

ENVIRONMENTAL, HEALTH AND SAFETY

Among Hsin Chong Construction Group Ltd. ("Hsin Chong")'s five core values — **Integrity, Quality, Service, Innovation** and **Social Responsibility**, two of them — Social Responsibility and Innovation, serve as the foundation on which Hsin Chong built its system on Environmental, Health and Safety ("EHS"). Hsin Chong's EHS objectives are to: (a) provide a safe and hygiene workplace for the employees and business partners; (b) minimize adverse impact to the surrounding community; (c) reduce waste generation; (d) achieve zero accident rate; and (e) comply with all the laws and regulations.

ENVIRONMENTAL MANAGEMENT

In February 2001, Environmental Management System ("EMS") in respect of building construction and civil engineering works of Hsin Chong's two major subsidiaries, Hsin Chong Construction Company Limited and Hsin Chong Construction (Asia) Limited, were certified according to the requirements of ISO 14001 by the Hong Kong Quality Assurance Agency. Hsin Chong, apart from implementing EMS which fulfils the requirements of ISO 14001, has undertaken a number of measures to achieve the EHS objectives in the past few years, including:

- Installation of advanced wastewater treatment plants, developed by the Hong Kong Productivity Council, for recycling construction site wastewater;
- Installation of automatic water sprinkler system for dust suppression;
- Erection of noise barrier to reduce noise impact to the surroundings;
- Use of environmental friendly construction materials and technologies;
- Establishment of site environmental team to handle environmental complaints from nearby residents;
- Implementation of waste segregation programme; and
- Participation in environmental activities.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Hsin Chong is committed to the occupational safety and health of its employees, workers and the public that it serves. Over the years, Hsin Chong has established an effective safety and health management system and achieved a continuous improvement in accident rate from 62.98 per 1,000 workers in 1998 to 32.98 in 2002. Hsin Chong's accident rate is significantly below that of the industry which is 85.20 in 2002. The accident rates for the past five years are set out in Table 1 below. In addition, Certificates of Low Accident Target were received from the Hong Kong Construction Association for a number of years.

TABLE 1 — ACCIDENT RATE

| Year | Accident Rate (per 1,000 workers) | |
|------|--------------------------------------|-----------|
| | Hsin Chong | Industry* |
| 1998 | 62.98 | 247.93 |
| 1999 | 39.41 | 198.45 |
| 2000 | 38.05 | 148.50 |
| 2001 | 35.83 | 114.60 |
| 2002 | 32.98 | 85.20 |

* Source: Labour Department

To maintain a safe workplace for the employees and workers, apart from providing an on-going occupational safety and health training and appropriate equipment and tools to the employees and workers working at the construction sites, Hsin Chong has taken a number of measures including setting up of effective safety committees, formulating job specific and pre-project plans with reference to the environment of each construction site and introducing New Employees/Workers Orientation Program, Hazards Communication Program and Incentive Safety Program for Hsin Chong's employees and workers.

In addition to the common practice on safety aspect, Hsin Chong also adopts the advanced technology PALM safety checklist that has been widely used on Hsin Chong's construction projects as an aid to enhance the safety monitoring on site. All the PALM holders are not only well experienced in construction activities, but also competent in assessing potential hazards. This is one of the reasons for Hsin Chong's low accident record.

PARTICIPATION IN PROMOTING EHS IN THE COMMUNITY

Hsin Chong and its employees actively participate in EHS activities. In January 2002, over ten of Hsin Chong's employees including safety officers, site supervisors and site foremen joined the Occupational Safety and Health Ambassador Program ("OSHAP") organized by the Occupational Safety and Health Council. OSHAP aims to recruit people who are interested in promoting good safety and health practices at workplace and a strong safety culture in the community. The participants, through the training provided by the OSHAP, will develop and strengthen their safety awareness, setting a role model for good safety behavior and concern for others. In addition, two of Hsin Chong's safety officers were appointed as "Fire Safety Ambassadors Trainer" under the Fire Safety Ambassador Scheme ("FSAS") organized by Fire Services Department of HKSAR for disseminating fire protection messages to the general public, promoting fire safety awareness among citizens and helping abate fire hazards. Hsin Chong's employees actively participate in OSHAP and FSAS in organizing promotions and educational activities for different segments of the community to spread the safety and health messages.

Hsin Chong and its employees have received the awards, commendations and appreciations from its customers and various organizations through participating in the EHS promotion programs. The awards, commendations and appreciations received in 2002/03 and up to the date of this report are set out in Table 2 below.

Hsin Chong is committed, where possible, to the practical application of these corporate objectives despite the low levels of activity in the construction sector and the low margin high risk business environment.

TABLE 2 — AWARDS/COMMENDATIONS/APPRECIATIONS RECEIVED

| Date | Awards/Commendations/ Appreciations | Related Construction Sites/ Companies | Organizers |
|----------------------|---|---|---|
| May 02/Dec 02/Feb 03 | Commendation — Zero non-fatal reportable accident per 100,000 man-hours | Hung Shui Kiu North Phase 1 | TDD New Territory West Development Department, HKSAR |
| Aug 02/Dec 02 | Certificate of Achievement | Senior Citizen Residence, Jordan Valley Cambridge House | Hong Kong 5-S Registered Organization |
| Sept 02 | Silver award on Best Presentation Award (Safe Working Cycle) | Tseung Kwan O | Occupational Safety & Health Council Labour Department Works Bureau Hong Kong Housing Authority Construction Industry Training Authority Hong Kong Construction Association Hong Kong Construction Industry Employees General Union |
| | Meritorious award on the Best Safe Working Cycle Site | Tseung Kwan O | |
| | Meritorious award on the Best Site Agent | Tseung Kwan O | |
| | Meritorious award on the Best Foreman | Tseung Kwan O | |
| | Meritorious award on the Hazard Identification Activity Team | Tseung Kwan O | |
| | Certificate of Merit (Safe Working Cycle) | Shek Lei Estate Phase 12 Senior Citizen Residence, Jordan Valley Cambridge House Hung Shui Kiu North Phase 1 Construction of Pok Wai Drainage Channel | |
| Feb 02 | Silver Award, Construction Industry Safety Award (Safety Team) | Cambridge House | |
| | Bronze Award, Construction Industry Safety Award (Private Sector) | Cambridge House | |
| | Certificate of Merit, Construction Industry Safety Award (Public Sector) | Tseung Kwan O | |
| | Certificate of Merit, Construction Industry Safety Award (Civil Site) | Pok Wai Drainage Channel | |
| | Certificate of Merit, Construction Industry Safety Award (Safety Team) | Tseung Kwan O Pok Wai Drainage Channel | |
| Sept 02 | Certificate of Appreciation (Quality Field Practices) | Redevelopment of Kwai Shing East Estate Phase 7 | Hong Kong Housing Authority |
| Jan 03 | 2002 Hong Kong Eco-Business Award (Green Innovation Practice) — Certificate of Merit | Hsin Chong Construction (Asia) Limited | Environmental Campaign Committee The Chinese General Chamber of Commerce Hong Kong General Chamber of Commerce Hong Kong Productivity Council |
| | 2002 Hong Kong Eco-Business Award (Green Office) — Certificate of Merit | Cambridge House | |
| Feb 03 | Considerate Contractors Site Award | Pok Wai Drainage Channel Hung Shui Kiu North Phase 1 Cambridge House | Environment, Transport and Works Bureau |
| Feb 03 | Site Foreman Award | No. 26, Belcher's Street | The Lighthouse Club Society of Registered Safety Officers |