



China Overseas Land & Investment Ltd.

Code on Contractor Management

Chapter 1 Purpose

China Overseas Land & Investment Ltd. (“COLI” or the “Company”) is committed to driving sustainable development. During this process, the cooperation with and the management of contractors are indispensable. COLI expects cooperating entities to adhere to common core values, comply with laws, ethics, principles of social responsibility and safeguard the interests of employees, customers and society while laying the foundation for mutually beneficial and win-win cooperation.

This code aims to provide the Company and cooperating entities with guidance on management standards and principles of behaviour. It establishes a comprehensive and systematic management system covering processes including the registration, shortlisting, tendering, appraisal and grading of contractors. This code will develop premium contractors in terms of quality, practicability, safety, costs, etc., thereby enhancing the Company’s core competitive strength and social value.

The primary purpose of this code is to set out the general principles. Where any content of this code involves other management measures or official documents (e.g. tender documents and contracts) of COLI, the detailed provisions in such management measures or official documents shall prevail.

Chapter 2 Scope of Application

This code applies to contractors in non-centralised contractual purchase by COLI and its subsidiaries, local companies and project companies in the respective place of their operation. Contractors as described below refer to contractors in non-centralised purchase.

Chapter 3 Management Code

Article 1: Classification and management

COLI will classify contractors into the following categories based on the status of cooperation: prospective contractors (referred on a real-name basis but not yet entered into the



formal register of contractors), newly admitted contractors (entered into the register of contractors but not yet engaged in any cooperation), contractors in probation (having been engaged in cooperation but not yet completed the first rating), qualified contractors (approved as qualified contractors at a rating meeting), disqualified contractors (rated as disqualified).

In principle, a contractor shall be listed as a disqualified contractor and prohibited from tendering if it commits any of the following acts during the course of contract performance due to any reason on its own part: serious project delay without taking active remedial actions; serious safety accident or quality problem in construction which results in an adverse impact on COLI or society; wilful suspension of work to make claims, making ill-intentioned claims upon settlement and refusing to resume work before its demand is satisfied; its workers or subcontractors besieging COLI's production or operation premises, or causing an adverse impact on public social environment; any other act that seriously hinders project development or causes an adverse impact on COLI's reputation; act of collusive tendering in a tender; abandonment of tender after award due to any reason other than a reason on the part of the Company; being found to be against relevant ordinances after the award of tender or during the course of construction due to changes in the environment, society or governance.

A disqualified contractor is not allowed to participate in any tender in two years beginning from the date it is assessed to be disqualified.

Article 2: Registration management

COLI implements a real-name registration system. The Company publishes tender announcements in its intranet and encourages all staff members to recommend excellent contractors. For some specialised contractors, the referral shall provide a reference letter for contractor registration, setting out the reasons for recommendation.

A referral is prohibited from making any connected transaction with the referred entity. Referral on behalf of another party is not allowed.

COLI strictly implements processes including prequalification, qualification screening, site inspection, assessment of inspection findings, preparation of inspection report and review of registration, and completes registration review according to standards.

COLI will monitor the performance of registered contractors continuously and adopts a one-vote veto in the event of any violation of this code or COLI's Code of Conduct for Contractors.



Article 3: Management of shortlisting

The management of shortlisting of contractors shall comply with principles including sufficient competition, combination of existing contractors and new contractors, balanced allocation, consistent grade, avoidance of referral, competence evaluation, priority for local contractors and prohibition of connected parties, ensuring the fairness and impartiality of shortlisting.

Any entity listed in the restricted category is not eligible for participation in any tender within the restricted scope during the restricted period.

Based on the opinions of relevant parties, after shortlisting tenderers, information of tenderers shall be completed. A tender scheme and individual tender plans shall be prepared. Tenderer approval forms shall be initiated. An entity shall not participate in tender unless it is approved.

Article 4: Tender management

Upon receipt of formal tender invitation, each entity shall organise a site survey on its own as required and understand the peripheral conditions, construction environment, transportation of materials, etc. in relation to the project by itself before tendering, so as to ensure sufficient consideration of the tender offer.

For certain projects, a tenderer is required to pay a tender bond.

Upon the completion of tendering, COLI will return all tender bonds in full. The tender bond will be confiscated if a contractor seriously violates the tendering procedures and discipline, abandons tender at will during the course of tendering, or breaches contract following the award of tender.

All tenderers shall submit tender before the specified time. Any tender submitted after the tender closing time will be deemed void. In principle, a tenderer which withdraws from the tendering process voluntarily shall provide a formal written statement of reasons.

COLI will complete tender opening after tender closing. In principle, tender opening shall be carried out in the online system. In the event of any difference between the tender offer in the tender document and that in the tendering system, the former shall prevail.

After the tender opening, COLI will organise the verification of tender documents. If any obvious evident loophole or problem is spotted in a tender document, the tenderer shall make clarification in writing.



In principle, a tender submitted by a tenderer may be deemed void if it fails to comply with the uniform requirements of the Company. These include: tender documents are incomplete; tender documents are not affixed with a common seal or the common seal affixed is invalid; tender is not submitted by the tender closing time; unauthorised modification of tender covenants and other obvious violation of tender requirements and covenants.

COLI shall be entitled to rescind and reinitiate the tendering if a considerable number of tenderers breach contracts or abandon the tender, causing a cessation of the tendering, or if the Company needs to redefine the tendering due to reasons including substantial adjustments to the overall development needs of the Company.

Following the completion of tender evaluation, finalisation and review meetings of different levels shall be organised according to respective powers and responsibilities. These meetings shall report and review the contents of the technical proposals and economic proposals and complete finalisation and decision. In respect of tender for projects of an important nature and a substantial amount, an expanded meeting of executive directors (special meeting on subcontracting of large-amount contracts) shall be held. Members of such meeting shall evaluate the tender and make the finalisation decision. With the approval at the meeting and implementation of proposals raised at the meeting, the tender shall be reviewed and approved by the awarded tenderer. Upon approval by the awarded tenderer, COLI will give formal notice of award to the tenderer.

Upon receipt of the notice of award, COLI will be responsible for compiling tender documents and binding correspondences to form complete contract documents. Upon approval of the contract documents, COLI will be responsible for binding and sealing such documents and deliver the same to the awarded tenderer for signing.

Article 5: Appraisal management

After a contractor completes the performance of contract, COLI will appraise the contractor (including making assessment and assigning rating) and classify the contractor to a corresponding grade, thereby establishing a long-term mechanism for contractor selection.

The contractor appraisal consists of subjective appraisal and objective appraisal. Subjective appraisal appraises a contractor in two perspectives including process and performance, while objective appraisal appraises in three perspectives including comprehensive performance, delivery and maintenance.



Based on the result of appraisal, contractors are classified into four grades from Grade A to Grade D, of which D represents disqualification. In order to be qualified, a contractor must not have been found to violate relevant ordinances in respect of environment, society and governance in the past two years.

Article 6 Management of register

The basic information of a contractor will be updated and maintained by the construction entity in the contractor system. COLI will verify the accuracy of basic information of contractors strictly.

COLI will follow up and monitor the cooperation in general contracting and important subcontracting on an on-going basis. In addition, the Company will conduct compliance screening to eliminate non-compliance in a timely manner.

COLI will regularly check for inactive contractors which have not participated in any tender in the past two years, which have been unsuccessful in tenders, or which have no intention to cooperate, and delist them upon approval of the Company.