

DISCLOSURE PURSUANT TO RULES 13.16 AND 13.22 OF THE LISTING RULES

- (1) As at 30 June 2006, financial assistance to and guarantee given for the benefit of the Company's affiliated companies by the Group together amounted in aggregate to approximately HK\$46,778,000 representing approximately 8.09% of the Group's total assets of HK\$578,538,000 (being the Group's total assets of HK\$601,188,000 as at 30 June 2006, adjusted for the aggregate of distribution declared prior to the group restructuring and cumulative preference share dividend accrued for up to period ended six months ended 30 June 2006 amounting to approximately HK\$22,650,000 pursuant to Rule 14.16(1) of the Listing Rules).

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 30 June 2006 were as follows:

Affiliated companies	Attributable interest held by the Group	Guarantee given for facilities		Loan granted to affiliated companies HK\$'000	Total HK\$'000	Loan maturity date
		utilised by affiliated companies HK\$'000				
Balfour-Beatty-Zen Pacific Joint Venture	50.0%	–		796	796	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%	–		53	53	On demand
Dragages (HK) Joint Venture	14.0%	–		2,665	2,665	On demand
Dragages-Zen Pacific Joint Venture	25.0%	–		108	108	On demand
Hong Kong Landfill Restoration Group Limited	34.5%	–		891	891	On demand
Kaden-Leader-Kenworth Joint Venture	64.0%	–		28	28	On demand
Kaden-STAMsteel Joint Venture	50.0%	32,250		8,952	41,202	On demand
Kier/Zen Pacific Joint Venture	50.0%	–		18	18	On demand
Kong On Waste Management Limited	50.0%	–		151	151	On demand
Zen-Pacific-Shui On Joint Venture (C518)	50.0%	–		845	845	On demand
常州利駿建築工程有限公司	40.0%	–		4	4	On demand
				<u>32,250</u>	<u>14,528</u>	<u>46,778</u>

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 30 June 2006, which were prepared based on their financial statements prepared in accordance with the accounting principles generally accepted in Hong Kong for the six months ended 30 June 2006, was as follows:

	HK\$'000
Non-current assets	101,870
Current assets	493,690
Current liabilities	(514,423)
Non-current liabilities	(23,561)
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Net Assets	<u>57,576</u>

Saved as disclosed above, as at 30 June 2006, the Company did not have other disclosure obligations under Rules 13.16 and 13.22 of the Listing Rules.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES**Loan Facility of HK\$40,000,000.00**

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 (renewed on 6 October 2005). The full sum of the Facility shall 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 of the Company. 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.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

(continued)

Loan Facility of Euro5,000,000.00

On 31 March 2006, the Company as the borrower entered into the Facility Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (Netherlands Development Finance Company) for the amount of Euro5,000,000 (“Facility”) to finance the acquisition and/or construction of wastewater treatment facilities in the PRC and the ongoing operation and maintenance on those facilities.

For so long as the Facility is made available to the Company, Wai Kee is required to undertake to control and/or beneficially own (directly or indirectly) more than 50% of the total issued share capital 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 30 June 2006, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and external auditors the accounting principles and policies adopted by the Group and the unaudited interim financial reports for the six months ended 30 June 2006. The Audit Committee has also met with the internal auditors and monitored their work on internal controls, risk management and financial reporting matters.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2006.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006, except for the deviation in respect of the service term under code provision A.4.1 of the Code.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

CORPORATE GOVERNANCE (continued)

None of the existing non-executive (including independent non-executive) Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the Directors (executive, non-executive and independent non-executive) are subject to the retirement provisions of the Bye-laws of the Company that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

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 for the six months ended 30 June 2006.

APPRECIATION

I would like to take this opportunity to express my hearty gratitude to our shareholders, our business partners, Directors and loyal and dedicated colleagues.

On behalf of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 11 August 2006