

■ Corporate Citizenship

SOCIAL RESPONSIBILITY

In addition to generating returns for its shareholders, the Group believes that as a good corporate citizen, it is important to also concentrate on environmental protection, human capital development, and social welfare contribution.

CREATING A SUSTAINABLE ENVIRONMENT

Environmental protection and restoration is a key part of the Group's operation process. The Group has incorporated a specialized taskforce with a deputy plant manager in charge to ensure proper execution of the environmental and safety procedures. Each operating department also has its own ISO14001 internal auditor responsible for daily routines and internal audit inspections. The Group received ISO14001 certification in 2002, 2003, and again in April of 2005.

The Group has invested approximately 10% of its capital on environmental protection equipment. From the quarry site all the way to the private jetty, dedusting equipment, such as bag filters and electrostatic precipitators are installed with 99.9% efficiency. All transportation equipment such as belt conveyors and bucket elevators are enclosed to minimize the impact to the environment. A MAS7.5m³/h water treatment equipment is also installed to purify domestic waste water.

A detailed reforestation and landscaping plan has transformed the plant and quarry site into a garden facility. In 2005, the Group invested a total of RMB200,000, in which RMB180,000 and RMB20,000 were put on the reforestation and landscaping of the plant and quarry site respectively. The landscaping ratio reached 38.3%, a 2% increase over 2004. A professional team comprising 6 staff members has been set up at the quarry site to be in charge of the reforestation of the quarry in parallel with mining to achieve faster and better results. Over the past six years,

over RMB1.3 million was spent on the quarry site in planting vegetation and restoring land. A total of 143,900 young saplings of various indigenous species were planted and approximately 63,000m³ of soil was replaced, and 15,300m² of grass was placed along the slopes of the site.

The Group was repeatedly awarded with recognitions for its quarry by the Ministry of Land and Resources and the State Production Safety Supervision and Regulation Bureau. In July 2003, the Group was accredited with "Top 100 Environmentally Safe Projects" by the State Environmental Protection Administration of China. In June 2004, Jiangsu Provincial Environmental Protection Department awarded the Group with "Jiangsu Province's Environmentally Friendly Enterprise". In March 2005, the Group was recognized as "Modern Enterprise for Pioneering Environmental Awareness" by the Jurong People's Government. According to a survey done with the local residents and Group employees on satisfaction of the Group's environmental protection efforts, the satisfaction level were 100% and 99% respectively.

DEVELOPING HUMAN CAPITAL

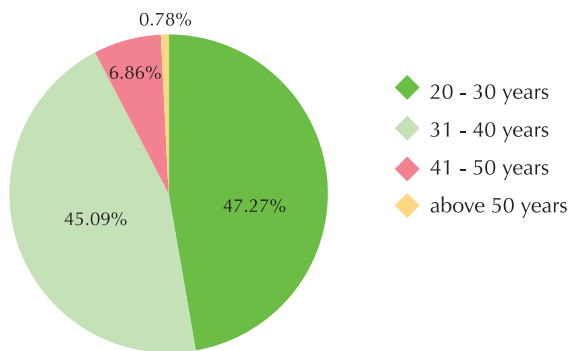
The Group places a high importance on developing and training of its employees, allowing them to fully reach their potential. It also has a competitive remuneration plan to fully reflect the value of its people.



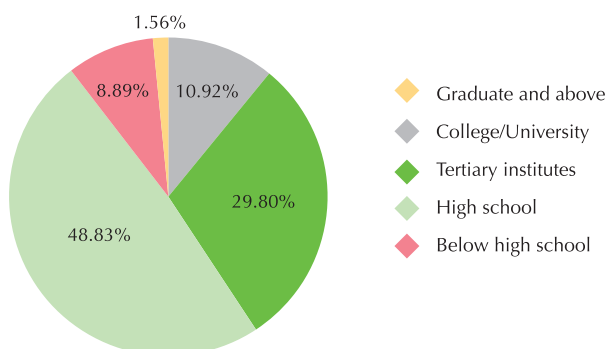
Corporate Citizenship

In the past few years, the human resource department worked together with management to ensure that the hiring, training, and development of its employees were in line with the development requirements of the Group. This yielded a talented, young, professional, and dedicated group of employees. As at the end of 2005, the group had 641 employees, with 592 employees, or 92.4%, below the age of 40. 271 employees, or 42.3% have a tertiary education or above and among them, 80 have graduate degrees and above. 353 employees, or 56.6% have over 6 years of service and 179 employees out of them have over 9 years of service.

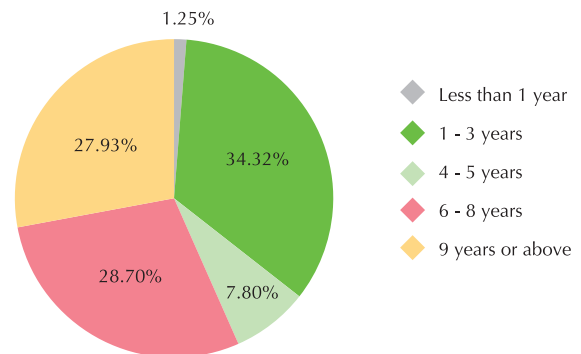
Age breakdown



Education level breakdown



Years of service breakdown



In 2005, the Group refined its evaluation and incentive system to have a more objective and systematic approach. Under performance-based remuneration, the Company was able to impose clearer and stricter requirements on the duties and responsibilities for each position, resulting in a better allocation and efficiency of its people. The clearer objectives also allowed each person to understand how to succeed and go beyond its requirements. In 2005, a total of 274 staff members passed the job suitability evaluation and were promoted to a higher position. At the same time, those not meeting the evaluation criteria were demoted or dismissed. As at 31 December 2005, the total number of employees decreased by 9% compared to that of 2004.

In order to strengthen its staff's management capabilities and technical skills, the Group organized various training programs and seminars. In 2005, 270 people were sent to different programs covering management skills, professional improvement, production technology, ISO-related training, etc. Internally, the Group provided 60 workshops for different specialized areas. All together, 655 attendees participated.

GIVING BACK TO SOCIETY

As a member of the social community, the Group takes on as its responsibility the development of public welfare. It has taken an active role in promoting different events to help improve the living standards of the people in its community, strengthen the relationship with the residents, and help foster a more amicable society.

In March 2005, the Zhenjiang City Municipal Party Committee and the Municipal Government established a Charity Foundation with the directive to helping the needy, relieving disaster, and supporting the underprivileged. The Group donated RMB300,000 to help starting the foundation.

The drought in 2005 caused devastation to the property and livelihood of the people in the area. The Group initiated a donation drive to help raise money in support of relief operations for the victims and help them reconstruct their homes.

In September 2005, the Group also sponsored a famous TV program from CCTV called "The Same Song", where a charity concert was held in Zhenjiang and proceeds were donated to the city.

In line with the Group's focus on education, it also financially supported the construction of Yuntang primary school and Yushan primary school, providing a better environment for learning in 2005. It also set up a scholarship program with the Jiangsu University, rewarded students of good merit and academic achievement. In the year, 78 students were given the "Chia Hsin Scholarship". The Group hopes that with the scholarship, these students will also learn the importance of contributing back to the society. In addition, the Group also received a delegate of Jiangsu University professors and students to engage in a more active discussion and promote understanding of the Group's operations.