

Successful Expansion of Overseas Business in India and Dubai

experience of a Hong Kong contractor

Jackson C. S. Cheong

Executive Director & Vice-President



中國建築工程(香港)有限公司

CHINA STATE CONSTRUCTION ENGRG. (HONG KONG) LTD.

CSCHK Strategy of Overseas Business Development

- Minimum Language Barrier
- Similarity in contract & Legal System
- Sustainable Market Growth in targeted developing country
- Match with CSCHK Core Competence
- Political stability
- Safety

CSCHK Entry Strategy

- Decided to develop overseas construction business in 2003
- After visiting and study of various countries, CSCHK focus its target at Dubai and India
 - Dubai shall focus in building works & self-performance
 - India shall focus in Infrastructure works & alliance with local contractor

CSCHK Presence in Dubai

- In 2004, set-up operation company:–
CSHK Dubai Contracting LLC
- Holds highest building & public works licenses in Dubai
- Awarded 6 projects in Dubai to-date with total contract sum > USD 640 million
- Total staffs: Approx. 300
- Total nationalities: 18
- Total labour-force: 2,000 +

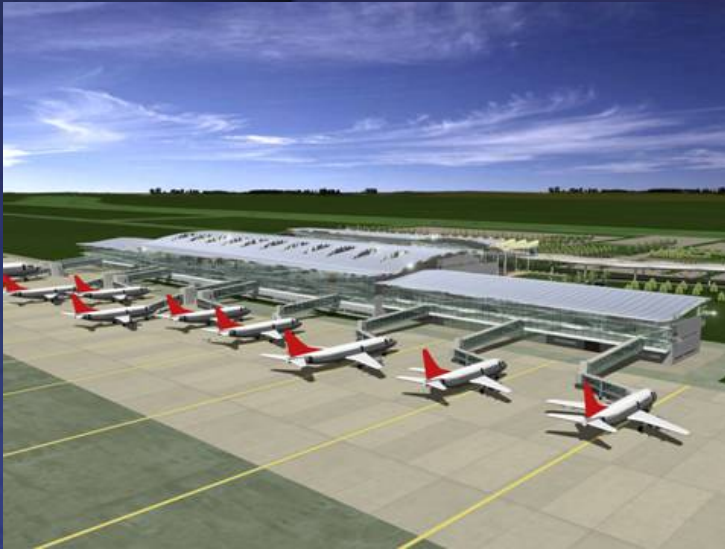
Dubai Operations



CSCHK Presence in India

- In 2004, seeking project opportunities
- Awarded 2 projects in India on Project Bases with total contract sum > USD 220 million
- Total staffs: Approx. 40
- Total nationalities: 4
- In 2007, intend to set-up Equity JV Company in India

India Operations



Hyderabad Airport Project
Design & Build PTB

MP 1 Project
54 km Highway construction

Overseas Management Systems

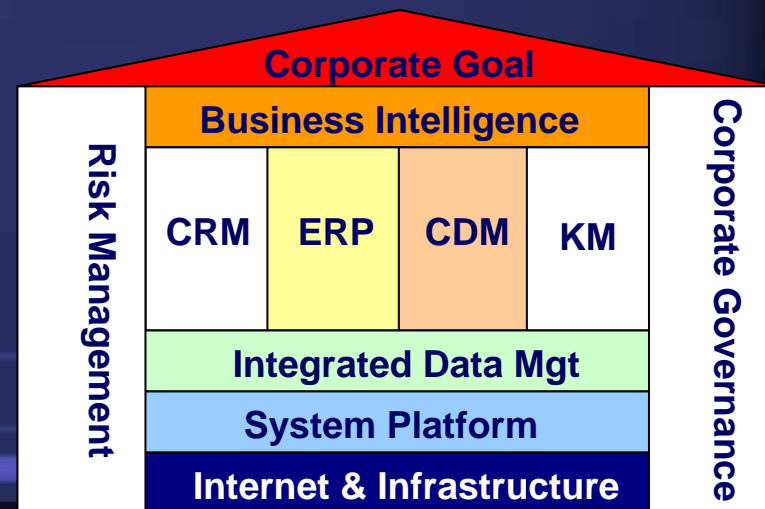
- **Overseas Tender Management System**
- Overseas project Cost Management System
- Overseas Project Management System
- Procurement Management System
- Customer Relationship Planning System
- **Human Resources Management System**
- Financial Resources Management System
- Overseas Quality, Safety & Environmental management System
- Overseas Insurance Management System
- **Cross-district Information Technology System**
- Commercial Management System
- Overseas Construction Technology Mgt System
- Cross-district Integrated Management System
- Document Control System

Implementation of Management Systems

- Based on Management systems in Hong Kong and adjusted to suit the local requirements & implement
- The difficulties in implementation happens always with mindset or attitude of people

IT Management affects Overseas Management

- Need effective collaboration and communication system to enhance information exchange
- corporate ITS provided integrated information and platform from regional offices to corporate management



Tender Management System

- thorough analysis and assessment of the target project situation addressing issues incl. contract, legal, client, alliance, supplier, subcontractor, design, technical, commercial, resources, pricing, scheduling and risks
- close monitoring and control of tender management is the basis to minimize risks in project execution

Prime Factors influencing Overseas Management

- Strategic Management – Overseas Development
- Culture of Collaboration
- Risk Management
- People

Management Decision to overcome Impacts

- to build up a culture of collaboration within the overseas management team
- need collaborative working environment
- Local knowledge + CSCHK core competence

Culture Building Campaign

- building social trust and confidence
- Training, learning and sharing
- Build-up effective collaboration means
- Amend management systems in order to build-in culture of collaboration.

Successful Risk Management

- usually over-emphasize **risk** and not put sufficient emphasis in **opportunity**
- reshape the executives' thinking and ultimately bring strategy and value into harmony
- identification and choice of tools to manage risk is important
- understanding of opportunity and growth-related thinking is important for the sustainable development of company

CSCHK Experience

- **Difficulties encountered**
 - Change mind-set of people
 - Cross-nation cultural difference
 - Building up of team work.
- **Solution Taken**
 - Successful implementation of strategic mgt
 - Build-up culture of Collaboration over time
 - Good balance of opportunities & risks
 - Select practical approach to manage overseas business

Conclusion

- China State Hong Kong shakes off the traditional approach of a China state-owned company
- takes all necessary steps to become a real international contractor.
- Encourage more HK engineers to go overseas

THINK GLOBALLY,
ACT LOCALLY,
PANIC INTERNALLY



GLASBERGEN

Thank You !