



**中國建築國際集團有限公司**  
**CHINA STATE CONSTRUCTION INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3311)**

**INTERIM RESULTS ANNOUNCEMENT FOR  
THE SIX MONTHS ENDED 30 JUNE 2005 AND  
APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

**FINANCIAL HIGHLIGHTS**

1. As at 30 June 2005, the Company has completed the corporate reorganisation and become the holding company of the Group. Under the reorganisation, the Group has acquired the Project Management Group of COLI. The consideration was HK\$788 million and was settled by the issuance of the Company's ordinary shares. The issued share capital of the Company was listed on the Main Board of Stock Exchange by introduction on 8 July 2005.
2. Turnover increased by 11% to HK\$3,186 million.
3. Profit attributable to shareholders increased by 166% to HK\$31,979,000.
4. Profit from operations increased by 154% to HK\$49,130,000.
5. Basic earnings per share increased by 166% to HK 6.50 cents.
6. Up to the date of this Report, 26 August 2005, the Group was awarded new contracts amounting to HK\$7,219 million.
7. The bank balances and cash of the Group was HK\$1.38 billion of which the amount of HK\$257 million was held by the jointly controlled entities. Unutilised general banking facilities amounting to HK\$1.74 billion.
8. The Group acquired the Project Management Group on 30 June 2005, thus the interim results must not include the results of the Project Management Group for the six months ended 30 June 2005. In order to provide an additional information for reference, the turnover and the net profit of the Project Management Group for the six months ended 30 June 2005 were HK\$959 million and HK\$32,510,000 respectively. (This part does not form part of the interim results)

The board of directors (the “Board”) of China State Construction International Holdings Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2005, prepared on the basis set out in Note 1, together with the comparative figures for the corresponding period in 2004. The consolidated profit attributable to shareholders was HK\$31,979,000, representing an increase of 166% as compared to the corresponding period in 2004. The earnings per shares is HK6.50 cents, representing an increase of 166% as compared to the corresponding period last year.

## UNAUDITED CONSOLIDATED INCOME STATEMENT OF THE GROUP

	<b>Six months ended 30 June</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Turnover	<b>3,185,651</b>	2,879,760
Construction cost	<b>(3,109,853)</b>	(2,858,392)
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Gross profit	<b>75,798</b>	21,368
Other operating income	<b>16,851</b>	3,912
Administrative expenses	<b>(26,090)</b>	(822)
Other operating expenses	<b>(17,429)</b>	(5,112)
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Profit from operations	<b>49,130</b>	19,346
Finance costs	<b>(5,997)</b>	(4,934)
	<hr/>	<hr/>
Profit from ordinary activities before taxation	<b>43,133</b>	14,412
Income tax expense	<b>(11,154)</b>	(1,813)
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<b>Profit from continuing operations</b>	<b>31,979</b>	12,599
<b>Loss from discontinued operations</b>	<b>–</b>	(575)
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<b>Net profit for the period</b>	<b>31,979</b>	12,024
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	HK cents	HK cents
<b>Basic earnings per share</b>		
– Continuing operations & discontinued operations	<u>6.50</u>	<u>2.44</u>
– Continuing operations	<u>6.50</u>	<u>2.56</u>

## UNAUDITED CONSOLIDATED BALANCE SHEET OF THE GROUP

	30 June 2005 <i>HK\$'000</i>	31 December 2004 <i>HK\$'000</i>
<b>Non-current Assets</b>		
Properties, plant and equipment	50,742	10,811
Interests in associate	27,144	–
Rental prepaid	12,468	–
Goodwill	346,921	–
	<u>437,275</u>	<u>10,811</u>
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<b>Current Assets</b>		
Inventories	6,368	–
Non-current assets held for sales	19,500	–
Trade and other receivables and prepayments	1,728,835	1,124,851
Amounts due from customers for contract work	441,486	18,285
Amount due from holding companies	535,394	1,165,677
Amount due from fellow subsidiaries	–	328,715
Tax prepaid	22,888	–
Pledged bank deposit	–	7,800
Bank balances and cash	1,376,467	905,695
	<u>4,130,938</u>	<u>3,551,023</u>
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	<b>30 June 2005 HK\$'000</b>	31 December 2004 HK\$'000
<b>Current Liabilities</b>		
Trade and other payables	<b>2,592,194</b>	1,668,157
Amounts due to customers for contract work	<b>713,157</b>	475,920
Amounts due to fellow subsidiaries	–	208,610
Tax liabilities	<b>39,743</b>	18,085
Bank loan – unsecured	<b>200,000</b>	200,000
	<b>3,545,094</b>	2,570,772
<b>Net Current Assets</b>	<b>585,844</b>	980,251
	<b>1,023,119</b>	991,062
<b>Capital and Reserves</b>		
Share capital	<b>49,211</b>	49,211
Reserves	<b>973,908</b>	941,851
	<b>1,023,119</b>	991,062

*Notes:*

**(1) Group Reorganisation and Basis of Preparation**

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 25 March 2004. Pursuant to the reorganization as disclosed in the Company's Prospectus dated 14 June 2005 (the "Reorganisation"), prepared for the purpose of listing its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") by introduction, the Company then become the holding company of the subsidiaries now comprising the Group and acquired the construction business ("Project Management Group") held by China Overseas Land & Investment Ltd. ("COLI") on 30 June 2005. The shares of the Company was listed on the Stock Exchange on 8 July 2005.

The financial report of the Group for the six months ended 20 June 2005 have been prepared under the historical cost convention and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

## (2) Adoption of New Hong Kong Financial Reporting Standards

The unaudited consolidated interim accounts has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which became effective on 1 January 2005.

The accounting policies and methods of computation used in the preparation of these consolidated interim accounts are consistent with those adopted in the Prospectus, except that the Group has altered certain accounting policies following its adoption of the newly issued and revised Hong Kong Financial Reporting Standards (“HKFRS”) and HKAS (collectively referred to as the “New HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted the New HKFRSs in the Prospectus. The applicable New HKFRSs adopted in these interim accounts are set out below and the comparatives have been restated in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations

The adoption of HKAS 1, 2, 7, 8, 10, 16, 17, 21, 23, 24, 27, 28, 32, 33 and 39 did not result in substantial changes to the Group’s accounting policies.

Based on the assessment so far, the Group has initially identified certain HKFRSs that might have impacts on the Group’s accounting policies as follows:

- (a) HKFRS 3 “Business Combinations” relating to business combinations is applicable to business combinations for which the agreement date is on or after 1 January 2005.
- (b) Upon adoption of HKAS 31 “Interests in Joint Ventures”, the assets, liabilities and revenues of jointly-controlled entities have been proportionally consolidated into the Group.

**(3) Turnover**

	<b>Six months ended 30 June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Continuing operations		
Building construction	<b>1,211,609</b>	1,311,041
Civil engineering works	<b>1,886,363</b>	1,431,301
Other works	<b>87,679</b>	137,418
	<u><b>3,185,651</b></u>	<u>2,879,760</u>

**(4) Segmental Information**

The principal activity of the Group is mainly construction business, thus no business segment information is provided. The Group’s operations are principally located in Hong Kong, Macau, Dubai and India. The following table provides an analysis of the Group’s turnover and profit from operations by geographical market:

	<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30 June 2005</b>		<b>30 June 2004</b>	
	<b>Turnover</b>	<b>Profit from operations</b>	<b>Turnover</b>	<b>Profit from operations</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>2,971,120</b>	<b>41,355</b>	2,879,760	19,346
Macau	<b>214,531</b>	<b>14,015</b>	–	–
Dubai	–	<b>(5,740)</b>	–	–
India	–	<b>(500)</b>	–	–
	<u><b>3,185,651</b></u>	<u><b>49,130</b></u>	<u>2,879,760</u>	<u>19,346</u>

(5) **Income tax expense**

	<b>Six months ended 30 June</b>	
	<b>2005</b>	<b>2004</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current Profits Tax attributable to:		
The Company and its subsidiaries – Hong Kong	<b>8,500</b>	276
Jointly controlled entities – Hong Kong	<b>419</b>	1,537
– Overseas	<b>2,235</b>	–
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	<b>11,154</b>	<b>1,813</b>
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at the rate of 17.5% (2004: 17.5%) of the estimated assessable profit for the period. Taxation assessable on profits generated outside Hong Kong has been provided at the rate of taxation prevailing in the country in which those profits arose.

(6) **Earnings Per Share**

The calculation of the basic earnings per share for the continuing operations and discontinued operation is based on the profit for the period attributable to shareholders of HK\$31,979,000 (2004: HK\$12,024,000) and on the number of 492,108,002 (2004: 492,108,002) ordinary shares in issue during the period. The 492,108,002 shares were issued on 3 June 2005 with the resolution passed on the same date. The shares were deemed to be issued on 1 January 2004 for the purpose of calculation of the earnings per share.

The calculation of the basic earnings per share for the continuing operations is based on the net profit from continuing operations of HK\$31,979,000 (2004: HK\$12,599,000) and on the number of 492,108,002 (2004: 492,108,002) ordinary shares in issue as mentioned above.

## **REVIEW OF OPERATIONS**

During the first half of 2005, overall business sentiment has improved with the satisfactory growth in major global economies. Hong Kong economy continued to be benefited from Mainland China, with growth in number tourists from Mainland China and CEPA policy leading to healthy economy growth. Despite the above, Hong Kong's construction sector has not shared the benefit of the general improvement in market sentiment. The recovery of general local construction market, is facing

increasing competitions and challenges, is lagged behind that of the overall economic growth of Hong Kong. Nevertheless, by consistently adhering to its policy of “Compete with low cost and manage for high quality”, making greater efforts to exploit overseas markets and capitalizing on the vigor and opportunities, such as opportunities located in Dubai and India markets, the Group continued to maintain its competitiveness in the local market and achieved substantial breakthroughs in exploiting overseas construction markets in the period reported. During the first half of 2005, the Group successfully procured the ARMADA TOWERS residential project in Dubai and a highway project in Madhya Pradesh, India.

On 3 June 2005, the Group, China Overseas Holdings Limited (“COHL”) and COLI entered into a sale and purchase agreement pursuant to which COLI agreed to sell Project Management Group at a consideration of HK\$788 million to be satisfied by transfer of the shares of the Company. COHL subsequently completed restructuring of the construction business of the Group and the shares of the Company were listed on the Stock Exchange by way of introduction on 8 July 2005, becoming the flagship of COHL to expand construction business in Hong Kong and overseas by focusing on the development of buildings structures and civil engineering. The Board is satisfied that the Group is able to capitalize on every business opportunity to expand market and maintain its steady growth while maintaining premium quality of its construction works in a highly competitive environment.

The Group acquired the Project Management Group on 30 June 2005, thus the interim results must not include the results of the Project Management Group for the six months ended 30 June 2005. In order to provide an additional information for reference, the turnover and the net profit of the Project Management Group for the six months ended 30 June 2005 were HK\$959 million and HK\$32,510,000 respectively. (This part does not form part of the interim results)

During the first half of 2005, the Group (including the Project Management Group) was awarded 21 new projects with total contract sum of HK\$3.87 billion, of which 62%, 10%, 25% and 3% were contributed by Hong Kong building construction projects, Hong Kong civil projects, overseas projects and other works respectively.

**New contracts awarded  
in the first half of 2005**

	<b>Hong Kong Market</b> <i>HK\$' billion</i>	<b>Overseas Market</b> <i>HK\$' billion</i>
Building construction	2.42	0.67
Civil engineering works	0.38	0.30
Other works	0.10	–
	<hr/>	<hr/>
<b>Total</b>	<b>2.90</b>	<b>0.97</b>
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During the first half of 2005, the Group (including the Project Management Group) had 16 completed projects, 15 projects operated by the Group (such as Redevelopment of Kwai Chung Estate Phase IV, Construction of Tai Kok Tsui Complex Phase 2, Penny Bay Development Contract 1, Main Contract for Hang Hau Station Development and Proposed Residential Development at TWTL395 Tsuen Wan) and one jointly controlled project (i.e. Hong Kong Disneyland Resort Project-Space Mountain and Buzz Lightyear). Other projects in progress are progressing smoothly. The Group will continuously follow up the progress and the cost control of such projects.

As at 30 June 2005, the aggregate number of contracts of the Group (including the Project Management Group) was 50 projects with total contract sum HK\$20.17 billion (uncompleted contract value is HK\$11.64 billion). Subsequent to the period end date, the Group was further awarded 13 new projects with total contract sum of approximately HK\$ 3.35 billion including three building construction projects for Hong Kong Housing Authority (with total contract value of HK\$ 0.91 billion), the Kowloon-Southern Link of Kowloon-Canton Railway Corporation (with total contract value of HK\$ 1.08 billion) and the Passenger Terminal Building Works for Hyderabad International Airport of India (with total contract value of HK\$ 1.25 billion equivalent).

	Contracts on hand as at 30 June 2005			New contracts awarded subsequent to the period end		
	Number of contracts	Contract sum HK\$' billion	Uncompleted HK\$' billion	Number of contracts	Contract sum HK\$' billion	
Hong Kong Projects						
– Building construction	23	9.84	7.31	6	0.96	
– Civil engineering works	14	8.95	3.16	1	1.08	
– Other works	11	0.41	0.20	5	0.06	
Dubai Projects	1	0.67	0.67	–	–	
India Projects	1	0.30	0.30	1	1.25	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<b>Total</b>	<b>50</b>	<b>20.17</b>	<b>11.64</b>	<b>13</b>	<b>3.35</b>	
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In summary, as at the date of this report, the Group has 63 projects on hand with total contract sum of HK\$ 23.52 billion (uncompleted contract value is HK\$ 14.99 billion).

The Group puts great emphasis on safety, environment protect and the quality of its construction works, and is well recognized by its customers and the public. In the first half of 2005, the Group won a number of awards of safety and environment activities as follows:

- (a) Work safety – the Cyberport Residential Development project won the Silver Prize of the “Technical Safety Award Scheme” and Ho Tung Lau project won the Silver Prize of the “Construction Safety Award Scheme”.
- (b) Environmental – the head office and two projects got the “Gold Wastwise Schemes Logo”; Sha Tin Heights Tunnel and Approaches project got the Silver Prize of the “Wastwise Management”; and
- (c) Several construction sites being recognized as Considerate Contractors Sites in the “Considerate Contractors Site Award Scheme”.

## **PROSPECTS**

The Board is very optimistic about the future of the Group and is cautiously optimistic towards the global economy in the coming years. The Board anticipates Hong Kong economy to perform well in the near future. The Group will continue to improve the strengths and competitiveness of our various business segments and therefore increasing the return on shareholders.

### **Hong Kong Market**

As the global integration of economy speeds up, factors like the volatility of oil prices and the consecutive upward adjustments to the US interest rates would have some impacts on the stability of the global economy in the near future. However, as China has become one of the major forces driving the comprehensive development of the economy of Hong Kong. There are macro-economic measures implemented by the Mainland government to modulate the pace of its economic growth and there are other measures to maintain a sustainable and healthy economic development. The Board are of the view that those measures will be beneficial to the development of Hong Kong in long term. However, the Board is cautiously optimistic on the economic development of Hong Kong in the near term.

Hong Kong government expects that the full year target economic growth rate of 5% for 2005 which the Board anticipated to be achievable and the general economy would continue its upward trend in the near future. In view of the positive trend of the economy, the good results of land sales and the improve in financial strength of the government, the Board believe that Hong Kong

government will take proper measures to increase investments in infrastructures and maintain Hong Kong's status as the world class city. The Board believe this will bring more opportunities for the construction sector in Hong Kong. We will make full use of the experiences and technologies we have and take an active part in various biddings so as to expand our market share.

### **Overseas Market**

One of the principal strategies of the Group's business development is to exploit overseas market opportunities, so as to expand market coverage, diversify business risks and enhance profitability level. We are currently developing Dubai and India as our overseas markets, whose population saw rapid growth but with little infrastructure investment made by the governments in the past. The old, incomplete infrastructure facilities have severely hindered the development of those economies. As those governments invest more in the improvement and expansion of transportation networks, property development and town planning, there would be more opportunities for the Group to develop overseas business.

Given that the Group is one of the largest construction companies in Hong Kong for over twenty years and is on the list of Approved Contractors (Group C) for Public Works, coupled with our rich operation experiences, technologies and quality management, the Board believes that our strengths will enable us to be competitive in above overseas market. The Board is prudently optimistic that these overseas businesses will become main sources for the Group's earnings in future.

### **Prudent Financial Policy**

The Group will continue to adopt a prudent financial policy for the business development to ensure the persistent and healthy growth of the Group with providing a reasonable rate of return for shareholders. As at end of June 2005, the Group had bank balances and cash amounted HK\$1.38 billion of which the amount of HK\$257 million was held by the jointly controlled entities. At present, the Group has ample cash and unutilised general banking facilities amounting to HK\$1.74 billion. The Group is hence general financially sound and has adequate financial resources to provide a strong financial support to meet the best business opportunity in Hong Kong and overseas markets such as Dubai and India.

### **Other Business Opportunity**

The Group has been aware the rapid recent development of the economy of the Mainland China and Macau recently. The expansion of certain cities in the Mainland China has changed of each passing day. The Group will pay close attention of the development business opportunity of the two regions.

The Group will make the feasibility study of the business opportunity in the two regions and actively participate when the good opportunities arise from time to time.

To conclude, the Group will continue to pursue its development goals, maintain its business growth, improve the corporate governance, take full advantage of its current competitive strengths and expand in the emerging markets aggressively so as to facilitate the steady business growth and thus enhancing the shareholders' value.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following financial analysis has not included the half year result of Project Management Group. The financial data for the corresponding period of 2004 represented solely for the continuing operations.

### **Overall Performance**

During the period reported, the turnover of the Group was HK\$3,186 million (2004: HK\$2,880 million), representing an increase of 11% as compared to the corresponding period last year. The operating profits after adjusting for finance expenses of HK\$5,997,000 was HK\$43,133,000 (2004: HK\$14,412,000), representing an increase of 199% as compared to the corresponding period last year. Profit attributable to shareholders was HK\$31,979,000 (2004: HK\$12,599,000), representing an increase of 154% as compared to the corresponding period last year. Basic earnings per share was HK6.50 cents (2004: HK2.56 cents). As at 30 June 2005, the Group's total shareholders' funds amounted to HK\$1,023 million (2004: HK\$991 million) while the net asset value per share was HK\$2.08 (2004: HK\$2.01).

### **Income**

During the period reported, the turnover of the Group was HK\$ 3,186 million, representing an increase of 11% as compared to the corresponding period last year. This is mainly due to the substantial completion of several building construction and civil engineering projects, such as the projects operated by the Group like the expansion of Asia Airfreight Terminal and Deep Bay Link (Southern Section), and the jointly-controlled projects like Cyberport Residential Development Project, Wynn Resort Macau, Central Reclamation Phase III and Sha Tin Heights Tunnel and Approaches.

## **Operating Profit**

The competition in the Hong Kong construction market remained fierce which lead to tight profit margin in the construction business. The gross profit margin of the Group was 2.38%, representing an increase of 1.64% from 0.74% of the corresponding period of 2004. The operating profit of the Group for the period was HK\$49,130,000, representing an increase of 154% from HK\$19,346,000 of the corresponding period last year. The improvement in gross profit margin is mainly attributable to the cost control and construction improvement measures implemented by the Group, which significantly improved the profits of a number of completed and completing projects. On the other hand, two new projects contracted by jointly-controlled entities recorded losses in the first half of 2004 as these two projects were required to pay 7% project management fees to the Project Management Group, those fees were higher than the profits generated by the respective projects. There are no such events in the first half of 2005.

## **Administrative Expenses**

The administrative expenses in the first half of 2005 were HK\$26,090,000, representing a sharp increase of 30 times from HK\$822,000 of the corresponding period of 2004. The sharp increase is mainly attributable to payment of HK\$18,000,000 to all charges and fees related to the Group's listing. In addition, the Group started to exploit overseas market in the second half of last year, and set up subsidiary company and project office in Dubai, United Arab Emirates and Delhi, India respectively, which increased administrative expenses in this respect.

The Group is required to pay 7% project management fee to the Project Management Group which undertook the most of the administrative expenses. Upon the completion of Group Reorganisation (effective from 1 July 2005), the Project Management Group had been acquired by the Group and the administrative expenses will be accounted for in the Group. Thus, the administration expenses will increase in the second half of the year accordingly.

## **Finance Expenses**

The Finance Expenses in the first half of 2005 were HK\$5,997,000, representing an increase of 22% from HK\$4,934,000 of the corresponding period of 2004. This is the result of the arising in interest rate started from second half 2004.

## **Liquidity and Financial Resources**

The Group adopted a prudent financial policy, strictly monitored its payments and receipts, and had various credits to meet its working capital requirement. As of 30 June 2005, the bank borrowing was HK\$200 million (2004: HK\$200 million) and the bank balances and cash amounted to HK\$1.38 billion of which the amount of HK\$257 million was held by jointly-controlled entities. During the period reported, the Group has no financial instruments for currency hedging purpose.

## **Employees and Remuneration Policies**

As at 30 June 2005, the Group had a total of 2,540 employees in which 2,491 of them were based in Hong Kong and 49 in Dubai and India. Each department has set up a target responsibility system, which has started to have positive effect. To enhance the quality and capability of our human resources as well as their team spirit and the corporate culture, the Group has organized many professional and comprehensive training programs during the period. The employees' remuneration is regularly determined by the Group according to the nature of work, staff performance, group results as well as market conditions, and is evaluated on a regular basis.

## **INTERIM DIVIDENDS**

The Board do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (2004: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since its listing on 8 July 2005.

## **CORPORATE GOVERNANCE**

The Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange was come into effect on 1 January 2005. As the Company was listed on the Main Board of the Stock Exchange on 8 July 2005, the Company was not regulated under the Code during the six months ended 30 June 2005. Subsequent to its listing, the Company intends to comply with all the code provisions of the Code.

## **REVIEW BY AUDIT COMMITTEE**

The 2005 Interim Report has been reviewed by the Company's Audit Committee which comprises three Independent Non-executive Directors.

## **PUBLICATION OF DETAILED RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

A detailed unaudited interim results announcement containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

## **APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The Board is pleased to announce that Mr. Lee Shing See ("Mr. Lee") be appointed as an Independent Non-executive Director, a member of the audit committee and a member of the remuneration committee of the Company with effect from 1 September 2005.

Mr. Lee Shing See, GBS, OBE, JP, aged 63, graduated from the University of Hong Kong in 1964. He is Fellow of both The Hong Kong Institution of Engineers and The Institution of Civil Engineers (UK). Mr. Lee joined The Hong Kong Government since he graduated from the University. He was the Director of Territory Development from the period of August 1994 to August 1999 and the Secretary for Works from the period of August 1999 to August 2002 (including 2 months as a Permanent Secretary). He has over 38 years' experience in engineering and construction.

There is currently no service contract signed between the Company and Mr. Lee for services as Independent Non-executive Director. However, he has entered into employment contract with the Company. Mr. Lee was appointed for a term of 3 years and he will be subject to retirement by rotation and re-election in accordance with the Company's Articles of Association. The amount of director's emolument of Mr. Lee will be in line with the existing Independent Non-executive Directors of the Company.

As at the date of this announcement, Mr. Lee does not (1) have any relationships with any directors, senior management or substantial or controlling shareholders of the Company, (2) have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, and (3) hold any directorship in listed public company in the last three years.

Save as disclosed above, the Board confirm that there are no other matters that need to be brought to the attention of the shareholders of the Company in relation to the appointment of Mr. Lee as an Independent Non-executive Director of the Company.

The Board would like to express its warm welcome to Mr. Lee to join the Board.

By order of the Board

**Kong Qingping**

*Chairman and Non-executive Director*

Hong Kong, 26 August 2005

*As at the date of this announcement, Directors of the Company are:*

*Messrs. Kong Qingping (Chairman and Non-executive Director), Zhou Yong (Vice Chairman and Chief Executive Officer), Yip Chung Nam (Executive Director), Fu He (Executive Director) and Zhou Hancheng (Executive Director), Dr. Raymond Ho Chung Tai (Independent Non-executive Director), Messrs. Adrian David Li Man-kiu (Independent Non-executive Director), Raymond Leung Hai Ming (Independent Non-executive Director).*

Please also refer to the published version of this announcement in The Standard (English) and Hong Kong Economic Times (Chinese).