

QUALITY HEALTH SAFETY AND ENVIRONMENT (QHSE)

Prioritizing safety and prevention;
Honoring quality and credibility;

Valuing humanity and life;
Respecting our nature and environment;



Our QHSE system focuses on the following:

- Establishing a systematic approach to control quality, health, safety and environment, and to ensure quality, health, safety and environmental protection in production activities;
- Clearly identifying responsibilities of our management and employees;
- Guaranteeing that our production activities meet the requirements of the law, regulations and standards;
- Ensuring that sufficient resources are provided as support.

The year 2006 was a year of achievement of the Company's international penetration strategy and rapid overseas expansion, as well as a year of enhancement of our internal structure to meet developmental needs. The Company stood by its idea of scientific development and upheld our "people-oriented" and "safety development" concepts. On the basis of our accountability to the country as well as shareholders, staff and the community at large, the Company enhanced its QHSE management. The establishment of the SMS and QHSE systems was proactively promoted while sustainable improvement was insisted upon. The assuring effect of QHSE was brought to its best. The Company achieved all of its annual operating and safety management targets.

The Company's management placed great emphasis on QHSE activities, which ultimately treated safety in production as the foundation for the survival and development of the enterprise. A meeting of the safety committee is periodically convened at the beginning of each year. This year's meeting finalized the Company's QHSE management activities, proposed and announced the annual QHSE management targets and evaluation methods. It was emphasized that QHSE activities were the control gateways to determine the responsibilities of managers at various levels. On the basis of the "who supervises shall be held responsible" and "managers of production must manage safety as well" principles, our management targets were taken up by the units and implemented at the base level. With the Company's rapid development and numerous new staff at the front line, the Company began by strengthening our corporate culture of safety operation and delivered safety education and technical training. The Company put efforts into arousing employee's awareness of their responsibility, safety and compliance with rules to enhance staff quality and improve efficiency of the operation of the SMS and QHSE systems in production and operating activities. Emphasis was placed on seasonal change and prevention of personal injuries and major mechanical accidents. The identification and control of substantial risks was focused upon in safety management. More efforts were devoted to monitoring offshore operation, hazardous chemical tankers, marine support and transportation safety and onshore fire equipment. Various laws, rules and regulations for safety production were put in place. Under the collective effort of the Company's management and staff, the Company fulfilled its annual QHSE management targets. Safety conditions were steady as a whole, without the occurrence of significant events. The occurrence of safety issues was basically controlled within an acceptable range, with a downward trend as a whole.

In 2006, in accordance with the OSHA statistical method, the occurrence of safety issues during the year was 0.32.

