

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 46 to the consolidated financial statements.

RESTRUCTURING

Details of the restructuring are set out in note 2 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2005, the five largest customers of the Group together accounted for approximately 93.2% of the Group's turnover, with the largest customer accounted for 65.3%, and the five largest suppliers of the Group together represented less than 8.3% by value of the Group's total purchases.

None of the Directors, or any of their associates, or any shareholders which, to the knowledge of the Directors owned more than 5% of the Company's share capital, had any beneficial interests in the Group's five largest customers as mentioned in the preceding paragraph.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2005 are set out in the consolidated income statement on page 43.

The Board does not recommend the payment of dividend for the year ended 31 December 2005.

SEGMENT INFORMATION

Details of the segment information are set out in note 8 to the consolidated financial statements.

RESERVES

Movement in the reserves of the Group for the year is set out in the consolidated statement of changes in equity on page 46.

DISTRIBUTABLE RESERVES

There were no distributable reserves available for distribution to the Shareholders at 31 December 2004 and 2005.

FINANCIAL SUMMARY

A summary of the results and of assets and liabilities of the Group for the past five financial years is set out on page 109.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

BANK BORROWINGS

Details of the Group's bank borrowings for the year ended 31 December 2005 are set out in note 32 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 35 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEME

Details of the Company's pension scheme are set out in note 42 to the consolidated financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the financial year and up to the date of this report are:

Executive Directors

Zen Wei Peu, Derek (*Chairman*)

Yu Sai Yen (*Vice Chairman*)

Non-executive Directors

David Howard Gem

Cheng Chi Pang, Leslie

Independent Non-executive Directors

Chow Ming Kuen, Joseph

Ng Chi Ming, James

Ho Tai Wai, David

Details of the Directors are set out in the section of Directors and Senior Management.

In accordance with Bye-law 111 of the Company's Bye-laws, Mr. Zen Wei Peu, Derek, Dr. Chow Ming Kuen, Joseph and Mr. Ng Chi Ming, James shall retire by rotation at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Each of Messrs. Zen Wei Peu, Derek and Yu Sai Yen has entered into a service contract with the Company for a term of three years commencing on 1 May 2004.

The Non-executive Directors and Independent Non-executive Directors have been appointed for a term subject to retirement by rotation as required by the Company's Bye-laws.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each Independent Non-executive Director an annual confirmation of his independence during the year ended 31 December 2005 pursuant to Rule 3.13 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in note 13 to the consolidated financial statements.

DIRECTORS' INTERESTS

As at 31 December 2005, the interests (including short positions) of the Directors and chief executive of the Company (including their respective spouses, infant children, related trusts and companies controlled by them) in the Shares, convertible securities, warrants, options or derivatives in respect of securities which carry voting rights of the Company and its associated corporations (within the meaning of the Securities & Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short position in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listing Companies in the Listing Rules, were as follows:

The Company

Name of Director	Capacity/ Nature of interest	Number of Shares held		Percentage of shareholding (%)
		Long position	Short position	
Zen Wei Peu, Derek	Personal	86,381,421 (Note)	–	11.05
David Howard Gem	Personal	140,000	–	0.02
Cheng Chi Pang, Leslie	Personal	140,000	–	0.02

Note: The number of Shares taken to be interested or to have a long position by Mr. Zen Wei Peu, Derek included (i) 66,381,421 Shares and (ii) the purchasing right granted to him to purchase 20,000,000 Shares pursuant to the Staff Share Purchasing Scheme adopted by Wai Kee on 15 March 2004.

DIRECTORS' INTERESTS (Continued)

Associated corporations

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding (%)
			Long position	Short position	
Zen Wei Peu, Derek	Wai Kee	Personal	185,057,078 (Note 1)	–	23.33
	WKC&T	Personal	2,000,000 (Note 2)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (Note 3)	–	37.50
David Howard Gem	Wai Kee	Personal	500,000 (Note 4)	–	0.06
	Kier HK	Corporate	75,000 (Note 5)	–	1.50
Cheng Chi Pang, Leslie	Wai Kee	Personal	500,000 (Note 6)	–	0.06

Notes:

- The number of shares taken to be interested or to have a long position by Mr. Zen Wei Peu, Derek was 185,057,078 ordinary shares of HK\$0.10 each in the capital of Wai Kee.
- The number of shares taken to be interested or to have a long position by Mr. Zen Wei Peu, Derek was 2,000,000 non-voting deferred shares of HK\$1.00 each in the capital of WKC&T, a wholly owned subsidiary of the Company.
- The number of shares taken to be interested or to have a long position by Mr. Zen Wei Peu, Derek was 30,000 non-voting deferred shares of HK\$10.00 each in the capital of Wai Luen Stone Products Limited, a wholly owned subsidiary of Wai Kee.
- The number of shares taken to be interested or to have a long position by Mr. David Howard Gem was 500,000 ordinary shares of HK\$0.10 each in the capital of Wai Kee.
- The number of shares taken to be interested or to have a long position by Mr. David Howard Gem was 75,000 ordinary shares of £1.00 each in the capital of Kier HK through his 100% interest in Transoceanic Ventures Limited.
- The number of shares taken to be interested or to have a long position by Dr. Cheng Chi Pang, Leslie was 500,000 ordinary shares of HK\$0.10 each in the capital of Wai Kee.

DIRECTORS' INTERESTS (Continued)

Associated corporations (Continued)

Save as disclosed above, as at 31 December 2005, none of the Directors or chief executive of the Company had any interests or short positions in any equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or of any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, so far as was known to the Directors or the chief executive of the Company, the following person (other than a Director or chief executive of the Company) had an interest or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of substantial Shareholder	Capacity/ Nature of interest	Number of Shares held and percentage of shareholding			
		Long position		Short position	
		Number of Shares	%	Number of Shares	%
Top Horizon Holdings Limited ("Top Horizon") (Note 1(a))	Personal/ Beneficiary	592,421,270 (Notes 1 and 2)	75.81	41,334,000 (Note 4)	5.29
Wai Kee (Zens) Holding Limited ("Wai Kee (Zens)") (Note 1(b))	Personal/ Beneficiary	5	0.00	–	–
	Corporate	592,421,270 (Notes 1 and 3)	75.81	41,334,000 (Note 4)	5.29
Wai Kee (Note 1(c))	Corporate	592,421,275 (Notes 1 and 3)	75.81	41,334,000 (Note 4)	5.29
Vast Earn Group Limited (Note 1(d))	Personal/ Beneficiary	59,883,040 (Note 1)	7.66	–	–
NWS Service Management Limited (incorporated in the British Virgin Islands) (Note 1(e))	Corporate	59,883,040 (Note 1)	7.66	–	–
NWS Service Management Limited (incorporated in the Cayman Islands) (Note 1(f))	Corporate	59,883,040 (Note 1)	7.66	–	–
NWS Holdings Limited (Note 1(g))	Corporate	59,883,040 (Note 1)	7.66	–	–
New World Development Company Limited (Note 1(h))	Corporate	59,883,040 (Note 1)	7.66	–	–
Chow Tai Fook Enterprises Limited (Note 1(i))	Corporate	59,883,040 (Note 1)	7.66	–	–

SUBSTANTIAL SHAREHOLDERS (Continued)

Notes:

- I. Long position in the Shares
 - (a) Top Horizon was a direct wholly owned subsidiary of Wai Kee (Zens).
 - (b) Wai Kee (Zens) was deemed to be interested in the Shares through its interests in Top Horizon.
 - (c) Wai Kee (Zens) was a direct wholly owned subsidiary of Wai Kee. Accordingly, Wai Kee was deemed to be interested in the Shares through its interests in its wholly owned subsidiaries, namely Wai Kee (Zens) and Top Horizon.
 - (d) Vast Earn Group Limited was a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).
 - (e) NWS Service Management Limited (incorporated in the British Virgin Islands) was deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
 - (f) NWS Service Management Limited (incorporated in the Cayman Islands) was deemed to be interested in the Shares through its interests in its wholly owned subsidiaries, namely NWS Service Management Limited (incorporated in the British Virgin Islands) and Vast Earn Group Limited.
 - (g) NWS Holdings Limited was deemed to be interested in the Shares through its interests in its wholly owned subsidiaries, namely NWS Service Management Limited (incorporated in the Cayman Islands), NWS Service Management Limited (incorporated in the British Virgin Islands) and Vast Earn Group Limited.
 - (h) New World Development Company Limited was deemed to be interested in the Shares through its interests in more than one-third of the issued share capital of NWS Holdings Limited.
 - (i) Chow Tai Fook Enterprises Limited was deemed to be interested in the Shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
2. The number of Shares taken to be interested or to have a long position by Top Horizon included (i) 422,421,270 Shares; (ii) derivative of 1,500,000,000 convertible preference shares in the capital of the Company, which could be convertible into 150,000,000 Shares pursuant to the terms of issue of convertible preference shares; and (iii) a creditors' put option whereby the Creditors of the Company and/or the Scheme Administrator might, at their sole direction, sell all or part of 20,000,000 Shares to Wai Kee at a price of HK\$0.10 per Share exercisable within 90 days after the expiry of two years following completion of the Scheme of Arrangement (as defined in the circular dated 24 February 2004).
3. The number of Shares taken to be interested or to have a long position by Wai Kee (Zens) and Wai Kee included (i) 422,421,275 Shares; (ii) derivative of 1,500,000,000 convertible preference shares in the capital of the Company, which could be convertible into 150,000,000 Shares pursuant to the terms of issue of convertible preference share; and (iii) a creditors' put option whereby the Creditors of the Company and/or the Scheme Administrators might, at their sole discretion, sell all or part of 20,000,000 Shares to Wai Kee at a price of HK\$0.10 per Share exercisable within 90 days after the expiry of two years following completion of the Scheme of Arrangement.
4. The number of Shares taken to be interested or to have a short position by Top Horizon, Wai Kee (Zens) and Wai Kee was 41,334,000 Shares. Pursuant to the Staff Purchasing Scheme (the "Scheme") adopted by Wai Kee on 15 March 2004, 41,334,000 purchasing rights granted to eligible participants as defined in the Scheme for the acquisition of 41,334,000 Shares remained outstanding.

SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, as at 31 December 2005, no other person (other than Directors or chief executives of the Company) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

Acquisition of Shares of Road King

As announced on 27 May 2005, during the period from 10 May 2004 to 11 April 2005 (both dates inclusive) the Group, through its wholly owned subsidiary, acquired on the market an aggregate of 2,065,000 shares of Road King for a total consideration of approximately HK\$11,411,700. The range of the acquisition price per share of Road King was from HK\$5.20 to HK\$5.65.

Prior to the aforesaid acquisition, a total of 1,552,000 shares of Road King were acquired during the period from 3 to 18 November 2003 by Leader Construction, a then wholly owned subsidiary of Wai Kee. Leader Construction has become a wholly owned subsidiary of the Company since completion of the restructuring of the Company on 23 April 2004. After the acquisition, an aggregate of 3,617,000 shares of Road King was held by the Group.

The Directors believed that (i) securities investment conducted by of the Group's principal subsidiaries in its ordinary and usual course of business was one of the principal businesses of the Group and was also an integral part of the Group's treasury management activities, (ii) all shares of Road King were purchased on the market; and (iii) to be best of the belief and knowledge of the Directors, no consideration was passed to any connected person of the Company, the acquisition of Road King's shares should therefore exempt from all the reporting, announcement and independent shareholder's approval requirement pursuant to Rule 14A.31(4) of the Listing Rules. However, after consultation with the Stock Exchange, it was advised that by virtue of Wai Kee, a controller of the Company, being a substantial shareholder of Road King, the acquisition of Road King's shares by the Group constituted a connected transaction and subject to the approval of the independent Shareholders. Accordingly, the Company has breached Rule 14A.18 of the Listing Rules. In order to prevent the re-occurrence of similar incident, in the event that the Company has any doubt in the interpretation of the Listing Rules, the Company will consult professional party(ies) and/or Stock Exchange in the future.

As the existing 3,617,000 shares of Road King might be disposed of in the market in the future, divestments of shares of Road King would constitute connected transactions for the Company in the future in accordance with the provision under Rule 14A.13(1)(b)(i) of the Listing Rules and would be subject to the approval of the independent Shareholders in a general meeting. Details of the acquisition of Road King's shares were disclosed in the circular dated 20 June 2005. A resolution approving the future disposals of the shares of Road King was passed by the independent Shareholders at the special general meeting held on 19 July 2005.

CONNECTED TRANSACTIONS (Continued)**Establishment of a Wholly Foreign-Owned Enterprise in the PRC**

As announced on 28 June 2005, Sky Excel Investments Limited ("Sky Excel"), a wholly owned subsidiary of Road King and Innocity International Limited ("Innocity"), a wholly owned subsidiary of the Company entered into an agreement ("Agreement") pursuant to which, Sky Excel and Innocity conditionally agreed to establish a wholly foreign-owned enterprise in the PRC, which would be wholly owned by Value Ahead Limited, to engage in the business of property construction. Each of Sky Excel and Innocity subscribed for 59 shares (one share already owned by Sky Excel) and 40 shares respectively in Value Ahead for an aggregate cash consideration of US\$99 payable at completion.

Sky Excel and Innocity should provide shareholders' loans in the amount of US\$1,812,300.60 and US\$1,208,200.40, respectively to Value Ahead at the completion. The aggregate of the consideration for the subscription of the shares of Value Ahead by Innocity and the provision of its share of the shareholders' loans would be US\$1,208,240.40.

By virtue of Wai Kee, a controller of the Company, being a substantial shareholder of Road King, the transaction contemplated under the Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules and was subject to the approval of the independent Shareholders. Details of the Agreement were disclosed in the circular dated 19 July 2005. The resolution to approve, confirm and ratify the Agreement was passed by the independent Shareholders at the special general meeting held on 8 August 2005.

Acquisition of Quarry Products

As announced on 14 October 2005, during the period from January 2005 to September 2005, the Group, through its wholly owned subsidiary, purchased quarry and stone from Wai Hing Quarries (China) Limited ("Wai Hing") on normal commercial terms for an aggregate cash consideration of approximately HK\$2,100,000. There was no agreement in respect of the purchase of quarry and stone from Wai Hing. The total quantity of various types of and stone was 66,596 tonnes. Their unit prices were ranged from HK\$18 to HK\$62 per tonne.

The purchase of quarry and stone was for the purpose of and in connection with construction activities of the Group. The Group had several regular suppliers of quarry and stone products. Wai Hing was one of them. The purchases were decided after taking into consideration of market price, availability of products, location of site and timing of delivery.

The Directors considered that as the transaction was arrived at after arm's length negotiation, on the normal commercial terms and not less favourable than terms available from independent third parties and in the ordinary and usual course of business of the Group, the terms of the transaction were fair and reasonable and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS (Continued)

Acquisition of Quarry Products (Continued)

Wing Hing is a wholly owned subsidiary of Wai Kee, a substantial shareholder of the Company. Therefore, Wai Kee and its subsidiaries are the connected persons of the Company. The transaction constituted a connected transaction for the Company under Rule 14A.32(1) of the Listing Rules as each of the percentage ratios (other than the profits ratio) was less than 2.5%. The transaction was only subject to the reporting and announcement requirements and was exempt from the independent shareholders' approval requirements. Details of the transaction were disclosed in the announcement dated 14 October 2005.

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 during the year ended 31 December 2005.

DISCLOSURE PURSUANT TO RULES 13.16 AND 13.22 OF THE LISTING RULES

- (1) As at 31 December 2005, financial assistance to and guarantees given for the benefit of the Company's affiliated companies by the Group together amounted in aggregate to approximately HK\$4,254,000 representing approximately 3.84% of the Group's total market capitalisation of approximately HK\$110,647,000 as at 31 December 2005 (the "Market Capitalisation"). The Market Capitalisation was based on the total number of 781,408,494 Shares in issue as at 31 December 2005 and the average closing price of HK\$0.1416 per Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding 31 December 2005.

**DISCLOSURE PURSUANT TO RULES 13.16 AND 13.22 OF THE LISTING RULES
(Continued)**

(2) Details of the financial assistance to and guarantee given for the benefit of the Company's affiliated companies as at 31 December 2005 were as follows:

Affiliated Companies	Attributable interest held by the Group	Loan	Total HK\$'000	Loan maturity date
		granted to affiliated companies HK\$'000		
Balfour-Beatty-Zen Pacific Joint Venture	50.0%	287	287	on demand
Barclay Mowlem-Zen Pacific-China Civil Joint Venture	35.0%	17	17	on demand
China Railway Tenth Group Third Engineering Co., Ltd.	25.0%	51	51	on demand
Dragages (HK) Joint Venture	14.0%	1,640	1,640	on demand
Dragages-Zen Pacific Joint Venture	25.0%	195	195	on demand
Hong Kong Landfill Restoration Group Limited	34.5%	982	982	on demand
Kier-Leader-Kenworth Joint Venture	64.0%	28	28	on demand
Kier/Zen Pacific Joint Venture	50.0%	18	18	on demand
Kong On Waste Management Limited	50.0%	164	164	on demand
Zen-Pacific-Shui On Joint Venture (C518)	50.0%	842	842	on demand
常州利駿建築工程有限公司	40.0%	30	30	on demand
		4,254	4,254	

DISCLOSURE PURSUANT TO RULES 13.16 AND 13.22 OF THE LISTING RULES

(Continued)

- (3) The proforma combined balance sheet of the Company's aforesaid affiliated companies as at 31 December 2005 which was prepared based on their adjusted financial statements that were prepared in accordance with the accounting principles generally accepted in the Hong Kong for the year ended 31 December 2005, was as follows:

	HK\$'000
Non-current assets	96,028
Current assets	516,713
Current liabilities	<u>(537,094)</u>
Net Assets	<u>75,647</u>

Saved as disclosed above, as at 31 December 2005, the Company did not have other disclosure obligations under Rules 13.16 and 13.22 of the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.13, 13.15 AND 13.20 OF THE LISTING RULES

As at 31 December 2005, trade receivables from The Government of the Hong Kong Special Administrative Region, Airport Authority Hong Kong and The Hongkong Electric Co., Ltd. (collectively referred as "Trade Receivables"), which were unsecured, interest-free and with credit terms of approximately 60 days upon certification and approximately one year after completion of projects resulted from the ordinary and normal course of business of the Group, respectively amounted to approximately HK\$71.05 million, HK\$22.95 million and HK\$11.26 million representing approximately 64.21%, 20.74% and 10.18% of the Company's Market Capitalisation as at 31 December 2005.

Saved as disclosed above, as at 31 December 2005, the Company did not have other disclosure obligations under Rules 13.13, 13.15 and 13.20 of the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

The Company was granted a term loan facility of HK\$40,000,000 (the "Facility") pursuant to a facility letter from an independent bank dated 22 July 2004. The Company accepted the terms of the facility letter on 3 August 2004. The full sum of the Facility will be repaid by six half-yearly instalments commencing eighteen months after the date of drawdown of the Facility.

For so long as the Facility is made available to the Company, Wai Kee and Mr. Zen Wei Peu, Derek ("Mr. Zen"), are required to undertake to maintain their joint shareholding in the Company at not less than 50% of the total issued share capital of the Company. Wai Kee is the controlling Shareholder. Mr. Zen is a director of the Company. Accordingly, this disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

Save as disclosed above, as at 31 December 2005, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$260,200.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the per cent of its public float exceeds 25% for the year ended 31 December 2005 and up to 31 March 2006, the latest practicable date to ascertain such information prior to the issue of this annual report.

SUBSEQUENT EVENT

As announced on 23 March 2006, Kier HK executed a guarantee dated 22 March 2006 ("the Guarantee") to secure 50% of the liabilities of Kier-STAMsteel Joint Venture ("Kier-STAMsteel") owing Malayan Banking Berhad under the facilities of Ringgit Malaysia ("RM") 23,000,000.00 (equivalent to approximately HK\$47,610,000.00), for the purpose of financing the main contracts works awarded to Kier-STAMsteel, from time to time up to the maximum amount of RM11,500,000.00 (equivalent to approximately HK\$23,805,000.00 (plus interest)). The Guarantee provided by Kier HK was on a several basis in accordance with its percentage equity interest in Kier-STAMsteel.

The Board considered that since Kier-STAMsteel was 50% owned by Kier HK, support should be given on the several basis for the purpose of financing the main contract works. Given that the Guarantee entered into on normal commercial terms, the Directors believed that the terms of the Guarantee were fair and reasonable so far as the Company and the Shareholders as a whole were concerned.

The execution of the Guarantee constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Guarantee and other information as required by the Listing Rules would be despatched to the Shareholders as soon as practicable. Details of the Guarantee were disclosed in the announcement dated 23 March 2006.

AUDITORS

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as Auditors of the Company.

On behalf of the Board

Zen Wei Peu, Derek

Chairman

31 March 2006