CATIC INTERNATIONAL HOLDINGS LIMITED
中國航空技術國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 232)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

The board of directors of CATIC International Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008, together with the comparative figures for 2007, are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2008** *HK$*	2007 *HK$*
CONTINUING OPERATIONS			
REVENUE	*4*	**260,292,268**	195,087,660
Cost of sales		**(238,474,441)**	(163,678,387)
Gross profit		**21,817,827**	31,409,273
Other income and gains	*5*	**37,029,762**	19,046,666
Administrative expenses		**(31,719,044)**	(26,393,313)
Other operating income/(expenses), net		**157,088**	(1,813,124)
Finance costs	*6*	**(6,192,992)**	(6,384,095)
Surplus/(deficit) on revaluation of an investment property		**(5,900,000)**	9,300,000
Surplus on revaluation of items of property, plant and equipment		**3,700,667**	2,972,406
Loss on partial disposal of equity interest in a subsidiary		**(7,604,122)**	–
Gain on deemed disposal of an associate		**–**	32,919,641
Gain on disposal of an associate		**–**	4,395,983
Share of profits and losses of:			
Jointly-controlled entity		**2,165,374**	–
Associates		**6,438,367**	13,149,401
Impairment of a financial asset under Project EC120		**(2,500,000)**	(14,000,000)
Gain on disposal of an available-for-sale investment		**13,449,333**	26,597,032
Fair value loss on equity investments at fair value through profit or loss and derivative financial instruments		**(12,169,214)**	(33,445,660)

	Notes	2008 HK$	2007 HK$
PROFIT BEFORE TAX	7	**18,673,046**	57,754,210
Tax	8	**(8,415,390)**	(4,594,170)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**10,257,656**	53,160,040
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		**–**	30,342,199
PROFIT FOR THE YEAR		**10,257,656**	83,502,239
Attributable to:			
Equity holders of the parent		**1,852,044**	77,996,196
Minority interests		**8,405,612**	5,506,043
		10,257,656	83,502,239
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
– For profit for the year		**HK0.04 cent**	HK1.73 cents
– For profit from continuing operations		**HK0.04 cent**	HK1.05 cents
Diluted			
– For profit for the year		**N/A**	HK1.72 cents
– For profit from continuing operations		**N/A**	HK1.04 cents

CONSOLIDATED BALANCE SHEET

	Notes	**31 December 2008 HK$**	31 December 2007 HK$
NON-CURRENT ASSETS			
Investment property		**18,300,000**	24,200,000
Property, plant and equipment		**223,474,051**	202,735,517
Prepaid land lease payments		**29,098,652**	28,215,916
Goodwill		**30,493,201**	38,116,502
Interest in jointly-controlled entity		**42,832,777**	–
Interests in associates		**123,680,439**	21,205,240
Financial asset under Project EC120		**9,459,462**	11,959,462
Available-for-sale investments		**47,398,926**	115,720,980
Deposit for acquisition of an investment		**61,165,927**	20,029,325
Deposits and other receivables		**20,466,063**	92,536
Total non-current assets		**606,369,498**	462,275,478
CURRENT ASSETS			
Inventories		**31,359,134**	17,399,830
Trade and bills receivables	*10*	**46,772,014**	22,837,580
Loan to an associate		**9,048,000**	–
Prepayments, deposits and other receivables		**38,986,915**	62,461,447
Equity investments at fair value through profit or loss		**–**	54,189,450
Derivative financial instrument		**–**	638,365
Available-for-sale investments		**15,364,807**	–
Pledged time deposits		**53,671,663**	36,327,623
Cash and cash equivalents		**350,734,518**	508,074,602
Total current assets		**545,937,051**	701,928,897
CURRENT LIABILITIES			
Due to a minority shareholder		**–**	5,740,106
Trade and bills payables	*11*	**117,624,859**	80,758,195
Tax payable		**2,622,306**	2,312,557
Other payables and accruals		**7,785,804**	17,424,539
Derivative financial instrument		**–**	2,209,425
Interest-bearing bank borrowings		**29,411,765**	96,017,131
Finance lease payables		**–**	57,841
Total current liabilities		**157,444,734**	204,519,794
NET CURRENT ASSETS		**388,492,317**	497,409,103
TOTAL ASSETS LESS CURRENT LIABILITIES		**994,861,815**	959,684,581
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**6,798,056**	3,721,118
Net assets		**988,063,759**	955,963,463
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	*12*	**475,439,700**	478,530,300
Reserves		**443,618,577**	444,387,297
		919,058,277	922,917,597
Minority interests		**69,005,482**	33,045,866
Total equity		**988,063,759**	955,963,463

Notes to financial statements:

1. **Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment property, certain plant and equipment, equity investments and derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars except when otherwise indicated.

2. **Impact of new and revised Hong Kong Financial Reporting Standards**

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year's financial statements.

HKAS 39 & HKFRS 7 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement* and HKFRS 7 *Financial Instruments: Disclosures – Reclassification of Financial Assets*
HK(IFRIC)-Int 11	*HKFRS 2 – Group and Treasury Share Transactions*
HK(IFRIC)-Int 12	*Service Concession Arrangements*
HK(IFRIC)-Int 14	*HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The adoption of these new interpretations and amendments has had no significant effect on these financial statements.

3. **Change in an accounting policy**

Inventories

Prior to 30 June 2008, the cost of inventories was determined on the first-in, first-out basis. With effect from 1 July 2008, the Group elected to adopt the weighted average basis to determine the cost of inventories. The directors believe that the weighted average basis can provide more reliable and relevant information on the Group's financial position. This change in accounting policy had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

4. Segment Information

Business segments

The following table presents revenue and profit/(loss) for the Group's business segments for the years ended 31 December 2008 and 2007.

	Continuing operations						Discontinued operation			
	Electric and steam power supply business		Aero-technology related business		Total		Facade contracting works business		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**256,070**	192,663	**4,222**	2,425	**260,292**	195,088	**–**	658,641	**260,292**	853,729
Other income	**24,000**	9,015	**–**	–	**24,000**	9,015	**–**	10	**24,000**	9,025
Total	**280,070**	201,678	**4,222**	2,425	**284,292**	204,103	**–**	658,651	**284,292**	862,754
Segment results	**31,974**	27,713	**13,020**	14,209	**44,994**	41,922	**–**	23,710	**44,994**	65,632
Interest income, rental income and unallocated gains					**13,030**	19,332	**–**	2,512	**13,030**	21,844
Unallocated expenses					**(21,988)**	(14,135)	**–**	–	**(21,988)**	(14,135)
Finance costs					**(6,193)**	(6,384)	**–**	(6)	**(6,193)**	(6,390)
Loss on partial disposal of equity interest in a subsidiary					**(7,604)**	–	**–**	–	**(7,604)**	–
Gain on deemed disposal of an associate					**–**	32,920	**–**	–	**–**	32,920
Gain on disposal of an associate					**–**	4,396	**–**	–	**–**	4,396
Share of profits and losses of:										
Jointly-controlled entity					**2,165**	–	**–**	–	**2,165**	–
Associates					**6,438**	13,149	**–**	–	**6,438**	13,149
Fair value loss on equity investments at fair value through profit or loss and derivative financial instruments					**(12,169)**	(33,446)	**–**	–	**(12,169)**	(33,446)
Gain on disposal of the disposal group					**–**	–	**–**	5,580	**–**	5,580
Profit before tax					**18,673**	57,754	**–**	31,796	**18,673**	89,550
Tax					**(8,415)**	(4,594)	**–**	(1,454)	**(8,415)**	(6,048)
Profit for the year					**10,258**	53,160	**–**	30,342	**10,258**	83,502

Geographical segments

The following table presents revenue for the Group's geographical segments for the years ended 31 December 2008 and 2007.

	Continuing operations		Discontinued operation		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**–**	122,058	**–**	122,058
Mainland China	**260,292**	195,088	**–**	64,433	**260,292**	259,521
Macau	**–**	–	**–**	150,370	**–**	150,370
United States of America	**–**	–	**–**	146,686	**–**	146,686
Others	**–**	–	**–**	175,094	**–**	175,094
	260,292	195,088	**–**	658,641	**260,292**	853,729

5. Other income and gains

	2008	2007
	HK$	*HK$*
Other income		
Bank interest income	**11,915,653**	11,709,055
Interest income on a convertible bond	**312,000**	244,899
Income from installation of infrastructure for steam supply	**9,701,412**	5,177,136
Government grants	**10,217,822**	701,754
Income from sale of coal residues	**3,635,468**	3,011,930
Gross rental income	**802,680**	587,760
Others	**444,727**	134,335
	37,029,762	21,566,869
Gains	**–**	2,000
	37,029,762	21,568,869
Attributable to a discontinued operation	**–**	2,522,203
Attributable to continuing operations reported in the consolidated income statement	**37,029,762**	19,046,666
	37,029,762	21,568,869

6. Finance costs

	2008	2007
	HK$	*HK$*
Interest on bank overdrafts and bank loans wholly repayable within five years	**6,192,381**	8,043,200
Less: Amounts capitalised to long term construction contracts	**–**	(1,663,970)
	6,192,381	6,379,230
Interest on a finance lease	**611**	11,352
	6,192,992	6,390,582
Attributable to a discontinued operation	**–**	6,487
Attributable to continuing operations reported in the consolidated income statement	**6,192,992**	6,384,095
	6,192,992	6,390,582

7. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):#

	2008	2007
	HK$	*HK$*
Depreciation	**16,437,890**	19,454,624
Less: Amounts capitalised to long term construction contracts	**–**	(3,714,342)
	16,437,890	15,740,282
Recognition of prepaid land lease payments	**777,903**	959,990
Provision/(write-back of provision) for impairment of trade and bills receivables, net	**922,680**	(426,965)
Write-off of an other receivable	**75,348**	327,000

The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operation.

8. Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. Hong Kong profits tax had been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2007. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2008	2007
	HK$	*HK$*
Current		
– Hong Kong	**–**	3,015,856
– Elsewhere	**5,338,452**	6,284,961
Deferred	**3,076,938**	(3,252,791)
Total tax charge for the year	**8,415,390**	6,048,026
Represented by:		
Tax charge attributable to a discontinued operation	**–**	1,453,856
Tax charge attributable to continuing operations reported in the consolidated income statement	**8,415,390**	4,594,170
	8,415,390	6,048,026

9. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2008 has not been disclosed as no diluting events existed during the year.

The calculation of diluted earnings per share amount for the year ended 31 December 2007 was based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2008	2007
	HK$	*HK$*
Earnings		
Profit attributable to ordinary equity holders of the parent:		
From continuing operations	**1,852,044**	47,373,617
From a discontinued operation	**–**	30,622,579
	1,852,044	77,996,196

	2008	2007
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**4,777,761,578**	4,512,755,055
Effect of dilution – weighted average number of ordinary shares:		
Share options	**–**	30,779,285
	4,777,761,578	4,543,534,340

10. Trade and bills receivables

	2008 *HK$*	2007 *HK$*
Trade and bills receivables	**47,742,317**	22,857,957
Impairment	**(970,303)**	(20,377)
	46,772,014	22,837,580

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	2008 *HK$*	2007 *HK$*
Current	**38,742,906**	20,085,923
31-60 days	**4,786,512**	2,259,450
61-90 days	**2,388,590**	464,476
Over 90 days	**854,006**	27,731
	46,772,014	22,837,580

11. Trade and bills payables

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	2008 *HK$*	2007 *HK$*
Current	**112,427,624**	78,753,628
31-60 days	**3,099,989**	608,672
61-90 days	**332,709**	–
Over 90 days	**1,764,537**	1,395,895
	117,624,859	80,758,195

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

12. **Issued capital**

	Number of shares in issue *'000*	Nominal value *HK$*
Ordinary shares of HK$0.10 each, issued and fully paid:		
At 1 January 2008	4,785,303	478,530,300
Repurchase of shares	(30,906)	(3,090,600)
At 31 December 2008	**4,754,397**	**475,439,700**

DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year ended 31 December 2008.

BUSINESS REVIEW

Overall review

In 2008, the Group recorded turnover of HK$260,292,000 (2007: HK$195,088,000) and profit attributable to equity holders of HK$1,852,000 (2007: HK$77,996,000). The Global Financial Tsunami has not constituted significant impact on the Group. Instead, the huge retreat in profit was mainly attributable to the following one-off events:

- The facade contracting works business had contributed profit of HK$30,342,000 to the Group in 2007. The business had been disposed of at the end of 2007.
- A gain on deemed disposal of an associate of HK$32,920,000 had been recorded in 2007.
- A loss on partial disposal of equity interest in Zhejiang Sealand Thermoelectric Share-Holding Co. ("Zhejiang Sealand") (formerly known as Hangzhou Sealand Electric Power Company Limited) of HK$7,604,000 was recorded in 2008.

Electric and steam power supply business

Zhejiang Sealand is a subsidiary of the Group and is principally engaged in the supply of electric and steam power. In 2008, Zhejiang Sealand contributed turnover of HK$256,070,000 (2007: HK$192,663,000) and profit of HK$31,974,000 (2007: HK$27,713,000) to the Group. Sales of steam power increased by 29% over last year, representing 85% of the turnover, while that of electric power decreased by 1%. Both the sales volume of electric and steam power dropped slightly due to the weakened demand by some customers resulting from their reduced production as affected by the Global Financial Tsunami. The average selling price of steam power in 2008 was raised by 33% so as to cope with the significant upsurge in coal price. The gross profit decreased from HK$28,985,000 in 2007 to HK$17,596,000 in 2008. During the year, income from installation of infrastructure for steam supply of HK$9,701,000 (2007: HK$5,177,000) and income from sale of coal residues of HK$3,635,000 (2007: HK$3,012,000) were also recorded.

Zhejiang Sealand continued to enhance production efficiency through implementing technology innovation, strengthening internal management and reinforcing production safety. It also endeavored to benefit from the government grant program in terms of energy saving and environmental protection. Government grants of HK$10,218,000 (2007: HK$702,000) was earned in 2008.

During the year, the Group disposed of 14% out of its 70% shareholding in Zhejiang Sealand to an independent third party at a consideration of RMB12,270,000 (equivalent to approximately HK$13,137,000) as the Group considered that facing various uncertainties encountered by the electric power industry in the Mainland such as the tremendous rise in the coal price, the partial disposal of equity interest in Zhejiang Sealand enabled the Group to focus its resources on the aero-technology related business and to increase the reserve fund for future expansion of the aviation business while still holding controlling equity interest in Zhejiang Sealand. A loss on disposal of HK$7,604,000 was recorded. After the disposal, Zhejiang Sealand is still a subsidiary of the Group as it still holds 56% equity interest in it.

Aero-technology related business

Totally 64 EC120 Helicopters were sold in 2008. Turnover from the aero-technology related business amounted to HK$4,222,000 (2007: HK$2,425,000). The Group also recorded gain on disposal of an available-for-sale investment of HK$13,449,000 (2007: HK$26,597,000). Having considered the profit and cashflow forecast of Project EC120, the Group made a provision for impairment of HK$2,500,000 (2007: HK$14,000,000) against the financial assets thereunder. As a result, the aero-technology related business recorded a profit of HK$13,020,000 (2007: HK$14,209,000) in 2008.

Others

In 2008, the Group recorded deficit on revaluation of an investment property of HK$5,900,000 (2007: surplus on revaluation of an investment property of HK$9,300,000), share of profits of jointly-controlled entity and associates of HK$8,603,000 (2007: HK$13,149,000), and fair value loss on equity investments at fair value through profit or loss and derivative financial instruments of HK$12,169,000 (2007: HK$33,446,000).

PROSPECTS

In order to overcome such hard times amid economic downturn and maintain its comparative advantages to grow in the future, Zhejiang Sealand will continue to implement strict cost control measures, increase sales through exploring new customers and strengthen its governance on monitoring receivables.

Looking forward to 2009, the global economy will still be clouded with uncertainties. However, in spite of the weak global economic conditions, economic growth in Mainland China is expected to remain solid over the next decades. With our strong balance sheet and low gearing ratio, the Group is expected to maintain a strong cash position in 2009 and will be able to provide steady funding source for existing projects and new investment opportunities. The Group also believes the current market conditions are in favour of the Group in terms of identifying new projects. The Group will closely monitor projects in aviation industry and aviation-related industry in China with good prospects.

FINANCIAL REVIEW

Liquidity, capital structure and financial resources

The Group has consistently maintained sufficient working capital. As at 31 December 2008, the Group had current assets of HK$545,937,000 (2007: HK$701,929,000), including cash and bank balances and time deposits in an aggregate of HK$404,406,000 (2007: HK$544,402,000). The Group's current liabilities as at 31 December 2008 were HK$157,445,000 (2007: HK$204,520,000).

During the year, the Company repurchased a total of 30,906,000 shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at prices ranged from HK$0.101 to HK$0.120 per share for an aggregate consideration of HK$3,565,000. All the relevant share certificates in respect of the repurchased shares have been duly cancelled.

As at 31 December 2008, the Group's equity attributable to equity holders of the parent amounted to HK$919,058,000 (2007: HK$922,917,000), comprising issued capital of HK$475,440,000 (2007: HK$478,530,000) and reserves of HK$443,618,000 (2007: HK$444,387,000). The Group's outstanding bank borrowing as at 31 December 2008 amounted to HK$29,412,000 (2007: HK$96,017,000). The Group's gearing ratio, calculated on the basis of total bank borrowings as a percentage of equity attributable to equity holders of the parent, was 3% (2007: 10%).

The Group's banking facilities are mainly utilised for capital expenditure and general working capital requirements.

Charges on the Group's assets

As at 31 December 2008, the following Group's assets were pledged to secure the Group's banking facilities:

(i) certain of the Group's land and buildings with an aggregate net book value of approximately HK$27,446,000 (2007: HK$30,817,000);

(ii) certain of the Group's leasehold land with an aggregate net book value of approximately HK$29,092,000 (2007: HK$4,852,000); and

(iii) certain of the Group's short term time deposits amounting to HK$53,672,000 (2007: HK$36,328,000).

As at 31 December 2007, the Group's and the Company's investment property with carrying value of HK$24,200,000 had also been pledged to secure the Group's banking facilities.

Exposure to fluctuations in exchange rates

The Group's foreign currency exposures primarily arises from certain sales or purchases by operating units in currencies other than the unit's functional currency. In view of the fact that the Group tries to match its assets and liabilities with the same currency, the Group's exposure to foreign currency risk is minimal.

MATERIAL ACQUISITIONS AND DISPOSALS

On 4 January 2006, Sino-Aviation Investments Limited ("Sino-Aviation Investments"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "JV Agreement") with AVIC International Holding Corporation ("AVIC Int'l") (formerly known as China National Aero-Technology Import & Export Corporation), a substantial shareholder of the Company, and Chengdu Aircraft Industry (Group) Corporation Ltd. ("Chengdu Aircraft"), for the establishment of a joint venture to engage in the research and development, design and manufacture of parts and components for commercial aircraft, and provision of related technical services. According to the JV Agreement, the total registered capital of the joint venture will be RMB100 million (equivalent to approximately HK$113 million), of which 40%, 15% and 45% respectively, will be contributed by Sino-Aviation Investments, AVIC Int'l and Chengdu Aircraft. The JV Agreement is conditional upon (i) the internal approval obtained by each of the three parties; and (ii) the approvals from the relevant PRC authorities. As at 31 December 2008, the JV agreement has not become effective as the conditions stated above have not been fulfilled.

Save as disclosed above, the Group had no other material acquisitions or disposals during the year.

CONTINGENT LIABILITIES

As at 31 December 2008, the Group had contingent liabilities in respect of guarantees given to banks by the Group for banking facilities granted to major suppliers of HK$39,593,000 (2007: HK$169,165,000) which were utilised to the extent of approximately HK$31,365,000 (2007: HK$140,499,000) as at that date.

POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, on 3 March 2009, Billirich Investment Ltd. ("Billirich"), a wholly-owned subsidiary of the Company, entered into an agreement with Sino Gas Group Limited ("Sino Gas"), pursuant to which convertible bonds with an aggregate principal amount of HK$27,500,000 were issued by Sino Gas to Billirich. The convertible bonds bear interest at 2% per annum and will mature in two years after the issue of the convertible bonds. Billirich has the right to convert the convertible bonds into ordinary shares of Sino Gas at HK$0.2 per share (subject to adjustment upon the change in the capital structure of Sino Gas). Assuming a full conversion is made by Billirich, the convertible bonds can be converted into 137,500,000 ordinary shares of Sino Gas.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2008, there were 282 (2007: 281) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Saved as disclosed in the section "Liquidity, capital structure and financial resources" above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain good standards of the corporate governance practices by emphasizing transparency, accountability and responsibility to its shareholders.

Throughout the year of 2008, the Company applied the principles of, and complied with all the code provisions and, where applicable, the recommended best practices of the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange, except for all Non-executive Directors are appointed without specific terms, which is set out in the Corporate Governance Report in the Annual Report.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the year of 2008.

REVIEW BY AUDIT COMMITTEE

The final results for the year ended 31 December 2008 of the Group have been reviewed by the audit committee.

APPRECIATION

I would like to take this opportunity to express my appreciation to my fellow directors and all our staff for their support, hard work and dedication.

By Order of the Board
Fu Shula
Chairman

Hong Kong, 23 April 2009

As at the date of this announcement, the board of directors of the Company comprises Mr. Fu Shula, Mr. Ji Guirong, Mr. Ma Zhiping, Mr. Pan Linwu, Mr. Liu Rongchun and Mr. Zhang Chuanjun as Executive Directors; Mr. Ip Tak Chuen, Edmond as Non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Li Zhaoxi as Independent Non-executive Directors.

* *for identification purpose only*