

Hsin Chong Construction Group Ltd. ("Hsin Chong") recognises that its success depends on the skills, knowledge, creativity and motivation of its employees. Valuing the employees means committing to their satisfaction, development and well-being. Thus, one of Hsin Chong's goals is to achieve at least 80% employee satisfaction.

In May 2002, to further the strategic match for Hsin Chong's new direction for 2010, Hsin Chong appointed an independent human resource consultant to carry out a full review on the attributes, skills, and career ambitions of the top employees, ranging from senior executives to contracts managers. With reference to the result of the review and in consideration of providing a more clear career path to the employees, new management structures from corporate level down to division and site team levels were developed and implemented in mid 2003. The new management structures that show a clear line of reporting enhance ownership and accountability of individual employees. Though it is anticipated that the management structures will be modified in response to the continuous changing market conditions, Hsin Chong's management is committed to take individual employees' career development plan as an important element in formulating its structures of management.



Staff Assessment Handbook

In November 2002, a new performance evaluation and feedback system was developed and implemented. The new system, which is developed on the foundation of two-ways communication, encourages the openness in discussion of an individual employee's performance and focuses on coaching the individual employee to formulate his/her own career development and action plan for continuous improvement. This system is applicable to employees ranging from senior executives to supervisory and technical employees. The result of the evaluation will be reviewed and analysed, and training requirements will be identified and arranged. The new process enhances the objectivity in identifying and rewarding talent and skill employees and provides an additional channel of communicating Hsin Chong's business strategy to employees.

The qualification of Hsin Chong's workforce as at 31st March, 2003 is summarized as follows:

| Qualifications | Employees | |
|--|-----------|-----|
| | Number | % |
| Master degree or above | 27 | 4 |
| Bachelor degree or equivalent professional qualification | 176 | 23 |
| Diploma and Higher Certificate holder | 159 | 20 |
| Certificate holder | 166 | 21 |
| Others | 248 | 32 |
| Total | 776 | 100 |

In the past three years, Hsin Chong incurred approximately HK\$4 million in people development and training. In 2002/03, total training time for all the employees amounted to approximately 32,000 hours.

To encourage and reward innovation from employees, Hsin Chong has established the Improvement and Innovation Programme since 1987. Through this program, Hsin Chong has awarded approximately HK\$0.5 million to its award winners over the past three years. Many of the innovative yet practical ideas have been and are being applied not only at Hsin Chong sites but also by other Hong Kong contractors.

Hsin Chong actively encourages its employees to participate in social welfare activities. In 2002, Hsin Chong was awarded Caring Company 2002/2003 from The Hong Kong Council of Social Service under its Caring Company Scheme ("Scheme"). The Scheme aims at recognizing companies which demonstrate good corporate citizenship and to cultivate corporate citizenship and strategic partnership between businesses and social service sector. The report of the Scheme highlights that "Hsin Chong is committed in participating and promoting social services.". Since 2001, Hsin Chong has collaborated with the SKH Lady MacLehose Centre to launch the 'Apprentice Voluntary Programme', and the 'Household Repairs & Home Visit for the Aged'. The programmes aim at cultivating its staff to help and care the elderly living alone and other people in needed in the community.

Again, during the year, Hsin Chong's apprentices participated in the voluntary work for the Elderly at Kwai Chung and Tsuen Wan districts under which the apprentices provided the household fitting-out and decoration services. In addition, more than 23 Hsin Chong's apprentices participated in the voluntary work of providing household repairing services for more than 40 units in two estates located at Kwai Chung and Tsuen Wan districts. These units were used by the living-alone elderly, handicapped and disabled persons as well as single parent families.

Hsin Chong will continue to invest in its human capital in terms of time, effort and money for achieving the goal "to achieve at least 80% employee satisfaction".