



Operating in both Hong Kong and the Chinese Mainland, SOCAM is committed to conducting itself in a socially responsible manner. We believe this not only balances the best interests of the communities in which we operate with the interests of our shareholders, but also serves as a hallmark of excellence. We urge all our staff to embrace corporate social responsibility.





A key objective of the Group in Safety and Health is to build a strong safety culture not just among its staff, but also subcontractors and workers

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE GOVERNANCE

We see high standards of corporate governance as an integral part of responsible corporate citizenship. We believe strongly in integrity and fair play and seek to maintain rigorous corporate governance practices, including consistently applied systems and procedures, proper disclosure and transparent reporting, supported by effective functioning of the Board and Board Committees. A detailed corporate governance report is provided on pages 26 to 38.

We believe proper management control applied throughout the organization is a key facet of good corporate governance. In this respect, apart from management systems and procedures, the effectiveness of which we regularly audit through our Corporate Evaluation Team, we intend to build a culture of integrity among our staff. We maintain a strong awareness among all our staff of the need to practice good business ethics through regular training conducted in cooperation with Hong Kong's

Independent Commission Against Corruption (ICAC). In addition, key codes of behaviour are highlighted in our Employee Handbook. During 2005 and 2006, in response to the current emphasis of the ICAC and the Hong Kong Stock Exchange, we also provided training on connected transactions to management staff in Hong Kong and the Mainland.

WORKPLACE SAFETY AND HEALTH

As a caring employer, SOCAM considers workplace safety and health to be of paramount importance. We strive to provide safe and healthy work environments as well as to ensure that employees and workers have the highest awareness of occupational safety and health, both for their own benefit and as a means to enhancing the efficiency of our operations.

We have long provided leadership in safety and health within Hong Kong's construction industry. For example, we set up our Safety Committee and also commenced safety audits ahead of

other building contractors and long before there were contractual or statutory obligations to do so. In 2001, we became Hong Kong's first construction company to obtain the Occupational Health and Safety Assessment Series (OHSAS) 18001 certification. During the year under review, we obtained 5S certification from the Hong Kong Quality Assurance Agency for workplace housekeeping. Over the years we have won numerous gold awards from the Hong Kong Occupational Safety and Health Council (OSHC) and the Hong Kong Labour Department for our safety management system and practices, in campaigns such as the Construction Industry Safety Award Scheme, the Safe Working Cycle Forum and the Good Housekeeping Campaign. Our continued efforts to build a safety culture among our employees as well as our subcontractors are bearing fruit. An excellent measure of our achievement is that for the past 12 years, the Group's safety performance in terms of its accident rate among workers has





Our cement operations in the Mainland are making continuous improvements towards achieving the ultimate objective of zero accident

always remained at less than one-third of the overall construction industry in Hong Kong. In recent years, our accident rate has been as low as one-quarter of the industry average.

There is a similar focus on safety in our operations in the Mainland. In our own cement operations, for example, we have set the ultimate objective of achieving a zero accident rate and are making continuous improvements through a variety of initiatives. These include strengthening management

documentation systems, setting clearly defined safety responsibilities at all levels, undertaking quarterly reviews of safety measures and processes, as well as providing safety training, running safety promotions, and making awards for outstanding safety performance. During 2005, the total number of accidents across the plants in Guizhou dropped by 42% compared to 2004. The strong track record and commitment to safety of our partner Lafarge is a key strength in our joint venture and we expect this to enhance our safety performance going forward. Together, we are determined to implement world-class safety standards.

ENVIRONMENTAL MANAGEMENT

Recognising that it is engaged in industries that have the potential to create significant pollution and waste, and consume substantial amounts of energy, SOCAM strives to adopt environmentally sound practices in all its operations to contribute towards a sustainable environment for all.

The Group implements a range of measures in water treatment and recycling, air pollution control and environmental monitoring. In Hong Kong, Shui On Construction (SOC) and Shui On Building Contractors (SOBC) hold the latest ISO 14001:2004 certification for environmental management from the HKQAA. In 2000, they became the first two companies in Hong Kong to receive ISO 14001 certification from the China National Accreditation for Environmental Management System Certification Bodies. Over the years we have also received extensive recognition of our environmental performance. These include numerous awards in the Considerate Contractor Site Award Scheme organised by Hong Kong's Environment, Transport and Works Bureau, various Green Contractor Awards from the Architectural Services Department, and the Green Construction Contractor Merit Award in the Hong Kong Eco-Business Awards.

The Group's outstanding achievements in maintaining construction safety have earned itself numerous awards and recognitions





The Group strives to reduce pollution and waste, and minimise energy consumption in its operations to contribute towards a sustainable environment



In the Mainland, our cement operations have for years successfully recycled industrial waste and adopted measures to minimize pollution and conserve energy. We have been pioneers in using industrial by-products such as fly ash, phosphorous slag and coal gangue - which otherwise would have to be disposed of as solid waste - as blending materials for cement. The Group also

continues to invest millions in dust collectors and other environmental equipment in its drive for continuous improvement. Notable achievements during 2005 include a 30% increase over 2004 in the volume of industrial waste used in cement production at our plants in Guizhou. We also made good progress in further reducing coal consumption per tonne of cement production by 3.6% in 2005, which

in turn helped reduce emissions besides conserving fuel. Our partner Lafarge is an industry leader in environmental management and will provide further impetus to the newly formed joint venture towards contributing to a sustainable environment.



Shui On Construction and Shui On Building Contractors obtained HKQAA-5S certification from Hong Kong Quality Assurance Agency during the year





The Group runs a range of structured career development programmes and recruits fresh graduates from universities in Hong Kong and the Mainland

PEOPLE DEVELOPMENT

Recognising that people are the most important asset for an organization as well as for a community, we aim at all times to provide an environment where our people can excel, develop and grow. This in turn nurtures talents and helps develop upstanding citizens for the communities in which we operate, whether in Hong Kong or the Mainland.

The Group organises in-house training programmes in accordance with the company's business and management needs. The programmes range from new staff orientation, safety training and supervisory training, to team-building workshops, stress management workshops and management conferences. We provide external training sponsorships in the form of monetary and day-release support, with this also covering enrolment in degree or diploma courses, for staff who wish to enhance their knowledge and skills in their area of work. To facilitate career planning

The Group is devoted to nurturing talents and helping to develop upstanding citizens for the communities in which we operate, whether in Hong Kong or the Mainland

as well as succession planning, Management Development Reviews are conducted from time to time to allow for in-depth discussion of the development needs as well as potential career moves for each of our professional and management staff.

The Group runs a range of structured career development programmes and recruits fresh graduates from universities in Hong Kong and the Mainland. The Graduate Engineer Programme, for example, is a four-year programme that helps young engineering graduates to obtain chartership and take up management and professional positions through professional coaching and support, job rotation, site visits and internal seminars. Our Management Trainee Programme develops high-calibre university graduates for future leadership roles in the Group's operations in Chinese Mainland. Our Health, Safety and Environmental Officer Training Programme is a three-year scheme that develops trainees into fully competent and qualified professionals in the field. In addition,

our Apprentice Training Scheme is a four-year programme that trains technical institute graduates to become construction project supervisors.

Apart from Company-initiated programmes, self-development is also strongly encouraged, and we have custom-designed the Shui On Competency Model to provide the framework for staff to develop leadership qualities valued by the Group.

COMMUNITY INVOLVEMENT

The Group has long been active in the community in terms of making charitable donations, supporting scholarships and sponsoring other worthy initiatives. Besides donating to the Community Chest and other causes, such as the Tsunami Relief Fund, our community involvement has a strong focus on education and the environment. For example, we have continued to support the Whole Person Education Foundation which, through initiatives such as seminars at





The Charity Walk held by Shui On Seagull Club on 26 March, 2006 raised funds for the Senior Citizen Home Safety Association to provide one-stop services for the elderly living alone

secondary schools, helps young people in Hong Kong to build up character and resilience in the face of an increasingly competitive society. We regularly sponsor environmental and safety initiatives, such as the Project Clean Air, and have set up a permanent university scholarship fund for outstanding Environmental Studies students.

Apart from donating to charity and worthwhile causes, we take pride in our active involvement in developing management talent for the Mainland. We have been a steadfast supporter of the Executive Training Programme for the Western Region of China since its inauguration in 2002, taking in two or more "trainees" every year and providing them with on-the-job training in our operations in Hong Kong. Organized by the Business and

Professionals Federation of Hong Kong, the programme provides a one-year internship at sponsoring companies for senior- and middle-level government officials. Since 1998, we have also supported Shanghai University's Shanghai Institute of Business and Management in organizing annual study tours to Hong Kong for participants in their management development programme. These tours include company visits as well as a joint seminar at Hong Kong University of Science and Technology alongside its

MBA and executive programme students. Hong Kong students also benefit from this initiative through the opportunity to integrate with business professionals from the Mainland.

In addition to community involvement on the company level, we encourage our employees to be caring and contributing members of society. We initiated and continue to support the Shui On Seagull Club, our employee-run volunteer social service unit registered with the HKSAR Government. The Seagull Club has operated for more than 20 years and encourages staff to engage in volunteer services with a view to improving the welfare of the less fortunate in the community, focusing on the elderly, the handicapped and underprivileged children. The Seagull Club's annual Charity Walk has over the years raised millions of dollars for worthwhile community service organisations in Hong Kong.

Shui On Seagull Club's annual Charity Walk has raised millions of dollars for various social services organizations in Hong Kong

