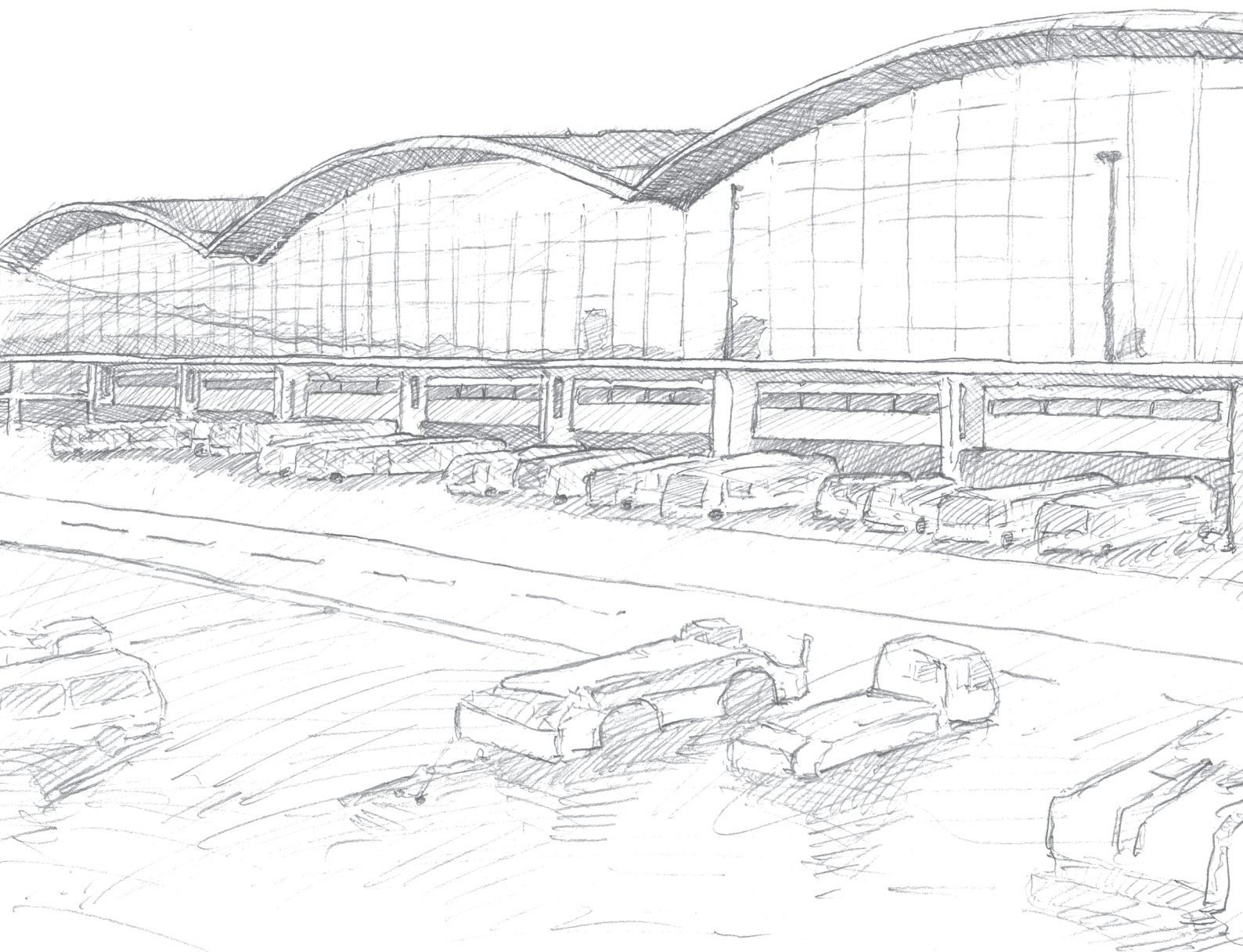


Business Prospects of Hong Kong Market

The government's ten major construction plans
and numerous small-scale projects
to be launched **in succession** will
also help to rejuvenate the construction
market in Hong Kong.



Hong Kong International Airport

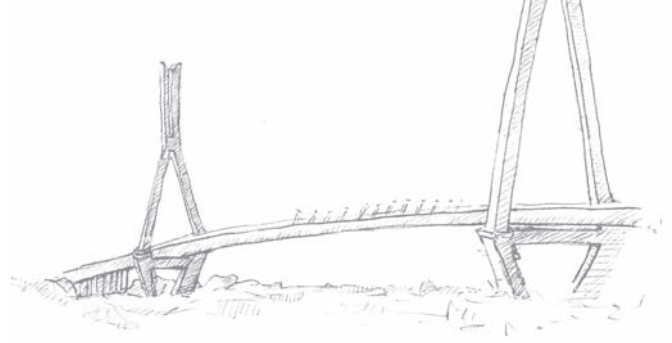


Chairman's Statement



The Group will continue to step up its efforts in risk prevention and control by building up a sound risk control system in both a macro and micro perspective, in order to establish a sound mechanism for risk alert, evaluation, monitoring, tracking and feedback, and protect the healthy development of the enterprise.

Mr. KONG Qingping
Chairman and Non-executive Director



Annual Results

The Group's audited profit attributable to the shareholders for the year ended 31 December 2008 was HK\$489 million, as compared with the audited profit in last year, increased by 20.9%. Revenue achieved was HK\$11,021 million, while earnings per share was HK20.06 cents, representing an increase of 9.5%.

Payment of Dividends

The Board recommends the payment of a final dividend of HK3.3 cents per share for the year ended 31 December 2008, contributing to the annual total dividends per share amounting to HK7 cents, representing an increase of 3.7% as compared to last year.

Review of Operation

In 2008, the global economy experienced a period of unprecedented drastic change and adjustment. The year witnessed the depreciation of the US Dollar and the rise of energy prices, triggering a round of overwhelming inflation around the world. The global financial tsunami caused by the US's subprime mortgage crisis gradually had its effect on the economy. While developed countries found themselves moving towards economic recession, major emerging economies including China and India saw significant fluctuation in their stock markets and real estate markets and increasingly obvious impact on their respective economies. Such challenges on the economy are worldwide and unprecedented.

Market Conditions

The financial tsunami has had impact on Hong Kong's economy and its construction market. It terminated the upward trend of the local real estate market since it recovered in 2003. In the second half of 2008, transaction prices and volumes in the residential sector continued to record decreases. New construction projects of private housing shrank rapidly, some being put on hold while some others were postponed, further adding to the acceleration of the unemployment rate. Adhering to a solid operations strategy of "Competing by Low Cost and High Quality of Management", the Group still maintained its competitiveness in its Hong Kong segment and reported good results of operations.

In Macau, the construction market was also under severe impact of the global financial tsunami. In particular, the financial difficulties encountered by some developers of gambling-related projects had in some ways slowed down or caused a suspension of their investment and development plan. At the same time, there had been a substantial shrinkage of the city's construction market in terms of the decrease in new governmental and private construction projects. No direct impact, however, was seen on the Group's construction under development in Macau. In fact, the enhancement

of the interaction between Hong Kong and Macau's segments have not only consolidated our market share in Macau but also generated substantial income for us.

The effect of the financial tsunami extended to Dubai, the United Arab Emirates. In Dubai's real estate market, transaction prices and volumes also dropped tremendously, leading to the substantial shrinkage of the construction market and adding to the risk of construction suspension in many private projects due to the financial difficulties encountered by the employers. Facing such challenges, we made use of the Group's extensive management experience accumulated in Hong Kong and adhered to a prudent operational strategy to effectively put the risk exposure under control.

In 2008, the Mainland China experienced severe natural disasters including snow storms in the southern China and the earthquake in Wenchuan, as well as the global financial tsunami. In view of the complexity and severity of the situation, a series of policies aiming to expand domestic demand, enhance investment and maintain growth were promptly launched by the Chinese government. China maintained a fast and steady pace of economic growth and healthy running of its financial system. With "Achieving Sustainable Growth in Profit" as the basic objective for its business expansion and operation, the Group exercised caution in selecting construction contracting businesses and acquiring projects in the Mainland China from its parent company, reaping fruitful results.

In India, investor's confidence was heavily hit by the decrease in the country's investment and export trade, the loss of growth momentum for its economy, the substantial depreciation of the Indian Rupee, the downturn of the country's stock market, the continual weakening of the real estate market, and the terrorist attack in Mumbai. However, India still maintained a fast pace of growth in its GDP at an estimated rate of around 7%, and the government further stepped up its investment in infrastructure facilities and residential projects. We continued to adhere to a prudent and healthy strategy of operations to participate in bidding targeted projects on a selective basis to ensure healthy development of our India segment.

Completed Projects during the Year

During the year, the Group completed 35 projects, which mainly included:

- Hong Kong: Foundation and Construction of Choi Wan Road Site 1 Phase 1; Construction of Centre for Youth Development at Chai Wan; Construction of Eastern Harbour Crossing Site Phase 3; Construction of Drainage Channels in Ma Wat and North of Hong Lok Yuen, Tai Po;

Chairman's Statement *(Continued)*

- Macau: Construction of Nova Taipa Gardens, Phase 2A;
- Overseas: Lease Office Building and Shopping Arcade, JAFZA South; Golf Tower III.

New Projects Awarded in the Year

The Group secured 54 new contracts in the year, with an aggregated attributable contract value of approximately HK\$14.12 billion of which the Hong Kong market accounted for 67.1%, the Macau market accounted for 11.5%, and the Mainland China market accounted for 8.9%.

New contracts awarded mainly included:

Hong Kong: Development at Anderson Road — Site Formation and Associated Infrastructure Works; Construction of Siu Sai Wan Complex, Chai Wan; The Construction of Sun Yat Sen Memorial Park and Swimming Pool; Proposed Industrial Redevelopment at No. 2 Heung Yip Road, Hong Kong; Construction of Hung Hom Estate Phase 2 and Ma Hang Headland Park; Construction of Sports Centre in Area 28A, Fanling/Sheung Shui; Replacement and Rehabilitation of Water Mains, Stage 3 — Mains in West Kowloon (Package A);

Macau: Electrical Services for City of Dreams; Remaining Works for Project 228 in Liaison Office of the Central People's Government in the Macau SAR;

Mainland China: 成都西錦城項目; 成都市中匯廣場二期工程。

Additionally, 16 new projects were secured subsequent to the balance sheet date with an aggregated attributable contract value of approximately HK\$4,183 million.

Projects in Progress

As at 31 December 2008, the Group had a total of 81 projects in progress, with a total attributable contract value of HK\$38.04 billion (value of incomplete contract was HK\$21.13 billion). Projects in progress had been smoothly undertaken in accordance with the laws of the local government and contractual requirements, offering clients services of the high quality. As at the reporting date, there were altogether 97 projects in progress with an aggregated attributable contract value of HK\$42.22 billion.

Corporate Governance

The Group strictly complied with the laws, regulations and the Listing Rules of The Stock Exchange of Hong Kong Limited and attained effective monitoring by its board of directors to ensure lawful operations of the Group. Investor's relation was enhanced by having effective communication with them and timely release of relevant information to enhance investors' understanding about the Company and the standard of corporate governance of the Company.

The Group maintained a sound and effective corporate governance structure and enhanced its strategy of regional operation and development in order to cope with the challenge in the market posed by global inflation and the financial tsunami. It also fully leveraged the role of the Group's cross-region Decision Committee to ensure that the Group was operated in a highly effective manner. It also further enhanced its brand building to illustrate its brand image. These were measures seeking to promote the steady growth of its business operations.

Risk Management

The Group exercised full-scale enhancement of its risk management by establishing a Risk Management Control Committee and establishing a corresponding risk control system at the Group's level. From a strategic perspective, the Group accurately evaluated the market conditions and adjusted its strategy and made determined decisions in a timely manner, to ensure the effective implementation of major operations strategy. Efforts in business expansion in Dubai was confined to a well-monitored scope whereas business expansion in India had been reduced in scale or suspended.

A risk control mechanism was established and risk control in various segments in our construction business operations was enhanced in a full scale in order to safeguard the group's operations against the impact of market risk factors. (1) On the basis of the full implementation of the "5+3" project management model, the Group strengthened the establishment and consolidation of its risk management mechanism, formulated a risk control system and strengthened its overall control capability under severe economic environment; (2) the Group strengthened its risk management across different operational segments, in particular imposed further enhancement of its investigation into and assessment of the

Chairman's Statement *(Continued)*

financial positions of Employers on bidding strategy; (3) the Group enhanced its programmed management standard, strengthened its management on subcontracting, strengthened the assessment and co-ordination of its subcontractors, implemented its system of "Contracting Responsibility of Sites", to ensure sound control of risks in various parts of its site operations; (4) the Group further strengthened its cost management by strictly controlling various expenses, making good use of its subcontracting strategy to formulate an optimal construction proposal which will reduce costs, and also substantially stepping up its efforts in project settlement and collection of residual monies; (5) the Group strengthened and improved its materials procurement management by keeping track of market trend, paying close attention to exchange rate fluctuations, strengthening the effective measures in response to fluctuations in material prices and fully leveraging upon its synergies to reduce purchasing costs; (6) the Group strengthened its cash flow management by adhering to the notion of "cash is king", adopting a computerized approach to achieve real-time control over its cash flow position, and regularly compiling cash alert reports, in order to guarantee smoothness and safety in our cash flow operations.

For our infrastructure business, various management systems had been established and refined by 瀋陽皇姑熱電 ("Shenyang Huanggu Thermal Power") to further enhance our internal control system. Safety production was highly emphasized, whereas energy-saving and loss-reduction measures were commenced, and materials procurement was closely monitored to effectively reduce production costs. Optimized management procedures for production and operation had helped to enhance management performance. In addition, the unit price of heat supply also went up. These had contributed to enhancing operational effectiveness of the enterprise and benefits to the society.

For other investments, the investment in a land development project in the Mainland was suspended after the sound decision made in accordance with the changes in market conditions.

Financial Management

The Group adopted centralized finance management and adhered to the principle of prudent financial management and had not involved in investment of any derivative products. The Group had a sound financial position, with bank balances of HK\$1.92 billion and bank borrowing of HK\$1 billion as at 31 December 2008. The Group also had sufficient committed but unutilised facilities to meet the needs for business development. The "Proposal for Bonus Issue of Warrants" scheme was announced on 8 January 2008. Majority of the warrants had not been exercised in view of the change in market conditions. On 4 February 2008, the Group entered into a syndicated loan agreement amounting to HK\$1 billion with the Bank of China, HSBC, Bank of Communications, and the Bank of East Asia. Such syndicated loan laid a more reasonable capital structure for the Company and a solid foundation for the diversification of the construction and related investment. Towards the end of 2008, a facility in the amount of RMB600 million was signed by 深圳中海建築有限公司 ("Shenzhen China Overseas Construction Limited") under the Group with the Shenzhen branch of China Construction Bank, which amount can be used for issuance of letter of guarantee and for withdrawal in the form of working capital borrowing. As for the overseas markets, the economic conditions were closely monitored with a focus to avoid exposure to any risk in currency exchange or interest rate. By holding quarterly economic activity analysis meeting and thematic session on finance, rolling amendment and evaluation on the Company's overall strategic plans, operation conditions and system establishment were made to ensure steady expansion of business.

Related Investment Business

Through the acquisition of infrastructure assets from its parent company and fellow companies under the parent company, the Group secured its long-term steady income and enhanced the efficiency of its funds. On the basis of the acquisition of the Shenyang Huanggu Thermal Power project in 2007, the acquisition of 南昌中海新八大橋 ("Nan Chang Zhong Hai Xin Ba Yi Bridge") and 南昌大橋 ("Nan Chang Bridge") at a consideration of HK\$455

Chairman's Statement *(Continued)*

million was completed in 2008, laying a solid foundation for the strategic transformation of the Group. At the same time, the Group made a great effort in exploring scopes of and approaches to investment in the Mainland and identified the overall investment landscape in a timely manner. The Group particularly reviewed the strategic positioning and specific approach to its investment business in the Mainland, in order to guard itself against market risks and ensure safety in its investments.

Corporate Citizenship

Taking to heart a traditional idea for corporate citizenship, great emphasis is being put on social responsibilities, customer services, environmental protection and staff welfare as components of corporate citizenship. In addition to the pursuit of profits for its shareholders, active participation in community activities and charity is made to contribute to the society and raise funds to help people in need. We actively participated in the charitable "Walk for a Million" in Hong Kong. During the year, as severe snow storms hit the southern China and earthquake occurred in Wenchuan, the Group and its staff made donations with great enthusiasm. The Company's annual Lu Ban Festival Carnival was cancelled, and all the funding went to the charitable organisations in the Mainland. As always, the Group valued highly the construction quality, safety and environmental issues, and was actively involved in various activities regarding quality, safety and environmental protection. Our efforts were highly recognized by the clients and various parties. On 10 February 2009, China State Construction International Holdings Limited was awarded a "Caring Company 2008/09" logo by Hong Kong Council of Social Service, in recognition of its implementation of good corporate citizenship over the past year.

Key Awards

On March 2008, we were conferred "Ministry of Housing and Urban-Rural Development of the PRC, National — Level Engineering Method Certificate — Engineering Method of Deep-hole blasting Technique near City". In December 2008, we were conferred "Hong Kong Housing Authority: Quality Public Housing Construction & Maintenance Award 2008 《New Works Category — Outstanding Contractors Award (Piling) — Bronze Prize》 & 《New Works Category — Outstanding Contractor Award (Building) — Merit Award》" from the Hong Kong Housing Authority, and various construction organizations, and also various outstanding project awards, community participation awards and best site safety record awards. In March 2009, we were conferred an "Overall Annual Report Bronze Award", an international award widely recognized in the industry, in the 22nd "Mercury Awards International" in respect of the Company's Annual Report 2007.

Business Prospects

The global financial tsunami in consequence of the US's subprime crisis is expected to extend to developing countries in 2009 and result in a further reduction in the economic growth rate on a global basis. Globally, different economies are pumping in loads of money in launching their extensive market-rescuing schemes to avoid recession and provide for employment. In particular, the increase in investment in and construction of infrastructure facilities are among the major measures being introduced, and it is expected that a great deal of business opportunities may possibly appear globally in the construction markets.

Market Conditions

Under the impact of this once-in-a-century financial tsunami, Hong Kong will experience a challenging time in 2009. However, a healthy financial system, the sustained strength of the Hong Kong Dollar, the satisfactory fiscal surplus attained by the Hong Kong government, the potentially sound growth of China's economy under the stimulus of strong measures and the state's support for Hong Kong's financial stability and economic development by the state's adoption of 14 measures in seven aspects, will all support Hong Kong in its efforts to survive the current difficulties. In addition, the government's ten major construction plans and numerous small-scale projects to be launched in succession will also help to rejuvenate the construction market in Hong Kong.

The economic condition in Macau will remain severe in 2009. However, the series of measures formulated by the Macau government aiming to recover the economy is expected to bring a positive effect to the economic performance of Macau. Although the construction market in Macau has entered a stable stage in terms of scale, Macau's infrastructure and investment environment will further improve when the large-scale infrastructure projects planned by the government, such as the extension work of the Macau International Airport, cross harbour tunnel, Hong Kong-Macau-Zhuhai Bridge, the light-rail transit system and land reclamation, are launched in succession.

In Dubai, United Arab Emirates, despite the global financial tsunami and the drop of crude oil prices, some economic adjustment measures have been adopted in a timely manner whereby the Central Bank of Dubai rolled out a rescue plan in the amount of USD32.7 billion towards the end of 2008 to help financial institutions in the country. Within the United Arab Emirates, financing is made more available to Dubai, which had to date amounted to USD20 billion. Those measures are expected to contribute to a boost to the

Chairman's Statement *(Continued)*

economy and to stabilize the real estate market. In Abu Dhabi, it had been announced that construction of major projects of infrastructure facilities will continue to be fostered in accordance with their long-term development plans, and that the target to achieve 7% economic growth by 2015 remains the same in spite of the substantial decrease in crude oil prices. The construction market in Abu Dhabi will remarkably grow with promising prospects.

The substantial foreign exchange reserve, trade surplus and the gigantic domestic demand market of the Mainland China are among factors which will warrant China's ability to get rid of the influence of the financial tsunami more rapidly. Although a great deal of uncertainties will still exist for the real estate market in 2009, the RMB4 trillion measures to stimulate the economy of the country, under which infrastructure investment will grow rapidly, is expected to promote the swift growth of the country's construction market and infrastructure investment in the future, and therefore will create a favorable external environment and broader room for the development of the Group's construction and related investment business.

In India, inflation is expected to fall with the vast drop in metal and crude oil prices, which will contribute to sooner recovery of confidence about economic performance of the country. Government and private investments in infrastructure and residential buildings are increasing. This will bring in drive and vividness to the construction industry.

Operations Strategies

Adhering to the operations strategy of "Competing by Low Cost and High Quality of Management", the Group will see its construction business as its core business and seek to strategically transform towards developing both of its construction business and related investment business, and will seek to become a multinational construction enterprise with international standard.

The Group will continue to be in full gear to implement the development strategy of "Cross-region Operation" to take full advantage of its experience as an international contractor, building an operation platform for the three major regions of Hong Kong and Macau, overseas regions and the Mainland China and to strike a balance for scale versus efficiency, and risks versus opportunities. In the region of Hong Kong and Macau, the Group will see contracting business as its core business segment and will aim to consolidate

its market share, and take full leverage on synergy and maintain its position as one of the largest leading construction contractor in the region of Hong Kong and Macau, to further boost its profitability. Overseas business will focus on the United Arab Emirates, and prudent strategies will remain to control the pace of exploration in the Dubai market. In Abu Dhabi, the operational strategy focusing on progress while keeping stable will be adopted. In India, we will adopt the strategy of Keeping an Eye over the Market and Awaiting Opportunities. In the Mainland, with "Achieving Sustainable Growth in Profit" as the basic objective for the Group's expansion and operation of construction business, the Group will carry on to prudently select projects which are of an acceptable scale, with foreign investment background and high probability of generating sound profits, as its target for development.

The Group will foster its related investment business and will actively react to the opportunities of infrastructure investment posed by the RMB4 trillion market-rescuing plan rolled out by the Chinese government. The Group will leverage upon its own strengths and the resources available from China State Construction Engineering Corporation and related entities to seek to explore opportunities of joint investment in sizable BT projects, to foster the further development of the construction and investment business in the Mainland. The Group will continue to study and assess the feasibility of further acquisition of infrastructure projects located in the Mainland from its parent company, in search of new engines for the Group's profit growth.

Operations Management

The Group has been engaging in the fully internationalized and competitive construction business in Hong Kong for almost 30 years, and has developed unique major competitive strengths and core competitiveness. High regard is put on the promotion of the "5+3" project management model, that is a balanced development in five major aspects: safety, environmental protection, quality, progress and cost, with a strong emphasis on the practice of three assurance systems on workflow, process and responsibility at the decision-making, management and operating levels so that the contract responsibility, operation responsibility and social responsibility are organically integrated, reducing the variation on quality arising from management difference and hence efficiently increase the overall profitability and the ability of countering risks of the Company.

Chairman's Statement *(Continued)*

The Group will enhance its management innovation and foster more refined management to boost effectiveness in management.

Ongoing refinement will be made to the structure of its corporate governance to establish healthy systems and mechanisms to boost its management effectiveness. Exploration will continue on an ongoing basis to enhance the approach to its regional management. Through the reasonable adjustment of the functions and workflows among our headquarters and regional offices, efficiency will be enhanced whilst avoiding risks. Improvement and enhancement will be made to our existing performance appraisal system which is based on our system of responsibility in respect of targeted operations. Moreover, it will seek to enhance efficiency from the perspectives of system improvement and timing enhancement, whereby other management fee outgoings will be reviewed to further reduce its costs of production and operation.

The Group will actively foster the development of its information computerization with due regard to its strategic development plan. The Customer Relations Management (CRM) System had been set up, through which the customers' resources are managed in a scientific and systematic way. It is also used as an effective mechanism to communicate and coordinate with customers, so as to provide our clients with premium services and ultimately, to gain more business opportunities for the Group. A Cost Dynamic Management System (CDMS), which provides solid security to control site costs, has been launched and constantly upgraded. Through such system, the cost control system of the contracting business is further improved. It enables cost analysis on selected sites, and performs the function to prevent at the early stage, to alert in the process and to analyse the result. Implementation of the Group's NC system and budget management application system will also be fostered to enhance the Group's competitiveness.

Risk Management

The Group will continue to step up its efforts in risk prevention and control by building up a sound risk control system in both a macro and micro perspective, in order to establish a sound mechanism for risk alert, evaluation, monitoring, tracking and feedback, and protect the healthy development of the enterprise.

From a macro perspective, the Group will calmly react to the challenges posed by such complicated external environment and internal strategic transformation, and will turn such pressure into motivation, increase risk awareness and attain sustainable development. (1) It will seek to better grasp the trend of the macroeconomic development and market and policy risks, build up a successful profit model, and surmount the dual risks brought about by our strategic transformation and the drastic change of the

market; (2) the Group will exemplify its team spirit and step up its management efforts, enhance its alert for various market risks, and develop and enhance its competitiveness in different markets, foster the healthy development of various regional platforms, and avoid management risks brought about by regional expansion. Meanwhile, in order to more effectively mitigate its system risks, the Group will work on the sources by investigating and analyzing the ability of employers and will shift its focus of operations towards government-invested projects.

From a micro perspective, the Group will be in its full swing to foster the establishment of a sound risk control system within each of its subsidiaries and functional units, to implement its internal risk management in an effective manner, thereby increasing its risk control capability.

For the Group's construction and related businesses, risks arise from individual segments of construction projects in terms of bidding, contracts, quality, safety and work progress. The key to risk prevention and control for our construction business will be as follows: (1) assessing the financial position of employers in a prior occasion to guard against risks of failure in bidding; (2) having in place a system of rewards and penalties for site safety to eliminate safety pitfall; (3) stringently implementing the system of contracting responsibility of sites, to control the risks arising from various segments in site operation and management, in particular the control over work progress.

For the Group's infrastructure business, Shenyang Huanggu Thermal Power will pay close attention to the fluctuation of coal prices in the Mainland, and will keep abreast of latest market information, judge the Group's coal storage level against purchasing costs, to effectively control its risks of operation. Investment of capital will be closely monitored and prudently applied for renovation and expansion projects, striking a balance between scale of operations and social efficiency.

The focus of investment risk control will be on pre-assessment, process control and the subsequent analysis and conclusion. Due diligence will be conducted on the target projects. Feasibility studies will be done in respect of marketing, finance, legal and contract matters. For those projects already selected, we will grasp good timing for investment and work on deployment of personnel, implement process management, and avoid operations risks. Upon completion of investment, assessment will be done again on the effect of investment to analyse and conclude experience and learn lessons from it.

Chairman's Statement *(Continued)*

Financial Management

Financial management is continuously strengthened to further improve our capability in capital operation and fund raising and effectively support our business expansion. Rolling evaluation on the Group's overall operations is made via ongoing quarterly operation analysis meetings and thematic sessions on finance, to ensure the steady growth of business. Under the current situation, efforts will be stepped up to cut costs and explore income sources, in order to reduce fixed costs by various means and optimize the deployment of financial resources. At the same time, collection of receivables will be stressed, so that cash inflow will be accelerated to secure the safety of capital fund for the Group. Active efforts will be made continuously to promote its ERP system aiming at strengthening the flow of project and operating information and actively controlling cost, and optimizing cash flow, so as to improve the Group's overall operation efficiency and risk management capability.

Human Resources Management

The Group firmly believes that human capital is its most important asset and that human resources are important assurance to maintain its core competitiveness. In this connection, utmost efforts are made to provide the staff with a challenging yet harmonious working environment. Life-time learning is promoted and training and development opportunities are provided, in order to widen the horizon and enhance the quality of the staff. A staff selection and appraisal system as well as a mechanism for job promotion and long-term effective incentives are in place, in order to ensure motivation, initiatives and creativity among staff members. Regional talents strategies are formulated according to specific situations of different regional markets, whereas international talents nurturing schemes are launched further, in order to satisfy the needs of different market competitions.

Amid the worsening global financial tsunami, we will show more care to our staff members, further strengthen the formation of staff teams, continue to recruit talents to join our Company, and provide outstanding talents with a stable working environment and wider room for development, thereby lifting morale and sense of belongings of the staff.

We attach great importance to people and believe that to share the fruits of operation with the staff and provide welfare to the staff is a way to pay back the community and exemplify good corporate citizenship.

Value Chain Management

Throughout the years, the Group has developed a relatively mature value chain management system. Under the current changing market environment and fierce competition, the Group will further improve the management system which has long been effective and continue to adopt modern management philosophies. Leveraging on integration and innovation of management and technology, management efficiency will continuously be enhanced, overall management standard will be enhanced and comprehensive competitiveness will be strengthened.

Company Mission

With an assertion on using people well, a harmonious and win-win operating environment is created for the Group's products, customers, shareholders and staff by making continuous innovations and reinforcing its core competitiveness.

In pursuit of its philosophy of **"Exercise Caution in Details and Implementation; Build a Strong Foundation to Seek Greater Success"**, the Group focuses on details and advocates actions. Consistently pursuing the professionalism of "Achieving Superb Quality in Each Process thus Making Each Property of Superb Quality", the Group is committed to offering excellent products and services in excess of their own values, facilitating the urbanization and enhancing the living environment quality, actively performing its responsibilities as a corporate citizen, improving competitiveness and shareholder's value, and striving to build up an evergreen business regime.

Appreciation

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the shareholders for lending their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

Kong Qingping

Chairman and Non-executive Director

Hong Kong, 23 March 2009