

Corporate Citizenship

Staff Development and Personal Growth



The Group organized the "Fun Day at Ocean Park for the Lu Ban Festival 2006" for its staff and families.



The Group organizes different training programmes to encourage its staff for self value-adding so as to cope with the changes of society.



The "1st China State Construction Cup Basketball League" is organized by the Group. Staff not only demonstrate their basketball skills but also built up their friendship for better team spirits.

CORE VALUE AND WORK FOCUS

The Group has persisted in its core thought of "human resources and culture are the most precious wealth" and combines the establishment of a talent team with the creation of a corporate culture. Besides, by inheriting the "people first" principle, it has placed the emphasis of the human resources work on "cultivating and using people" so as to provide its staff with simple and harmonious human relationship, challenging jobs, vast development opportunities and benefits satisfactory to staff. As at 31 December 2006, the Group had a total of 3,041 employees (excluding staff of our joint-venture projects), of which, 2,332 persons were in Hong Kong, 84 of them were in the Mainland China, 163 were in Macau and 462 were working overseas.

LEARNING OF STAFF AND SELF IMPROVEMENT

The Group provide the full support for its staff for life-long learning and self value-adding. The Group have put aside capital to set up the "Staff Education Fund". The Group will also hammer out training programmes according to the needs and interests of the staff to provide diversified and practical training by using quality education and training resources such as the training centre of the Group. These courses cover the corporate system, management skills and occupational skills, quality assurance, team-building and communication skills. More than 2,900 employees took part in the courses during the period. The diversified training include sharing, external training, outdoor practice and visits and seminars. The Group's staff actively participate in its training programmes and are enthusiastic to learn. In order to cope with the Group's business development on an international scale, the Group commenced the

training on "overseas business development strategy and operation" for all of the Group's management staff, thereby broadening their vision for its long-term development. The Group have also recruited professional instructors from overseas to conduct the "Modern Safety Management" courses, which will enhance the management concept of the management staff in a forward-looking manner and optimize the quality of management of the Group as a whole.

OVERALL DEVELOPMENT AND CREATIVITY DEVELOPMENT

"Incorporating personal pursuit with the long-term corporate development" not only is the long-term objective for human resources, but also the value the Group that has been cherishing. By means of its mature "Trainee Engineer Scheme A Training Programme" and its "Apprentice Training Scheme", the Group provide opportunities for its staff for exposure in different capacities, which helps to enhance the overall quality of its staff and to provide a reserve of capable people for its team. The Group has also made use of its advantage in overseas business to hammer out the "International Plan for Cultivating Talents", with the system of exchange of people and rotation, selection and dispatching of talented staff to learn in overseas regions so as to broaden their vision with the international exposure, thereby effecting the training of people for the international arena. Also, the Group has made much efforts in promoting the "Staff Good Recommendation Scheme" to encourage the staff in active thinking and innovations and contribute ideas to the Group. Many awarded proposals have been concluded and promoted, which create high cost-effectiveness for the Group and social benefits as a result.

PERFORMANCE APPRAISAL AND INCENTIVE MECHANISM

All the departments of the Group have to determine their business indicators and plans according to the annual financial planning and budget presented by the financial department as the key basis for their respective performance assessment. The Group fully recognises that the effectiveness of a system depends on its implementation, therefore the Group has committed to implementing the various incentive mechanisms, including "Contracting Responsibility of Sites" and the "System of Departmental Operation and Management Objectives and Responsibilities". Remuneration of the staff is reviewed according to the professional knowledge, performance and the overall performance of the Company as well as the prevailing economic conditions and market trend. The salary and bonus of the staff for the year were at leading levels in the industry. "Award of Outstanding Staff" recognized the staff working in Hong Kong and overseas with remarkable performance of the year.

CHARITY, COMMUNITY AFFAIRS AND INTEREST GROUPS

The Group advocates a corporate culture of working proactively, creativity and healthy life. To improve and cultivate personal quality and moral character, the Group has been playing an active role in organizing its staff to take part in various community activities such as the "Hong Kong – Macau O! Day Challenge" of the Salvation Army, the "Community Chest Green Day" and "Walks For Millions" of the Community Chest. In addition, the Group has also performed its social responsibility and commitment by charity donations so as to express its care for the underprivileged in the society. The Group has also organized a myriad of exciting activities after work, including interest groups, sports games, photography, social gatherings and trips. The Group held the "1st China State Construction Cup

Basketball League" for the year. The staff actively participated in the games and demonstrated their basketball skills and high standard of sportsmanship. Major events such as the "Fun Day at the Ocean Park for the Lu Ban Festival 2006" had enriched the leisure life of the staff and provided opportunities of communications and exchange for the colleagues and their families, and became an important part for team building and staff relationship.

SYSTEM REVIEW AND CONTINUED IMPROVEMENT

The Group is convinced that frequent review and revision are vital to the progress of an enterprise. Based on the principle of candid communication, the Group invites views from all of its staff on the management of the Group and makes an objective assessment of the performance of the management team and the development of the Group. Also, the Group carries out an annual survey with the staff on their satisfaction and makes available more diversified channels of communication and provides the basis for system review and conclusion. The Group has made system review the normal operation of the Group, which provides a strong guarantee for the quality of the Group's projects and the improving standard of management.

Corporate Citizenship

Environment Protection and Promotion



To build up a harmonious community relationship, the construction site invites students from nearby schools to create printings on the site hoardings.



Pictures of green plants have been painted on the site hoardings of the construction site of Choi Wan Road Site 1 Phase 1 and Phase 2 for a more pleasant environment. Hotlines are set up to provide a better communication between the people living nearby and the site.

For a successful construction project, other than cost control, safety, quality and progress, environmental protection is also an important ingredient. As a responsible contractor of our society, the Group must champion green management in construction planning in order to create a pleasant environment for our society. The Group has adopted a number of measures for environmental protection to minimize the level of pollution and the creation of waste materials the works may produce as well as to save natural resources, and also to improve our environmental management system. The innovative environmental initiatives of the Group have been applied in its intelligent multi-working platforms and have won a number of honours. The Group's environmental management system has been applied in the work sites, which includes the following environmental protection measures:

- automatic tyre cleansing machine – which cleanses the mud and silt adhering to the tyres of vehicles going in and out of the construction site
- waste water treatment machine – which purifies the waste water produced by the construction site until it has reached the required standard before discharge or recycled
- cement recovery device – which saves the first 0.3 m³ of cement of each cement truck as a result of loss from the collapse test
- provisional sound barrier – which minimizes the impact of noise to the residents, schools and hospitals



"The 1st Competition of the Most Environmental-Friendly Construction Proposal" was organized to raise the awareness of the management of construction sites to undertake environmental-friendly construction project.



Staff members are very supportive of the event "Community Chest Green Day" organized by the Community Chest every year.

With the concerted efforts of the Group, the results were evident. In 2006, the Group received a number of awards including the "Considerate Contractors Site Awards", "Site Cleanliness and Tidiness Awards", "Outstanding Waste Management Performance Grand Awards", "Wastewi\$e Logos" and the "The Environmental Merit Award" by the Hong Kong Construction Association.

In 2006, the Group played an active role in the environmental protection activities of the community, such as organizing the "China Overseas Environmental Protection Day", the "Community Chest Green Day", the "Golden Autumn Planting Day with the Kids", which were aimed at enhancing the awareness of environmental protection. And in order to achieve the dual purpose of caring for the community and championing environmental protection, the Group has been committed to create our environment jointly with the community nearby, examples are the trees planting day for Sha Tin Heights Tunnel and Approaches, invitation of students from nearby schools at the construction site of Eastern Harbour Crossing Site Phase 3 and Construction of Service Reservoirs, Pumping Station and Associated Mainlaying near Choi Wan Road to create paintings on the site hoardings in order to make the environment more pleasant. The Group also hosted "The 1st Competition of the Most Environmental-Friendly Construction Proposal", "Quiz on Environmental Protection" and the "Environmental Protection Workshop", which were aimed to impart the latest environmental protection information to site workers and subcontractors.

The Group has also asked subcontractors to comply with environmental protection policies, and to hold regular meetings with subcontractors during the progress to discuss environmental protection related issues. Moreover, the Group has also organized regular promotion activities for its staff and subcontractors to enhance their recognition of environmental protection and to promote the saving of resources. It has also encouraged staff to research on the means to save energy and resources in construction, thereby saving costs in the long run.

Corporate Citizenship

The Group and Community



The Group organizes a large team of love and care to participate in the Community Chest Walks for Millions every year.



Athletes from China State team of love and care participated in the MTR Hong Kong Race Walking 2006.

“Serve the Community” has always been the Group’s corporate objective. The Group has been committed to constructing various kinds of projects, which on the other hand it has been setting a good example as a corporate citizen. Trying its best to fulfill the duties of a corporate citizen is an integral part of its core values. The Group takes the initiative to participate in all kinds of social activities and encourages its staff to do the same for the benefit of the needed and the community.

With the active participation of its staff, the Group provides strong support to all kinds of social activities such as the “Walks for Millions Hong Kong Island for 2006”, “MTR Race Walking 2006”, “Community Chest Treasure Hunt Corporate Challenge”, “Hong Kong – Macau O! Day Challenge” and the “Run-up Two IFC Charity Race” in order to help the needed in the community and arouse the care of the community in its staff.

Community Chest Walks for Millions 2006

The Group organized a team of love and care of over 300 to support the largest charity walk on Hong Kong Island in person — Community Chest Walks for Millions 2006.

MTR Race Walking 2006

A team of four representing the Group joined the “MTR Race Walking 2006” which is the “Health For Prosperity” campaign of the Health Info World of Hospital Authority in order to promote a healthy living.



Staff are very supportive of various charitable activities and participated in "Hong Kong – Macau O! Day Challenge"



The Run-up Two IFC Charity Race. The team completed the 88-storey race and at the same time raised money for the needed.

Community Chest Treasure Hunt Corporate Challenge

Four athletes representing China State Construction arrived at the Fisherman's Pier in Macau for the Community Chest Treasure Hunt Corporate Challenge. The event helped funding the young children services and children protection services of the Community Chest.

Hong Kong — Macau O! Day Challenge

The "Hong Kong — Macau O! Day Challenge" hosted by the Salvation Army is the first cross-city orientation charity competition of Hong Kong. The Group's team completed the event with their stamina, perseverance, wit and cooperation.

Run-up Two IFC Charity Race

Four athletes went for the highly challenging "Run-up Two IFC Charity Race" hosted by the Community Chest. The charity fund raised is to subsidize services for the handicapped and to help the physically handicapped to develop their physique, intelligence and to integrate with the community.

The Group has also initiated in organizing teams of voluntary workers to visit the elderly and carry with them the love and care for the elderly. They have even organized fun gatherings such as the "Love and Warmth for the Elderly Home" and "Joy and Fun on the Eighth of March". Apart from donations to its own community, the Group has also contributed donations for the southern part of China to help the unfortunate in the natural disaster with a view to helping the needed with our love and warmth.

The Group has donated to a number of beneficiary organizations and charities including the Community Chest, Salvation Army, the Health InfoWorld of the Hospital Authority, the afflicted people of the southern part of China as well as other voluntary organizations.

Corporate Citizenship

Prizes



Zhan Tianyou Grand Prize for Civil Engineering



Considerate Contractors Site Awards



Hong Kong Awards for the Industries: Productivity and Quality Awards

AWARDS

UNIT/PROJECT

ISSUING AUTHORITY

Zhan Tianyou Grand Prize for Civil Engineering

Infrastructure for Hong Kong Penny's Bay Development – Phases 1 & 2

China Civil Engineering Academy (January 07)

Quality Building Award

Construction of Police Headquarters, Phase 3

Buildings Department, Hong Kong Government

Quality Building Award

Construction of New Headquarters for EMSD at Kai Tak Kowloon

Buildings Department, Hong Kong Government

Hong Kong Awards for the Industries: Productivity and Quality Awards

China State Construction International Holdings Limited

Trade and Industry Department of Hong Kong Government (February 07)

Outstanding Contractor Award (Foundation) (Silver Prize)—New Works Projects

Redevelopment of Lam Tin Estate Phase 7 & 8

Hong Kong Housing Authority

Considerate Contractors Site Awards 2005 (Gold Prize)

North Point Sewage Pumping Station

Environment, Transport and Works Bureau

Considerate Contractors Site Awards 2005 (Silver Prize)

Sha Tin Heights Tunnel and Approaches

Environment, Transport and Works Bureau

Considerate Contractors Site Awards 2005—Outstanding Waste Management Performance Award (Bronze Prize)

Sha Tin Heights Tunnel and Approaches

Environment, Transport and Works Bureau

Wastewi\$e Logos

Construction of Proposed Through – Train Schools at Tseung Kwan O

Environmental Protection Department

Construction Industry Safety Award Scheme (2005/2006 Civil Engineering Sites) (Silver Prize)

North Point Sewage Pumping Station

Labour Department of Hong Kong



Hearing Conservation Best Practices Award Scheme 2006 – Excellence Award



Quality Building Award



Considerate Contractors Site Awards

AWARDS

UNIT/PROJECT

ISSUING AUTHORITY

Construction Industry Safety Award Scheme (2005/2006 Civil Engineering Sites) (Bronze Prize)

Central Reclamation Phase 3

Labour Department of Hong Kong

Construction Industry Safety Award Scheme (2005/2006 Building Site Private Sector) (Bronze Prize)

TWTL398 Tai Ho Road, Tsuen Wan, Superstructure

Labour Department of Hong Kong

Hearing Conservation Best Practices Award Scheme 2006—Excellence Award

TWTL398 Tai Ho Road, Tsuen Wan, Superstructure

Hong Kong Occupational Safety & Health Council

Construction Safety Promotional Campaign—The Best Hazard Identification Activity Team

Castle Peak Road Improvement between Tin Kau and Sham Tseng, Tsuen Wan

Hong Kong Occupational Safety & Health Council

Construction Safety Promotional Campaign—The Best Safe Working Cycle Site

KCRC – Kowloon Southern Link Tunnels

Hong Kong Occupational Safety & Health Council

Construction Safety Promotional Campaign—The Best Hazard Identification Activity Team

KCRC – Kowloon Southern Link Tunnels

Hong Kong Occupational Safety & Health Council

Construction Safety Promotional Campaign—The Best Safe Working Cycle Site

Castle Peak Road Improvement between Ting Kau and Sham Tseng, Tsuen Wan

Hong Kong Occupational Safety & Health Council

The Environmental Merit Award

China State Construction International Holdings Limited/China State Construction Engineering (Hong Kong) Limited

Hong Kong Construction Association