	The number of general and relatively major quality incidents was within limits, and there were no serious quality incidents
Civil engineering projects	The number of general and relatively major quality incidents was within limits, there were no serious quality incidents, and no adverse reports were received
Foundation engineering	The number of general quality incidents was within limits, there were no relatively major or serious quality incidents, and no adverse reports were received
Electrical engineering	There were no general, relatively major or serious quality incidents, and no adverse reports were received
Production management: pre-fabricated component production	Increased owner satisfaction, deliver goods based on work site requirements, no delivery delays, no warnings or complaints received
Tender management	The housing company completes first detailed assignments and explanations within 14 days of winning the project tender
Design management	The civil engineering company sets and achieves standards according to the first design plan completion rate and the first design approval compliance rate
Contract review	Contract reviews are completed within 21 days of receiving the order from the owner
Sub-contractor management	Our annual sub-contractor performance evaluation compliance rate exceeds 98%; non-compliant sub-contractors must take remedial action within 21 days in line with contract management procedures

BUSINESS AND QUALITY MANAGEMENT

As of 2015, Group companies have all achieved international quality, environment management and safety management certification:

CSCI companies	ISO 9001 Quality certification	ISO 14001 Environmental certification	ISO 50001 Energy certification	OHSAS 18001 Occupational health and safety certification
China State Construction Engineering (Hong Kong) Limited	Passed	Passed	Passed	Passed
China Overseas Building Construction Limited	Passed	Passed	Passed	Passed
China State Civil Engineering Limited	Passed	Passed		
China State Foundation Engineering Limited	Passed	Passed		
China State Mechanical & Electrical Engineering Limited	Passed	Passed		Passed
Treasure Construction Engineering Limited	Passed			
Shenzhen Hailong Construction Products Company Limited (pre-fabricated component)	Passed			Passed
Shenzhen China Overseas Construction Limited	Passed			
Far East Global Group Limited	Passed			
Alchmex International Construction Limited	Passed	Passed		Passed

Case study — “HATS” Stonecutters Island Sewage Treatment Works Upgrade Project

Project background

- Customer: Hong Kong Government Drainage Services Department
- Scope of project: Construction of a new sludge dewatering building, sludge block silo, sludge storage tank and plant buildings, and provision of sludge transfer, storage and dewatering equipment
- Project consultant: Ove Arup & Partners
- Joint management task allocation: The project was jointly managed by the Group and Analogue Holdings. The contract amount was divided up, with the Group receiving 56% of the total. The Group was responsible for ensuring resident engineers' office supplies and permanent project area foundations, construction work, landscaping and peripheral road drainage works, while Analogue Holdings was responsible for the supply, installation and commissioning of all electrical equipment.
- Start of work: 25 August 2010
- Expected completion: 22 May 2017

Overview of project

The project forms part of the Hong Kong Government's Harbour Area Treatment Services (HATS) Stage 2 sewage collection and integrated treatment project covering both sides of the harbour area. In the first part of the plan (Stage 2A), sewage from the harbour area will be transferred to Stonecutters Island for chemical treatment and disinfection; in the second part, this will also include biological treatment. As part of the Stage 2A plan, the government wants to expand the treatment capacity of the primary sewage treatment plants located on the North and Southwest sides of Hong Kong Island, and the construction of a deep sewer system to collect currently untreated sewage in these areas, and then transport this onward to Stonecutters Island sewage treatment plant for chemically enhanced primary treatment. In order to accommodate the new treatment requirements, the chemical treatment facilities at the Stonecutters Island sewage plant required expansion, and sewage disinfection facilities had to be increased. This project was thus improved as part of this work.

Basic project quality assurance approach

1. Work site objectives were established in accordance with established company policy, as well as with requirements relating to quality, safety and environmental protection
2. An integrated quality, safety and environmental management system was established
3. Periodic reviews were performed, and improvements were made as required
4. Weekly work site integrated meetings
5. Weekly work site integrated patrols

BUSINESS AND QUALITY MANAGEMENT

Project challenges and resolution

The sewage treatment plant was required to operate normally, and working space was limited

Issues: The Stonecutters Island sewage treatment plant is an artery in the Hong Kong Island and Kowloon Peninsula sewage system, and provides chemically enhanced primary sewage treatment for 1.4 million cubic meters of sewage daily (approximately half the Island's total sewage); this onerous workload requires 24-hour operation.

The main project structure construction area was in the existing treatment sludge cake tank operations area, and other projects were ongoing simultaneously. Everyday working space was limited.

Solution/coordination:

- Close communication and coordination with the sewage treatment plant management team (DSD/ST2) to ensure that the plant's daily operations remained unaffected.
- All temporary traffic diversion plans were required not to affect plant operations; these required prior approval before implementation, and were then implemented as intended.
- Although additional lifting was required, the material storage area and bar bending plant were also located away from the sewage plant, operating at a peripheral site in order to reduce congestion.

Risk of ground subsidence

Issues: There was a high risk of ground subsidence due to the close proximity of the structures under construction to existing buildings, and the use of compressed air to remove dirt when installing the pre-bored piles.

Solution/coordination:

- Additional controls and monitoring were put in place during foundation construction work. During construction, the piles were first positioned and it was ensured that all adjacent underground public utilities had been diverted or disconnected. After this, a hole was punched to insert a steel tube into the rock layer; a sample of the rock was then taken to determine the depth of the rock layers as well as that of the foundation rock.

BUSINESS AND QUALITY MANAGEMENT

Chemical and sludge treatment

Issues: The project involved the demolition of the existing sludge dewatering building; any lack of care would have a negative impact on employee safety and environment.

Solution/coordination:

- Building demolition was completed in accordance with the Code of Practice, and it was ensured that there were no live power supply points, toxic substances, contaminated goods or gases in the building. All storage tanks and drains were thoroughly cleaned to prevent concealed toxic gases, contaminated goods or gases which might affect the subsequent health and safety of demolition workers.
- Close communication was maintained with the plant side and other contractors to ensure the smooth operation of transfer routes. In instances where route closures were unavoidable, these were delayed until night time to reduce the impact on the transport of chemicals.
- Two new temporary vehicle washing facilities were constructed to ensure the cleanliness of sludge transport tanks, and protect public health.

Transport of materials and removal of waste

Issues: Due to the constraints of the work site location, large steel structures had to be grouped and delivered by road and sea in segments to the work site for installation

Solution/coordination:

- The transport of materials and equipment was properly planned in accordance with their installation sequence. Except for large components such as sludge transfer beams which were transported by sea and unloaded at the dock, all other goods were delivered by road.
- Construction and demolition waste were classified before removal.

The project has already entered its final stage, and good progress has been made on the four preceding stages. Construction and electrical system connections on the North sludge cake storage tanks and conveyor belt, sludge dewatering building and two sludge storage tanks are already completed, and the new sludge dewatering systems were handed over to the sewage plant in early 2015 to start operations. The final stage of the project required the construction of the South sludge cake storage tanks and site office buildings, and the connection of all electrical systems. Currently, the foundation piles and lower structural components of the two buildings are basically complete; installation of the eight steel sludge cake storage tanks has also been completed smoothly, and the connection of the two buildings' electrical fittings will start in the third quarter of 2016.

SAFETY MANAGEMENT

Zero work-related construction incidents is the Group's safety management objective. We provide sufficient safety management resources, and have introduced effective management and accountability mechanisms to try to ensure the health and safety of all employees, sub-contract employees and the public at large.

CSCI's occupational and construction safety management

Guideline



Specific safety guidelines, management supervision

Safety guidelines and management documentation are provided for all areas of construction work and procedures. Work site safety officers are responsible for their practical implementation, and for performing on-site inspections

In 2015, new guidelines drawn up by the Group as required by actual circumstances covered sectors as diverse as site electrical safety, site lifting signaller safety, work site lifting gear safety, joint project site safety as well as environmental management and lift shaft permit systems and management.

Examination



Periodic safety patrol and warning system

We have set up an emergency warning system at work sites where safety patrols or incidents uncover issues, or where the accident rate exceeds the monthly work site yellow or red alert guidelines, the work site must submit a remedial report, and repeat the work site inspection within one week

Where multiple injuries occur on a work site, an on-site meeting is held to interview the work site managers, and remedial action at the work site is taken

We assess sub-contractor safety performance, and select sub-contractors' foremen and safety officers with excellent performance levels. They are rewarded in accordance with the company's Hong Kong Region Sub-Contractor Foreman and Worker Safety Management Prize Awards

Quarterly inspections are performed of lifting equipment, lifting gear, distribution boxes, generators, welding equipment and other equipment

In Hong Kong in 2015, our safety and environmental management team performed a total of 1,380 work site safety inspections annually. This included safety and environmental management managers working jointly with the project teams to perform inspections of high-risk work sites (a total of 390 inspections) and an overall quarterly assessment of all work sites (IMS) (a total of 144 inspections)

In 2015, CSCI performed a total of 3,137 work site safety inspections; regional companies organised monthly safe production and other inspections, in order to identify and eliminate safety risks in a timely manner.

Rewards and punishments



Safety performance and reward and punishment system

Work site sub-contractor foreman and worker safety management reward system. We use encouragement to promote safe working habits by sub-contractors and front-line workers on work sites, and prevent accidents

In 2015, the Group awarded a total of HKD 1.65 million in sub-contractor foreman and safety worker prizes in the Hong Kong region, a 10% increase over 2014.

Accountability



Connection between safety performance and inspections

All project departments and their work site managers sign a Work Site Safe Production Management Commitment, which clearly states the company's safety management objective indicators as major commitment requirements, and connect the completion of work site safety performance and responsibilities with the annual review of the work site and managers.

Certification



Safety management certification

During 2015, CSCI (Hong Kong), China Overseas Building Construction, China State Mechanical & Electrical Engineering and Alchemx International Construction underwent an OHSAS 18001 safety management system external audit performed by the Hong Kong Quality Assurance Agency; no non-compliances were identified, and all successfully passed the audit. We also followed up on potential areas for improvement highlighted in the audit.

Training



Worker, employee, sub-contractor and management training

We ensure that work site front-line workers and management receive work procedure-specific safety training

The colleagues of first-time workers on a work site provide targeted safety training; identification and zone information is also applied to their safety helmets

We support employee participation in internal or external safety training courses and seminars

Front-line management staff and sub-contractor managers undergo safety training, with a 100% coverage rate

Over the course of 2015, the Group continued to develop its "Sunshine February", "Midsummer Rainbow" and "Warmth in Autumn & Winter" safety promotion activities, using illustrated materials to promote safety

During 2015, many Macau-based company employees participated in construction equipment inspection and safe operation seminars and Macau safety auditor's courses.

Resources



We invest in safety equipment, training, promotion and human resources

In the Hong Kong region, we employ around 190 specialist safety officers who are responsible for work site safety management; approximately 60% of these staff are registered safety officers with appropriate professional qualifications

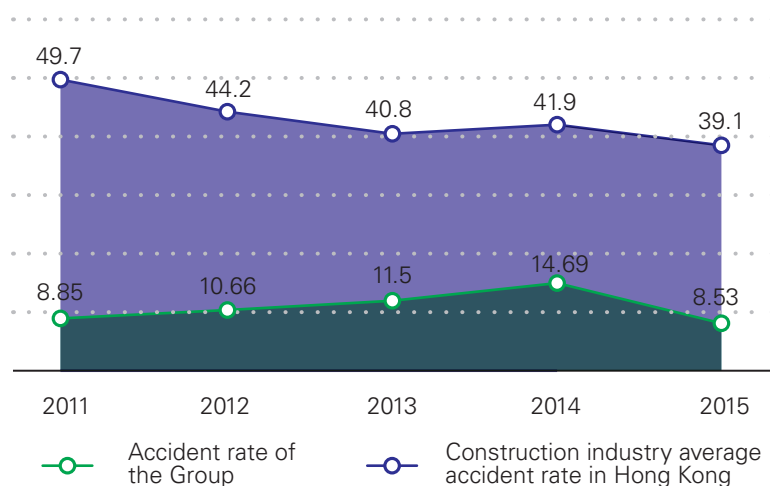
On certain work sites, full-time workers provide every new inductee and workers assigned to high-risk tasks with free regular physical check-ups, and we have purchased a blood pressure meter from which results can be printed

Certain work sites have seen the pilot introduction of landings and caged ladders for sub-contractors and workers, further improving safety when working at height

In 2015, the company's expenditure on production safety budget exceeded HKD 11 million, of which 70% went towards production safety training courses and promotion costs, 15% toward the cost of upgrading safety equipment, and 15% toward hidden risk assessment and emergency drill practice costs.

SAFETY MANAGEMENT

In 2015, CSCI Hong Kong reported an annual total of 102 work-related injuries, of which 12 were Group employees, and 90 sub-contract employees. There were no work-related fatalities this year. Our annual accident rate per thousand persons was 8.53², our lowest in 5 years³. We successfully reached our target accident rate per thousand persons of 8.8 set at the start of 2015, a figure which is also far lower than the average for Hong Kong's construction industry.



2015 Group overall occupational health and safety data⁴

Number of work-related injuries and fatalities					
By region		Number of work-related injuries	Number of fatalities	Total casualties by region	Accident rate per thousand persons by region
Hong Kong	Male	9	0	12	2.68
	Female	3	0		
Mainland China	Male	25	0	25	5.06
	Female	0	0		
Macau ⁵	Male	0	0	0	0
	Female	0	0		
Overseas areas	Male	0	0	0	0
	Female	0	0		
Total number of fatalities		37	0	37	3.40

By gender	Number of work-related injuries	Number of fatalities	Total casualties by gender	Accident rate per thousand persons by gender
Male	34	0	34	3.81
Female	3	0	3	1.51
Total number of work-related injuries	37	0	37	3.4

2 CSCI Hong Kong's work-related accident rate per thousand persons is calculated in line with industry practice, i.e. the numbers of fatalities and injuries (including sub-contract workers) is divided by the average number of daily workers, and then multiplied by 1,000. CSCI Hong Kong's average daily number of workers in 2015 was 11,954.

3 Due to continuing delays in the reporting of work injuries, last year's reported accident rate per thousand persons of 12.9 has been updated to 14.69.

4 This table does not include figures for sub-contractor work-related injuries. The Group's accident rate per thousand persons is calculated by dividing the number of fatalities and injuries by the total number of employees, and then multiplying by 1,000.

5 We are saddened to announce that in one incident at a Macau work site last year, the working platform of a sub-contractor's employee was struck by a breaking tower crane hoist chain, causing the worker to lose his balance and fall. He subsequently died in hospital.

SAFETY MANAGEMENT

Case study — 5S Good Workplace Management Model — Sha Tsui Road (Tsuen Wan) and Ching Hong Road (Tsing Yi) projects

In 2015, the Group’s Sha Tsui Road (Tsuen Wan) and Ching Hong Road (Tsing Yi) projects won the construction industry prize in the Good Housekeeping event organised by the Occupational Safety and Health Council and Construction Industry Council. The projects used the 5S workplace housekeeping methodology advocated by the Occupational Safety and Health Council. 5S originated in Japan, and stands for “Sorting, Setting in order, Shining, Standardising, Sustaining”. The concept is a management method for promoting cleanliness in the work environment. As well as emphasising site management, the 5S objectives allow employees to develop a clean and tidy workplace as well as orderly habits, thereby improving health and safety levels in the working environment.

Project background:

Sha Tsui Road (Tsuen Wan) project	Ching Hong Road (Tsing Yi) project
3 buildings with a total of 104 floors, 962 residential units Underground car park: 57 private car spaces & 9 motorcycle spaces Daytime care centre for the elderly: 3F Public leisure space <ul style="list-style-type: none"> Multi-use plaza, fitness area for the elderly, children’s play area, jogging track, gazebos, pergolae and public toilets, etc. 	2 buildings with a total of 50 floors, 465 residential units Improvement project <ul style="list-style-type: none"> Removal of old asbestos drainage pipes Slope stabilisation project
Contract duration 28 months (July 2014 to November 2016) Total project value: \$1,233,000,000	



The Sha Tsui Road (Tsuen Wan) and Ching Hong Road (Tsing Yi) projects provided a realistic trial for the 5S management plan, as evidenced by its management structure. The team established a 5S implementation committee comprising the work site manager, project manager, safety manager and other work site employees; this team was responsible for developing codes of practice, guidelines, training, supervision and rewards. To facilitate the implementation of 5S, the committee divided the work site into five areas, each of which were assigned to separate 5S area work teams who were responsible for 5S implementation. Two 5S patrols were performed each day, and 5S patrol work sheets and video recording recorded progress.

SAFETY MANAGEMENT

5S work performance

Sorting



Safety bulletin board



Project progress picture bulletin board

Setting in order



Iron mould and pre-fabricated component storage area



All department and sub-contractors' filing cabinets

Shining



Clean lorries and reduce dust



15-minute rubbish cleaning after morning safety meeting; management and workers all to participate in cleaning

Standardising and Sustaining



Provide drivers with clear warning signs

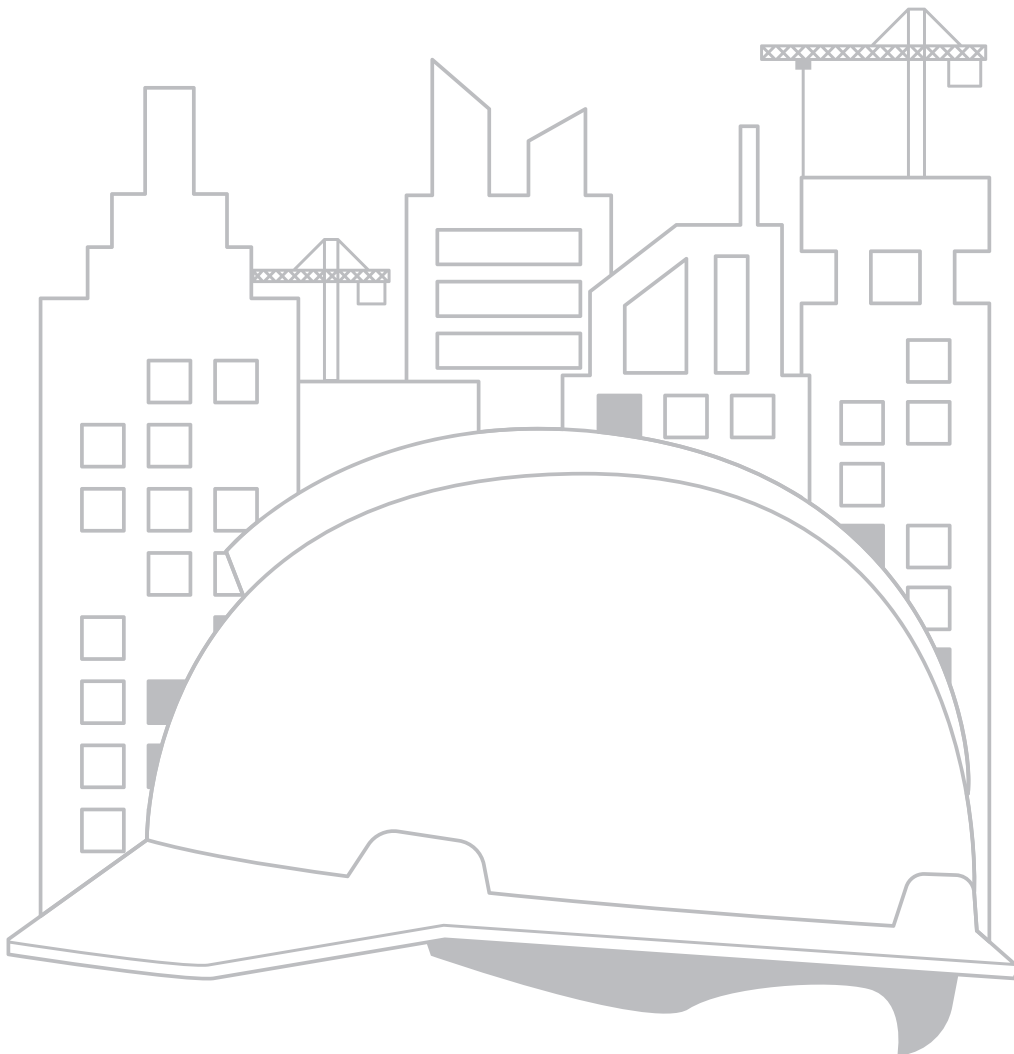


Morning safety meetings

SAFETY MANAGEMENT

In addition to structured management and stringent patrols, 5S also provides for a fantastic reward plan, including a Good Housekeeping award, \$600 cash gifts and work site lunches provided by management (one work place partner is allowed), enabling management to gain a better understanding of the performance of award-winning and other workers, and put forward suggestions.

Currently, all employees and workers have already adjusted to Good Housekeeping management, and the work sites celebrated their first anniversary of the introduction of 5S in August 2014. To date, there have been no work-related injuries or prosecutions. The Group expects this good performance to be sustained until the completion of the project, and management tasks to be standardised in order for these to be used as a template for subsequent projects.



COMMITMENT TO THE ENVIRONMENT

The Group actively regulates, reduces and corrects any potential negative impact of its business on the environment, and we continue to improve the environmental performance of our operations. At the same time, we apply professional leadership and practical measures to support green building and promote environmental awareness.



The Group's environmental policy is integrated into daily operational management as well as policy and guidelines covering project design, the procurement and transport of materials, construction processes and office operations. All Group companies are required to comply with the guidelines set forth in our policies governing environmental protection and energy saving. When drafting project plans, they must also comply with the Group's Environmental Management Manual, Working Procedure for Internal Audit of Environmental Management and Working Procedure for Environmental Management, all of which are reviewed annually and updated as required. We have established a strict environmental management system and set objectives for key environmental issues.

WE ARE REDUCING OUR BUSINESS'S NEGATIVE IMPACT ON THE ENVIRONMENT

In order to reduce the negative impact of our business on the environment as much as possible, the Group integrates consideration for green and environmental protection across areas as disparate as the design arrangements for engineering projects, material procurement and construction project sequences. We also implement environmental measures and establish regulatory mechanisms to supervise working practices. The table below shows the environmental measures which we integrate into each work flow:

Procedure	Measure
Design and project arrangements	— We actively participate in the construction of international BEAM (Building Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design) projects (in 2015, the company was involved in the construction of 15 green building certification projects. All of these projects are still under construction, however, and none had achieved green building certification by year-end)
Material procurement	<ul style="list-style-type: none"> — Goods are preferably procured from as close as possible (within 500 miles or less, and wherever possible by sea or land transport); goods are ordered as required so as to reduce carbon emissions and wasted resources during the transportation of the goods — When selecting a supplier, consideration is given to those with environmental management certification. The environmental standards of their products would also be screened in the preliminary selection. — Where permitted in the design and contract, we are increasing the use of pre-fabricated components and the proportion of environmentally friendly materials — Sub-contractors and suppliers are rated on an annual basis according to scoring criteria including safety and environmental performance. Work Site Safety Departments provide training for non-compliant suppliers, and assist them to improve their safety and environmental performance.

COMMITMENT TO THE ENVIRONMENT

Procedure	Measure
Construction	Noise management <ul style="list-style-type: none"> — We strictly implement work site construction noise management procedures which the Group has drafted in line with the Noise Control Ordinance — The safety and environmental management department performs unannounced spot checks during public holidays and night time — Where feasible, noise barriers and enclosures are used to reduce the impact of noise on neighbouring residents
	Dust management <ul style="list-style-type: none"> — Dust screens are fitted to mixers in accordance with statutory requirements — Vehicles transporting bulk materials are covered — We maintain construction site hygiene and cleanliness and set up vehicle washers to reduce the amount of dust on the site — We organise specialised dust inspections at work sites with high levels of air pollution risk (such as those with high-capacity crushing units or those which must process large amounts of materials likely to create dust). Where these inspections identify insufficiently robust dust prevention measures, the work site is required to photograph its dust water sprinklers and frangible material processing daily, and submit these images to the Group's safety and environmental management department until the issue is resolved
	Effluent and waste <ul style="list-style-type: none"> — Separate sewer pipes and collection tanks are provided for work site sewage, construction waste water, etc.; workplace waste water is discharged into the municipal waste water system; all discharges are performed in accordance with the guidelines — Work sites are provided with an effluent treatment unit, and ensure recycling and reuse — Work sites are helped to set up waste water treatment systems on site; training is provided, and operations are recorded on video — Waste and building waste generated during the construction process is collected and removed in strict accordance with local regulations — Work site construction waste separation — Recycling bins are provided at work site. A number of work sites collect expired safety helmets for recycling. — Chemical waste is properly stored in reservoir basins, and removed in accordance with the guidelines — A number of work sites with canteens provide food waste processors which convert food waste into fertiliser
	Energy and carbon emissions <ul style="list-style-type: none"> — An internal audit of energy management systems is performed annually; these audits are rated, and yellow warning cards are issued to work sites with scores of less than 80 — Housing Department work sites have already achieved ISO 50001:2011 energy management system certification — We provide employees with ISO 50001 energy management system training — We prefer to procure locally produced environmentally friendly construction materials, to reduce the carbon footprint associated with the transportation of materials
	Biodiversity <ul style="list-style-type: none"> — Silt curtains are set up on the boundaries of offshore work sites; these are inspected on a daily basis by specialists, to prevent dolphins from accidentally entering the construction area. An independent dolphin expert performs monthly dolphin surveys to ensure that the project does not significantly affect dolphin activity or their habitat — Highly polluting or disruptive construction work is avoided or reduced in wildlife habitats during the breeding season

COMMITMENT TO THE ENVIRONMENT

Procedure	Measure
Regulatory system	<ul style="list-style-type: none"> — In light of the specific nature of our projects, all project work sites undergo evaluations of environmental factors and must prepare a project environmental management plan which complies with the Working Procedure for Environmental Management — The safety and environmental management department is responsible for monitoring work site operations and for performing unannounced spot checks during public holidays and night time to ensure that legal and statutory provisions as well as contractual environmental requirements are met. Work sites with an overall score lower than 80 receive a warning — The environments of certain “designated engineering projects” with a significant environmental impact are monitored and audited on a regular basis by a third party to ensure that the engineering project effectively implements all pollution mitigation measures — All engineering projects must undergo regular work site inspections and environmental pollution checks together with the owner and the appropriate government department to ensure that construction work complies with all legal and statutory provisions as well as contractual requirements — If the work site is found not to comply with any part of the environmental check, it is required to draw up a programme of corrective measures and follow up and rectify these within a set period, ensuring that the company continues to improve its environmental performance

During 2015, the Group suffered a single violation of environmental regulations, which we have already followed up and rectified. The equipment used at the Fire and Ambulance Services Academy work site did not comply with building noise permits, leading to prosecution by the Environmental Protection Department, and a fine of HKD 80,000. The construction company’s Safety and environmental management department immediately followed up this issue, and subsequently improved training management and repeated inspections. In order to prevent irregularities, the company performs checks from time to time, at night and during holidays; if breaches are identified or a summon is received, the work affected receives a Yellow card warning. Yellow card warnings affect year-end bonuses, and require corrective measures.

Environmental protection in construction is a specialised topic. The Group is willing to invest in greater training resources to improve general and employee awareness in this area. Training courses organised in 2015 covered ISO 50001:2011 energy management systems, environmental liaison officers, environmental management trainings for new employees, ‘Construction Noise Permits’ (CNP) applications and BEAM Plus for Contractors; training was provided to more than 680 participants, of whom more than 10 employees have received BEAM Pro certification. During the year, we also became an institutional member of the Hong Kong Green Building Council, allowing employees to participate in Council activities and training including BEAM Pro training and examinations at reduced rates, to receive BEAM Pro specialist certification.



COMMITMENT TO THE ENVIRONMENT

At the start of 2015, the Group set out a number of overall specific construction environmental management objectives and indicators within its existing management framework, and continues to monitor and raise requirements governing work site environmental performance. Four of these indicators have already been achieved on all Hong Kong work sites. The objectives which have yet to be achieved will be reviewed and amended.

Objective guidelines	2015 environmental protection objective guidelines	Status	2016 objectives
Reduce use of wood	<140 cubic meters/ HKD 100 million turnover	Achieved on 100% of work sites	<135 cubic meters/ HKD 100 million turnover
Reduce concrete waste	General work sites: <2.0% Pile support work sites: <6.0%	Achieved on 100% of work sites	General work sites: <2.0% Pile support work sites: <6.0%
Reduce steel reinforcement waste	Housing work sites: less than 4.5% Civil engineering work sites: <3.0% Foundation work sites: <4.0%	Achieved on 100% of work sites	Housing work sites: <4.5% Civil engineering work sites: <3.0% Foundation work sites: <4.0%
Reduce paper use	<350 packs of A4 paper/ HKD 100 million turnover	Achieved on 92% of work sites	<350 packs of A4 paper/ HKD 100 million turnover
Water conservation	General work sites: <HKD 63,000/ HKD 100 million turnover Pile support work sites: <HKD 700,000/ HKD 100 million turnover	Achieved on 96% of work sites	General work sites: <HKD62,000/ HKD 100 million turnover Pile support work sites: <HKD680,000/ HKD 100 million turnover
Save electricity	<HKD 270,000/ HKD 100 million turnover	Achieved on 100% of work sites	<HKD260,000/ HKD100 million turnover

The Huanggu Thermal Power Plant, located in Shenyang, is the Group's only thermal power generation company. Although heat generation is not a main Group business, and the Huanggu Thermal Power Plant is only a small- to medium sized facility, we hope to be able to continue to improve its environmental performance, and reduce the Group's carbon footprint. The following case study showcases environmental protection initiatives at the Huanggu site during 2015.

COMMITMENT TO THE ENVIRONMENT

Case study — Huanggu thermal power plant environmental technology investment

Coal mining is a major industry in China's Northeast, providing a stable supply of energy to local power plants, but because of this, the region is also blighted by the air pollution from burning coal. Because of ever stricter standards and monitoring criteria for gas, dust and smoke emissions introduced by the national and Shenyang local governments in recent years, the Huanggu Thermal Power Plant has also taken measures to improve the environmental performance of its current 17 coal-burning furnaces over the past two years. During 2015, a total of CNY 74 million was invested.

The renovation covered three major areas: desulphurisation, dust removal and chimney renovation.

Firstly, we renovated the current desulphurisation equipment, using a magnesium oxide desulphurisation additive to reduce emission concentrations from 300 mg/Nm³ to below 200 mg/Nm³, so that emissions will comply with new emissions standards. It is expected that this will reduce sulphur dioxide emissions by 5,000 tonnes annually. If the annual sulphur dioxide content of a car's exhaust emissions is calculated at 0.2 tonnes, this is equivalent to taking 25,000 cars off the road.

The second issue is that the boilers are currently fitted with dust removal equipment with a dust removal efficiency of 99.2%. On the basis of a particulate emission concentration of 36.6 mg/Nm³, the dust removal equipment will be further upgraded to an electrostatic filter dust removal system, replacing the normal dust bags with new micro-fibre bags to improve dust removal efficiency. We aim to achieve a dust removal efficiency of 99.96%, and a particulate emission concentration of 20 mg/Nm³. In addition, we will also repair and improve the plant's chimney corrosion-proofing.

Although the region cannot for the time being make use of other, relatively cleaner fuels, we are actively increasing the ratio of cleaner coals in our coal mixture. Currently, 40% of this mixture comprises coal from Inner Mongolia, with a sulphur content of approx. 0.3%, lower than the normal 0.6% content for coal from Shenyang. The ash content of this mixture is also effectively reduced from 40-50% to less than 25%. A sealed design of coal transporter has also been introduced to reduce dust in transit. With regards to effluent, the thermal power plant's acidic waste water is mainly created in the desulphurisation process. To neutralise the waste water, we add an alkali. Our staff test the pH levels on a daily basis, and patrol staff also monitor dust levels inside and outside the plant. Any issues detected are immediately reported and followed up.

In fact, the Shenyang Environmental Protection Bureau's supervision of pollution-intensive industries is extremely stringent. Monitoring systems have been installed on our discharge systems and are independently operated by an independent third-party audit body, enabling real-time monitoring. In order to ensure the impartiality of the monitoring, none of our staff or government officials are allowed to enter the monitoring room. Officials from the Environmental Protection Bureau also spot-check and take samples at the plant, particularly when air pollution levels are relatively high, to ensure that our environmental performance is compliant.

It is reassuring to know that our continuous improvements and efforts are widely recognised. Huanggu Thermal Power Plant was one of the 3 top performers in the Shenyang City Environmental Protection Bureau's 2015 Shenyang Environmental Credit Rating survey of 30 companies, obtaining a Blue environmental credit rating (of the remaining companies, 12 scored a yellow rating, 11 scored red, and 4 scored a black rating). We will continue to invest in green technologies to progress from "meeting compliance" to "going beyond compliance and meeting corporate targets", and gradually emerging as an environmental leader in the industry.

Background information:

Shenyang Huanggu Power Plant was built in 1995 in the Yuhong District of Shenyang City, in Liaoning, and was one of Shenyang City's major infrastructure projects during the Eighth Five-Year Plan period, mainly to provide heat, with electricity as a secondary product. The company has since undertaken a five-phase expansion plan, and the plant now has an annual generation capacity of 2 million kWh and an actual heating area of 15.18 million m² providing direct winter heat to 700 non-resident users and approximately 132,400 households.

Green, blue, yellow, red and black represent very good, good, normal, poor and very poor in the company's environmental credit rating respectively. Green and blue are used for instances where there are no negative evaluation factors or where there are positive evaluation factors; where there are negative evaluation factors, companies will be rated yellow, red, and black depending on the severity.

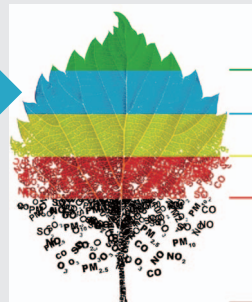


Image Reference: http://www.syejb.gov.cn/data/2015_12_25/2015122511810.html

COMMITMENT TO THE ENVIRONMENT

WE ARE IMPROVING THE ENVIRONMENTAL PERFORMANCE OF OUR OPERATIONS

In addition to reducing the impact of our construction activities, we have improved the management and performance of general office and administration operations by controlling the use of electricity and paper, and increasing overall environmental awareness. The Group's parent company, China Overseas Holdings, launched an internal Energy Conservation plan in 2015, rolling this out at the end of the year in appropriate China Overseas Holdings and its subsidiaries' offices. The Group plans to roll out trial implementations in a number of our offices. We will report back the progress to our parent company in November and review our performance and adjust the targets if needed at year end.

Current green office measures include:

- | | |
|---|--|
| Energy conservation | <ul style="list-style-type: none"> • Most air conditioning units are on timers, so that operating times can be optimised • All power supply to offices/meeting rooms is switched off when these rooms are not in use • Most offices already use LED or T5 fluorescent tubes • Our Hong Kong corporate offices are already ISO 50001:2011 certified • We have signed the Hong Kong Electrical and Mechanical Services Department's "No Incandescent Bulbs" energy conservation charter • We have signed the Hong Kong Electrical and Mechanical Services Department's "Room Temperature" energy conservation charter |
| Conservation of paper and other resources | <ul style="list-style-type: none"> • Company offices and work site offices are provided with separate rubbish bins for recycling and reusing waste paper • Environmentally friendly paper is used for everyday office work, and paper consumption is reduced • We encourage employees to consider printing needs, reuse paper printed on one side, and support printing on both sides of the sheet • Forest Stewardship Council (FSC) certified paper is used throughout our Hong Kong offices • We have signed up to the Hong Kong Water Supplies Department's Let's Save 10L Water initiative, and are committed to encouraging employees to support water conservation on company premises |
| We improve employees' environmental awareness | <ul style="list-style-type: none"> • In 2015, our parent company, China Overseas Holdings, set up an office Energy Conservation plan home page on the Intranet to provide details of, and the latest information on, the plan. Employees can browse the complete list of activities on the Web page, or download, complete and submit an application form. The Web page will also provide an information sharing platform enabling each company to share its own environmental protection tips • We continue to provide employees with ISO 50001 energy management system training • In 2015, we organised the COHL Organic Farm on the fourth-floor terrace garden of our Hong Kong HQ offices, the China Overseas Building, to give employees the chance to try organic farming. We also provided farming guidance and classes • The Group launched the COHL Environmental Protection Day in 2006, and on World Environment Day every year, we organise environmental protection activities on different themes to increase employee environmental awareness |



COMMITMENT TO THE ENVIRONMENT

Case study — The China Overseas Organic Farm — A green living environment in an office

In July 2015, the Sorority of our parent company, China Overseas Holdings, organised the first, long-awaited COHL Organic Farm on the fourth-floor terrace garden of the China Overseas Building, enabling employees to grow crops. The Group's employees were also involved. During the year, the Sorority organised two multi-session organic farming courses, to which experts were invited to share their expertise. These activities not only allowed employees to take a break and relieve work stress as well as to experience the fun and enjoyment of growing and harvesting organic crops, but also helped the Group to promote a green lifestyle in our offices.

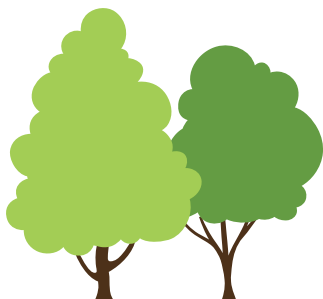
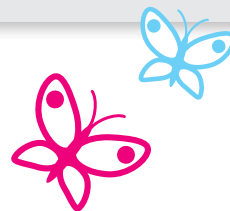
Promoting green buildings

As a contractor, the Group understands the long-term benefits of green buildings to the environment, but whether a development project seeks green certification or whether green construction materials are used is ultimately a decision which only the developer, as owner, can take. Although this is not an area over which the Group has control, we still support the development of green buildings and the housing industry by means of business and internal training.

The Group's subsidiary Shenzhen Hailong uses BIM, RFID and other tools to render virtual designs for pre-fabricated components before then producing these in standardised designs in industrialised plants. Compared to traditional methods, this approach greatly reduces resource consumption, and enables environmental protection by saving electricity, water, land and materials. Hailong is a constant innovator in the production of pre-fabricated components, developing pre-fabricated component formats for a range of properties and components. The company has been awarded numerous national invention patents, and is a leader in the technological development of pre-fabricated components. We believe that pre-fabricated component applications and technologies will continue to improve in future, and become a significant part of green buildings.

We also participated in the project design for a number of Design and Build projects. The Group actively encourages and provides employee with opportunities to participate in BEAM Pro training and obtain BEAM Pro certification to build the team's capacity. As a result our employees can give professional advice on the construction and management of green building engineering projects to increase the project's environmental performance. 12 Group employees have already obtained BEAM Pro certification.

A list of the green building certified engineering projects which we have already completed can be found in Chapter 11. "Key Performance Data".



COMMITMENT TO OUR PEOPLE

The Group’s approximately 10,000 employees are the company’s most valuable asset. Their persistence and hard work, embodied in our core philosophy of “exercising caution in details and implementation”, have enabled the Group’s businesses to expand exponentially. We also strive to maintain a safe working environment, an attractive salary and benefits package, adequate training and career development routes, as well as a fair and consistent working environment, enabling the employee and the Group to complement each other, and grow together.

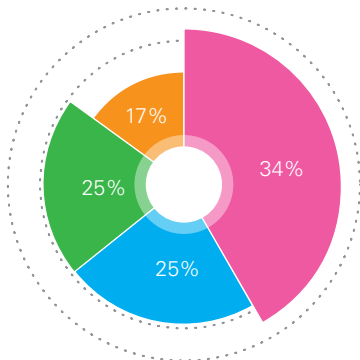
Group human resources objectives			
Occupational safety – Zero accidents	Attract, harness and expand high-grade talent	Expand employees’ development space	Nurture our corporate culture
See “Safety Management” section	Recruitment from the academia and society Provide competitive remuneration packages Regular performance evaluations Regular communications	Training and education Employee care	Equality of opportunity and treatment Employee conduct

CSCI’s management approach to human resources, including policy governing employee benefits, conduct, etc. is laid out in the Employee’s Handbook.

HUMAN RESOURCES INFORMATION

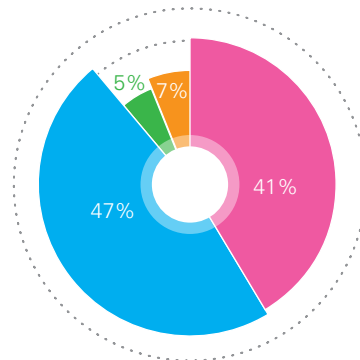
Total number of employees: 10889

By age



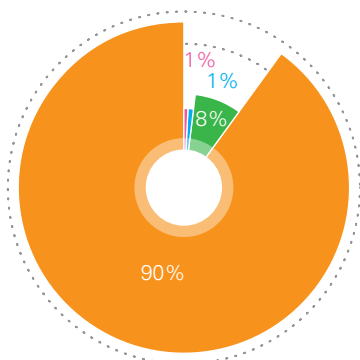
- 30 & below - 3698
- 31-40 - 2694
- 41-50 - 2686
- Above 51 - 1811

By region



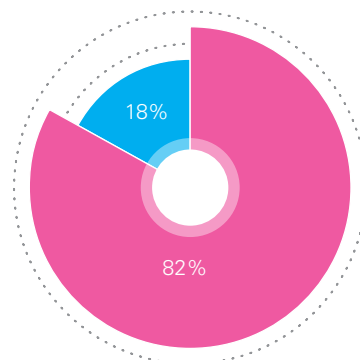
- Hong Kong - 4483
- Mainland China - 5142
- Macau - 579
- Overseas - 685

By position



- Senior Level - 56
- Middle Level - 156
- Junior Level - 886
- General Staff - 9791

By gender



- Male - 8908
- Female - 1981

COMMITMENT TO OUR PEOPLE



2015 employee turnover rate:
30%



2015 new employee rate:
38%



100%
100% of employees receive regular performance and career development evaluations



Average hours of training:

Senior management: 24.53
Middle management: 23.65
Executives: 22.41
General staff: 24.19

ATTRACT, HARNESS AND EXPAND HIGH-GRADE TALENT

Establishing and retaining high-quality talent is the cornerstone of the company's success. We have always provided competitive salary and benefits packages, which are reviewed annually and adjusted as needed. All of the Group's employees also receive an annual performance and career development appraisal to ensure that their efforts and progress receive due recognition. Human Resources and management also take this opportunity to engage with employees, and assess the support that they require.

In terms of recruiting talent, the Group's focus in 2015 was to increase recruitment from the community, seek out innovative campus recruitment methods, and boost inter-regional human resource allocations.

Initiatives in each region include:

Hong Kong Apprenticeship schemes, trainee engineer training programmes

Mainland China We have established multi-channel, collaborative recruitment platforms covering head-hunting, medium-to entry-level recruitment, online recruitment and internal referrals

We make full use of the WeChat platform for recruitment purposes, with good results.

Our Chaoyang Scheme Internships arrange one-month internships in our four subsidiaries in Mainland China for 18 outstanding college students from seven target institutions.

In 2016, the Sons of the Sea recruitment programme will focus on the theme of innovation.

Macau We have increased local recruitment in line with the development of the business, seeking to raise the quality of our talent through recruitment both on campus and at the Macau Youth Career Expo, and ensuring that the human resources needs of our rapid growth are met.

All regions Over the year, only 22 inter-regional deployments of personnel were required in order to support regional company needs



COMMITMENT TO OUR PEOPLE

Case study — Apprenticeship Programme

Construction projects have always required large amounts of manpower with specialised technical skills and expertise. In Hong Kong, with its ageing population, construction has in recent years increasingly suffered from manpower shortages, and highly-skilled employees are often hard to find.

As early as 2008, the Group was already aware of the importance to develop talents for the industry and has launched an apprenticeship programme since 2009. The programme aims to train apprentices to become the Group's future project specialists, and targets students at the Hong Kong Construction Industry Council. Most students receive monthly tuition subsidies provided by the Group while still attending the Academy. Following their assessment and employment as formal Group employees, the students are required to sign an apprentice contract approved by the Apprenticeship Commission with the company. Apprenticeships vary according to the training and work experience of the apprentice, and generally last 3-4 years. Apprentices receive full tuition assistance from the Group as they study towards a Hong Kong Institute of Vocational Education or Vocational Training Council qualification. In addition to being allowed to take classes and examinations during working hours, apprentices are also eligible for 5 additional days of paid leave per year of study. The company assigns a professional member of staff with a wide range of project experience to each apprentice, to act as a tutor and immediate supervisor. The tutor is responsible for overseeing the job training of the apprentice, and assigning them daily tasks to give the apprentice project-related technical training and guidance. The Group also arranges for apprentices to participate in systematic, diversified career training during their apprenticeship, on topics including engineering theory, engineering technology, priorities and mindsets for the integrated management of quality, safety and environmental protection, as well as business communications and other skills. The apprentice's mentor, the HR department and the Apprenticeship Commission's inspectors all hold regular discussions with the apprentice to review and monitor their learning progress.

We had the opportunity to interview Mr. Lee Pok Man, an outstanding graduate of the programme. He began receiving tuition subsidies provided by the Group in 2011, became a full-time employee and enrolled in the Apprenticeship Scheme in 2012, and graduated from the Scheme in August 2015:

Mr. Lee, why did you apply for the CSCI Group's apprenticeship programme?

Mr. Li: At the time, I was still a student at the Hong Kong Construction Industry, and found out about the apprenticeship programme in a class. As far as I know, a few other companies also run similar programmes, but after some research, we found that the CSCI scheme had significantly more places, and the monthly subsidy was also one of the highest, so I signed up. Only then did I discover that the programme was also quite rigorous. Several of us who made our way to company headquarters had to pass an admissions interview before being accepted.

Do you think the programme is practical?

Mr. Li: The monthly subsidy is very practical, and the training during the internship was also very demanding. During my time as an apprentice, the greatest feeling I had was that I had the privilege to ask questions. Whenever I had a technical or operational question, I would simply ask — my colleagues and supervisor would give me guidance because they knew my role was to learn. In this way, I absorbed a lot of very practical knowledge. For an engineering and construction student, I think this is the most important experience. Sometimes, we might be requested to complete a number of very challenging tasks within a very short period of time. That was tough but prepared me for the actual working momentum of a fully-fledged engineer.

You have been with CSCI for a few years now — what are your views and expectations of the training opportunities in the company?

Mr. Li: I think that apart from technology, the company also provides wide-ranging safety and environmental protection training. In the future, I hope to have the opportunity to participate on different work site projects and rotate in various positions. I believe this would significantly broaden my horizons.

If your family or friends were interested in entering the construction industry, would you recommend the apprenticeship programme to them?

Mr. Li: Certainly. Gaining practical experience in work sites is a rare opportunity. I would recommend this scheme to friends who want to enter the construction industry and learn more about technology.



COMMITMENT TO OUR PEOPLE

EXPAND EMPLOYEES' DEVELOPMENT SPACE

We hope that every Group employee can achieve full development. The Group has set out clear employee training guidelines, and is committed to providing a range of different training schemes for different professions and for employees at all levels. We regularly organise courses relating to career development, communication skills, technology exchanges, management methodologies and various other fields. Our training is normalised and provides full coverage, and encourages people to achieve continuous, long-term development. There are also clear guidelines for employee education grants, exam leave and other benefits.

In 2015, the HR department used a training focus closely targeting position skill requirements and the long-term development of human talent, as well as an organic combination of training courses with "Choose, Use, Stay" and other support systems, to generate an internal driving force for the development of corporate human talent. In 2015, the Group ran a total of more than 740 training activities, reaching more than 15,000 people, essentially achieving full staff training coverage. Total training hours exceeded 35,000 hours, marking a significant improvement in terms of training hours compared to last year. Regional training arrangements throughout the year included:

Hong Kong

We continued to improve our training system focusing on the development of a "talent pool", covering all areas of engineering project management, and performing quality surveys of employees at all levels. In addition, we also organised a wealth of training courses for all employees, including engineering technologies, the management of quality, safety and the environment, contract negotiation, communication skills, leadership skills, and other skills upgrades.

Mainland China

We improved our training course system and the lecturer team to establish four categories — Beginner, Explorer, Adventurer and Leader, covering eight specialist course systems including project management, and investment evaluations

We improved our internal lecturer team, and cooperated with external specialist entities to develop TTT (Train the Trainer) courses. We also drafted Training Course and Internal Trainer Management Approaches. Currently, 56 internal company trainers are involved in course development and training.

We enhance training results through personnel exchanges across offices— our subsidiaries have already exchanged 32 personnel with headquarters, effectively promoting business communication and accelerating talent growth.

Macau

With the mature Hong Kong model in mind, we have established a Macau internal staff volunteer camp, to provide internal employees with a wider range of practical learning opportunities.

Throughout the year, we have provided specialist training for different grades at both the company and work site levels.

Cross-regional

Far East Global has taken the first steps towards establishing a team of trainers as well as a series of courses comprising six major modules. They have also made improvements in completing induction training for fresh graduates who have joined the company in recent years.



COMMITMENT TO OUR PEOPLE

EMPLOYEE CARE

Employees' space for growth is by no means limited to expertise building. We hope that our employees are able to maintain a reasonable work-life balance, good relations with their colleagues, and involve themselves in leisure activities of all kinds in their spare time.

Construction site work requires significant levels of physical effort, and the Group has set up complementary physical check-ups for workers. Every new inductee and worker assigned to high-risk tasks is provided with free and regular check-ups. We have also purchased a blood pressure monitor from which results can be printed. In addition, we are actively improving the working environment of construction site employees, as providing staff with a good working environment and atmosphere increases their sense of belonging. For example, in the summer, we provide workers with cold drinks, and shuttle bus services if work sites are difficult to access by public transport. Work site offices are also equipped with spacious workers' rest areas, separate male and female showers, bathrooms and footwear washing facilities. Our subsidiary Hailong also provides a barber, gym, lounge and other practical facilities within the factory area for employees. In addition, we also provide paid compassionate leave (for honeymoons or bereavement) and provide birthday cakes to employees with birthdays as an expression of the company's care. In 2015, the Group approved a total of 284 and 283.5 days of paid honeymoon and bereavement leave respectively.

The Group cares for its employees' physical and mental health, and organised a number of leisure and sports events during the year, helping workers to achieve a proper work-life balance. The leisure and recreational activities that we organised included:

1. We participated in the "COHL Meeting Point" corporate culture festival. The Group played a part in a total of 16 programmes, including dance, musical performances and drama, improving our team spirit;
2. We were also involved in 'Walking with Dreams', China Overseas' sixth photography contest. The Group submitted a total of 80 pieces, of which 7 won prizes;
3. We took part in the 2015 China Overseas Badminton Tournament, with the Group fielding 30 players. The Group achieved second place in the two-day contest held in Chengdu;



COMMITMENT TO OUR PEOPLE

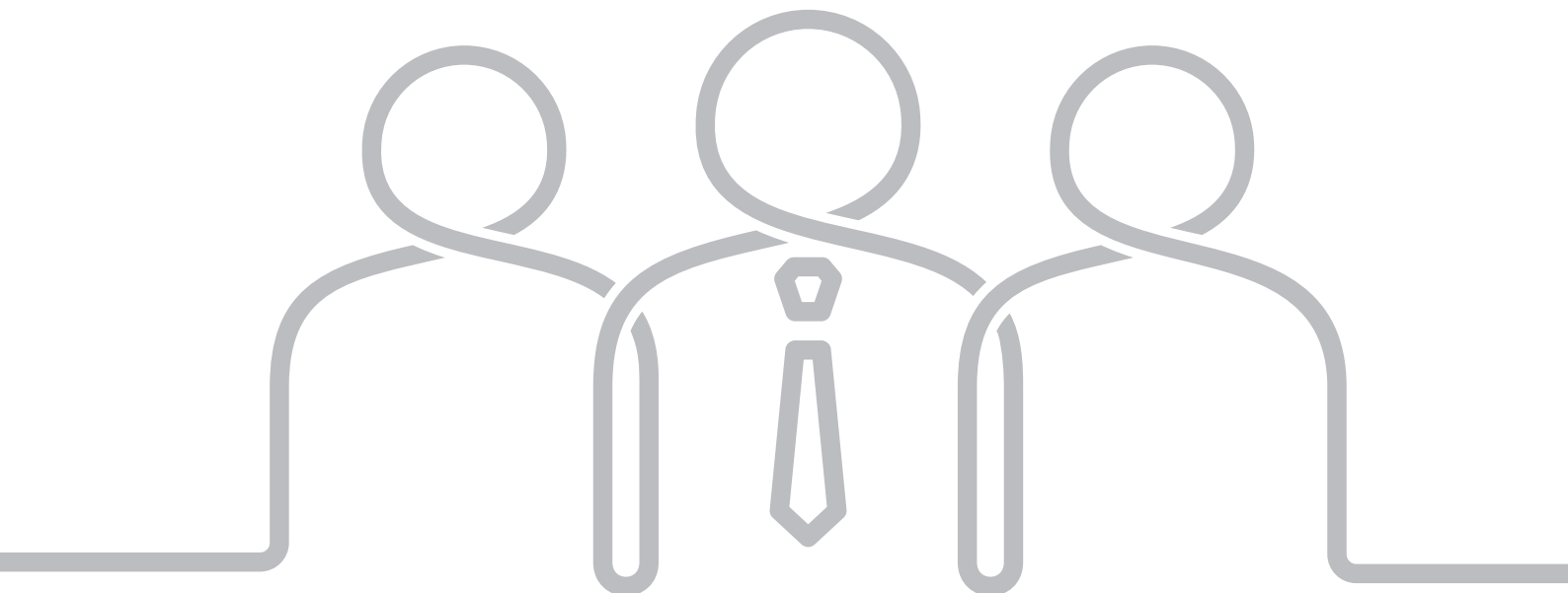
4. The Group's Hong Kong Association books weekly badminton, basketball and other sporting venues, allowing workers to play after work, to exercise as well as enhance communication between employees. Around 200 individuals participate annually.

For more information on the participation of Group employees in community volunteer activities, please see "Commitment to the community". In 2015, the Group also participated in the "Pioneer Micro-Initiative • Let me plan COHL's Future" event organised by our parent company, marking our active involvement in China Overseas' corporate culture.

EQUALITY AND HONESTY IN OUR CORPORATE CULTURE

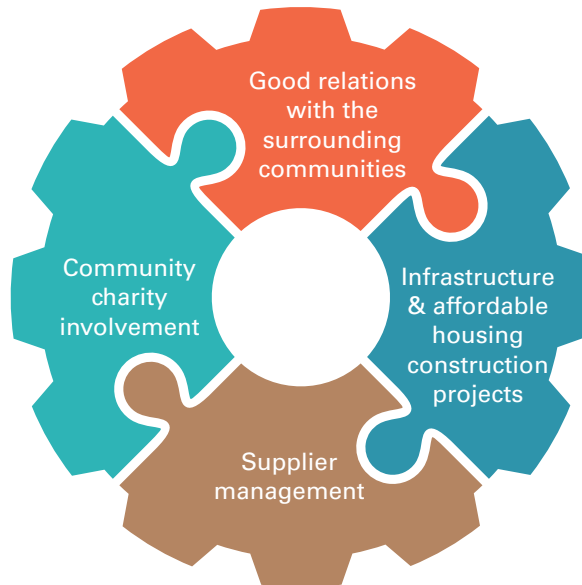
The Group has high expectations with regard to employee conduct and integrity. The Employee Handbook clearly stipulates the procedures employees should follow when they receive gifts, cash and equivalents, discounts or loans from work-related parties. In addition to the internal control mechanisms described in the section on corporate governance, we also require all new employees at headquarters and in our Hong Kong construction business to participate in industry-specific corruption prevention trainings. We invited the Community Relations Department of the Independent Commission Against Corruption (ICAC) to deliver trainings. In 2015, ICAC provided 15 training sessions, with a total of 553 participants. We also remind employees that they must not accept benefits of any kind from suppliers, and that any violation of these regulations is subject to severe penalties and legal sanctions. No incidents of corruption were identified in 2015.

Equality of opportunity and non-discrimination also form part of the Group's corporate culture. In the Employee Handbook, we undertake to provide employees with equal job opportunities and benefits regardless of gender, age, nationality or ethnicity. Because of the nature of the construction industry, the Group has a higher ratio of male employees to female employees, particularly in front-line construction and management positions, where there are more male employees than female employees. Meanwhile, because female construction site workers are mostly engaged in support positions, the average basic salary of male workers is slightly higher than that of female employees. The Group is aware that it should continue to work on the performance in this area, and hopes to be able to provide female employees with greater opportunities for advancement in a variety of areas. We maintain open communication channels with our female employees, so as to understand their views and suggestions.



COMMITMENT TO THE COMMUNITY

The Group is committed to establishing good relations with the community where the business is located, and to generating value across the business value chain for all of our stakeholders and community developments. In addition, we also guide and encourage employees to participate in community events and support the community charity education investment initiatives by our parent company, China Overseas Holdings,



MAINTAINING GOOD RELATIONS WITH OUR NEIGHBOURS

Although we make every effort to reduce the impact of project operations on the surrounding environment by means of effective management mechanisms, construction projects located in urban areas inevitably make an impact on the lives of the adjacent community. In order to maintain effective communications with stakeholders including residents, business and passers-by surrounding the engineering projects, we appoint a public relations officer in most of our Hong Kong work sites, and implement a good-neighbour programme. Their daily duties include inspections, talking to stakeholders, and passing on and following up any complaints or advice with work site management.



COMMITMENT TO THE COMMUNITY

Case study

Maintaining good relations with the community — work site public relations management

Interview with work site public relations officer Ms. Joey Chow

Projects completed: Super-structure Works at Li Tung Street, Wanchai Site A (part of the H15 Wanchai Redevelopment Project)

Current project responsibility: Kai Tak NKIL 6516 and 6517 residential development project

Please tell us a little more about the daily duties of a work site public relations officer

A work site public relations officer is responsible for liaising with the community, and pro-actively communicating with stakeholders including residents, business and passers-by surrounding the engineering project. We are based in the construction site offices for the duration of the project to perform daily inspections of the areas surrounding the work site, and check for any issues or inconvenience caused by the project or work site. We also proactively get to know the stakeholders in the surrounding community, give them our contact details, and encourage them to call immediately if they come across any problem which might have been caused by the work site or project. Of course, time permitting, I also make my way to the scene immediately. At the same time, we are committed to providing a response within one day.

If our consultations show that the problem may have been caused by the project and that it is beyond my ability to resolve, I immediately pass this on to the work site manager or corresponding department manager, and discuss how best to resolve the issue. I then discuss this with the stakeholder. Of course, a list of the names and contact details of the work site's main staff is posted on the work site bulletin board, so that stakeholders can also contact site workers directly to resolve issues.

Please tell us about one of the projects that you are responsible for and issues that you have worked to resolve

A project I was previously responsible for is the already completed Wanchai Li Tung Street Site A Residential Development project, which Hongkongers know as the "Wedding Invitations Street" urban redevelopment programme. The project was located in the centre of Wanchai, and surrounded by business and local residents. Most of the time, people and vehicle flows were relatively heavy. Also, most of the surrounding buildings were decades-old structures, and many are susceptible to the effects of noise.

In order to address the specific needs of this project, we establish a "public relations team" at the start of the project's construction phase, which maintains active communication links with the Buildings Department, Urban Renewal Authority, neighbouring residents and businesses, members of the Wanchai District Council and other community members. The team holds regular weekly meetings to discuss neighbourhood relations activities and progress, to review results and make improvements. These include giving advance notice to neighbouring residents, business and District Council members before the start of sheet pile driving. We explain to them the details and duration of the project, and also provide them with contact details for the public relations team, to facilitate mutual contact, and reduce the chance of subsequent complaints. The public relations team also arranges regular one-on-one meetings with neighbours — for example, high-rise owners' corporations for residential units adjacent to the proposed project, who worry that residential back alleys will become gathering points for criminal activity. The work site can then take suitable measures, such as installing closed-circuit TV and establishing points which are regularly inspected by security patrols, to put owners at ease.



COMMITMENT TO THE COMMUNITY

Another case which made a particular impression on me was when a neighbouring long-established business complained that vibration from the project while a previous contractor had performed foundation work had caused cracking in their kitchen tiles, as well as slight leakage in the outer walls. The contractor immediately made repairs. Once our project started, the business once again reported the same problems; we immediately inspected the interior of the business, but found that the problems were not in fact caused by our project. Nevertheless, we performed the repairs for the business as an expression of our goodwill

The site PR officer's duties reflect the importance placed on engaging with the community. The Group is aware that while engineering projects require clear-cut management, handling community relations must be more people-oriented and flexible. We hope to communicate more so that we are welcomed by the community at large.



INFRASTRUCTURE AND SOCIAL HOUSING CONSTRUCTION PROJECTS

The Group has been involved in the construction of public infrastructure and social housing for many years, and we leverage our business to enable the community to live and work. The Group has worked on the construction of Hong Kong public housing since 1982, and we have established a long-term working relationship with the Hong Kong Housing Authority, completing over 110,000 housing units over the last three decades. Once the projects currently underway are completed (in 2017 as estimated), these will provide approximately 10,000 public housing units. Since 2010, we have also invested in the construction of "Build-Transfer" high-quality social housing in a number of Mainland Chinese cities. To date, we have already completed 25,000 units, comprising more than 2.18 million square meters of social housing.

We actively apply the company's strengths in the housing industry to the benefit of these construction infrastructure and social housing projects. This benefits quality and cost control, and the use of pre-fabricated components also reduces resource consumption, ensuring greater care for the environment.

GROUP 2015 PUBLIC HOUSING, SOCIAL HOUSING (UNDER CONSTRUCTION OR COMPLETED) PROJECT OVERVIEW

Location	Project name	Project scale (10,000 square meters)
Chengdu	Ziyang Tea Garden rehousing (Lot A)	24.55
	Ziyang Tea Garden rehousing (Lot B)	22.54
Hangzhou	Xiaoshan Beigan Relocation Housing	37.56
	Hangzhou Yin Lake experimental school BT project	14.71
Jiaying Pinghu Relocation Housing	Xingyang Tea Garden	15.45
	Dongfang Lvzhou	31.21
	Northern State Spring (Lujiaqiao Rehousing)	7.89
	Northern State Spring — Northern Section	5.48
Jiaying Xiuzhou	Lakeview Garden (Chemical Fibre Plant Plot)	5.30
	Xiuzhou New District Jiuli Village Northern Section Rehousing	24.79
	Xiuzhou New District Xiushen Road Rehousing	2.22
	Xiuzhou New District Gaozhao Rehousing	3.80
Huzhou	Xiuzhou Xincheng Huoju Village Rehousing	14.00
	Fibre Plant South Phase 1	13.68
	Huzhou Yigao Farm Village Phase 1	6.49
Hefei	Huzhou Wuxing District People's Hospital (Phase 1)	8.94
	Shushan Industrial Park Phase 4 public housing	33.60
	Luyang Dongdao Reservoir Conservation District Yangzhen Township Hupan New Town Redevelopment ACDE residential housing	43.66

COMMITMENT TO THE COMMUNITY

Location	Project name	Project scale (10,000 square meters)
Wenzhou	Shuangyu Street Zhongyangtu Rehousing Lot A-2	21.88
	Shuangyu Street Xijinchengkou and Zhengqiao Plaza Lot	8.00
	Yangyi Street Dongqiao Leather Plant Redevelopment Lot B9 Phase 1, B5	21.08
	Yangyi Street Dongqiao Leather Plant Redevelopment Lots B3; B18	14.24
	Yangyi Street Rural Housing Phase 2 (Jinyuan Phase 2)	17.70
	Lucheng People's Hospital	4.84
	Lucheng Social Housing Construction Office (also known as Sanyang Social Housing)	19.00
	Binjiang Street Lier Village Lot 10#	22.00
	Nanhui Street Hengduhe West Lot A18-1	7.90
	Nanhui Street Putao Village Lot 6-3	12.66
	Nanhui Street Putao Village Lot 10-1	5.99
	BaiYang Rehousing (Lot C28)	18.60
	Tiefeng Rehousing (Lot C29)	5.20
	Jianfeng rehousing 1 (Lot B30)	12.80
	Jianfeng rehousing 2 (Lot B43)	14.90
	Pingyang County Cultural Centre	14.70
Macau	Taipa Northeast Road Public Housing construction works	6.39

GROUP 2015 INFRASTRUCTURE PROJECT (UNDER CONSTRUCTION OR COMPLETED) OVERVIEW

CSCI Hong Kong Civil Engineering projects under construction

1. Self-managed projects

Anderson Road work site formation
Stonecutters island sludge dewatering
facility improvement project
Causeway Bay Typhoon Shelter
Tunnel
Hong Kong-Zhuhai-Macau Bridge
Hong Kong Link — Section between
Scenic Hill and Hong Kong Boundary
Crossing Facilities
Tai Po Water Treatment works
Wan Chai Bypass Tunnel-Slip Road 8
Section
Widening of Fanling Highway — Tai
Hang to Wo Hop Shek Interchange
Removal of airport stored materials



2. Joint ventures

823A High-speed Rail Tai Kong Po
— Tse Uk Tsuen Tunnel
823B Shek Kong Sidings and
Emergency Station
Wan Chai Bypass Wan Chai West
Section
SCL North-South Line Straits Rail
Tunnel
SCL Expo Station and Tunnel Works



COMMITMENT TO THE COMMUNITY

CSCI Hong Kong Civil Engineering completed projects

1. Self-managed projects
 - Tolo Highway Extension Phase 1
 - Yuen Long South Sewage Channel and Pumping Station Expansion
 - West Kowloon Water Supply Line Phase 3 Maintenance
 - Western Water Supply Line Phase 3 Maintenance
 - Kai Tak Nulla Road Improvement Project Phase 1

2. Joint ventures
 - Third Runway Test Project



SUPPLY CHAIN MANAGEMENT

Our business not only generates direct value for investors and shareholders, it also creates a value chain made up of sub-contractors and suppliers. Indirect impacts on the economy, environment, labour and safety performance are generated along the value chain. We require fair tendering as a basic requirement in order to maintain the integrity of our supply chains, and also continuously monitor their performance in terms of quality, safety, environmental protection and labour.

SUPPLY CHAIN DATA

The Group currently has approximately 400 suppliers, including 135 in Hong Kong, 115 in Macau, and 135 in Mainland China.

Group main sub-contractors and suppliers

Sub-contractors	Engineering contractor
Building materials	Steel, concrete and finished products, cement, electrical hardware, chemical products supplier
Mechanical equipment	Work site equipment and machinery suppliers
Office supplies	Office equipment and paper suppliers



COMMITMENT TO THE COMMUNITY

SUPPLY CHAIN MANAGEMENT MATERIAL ISSUE AND APPROACH

Object	Issue	Management mechanism/measures
Overall supply chain	Transparent and open tendering	<ul style="list-style-type: none"> The Group achieved 100 % open tenders during the year. Every year, our Group CEO sends out an open letter to its sub-contractors and suppliers in Hong Kong, reminding suppliers that they must not provide company employees with any benefits, and that violations are subject to severe punishments, ranging from permanent exclusion from our approved suppliers' list to legal sanctions. A minimum of three tenderers are required in order to decide upon a supplier, thus increasing procurement transparency and social credibility.
	Communication feedback	<ul style="list-style-type: none"> We engage our suppliers in annual satisfaction surveys, and also ensure that they understand the code of conduct under which our employees operate. At the start of each year, company leaders visit our main suppliers to find out about latest developments, hear their views and increase bilateral cooperation.
Sub-contractors	Quality and safety	<ul style="list-style-type: none"> Sub-contractors must comply with work site safety and quality work guidelines. We improve sub-contractors' worker safety and environmental awareness through an accountability, training and reward system. The Safety and environmental management department assesses sub-contractor safety performance, and selects sub-contractors' foremen and safety officers with excellent performance levels. They are rewarded in accordance with the company's Hong Kong Region Sub-Contractor Foreman and Worker Safety Management Prize Awards. Sub-contractors and suppliers are rated on an annual basis according to scoring criteria which include safety and environmental performance. Work Site Safety Departments provide training for non-compliant suppliers, and assist them to improve their safety and environmental performance. Following the 2015 lead-tainted water incident, we have reviewed and classified sub-contractor material quality control flows. A sub-contractor construction material management process is now in place on most projects, improving our control of material sourcing and the efficacy of accountability. We will improve our guidelines in future, and expand these to other work sites.
	Environmental protection	<ul style="list-style-type: none"> Sub-contractors must comply with work site environmental guidelines. Sub-contractors and suppliers are rated on an annual basis according to scoring criteria including safety and environmental performance. Work Site Safety and environmental management departments provide training for non-compliant suppliers, and assist them to improve their safety and environmental performance.
	Labour	<ul style="list-style-type: none"> We have commissioned labour relations managers to handle labour relations issues with sub-contractors We continuously monitor and assess our sub-contractors' management of their employment relationships, and our payments to sub-contractors take into account an audit of the employment-related documents between the sub-contractor and their workers.



COMMITMENT TO THE COMMUNITY

Object	Issue	Management mechanism/measures
Suppliers	Quality	<ul style="list-style-type: none"> • Our centralised procurement, managed by the Procurement Department, sets out stringent procedures, and standardises the procurement process. • Materials Department managers and employees make unannounced visits to supplier plants to inspect or organise business meetings, and spend time with front-line staff and senior management in order to ensure production deadlines and quality. • We provide both internal and external training to material procurement staff. • The Goods Department is responsible for performing an annual overall performance evaluation of all suppliers over the past year, as well as for reviewing and updating the list of suppliers.
	Environmental protection	<ul style="list-style-type: none"> • When selecting a supplier, consideration is given to those with environmental management certification. The environmental standards of their products would also be screened in the preliminary selection. • Sub-contractors and suppliers are rated on an annual basis according to scoring criteria including safety and environmental performance. Work Site Safety and environmental management departments provide training for non-compliant suppliers, and assist them to improve their safety and environmental performance.

In July 2015, a number of public housing estates in Hong Kong reported having excessive lead in drinking water caused by issues with the water pipe materials. These included the Kai Ching Estate and Hung Hom Phase 2 projects constructed by the Group. The Group deeply regrets these incidents, and has actively cooperated with the Housing Authority's investigation into the incident. We have also provided residents with temporary water supply systems, running water hoses from the roof of each building to each floor so as to minimise the inconvenience to residents of fetching water. In addition, the company has continued to engage with the Housing Authority, and is completing planning for the replacement of affected pipes. We have already completed a comprehensive investigation of projects under construction, and water samples have been taken at the multiple projects recently completed by the company, as named by the Government. No similar problems have so far been found. The company extends its sincere apologies to all of the affected residents of the Kai Ching Estate.

At the end of May 2016, the Government published the findings of its investigation into excessive lead content in drinking water. We respect the results of this investigation, and recognize that monitoring mechanisms of construction projects in Hong Kong may require improvement. We will actively coordinate with the Government with regard to the improvements to our monitoring mechanisms proposed in the report, and take steps to improve and enhance the quality of our Hong Kong projects. In order to ensure the high quality of our work, we have already improved our regulatory regime in sub-contracting, working procedures and materials procurement, and introduced trial implementations of a new sub-contractor materials procurement policy in a number of projects in September 2015. This will improve control over material sourcing, and traceability. In addition to introducing laser lead-testing, we have also enhanced existing quality assurance procedures for installed drinking water pipes, including construction site inspections of brass components as well as of material procurement, inspection, storage and hand-over records. At the same time, we will strictly comply with the statutory requirements for the oversight of sub-contractors to further ensure construction quality.

COMMITMENT TO THE COMMUNITY

COMMUNITY PARTICIPATION

Social service is one of the Group's corporate missions. In addition to ensuring that our core business generates value for society, we also drive and encourage employee participation in community, charity and environmental protection activities.

Group and affiliate 2015 events:

1. On 11 January 2015, more than 250 China Overseas Holdings and CSCI employees and their families participated in the Hong Kong Community Chest's first major fund-raising event this year — the "Walk for a Million" event. The Community Chest's walk for a Million event is one of Hong Kong's largest charity walks, and the Group has given the event its full support.



2. On 8 February 2015, China Overseas Holdings' Women's Association organised the participation of almost 30 China Overseas Holdings, CSCI and other subsidiaries' work site employees and families in the Fourth Bridge to China charity walk. This marked the third consecutive year that the Group has supported this event, and we won third place for fund-raising in the open team segment.



3. On 5 June 2015, CSCI organised its 2015 Environmental Protection Day event — "High Island Reservoir — East Dam Scenic Area Appreciation Walk", the aim of which is to mark June 5, World Environment Day, and enhance the environmental awareness of company employees, as well as corporate social responsibility. The event is a chance to experience the ecological environment, and appreciate the stunning rocky landscapes and terrains of a world-class nature reserve.



4. On 8 November 2015, 12 Hong Kong Group employees took part in a 10-kilometre marathon organised by Bank of China (Hong Kong).

The Group also actively supports charitable initiatives coordinated by parent company China Overseas Holdings. China Overseas Holdings' community investment is mainly focused on educational initiatives in Mainland China, under the banner concept of "The Sea has no Limit, and Love has no Boundary". Since 2005, the China Overseas Charity Fund, an education investment initiative established by China Overseas Holdings, has made annual donations to Hope Schools in poverty-stricken areas. Ten years later, in 2015, marked the successful opening of its eleventh Hope School, China Overseas Tingkou Hope School, which is now up and running.

2015 AWARDS AND RECOGNITION



Construction business — CSCI and its subsidiaries



Awarded unit/project	Name of award	Awarding authority
China State Construction International Holdings Ltd.	Caring Company 2014/15 Logo	The Hong Kong Council of Social Service (HKCSS)
Shenzhen China Overseas Construction Limited	2014 annual Wuxi "Taihu Cup" Excellence project (award announced at the start of 2015)	Wuxi City Construction Bureau
Shenyang Huanggu Thermal Power Plant Ltd.	Shenyang Quality Trust (Credit) AAA rating	Shenyang Thermal Industry Association
Shenzhen Hailong Construction Products Company Limited	CSC Youth Innovation Prize Gold	China State Construction Engineering Ltd.
China State Construction International Holdings Ltd.	Technical Seminar Best Paper Award — Study into Vibration Assessment and Damping in Major Hospital Construction; Study into DBO-model Design and Management for Hong Kong Major Waste Water Treatment Plants; Study into Tunnel Blasting in Complex Environments in Hong Kong	China State Construction Engineering Corporation
China State Construction International Holdings Ltd., Shenzhen Hailong Construction Products Ltd., China State Construction International Investments (China) Ltd., China State Construction Engineering (Hong Kong) Ltd., Anhui Hailong Construction Ltd., China International Investment (Hefei) Ltd., Shenzhen China Overseas Construction Ltd.	China State Science and Technology Award — Hong Kong Building Industrialization Key Technology Research and Application	China State Construction Engineering Ltd.
China State Construction International Investments (China) Ltd.	Ministry of Housing Lu Ban Prize — Zhongzhou Mansion	China Construction Industry Association
Central — Wan Chai Bypass — Tunnel (Slip Road 8 Section)	21th Considerate Contractors Site Award — Outstanding Environmental Management Prize — Bronze	Development Bureau and Construction Industry Council
China State Construction Engineering (Macau) Ltd.	8th Regional (Guangdong, Hong Kong & Macau) Safety Quiz 2015 — Macau — Runner up, Construction Company Groups 2015 Fifth Macau Construction Industry Safety Award Scheme a. Best OSH Site (Building Site Category): Silver, Bronze b. Best OSH Site (Special Project Category): Silver, Bronze c. Best Safety Management System — Silver, Bronze d. Safety Improvement Project Silver	Macau Labour Affairs Bureau
Austin Site D residential development	Hong Kong MTR Safety Performance Award — Outstanding Safety Performance Prize	Hong Kong MTR

KEY PERFORMANCE DATA

ENVIRONMENTAL PERFORMANCE DATA

1. Major materials used (non-renewable materials)

Materials	unit	2015 total	Hong Kong	Macau	Mainland China	Overseas	2014 total
Paper	Tonnes	247	189	22	26	10	No data collected
Concrete	Cubic meters	4,558,995	906,616	371,905	3,280,473	Not applicable	4,105,196
Cement mortar	Cubic meters	256,361	32,279	1,380	222,703	Not applicable	876,552
Reinforced steel bar	Tonnes	643,915	174,190	76,624	393,100	Not applicable	265,852
Steel beams	Tonnes	58,184	27,168	21,888	9,129	Not applicable	62,458
Sheet pile	Tonnes	11,943	4,031	1,625	6,287	Not applicable	12,958
Cement	Tonnes	1,020,954	61,883	979	958,092	Not applicable	275,157
River sand	Tonnes	630,591	60,593	3,263	566,735	Not applicable	269,500
Stones	Tonnes	1,935,133	191,147	2,797	1,741,189	Not applicable	816,182
Bricks	Tonnes	570,533	19,889	8,740	541,904	Not applicable	256,829
Concrete flooring materials	Tonnes	1,106	936	170	–	Not applicable	6,888
Aluminium products	Tonnes	6,362	Not applicable	130	929	5,304	2,930
Steel products	Tonnes	5,727	Not applicable	133	4,016	1,579	787
Silica gel	Tonnes	344	Not applicable	156	63	125	306
Packaging materials (plastic film)	Tonnes	62	Not applicable	Not applicable	50	12	4,462
Glass	Tonnes	27,045	Not applicable	101	1,614	25,330	38
Wood	Tonnes	82	Not applicable	Not applicable	56	26	221

Renewable raw materials

Materials	unit	2015 total
Recycled stones	Tonnes	3,930
Recycled bricks	Tonnes	4,800
FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) wood	Cubic meters	73,183
FSC or equivalence certified paper	Tonnes	189
Aluminium materials	Tonnes	123
Plastic materials	Tonnes	40

KEY PERFORMANCE DATA

Energy consumption and carbon emissions

Energy/material type	unit	2015	2014	2013
Direct energy consumption				
Diesel	Litres	23,726,886	29,061,045	20,502,617
Biodiesel	Litres	400	914,135	1,200
Petrol	Litres	704,203	1,744,764	12,996,799
Natural gas	Cubic meters	12,541	Not applicable	Not applicable
Coal ^[1]	Tonnes	683,440	Not applicable	Not applicable
Indirect energy consumption				
Electricity	kWh	205,653,787	116,415,377	191,647,990

^[1] Fuel used for power generation at Huanggu Thermal Power Plant

Direct greenhouse gas emissions (Scope 1)	Unit	2015
Construction business greenhouse gas emissions ^[2]	Tonnes carbon dioxide equivalent	62,032
Huanggu Thermal Power Plant coal-burning greenhouse gas emissions	Tonnes carbon dioxide equivalent	1,298,741
Total direct greenhouse gas emissions	Tonnes carbon dioxide equivalent	1,360,773
Indirect greenhouse gas emissions (Scope 2)	unit	2015
Electricity use	Tonnes carbon dioxide equivalent	54,763
Total greenhouse gas emissions	Tonnes carbon dioxide equivalent	1,415,536
Intensity of energy use (Scope 1, 2)		
Greenhouse gas emissions/income	Tonnes carbon dioxide equivalent/HKD million	37

^[2] Far East Global energy data does not currently cover all operating sites. Diesel data currently covers operations in Shenzhen, Shanghai and Canada; petrol data covers operations in Shenzhen and US; and the natural gas data covers our operation in Canada.

Note: The Group did not perform a carbon audit in 2015. The aforementioned carbon emissions data was obtained from estimated fuel and electricity consumption data from each region. The fuel and energy emissions factors used in the calculation were provided by fuel/energy providers, local governments or research entities. All baseline emissions factors for Mainland China were taken from the 2014 Baseline Emission Factors for Regional Power Grids in China issued by the National Development and Reform Commission. Carbon dioxide (CO₂) is the major greenhouse gas being calculated; while the emissions of methane (CH₄) and nitrous oxide (N₂O) had also been calculated and converted into equivalence of carbon where their respective emission factors were available.

KEY PERFORMANCE DATA

Water use, sewage and waste

Municipal water supply consumption	Unit	2015	2014	2013
Water use	Cubic meters	8,055,056	5,948,411	7,210,800
Rainwater channel discharges	Cubic meters	165,186,156	1,211,339	1,004,032
Sewer waste water discharges	Cubic meters	621,343	1,064,978	296,554
Other waste water discharges routes	Cubic meters	372,032	231,885	583,059

Building waste treatment	Unit	2015	2014	2013
Solid waste	Tonnes	2,657,749	1,232,538	2,162,765
Recycled waste at work sites	Tonnes	138,700	478,862	124,340
Materials reutilized at work sites	Tonnes	39,919	126,760	541,028
Work site waste sent to landfill	Tonnes	72,875	249,744	127,914
Work site waste treated by fill bank for reuse in reclamation and site formation	Tonnes	2,009,452	1,086,980	1,457,405
Serious leaks	Occurrences and amounts	0	None reported	None reported

2015 environmental investment and expenditures

Environmental hardware investment (amounts and purposes)	Total HKD 96.90 million Includes HKD 89.35 million investment in Huanggu Thermal Power Plant environmental project. The remainder was used to maintain or purchase environmental equipment for Hong Kong, Macau and Mainland China work sites, such as waste water processors, automated vehicle washing systems and food waste processors, etc.
Waste and sewage disposal costs	HKD 64.81 million
Emissions treatment costs	HKD 3.74 million
Costs of hiring staff specifically handling environmental duties	HKD 10.12 million

KEY PERFORMANCE DATA

PROJECTS ATTAINED GREEN BUILDING CERTIFICATION

Project	Completion date	BEAM Plus rating	Awarding authority
China State Construction Engineering (Hong Kong) Limited construction projects			
Hong Kong Science Park Building 6	30/06/2004	Excellent	Hong Kong Green Building Council
Hong Kong Science Park Building 4a	08/03/2003	Excellent	
Hong Kong Police Headquarters Phase 3 (Hip Hing — China State Joint Venture)	30/04/2004	Excellent	
Centralized Science Laboratories at the Chinese University of Hong Kong	05/12/2006	Gold	
Sports Ground at Area 45, Tseung Kwan O	11/03/2009	Platinum	
Departmental Quarters for Customs and Excise Department, Hung Hom	02/08/2012	Gold	
Student Amenity Centre for the Chinese University of Hong Kong	08/11/2012	Platinum	
Shopping Centre at Yau Tong Estate Redevelopment Phase 4	28/05/2013	Platinum	
Student Hostels for the Chinese University of Hong Kong	14/08/2013	Platinum	
Joint-user Complex at Bailey Street, To Kwa Wan Reclamation	06/05/2013	Platinum	
Kai Tak 1A Development Project Phases 1 and 2	02/07/2013	Shopping centre and car park — Platinum	
		Other areas — Platinum	

KEY PERFORMANCE DATA

Project	Completion date	BEAM Plus rating	Awarding authority
China Overseas Building Construction Limited construction projects			
Comprehensive Development at Tsuen Wan Town Lot 398 (Vision City)	24/09/2007	Platinum	Hong Kong Green Building Council
Enterprise Square Five, NKIL 5927, Kowloon Bay, Kowloon (MegaBox)	16/05/2007	Bronze certification	
Residential Development at 26-40 Larch Street/ 21-21D Bedford Road, Tai Kok Tsui, Kowloon	14/03/2009	Platinum	
Superstructure Works, 3 Chun Yan Street, Wong Tai Sin, Kowloon (LionsRise)	25/04/2012	Gold	
Residential Development at 2A Seymour Road, Hong Kong (Azura)	22/10/2012	Platinum	
Superstructure Main Contract for K.I.L. 11192, Beech Street/Ivy Street/Pine Street/Anchor Street, Tai Kok Tsui, Kowloon	22/02/2012	Platinum	
Residential Development at TPTL 186, Pak Shek Kok Area Phase 1, Site B, Tai Po	09/02/2012	Platinum	
Residential Development at TPTL 188, Pak Shek Kok Area Phase 2, Site B, Tai Po	01/06/2012	Platinum	
Residential Development at I.L. 9018 (H15) Lee Tung Street/McGregory Street, Wanchai ((Site B)	08/08/2014	Platinum	
Residential Development at I.L. 9018 (H15) Lee Tung Street/McGregory Street, Wanchai (Site A)	03/05/2015	Platinum	
Residential Development at Austin Station Site D at K.I.L. no. 11129, Kowloon D (GRAND AUSTIN)	31/12/2015	Gold	
Superstructure Main Contract for T.P.T.L. 200, Pak Shek Kok, Tai Po, New Territories (Yilong Bay I)	30/11/2015	Platinum	
Superstructure Main Contract for T.P.T.L. 201, Pak Shek Kok, Tai Po, New Territories (Yilong Bay II)	30/11/2015	Platinum	

KEY PERFORMANCE DATA

HUMAN RESOURCES DATA

		Below 30 years of age	31-40 years of age	41-50 years of age	Above 51 years of age	Total employees by region
Staff distribution						
Hong Kong	Male	1,004	846	820	900	4,483
	Female	181	168	276	288	
Mainland China	Male	1,634	1,127	1,107	412	5,142
	Female	472	191	184	15	
Macau	Male	148	113	98	117	579
	Female	52	16	10	25	
Overseas areas	Male	167	195	166	54	685
	Female	40	38	25	0	
Total employees by age		3,698	2,694	2,686	1,811	10,889

New employees		
By region	New employees	Percentage
Hong Kong	2,339	56.97%
Mainland China	1,093	26.62%
Macau	144	3.51%
Overseas areas	530	12.91%
Number and ratio of new employees		4,106 100.00%
By age		
Below 30 years of age	1,717	41.82%
31-40 years of age	924	22.50%
41-50 years of age	854	20.80%
Above 51 years of age	611	14.88%
Number and ratio of new employees		4,106 100.00%
By gender		
Male	3,414	83.15%
Female	692	16.85%
Number and ratio of new employees		4,106 100.00%

KEY PERFORMANCE DATA

Employee distribution (by position)							
		Below 30 years of age	31-40 years of age	41-50 years of age	Above 51 years of age	Male	Female
Hong Kong	Senior management	0	6	13	15	33	1
	Middle management	1	13	18	19	42	9
	Executives	47	111	141	99	379	19
	General staff	1,137	884	924	1,055	3,116	884
Mainland China	Senior management	0	10	7	4	21	0
	Middle management	3	33	45	12	88	5
	Executives	66	163	132	43	358	46
	General staff	2,037	1,112	1,107	368	3,813	811
Macau	Senior management	0	1	0	0	1	0
	Middle management	0	1	3	6	9	1
	Executives	14	16	27	21	77	1
	General staff	186	111	78	115	389	101
Overseas areas	Senior management	0	0	0	0	0	0
	Middle management	0	0	2	0	2	0
	Executives	0	0	2	4	6	0
	General staff	207	233	187	50	574	103
Total employees by gender and age		3,698	2,694	2,686	1,811	8,908	1,981

Employee distribution by employee category	
Senior management	56
Middle management	156
Executives	886
General staff	9,791

KEY PERFORMANCE DATA

Employee turnover		
By region	Employee turnover	Percentage
Hong Kong	1,377	42.74%
Mainland China	1,252	38.86%
Macau	69	2.14%
Overseas areas	524	16.26%
Total employee turnover	3,222	100.00%
By age		
Below 30 years of age	1,167	36.22%
31–40 years of age	847	26.29%
41–50 years of age	777	24.12%
Above 51 years of age	431	13.38%
Total employee turnover	3,222	100.00%
By gender		
Male	2,734	84.85%
Female	488	15.15%
Total employee turnover	3,222	100.00%

KEY PERFORMANCE DATA

2015 MALE-FEMALE EMPLOYEE PAY AND BENEFITS RATIO

Areas of operation	Position	Male-female basic salary ratio*	Male-female remuneration ratio*
Hong Kong	Senior management	–	–
	Middle management	1.37	1.46
	Executives	1.48	1.53
	General staff	1.6	1.6
Mainland China	Senior management	–	–
	Middle management	1.00	1.11
	Executives	1.31	1.09
	General staff	1.50	1.36
Macau	Senior management	–	–
	Middle management	1.03	1.41
	Executives	0.80	1.22
	General staff	1.49	1.89
Overseas region	Senior management	–	–
	Middle management	–	–
	Executives	–	–
	General staff	2.1	2.4

EMPLOYEE TRAINING HOURS

Average training hours		
By gender		
Male	Hours	24.3
Female	Hours	22.9
By employee grade		
Senior management	Hours	24.53
Middle management	Hours	23.65
Executives	Hours	22.41
General staff	Hours	24.19

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
G4 General Disclosure						
Strategy and analysis	G4-1	Message from the Chairman		Message from the Chairman	4-5	
Organization Overview	G4-3	Name of the organisation		About this Report	3	
	G4-4	Major brands products and services		Business and quality management	19	
	G4-5	Location of organisation's headquarter		Business and quality management	19	
	G4-6	Number of countries where the organization operates		About this Report, Business and quality management	3, 19	
	G4-7	Nature of ownership and legal form		Business and quality management	19	
	G4-8	Markets served		Business and quality management	19	
	G4-9	Scale of the organisation		Business and quality management	19	
	G4-10	Workforce overview	KPI B1.1	Commitment to our people, Key Performance Data	42, 63	
	G4-11	Percentage of employees covered by collective bargaining agreements		None of our employees are covered by collective bargaining agreements.		
	G4-12	Organisation's supply chain		Commitment to the community	52	
	G4-13	Significant changes during the reporting period regarding size, structure, ownership or organisation's supply chain		Business and quality management		There is no significant change during the reporting period. Regarding the changes in the percentage of ownership, please refer to the Group structure in the "Business and quality management" chapter.
	G4-14	Explanation of whether and how the precautionary approach of principles is addressed by the organisation		Corporate governance framework and CSR management strategy	8-9	
	G4-15	Externally developed economic, environmental, and social charters, principles, or other initiatives to		Awards and recognitions	57	
	G4-16	Memberships in association and/or national/international advocacy organisations		Commitment to the Environment	40	

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
Identified Material Aspects and Boundaries	G4-17	Entities included in the organisation's consolidated financial statement or equivalent documents		Business and quality management	19	For more information, please refer to the ou4 2015 Annual Report.
	G4-18	Process for defining report content and the aspect boundaries		Stakeholder engagement and materiality assessment	12-17	
	G4-19	Material aspects identified in the process of defining report content		Stakeholder engagement and materiality assessment	14	
	G4-20	Aspect boundary within the organization for each material aspect		Stakeholder engagement and materiality assessment	12-17	The key issues covered in this report are applicable to the scope within the Group as described in this report, except that certain indicators are not applicable to the overseas operations. The reasons have been explained in the respective chapter.
	G4-21	Aspect boundary outside the organisation for each material aspect		Stakeholder engagement and materiality assessment	12-17	
	G4-22	Explanation of the effect of any re-statement of information provided in earlier reports, and the reasons for such re-statement		Safety management	31	The accident rate per thousand workers in 2014 was revised from 12.97, as recorded in the 2014 CSR report, to 14.69. The revision was due to the fact that certain injury cases were in the process of filing and thus not recorded at the time of publication of the 2014 report.
	G4-23	Significant changes from previous reporting periods in the scope and boundary		The coverage of this report is the same as last year. All material issues stated are applicable to the scope of business that this report covers, except that the data of certain indicators could not yet cover our overseas operations.		

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
Stakeholder Engagement	G4-24	List of stakeholders engaged		Stakeholder engagement and materiality assessment	12	
	G4-25	Basis of identification and selection of stakeholders		Stakeholder engagement and materiality assessment	12	
	G4-26	Stakeholder engagement approach and frequency		Stakeholder engagement and materiality assessment	12	
	G4-27	Key topics and concerns raised by stakeholders and the organisation's response		Stakeholder engagement and materiality assessment	15-17	
Report Profile	G4-28	Reporting period		About this Report	3	
	G4-29	Date of most recent previous report		Not applicable		Our last corporate social responsibility report was published in 2015.
	G4-30	Reporting cycle		The report is released annually		
	G4-31	Contact point		About this Report	3	
	G4-32	GRI in accordance option chosen		About this Report	3	
	G4-33	External assurance		This report was not externally verified.		
Governance	G4-34	Organisational governance framework		Corporate governance framework and CSR management strategy	7	
Ethics and Integrity	G4-56	Organisational values, principles, standards and behaviour		Message from the Chairman, Corporate governance framework and CSR management strategy	4-5, 8-11	
Material Aspects						
Economic performance	DMA			Business and quality management	23	
	G4-EC1	Economic value generated and distributed		Business and quality management	23	
Materials*	DMA		GD B2	Commitment to the environment	35	
	G4-EN1	Material used by weight or volume		Key Performance Data	58	
	G4-EN2	Percentage of materials used that are recycled input materials		Key Performance Data	58	
Energy	DMA		GD A2	Commitment to the environment	35	
	G4-EN3	Energy consumption Energy use efficacy programme and achievements	KPI A2.1 KPI A2.3	Key Performance Data Commitment to the environment	59 38-39	

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
Emissions	DMA			Commitment to the environment	35–37	
	G4-EN15	Energy consumption	KPI A1.1, A1.2	Key Performance Data	59	
	G4-EN16	Energy consumption reduced	KPI A1.1, A1.2	Key Performance Data	59	
	G4-EN18	Intensity of greenhouse gas emissions	KPI A1.2	Key Performance Data	59	
		Emissions-reduction measures and achievements	KPI A1.5	Commitment to the environment	39	
Water*		Management disclosure	GD A2	Commitment to the environment	36, 39, 40	
	G4-EN8	Water resource consumption	KPI A2.2	Key Performance Data	60	
		Description of energy use efficiency initiatives and results achieved.	KPI A2.3	Commitment to the environment	38–39	
Effluents and waste	DMA		GD A1	Commitment to the environment	35–36	
	G4-EN23	Total waste	KPI A1.3, A1.4, A1.6	Key Performance Data	60	
	G4-EN24	Significant spills	KPI A1.6	Key Performance Data	60	
Mitigation Of Environmental Impacts	DMA		GD A3	Commitment to the environment	35–41	
	G4-EN27	Extent of Impact Mitigation of Environmental Impacts of Products And Services	KPI A3.1	Commitment to the environment	35–41	
Compliance (Environmental)		Management disclosure		Commitment to the environment	35–37	
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Commitment to the environment	37	Apart from non-compliance already disclosed in the said chapter, there are no other significant non-compliances.
Overall (Environment)		Management disclosure		Commitment to the environment	35–41	
	G4-EN31	Overall environmental investment		Key performance	60	
Employment		Management disclosure	GD B1	Commitment to our people	42–47	
	G4-LA1	Employee new recruits and attrition numbers and ratio	KPI B1.2	Key Performance Data	63–65	
Occupational health and safety		Management disclosure	GD B2	Safety management	30	
	G4-LA6	Type and rates of injury, lost days and work-related fatalities	KPI B2.1	Safety management	31	
		OHS measures adopted	KPI B2.3	Safety management	30, 32–34	

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
Training and education		Management disclosure	GD B3	Commitment to our people	45	
	G4-LA9	Employee training hours	KPI B3.1, B3.2	Key Performance Data	66	
Local Communities		Management disclosure	GD B6, B8	Commitment to the community	48	
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes		100%		
		Focus area of contribution	KPI B8.1	Commitment to the community		
		Resources contributed	KPI B8.2	Commitment to the community	55	
Corruption prevention		Management disclosure	GD B7	Group corporate social governance framework and CSR management strategy	8-9	
	G4-SO3	Total number and percentage of operations assessed for risks related to corruptions and the significant risks identified		The Group has not collected this information in 2015 but make subsequent plans to collect it.		
		Number of concluded legal cases regarding corrupt practices	KPI B7.1	No cases regarding corruption practices are reported in 2015.		
	Preventive measures and whistle-blowing procedures against corruption	KPI B7.2	Corporate governance framework and CSR management strategy	8-9		
Compliance (social aspect)		Management disclosure		Business and quality management	23-27	
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		No non-compliance case was identified in 2015.		

GRI G4 CONTENT INDEX TABLE

	G4 guidelines	Gist of G4 indicators	HK ESG KPI	Section/Comments	Pages	Remark
Customer health and safety		Management disclosure	GD B6	Business and quality management	23–27	
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	B6.1	Business and quality management, Commitment to the community	25–27, 53–54	
Product and service labelling		Management disclosure	GD B6	Business and quality management	23–27	
	G4-PR5	Customer satisfaction	KPI B6.2	Business and quality management	23–27	
		Quality assurance process and recall procedures	KPI B6.4	Business and quality management	23–27	
Compliance (Product responsibility)		Management disclosure	GD B6	Business and quality management	23	
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning provision and use of products and services		No non-compliances reported in 2015.		

* Non-material issue

The following HKEx ESG indicators were not covered in the report because of their low relevancy to our business and impacts.

- KPI A2.5 –Total packaging material used for finished products
- KPI B4.1 & B4.2- Measures against child labour and forced labour
- KPI B6.3- Intellectual property protection
- KPI B6.5 Consumer privacy protection