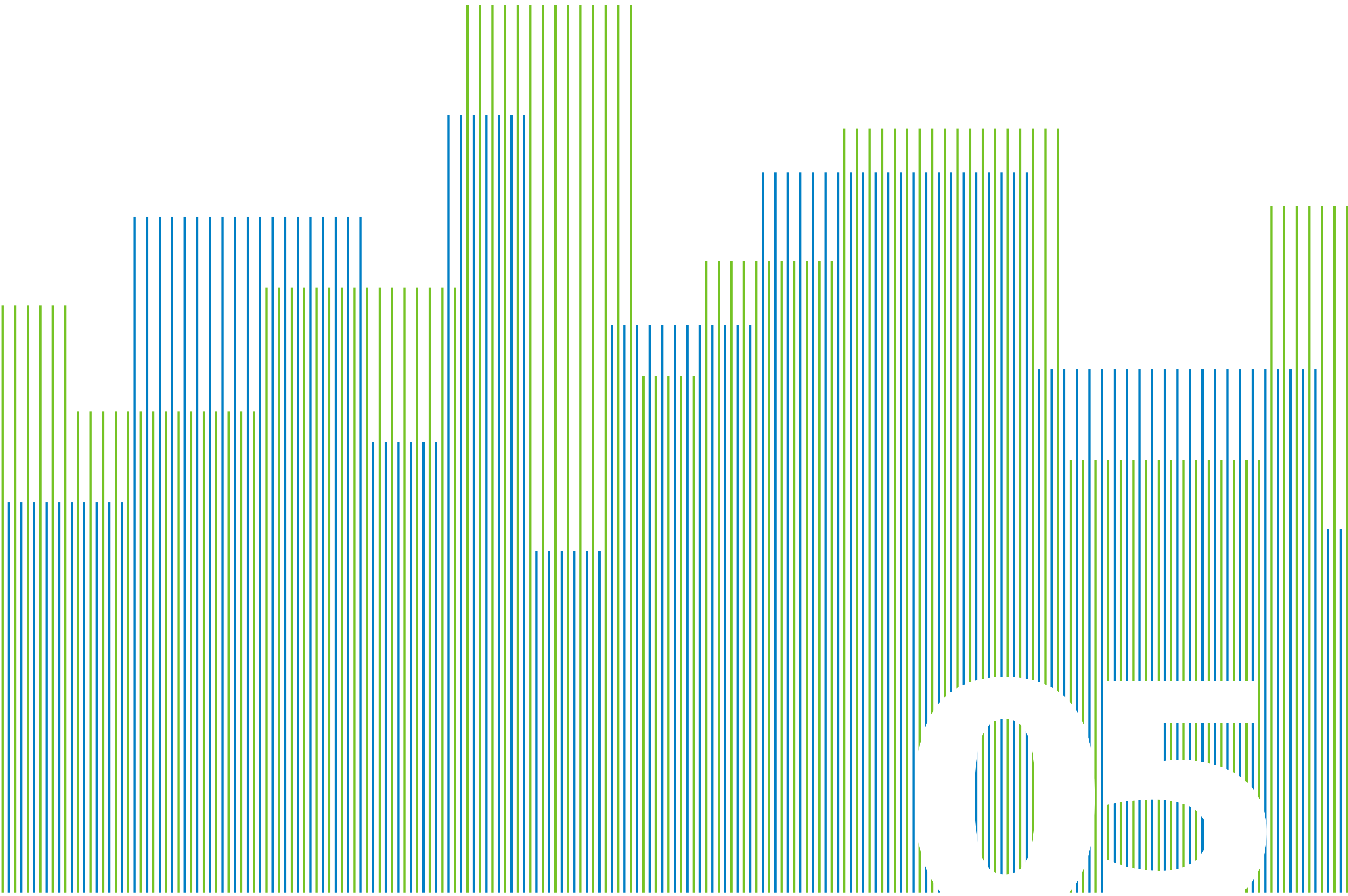
東方有色集團有限公司 *

ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)



INTERIM REPORT 2005

* For identification purpose only

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CORPORATE INFORMATION

Chairman
LIN Xizhong

Managing Director
WANG Xingdong

Deputy Managing Director
YAN Xichuan

Executive Directors
QIAN Wenchao
HE Xiaoli

Independent Non-executive Directors
LAM Chun, Daniel
Selwyn MAR
TAM Wai Chu, Maria

Qualified Accountant
YUEN Wai Man

Company Secretary
SIU Tin Ho

Auditors
PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Principal Banker
Bank of China (Hong Kong) Limited

Branch Share Registrar
Computershare Hong Kong Investor Services Limited
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Registered Office
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Principal Place of Business in Hong Kong
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CHAIRMAN'S STATEMENT

Business Restructuring Fuels Synergies Among Related Operations

Review

ONFEM Holdings Limited ("**Company**") and its subsidiaries (collectively, "**Group**") maintained sustainable and healthy development in the first half of 2005. The Group had, on the one hand, further consolidated its financial position and basically completed the disposal of previously under-performing assets; on the other hand, the Group continued to develop its core businesses of real estate development and specialised construction as well as explored new areas of related businesses to lay a solid foundation for the Group's growth in future.

The Group had formulated its business policy of "Based in Hong Kong with focus in China", with real estate development and specialised construction as the core businesses. The Group also strove to exploit the synergy among its various business segments.

During the first half of 2005, the Group yielded revenue from its construction project management consultancy business, which represented a significant step in integrating its experience in real estate development and specialised construction. Wilson Murray Far East Limited ("**WMFE**"), a wholly owned subsidiary of the Company, entered into an agreement with Guangzhou Tian He Orienmet Property Co., Ltd. in July 2004 regarding the provision of project management consultancy services in respect of the Guangzhou Tian He Jin Hai Building ("**Jin Hai Building**") development project. The Jin Hai Building project was developed by a corporation under China Minmetals Corporation ("**China Minmetals**"), the controlling shareholder of the Company. After taking charge as the manager for management of the Jin Hai Building project in the second half of 2004, the Group had completed 50% of the electrical and mechanical works in the first half of 2005, which provided the Group with a considerable amount of project management revenue. The project is expected to be completed in the second half of 2005.

Preparatory works for the further stage of the real estate development project of the Haitian Garden in Zhuhai, China, were in progress. Approvals for the superstructure works of the project had been granted. Superstructure works will be commenced soon and are expected to be completed by the end of next year.

As the pickup of the Hong Kong property market continued, the average leasing value of ONFEM Tower in Central has been adjusted upwards. This property continued to provide the Group with a satisfactory cash flow in the first half of the year.

Shanghai Jin Qiao Condo Decoration Engineering Company Limited ("**SJQ**") became the Group's wholly owned subsidiary in October 2004. It has already made contribution to the Group's specialised construction business and became an important business unit of the Group.

Outlook

The Group will strive to accelerate the expansion of real estate development business in China as well as to leverage on the niche and experience in specialised construction. The Group will also capitalise on the synergy among the businesses of the Group, whilst diversifying into related businesses, in order to further enhance operating efficiency and investment returns.

The national macroeconomic austerity measures had suppressed investment in the property markets in certain regions while stabilising property prices in China. Overall, China's property market still sustained a healthy growth at the rate of 8% to 10% based on the national average property price in the first half of 2005.

The Company's management considers that the abovementioned situation provides the Group with an opportunity to explore China's property market. Certain projects, which could not proceed because of shortage of funds, will also provide the Group with opportunities for acquisition. The Group is studying potential real estate development projects located in Beijing, Shanghai, the Pearl River Delta region and certain cities and provinces such as Nanjing and Shenyang, with the aim of continuously and proactively finding appropriate investment projects to pursue.

Apart from consolidating its existing businesses, the Company also seeks opportunities to leverage on the advantage of being the overseas listed subsidiary of China Minmetals engaging in real estate development business, the extensive business resources possessed by China Minmetals and the synergy among the Company's various businesses. China Minmetals, being the Company's controlling shareholder, is expected to actively support the business development of the Group.

By order of the Board
Lin Xizhong
Chairman

Hong Kong, 16 September 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

The unaudited consolidated turnover of ONFEM Holdings Limited ("**Company**") and its subsidiaries (collectively, "**Group**") for the six months ended 30 June 2005 amounted to approximately HK$78.5 million (30 June 2004: HK$34.6 million), representing an increase of approximately 127% as compared to the same period of last year. The unaudited net profit was approximately HK$18.5 million (30 June 2004: HK$60.1 million).

During the period under review, the increase in the Group's consolidated turnover was mainly attributable to the achievements of its active business development in the second half of 2004. The Group completed the acquisition of Shanghai Jin Qiao Condo Decoration Engineering Company Limited ("**SJQ**") in October 2004 and its results have been included in the Group's consolidated financial statements since then.

The Group recorded a consolidated gross profit margin of approximately 30% in the first half of 2005 (30 June 2004: 53%). The decline of the gross profit margin, as compared to that of the corresponding period of last year, was mainly due to the change in the Group's business structure, as SJQ, which has a lower profit margin than the existing operation of the Group, now contributes a larger percentage of the consolidated turnover to the Group.

Despite the decline in profit for the period, the performance of the Group's operations improved as compared to that of the corresponding period of last year, as last year's results included the one-off gain of approximately HK$66.7 million resulting from deconsolidation of subsidiaries in the first half of 2004.

Operational Review

A. *Real Estate Development Business*

The Group is currently engaged in the real estate development business, which includes the development of residential and commercial properties as well as the provision of construction project management services.

The construction project management, a new business launched by the Group in the second half of 2004, achieved satisfactory results and provided the Group with a revenue of approximately HK$6.5 million during the period under review, which represented approximately 8% of the Group's consolidated turnover. The project management services provided to the Guangzhou Tian He Jin Hai Building by the Group will be completed in the second half of this year. The related project not only provided a considerable amount of revenue to the Group, but also laid a solid foundation for the Group to develop real estate and construction project management, thereby exploring a new business area for the Group.

As regard to the development of residential and commercial properties, the proposal for design modification of the Haitian Garden project was approved by the local government on 18 May 2005. As such, the Haitian Garden project has yet to provide any profit contribution to the Group. Nevertheless, superstructure works will be commenced soon with an attempt to obtain the permit for pre-sale in the early next year. The Haitian Garden is expected to be launched to the market in 2006.

Operational Review (Cont'd)

A. Real Estate Development Business (Cont'd)

There has been a remarkable increase in the price of the residential apartments in Zhuhai in the first half of 2005 due largely to the market's expectation on the commencement of construction of the Hong Kong-Zhuhai-Macau Bridge and the Guangzhou-Zhuhai Railway, which will greatly reduce the travelling time between Hong Kong and Zhuhai, and the western part of China respectively. Zhuhai has also benefited from its geographical and natural environment and the strong support from the local government in promoting its economic development. The Group expects that the current and continuous growth momentum of the real estate market in the Zhuhai region will be beneficial to the sales of the Haitian Garden apartments.

B. Property Leasing Business

Turnover from the property leasing business increased by approximately 23% from approximately HK$4.7 million in the first half of 2004 to approximately HK$5.8 million in the first half of 2005, which represented approximately 7% of the Group's consolidated turnover (30 June 2004: 14%). The segment profit contribution provided by the property leasing business increased from approximately HK$3.0 million in the first half of 2004 to approximately HK$19.6 million in the first half of 2005. The property leasing operation benefited mostly from the buoyant Hong Kong property market, which led to a growth in the rental income of ONFEM Tower ("**Tower**") as well as an increase of approximately HK$14.7 million in the total fair value of the investment properties as compared to that as at the end of 2004. Turnover and profit contribution from this business segment have thus increased.

The Hong Kong property market is currently on an upward trend. The average occupancy rate of the Tower for the first half of the year was approximately 90%, which was higher than 84% of the corresponding period of last year. The Group will continue to appoint a renowned company to provide property management services and formulate plans for medium to large-scale repair and maintenance, with the aim of ensuring that the facilities and services of the Tower are at a satisfactory level and to be continuously committed to enhancing tenants' satisfaction in order to increase the leasing revenue of the Tower. As such, the Group expects there will still be room to increase the rent of the Tower further, thereby maintaining the stable growth in revenue of the Tower.

C. Specialised Construction Business

The Group is currently engaged in the specialised construction business, which includes the design and installation of curtain walls, the manufacture and installation of doors and plaster projects.

In the first half of 2005, turnover from specialised construction business amounted to approximately HK$39.9 million (30 June 2004: HK$4.8 million), accounting for approximately 51% of the consolidated turnover of the Group (30 June 2004: 14%). The segment results of this business during the period under review turned around from a loss of approximately HK$3.5 million in the first half of 2004 to a profit of approximately HK$4.5 million in the first half of 2005, after taking into account the gain on disposal of property, plant and equipment of approximately HK$6.2 million as a result of the compensation received from the local government in China for factory relocation.

SJQ, which is engaged in the design and installation of curtain walls in China, played an important role in the specialised construction business of the Group and contributed approximately HK$38.6 million to the Group's turnover during the period under review.

Operational Review (Cont'd)

C. Specialised Construction Business (Cont'd)

The aggregate turnover from the manufacture and installation of doors and plaster project businesses amounted to approximately HK$1.3 million (30 June 2004: HK$1.2 million), representing an increase of approximately 8% as compared to that of the corresponding period of last year. 93% and 7% of the turnover were generated from China and Hong Kong respectively. During the period under review, Enful Holdings Limited and its subsidiaries ("**Enful**"), which are engaged in this business, utilised most of their resources on factory relocation in China and operation planning. This posed a negative impact on turnover which was insufficient to cover the fixed operating cost, and resulted in a loss of approximately HK$2.2 million (excluding the gain on disposal of property, plant and equipment for factory relocation). Nevertheless, the loss decreased as compared to that of the corresponding period of last year. It is expected that the situation will be improved in the second half of the year.

D. Manufacturing and Trading Business

Turnover of Jaeger Oil & Chemical Holdings Limited and its subsidiaries ("**Jaeger**"), which are engaged in the manufacture and distribution of industrial lubricants, increased by approximately 6% in the first half of 2005 as compared to the same period of last year, accounting for approximately 33% of the Group's consolidated turnover (30 June 2004: 71%). 90% of the turnover came from China, while the remaining 10% was generated from Hong Kong and the Southeast Asian region.

During the first half of the year, Jaeger continued with market expansion in the Yangtze River Delta, enlarged the distribution network in the eastern and central parts of China, and strove to promote new products in order to increase its market share. As a result, turnover in the first half of the year was higher than that of the corresponding period of last year. However, since the prices of crude oil and chemical raw materials continued to surge to a record high, the overall cost of lubricant products increased significantly (by approximately 20%). Increase in the overall cost of lubricant products squeezed the marginal profit of the industrial lubricant business, which in turn resulted in a decrease in the gross profit margin of approximately 3% in the first half of the year as compared to that of the corresponding period of last year. Jaeger returned to profitability from a segment loss in the first half of 2004 to a profit in the first half of 2005.

Jaeger continuously aimed to improve the product quality and reduce the costs of imported finished products. Therefore, Jaeger believes that reasonable profits will be generated in 2005.

Outlook

The Group anticipates that the business opportunities brought by the Beijing Olympic Games in 2008, the Shanghai World Expo and the Guangzhou Asian Games in 2010 will contribute to the overall economic development in China. The Group will continue to seek resources that could combine its real estate development and specialised construction operations to create synergistic benefits, thereby achieving the Group's objective of "build up the business and enhance the profit".

Liquidity and Financial Resources

As at 30 June 2005, the gearing ratio (total borrowings over total equity) of the Group reduced to 6% from 8% at 31 December 2004. Cash and bank deposits (excluding pledged deposits) of the Group as at 30 June 2005 amounted to approximately HK$108.5 million (31 December 2004: HK$120.8 million), of which 48%, 18% and 34% (31 December 2004: 56%, 14% and 30%) are denominated in Hong Kong dollars, Renminbi ("**RMB**") and United States ("**US**") dollars respectively.

The Group obtained its source of funds through various means in order to maintain a balance between cost and risk. Apart from the funds generated from normal operations, the Group also obtained financial resources from bank borrowings, which amounted to approximately HK$35.8 million (31 December 2004: HK$36.4 million) as at 30 June 2005. All of the borrowings are repayable within one year.

As at 30 June 2005, borrowings denominated in RMB were approximately RMB37.5 million (31 December 2004: RMB44.7 million) while the remaining balances were bank borrowings denominated in Hong Kong dollars. All of the Group's borrowings were on a floating interest rate basis. Finance costs for the six months ended 30 June 2005 amounted to approximately HK$0.3 million (30 June 2004: HK$1.2 million).

Capital commitments of the Group as at 30 June 2005 amounted to approximately HK$30.7 million (31 December 2004: HK$29.5 million). These commitments mainly relate to properties under development and are to be financed by bank borrowings and internal funds.

Exposure to Fluctuation in Exchange Rates

Most of the transactions of the Group were denominated in Hong Kong dollars, RMB and US dollars. The Group had not implemented major hedging or other alternative measures during the six months ended 30 June 2005 as the foreign currency risk exposure was considered to be minimal. As at 30 June 2005, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Charges on Group Assets

As at 30 June 2005, the Group pledged certain investment properties with an aggregate carrying amount of approximately HK$243.2 million (31 December 2004: HK$215.0 million), a leasehold land and building with a carrying amount of approximately HK$1.9 million (31 December 2004: Nil) and fixed bank deposits of approximately HK$43.1 million (31 December 2004: HK$38.1 million) as securities for the Group's general banking facilities.

Contingent Liabilities

Details of the contingent liabilities of the Company and the Group are set out in Note 15 to the Condensed Consolidated Financial Information.

Employees

As at 30 June 2005, the Group employed 385 staff, including directors of the Company ("**Directors**") (30 June 2004: 229 staff). The total remuneration and benefits of the Directors and staff of the Group during the six months ended 30 June 2005 were approximately HK$13.8 million (30 June 2004: HK$16.9 million). The Group adopts a remuneration policy in line with market practice.

INFORMATION RELATING TO SHARE OPTION SCHEME

On 29 May 2003, the Company adopted a new share option scheme ("**Scheme**") which is in compliance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). As at 30 June 2005, details of the outstanding share options, all of which were granted on 15 March 2004 and have not been exercised, are as follows:

			Number of options		
Category of participant	**Exercise period of share options**	**Exercise price of share options** *HK$*	**Outstanding as at 1 January 2005**	**Lapsed during the period**	**Outstanding as at 30 June 2005**
(i) Directors	16 March 2004 to 15 March 2007	0.83	12,000,000	–	12,000,000
(ii) Employees of the Group	17 March 2004 to 26 April 2007*	0.83	8,900,000	600,000	8,300,000

Details of the outstanding share options held by each Director are set out in the section entitled "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" below. Save as disclosed above, no share options lapsed or were cancelled in accordance with the terms of the Scheme during the six months ended 30 June 2005.

A summary of the principal terms of the Scheme has been set out in the 2004 annual report of the Company. The terms of the Scheme have never been amended since its adoption.

* *The exercise period for the share options granted to each employee of the Group lasts 3 years commencing from the date of acceptance of the share options by each respective employee.*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests and short positions of the Directors and the chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance ("**SFO**")), which have been notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, as recorded in the register kept by the Company pursuant to section 352 of the SFO, were as follows:

Long Position in Shares of the Company

(a) Shares

Name of Director	Nature of interest	Number of ordinary shares held
He Xiaoli	Personal	20,000

(b) Share options

As at 30 June 2005, the following outstanding share options were granted to the Directors on 15 March 2004 under the Scheme:

Name of Director	Date of acceptance of share options	Exercise period of share options	Exercise price of share options *HK$*	Number of share options outstanding as at 30 June 2005
Lin Xizhong	16 March 2004	16 March 2004 to 15 March 2007	0.83	4,000,000
Wang Xingdong	16 March 2004	16 March 2004 to 15 March 2007	0.83	3,000,000
Yan Xichuan	16 March 2004	16 March 2004 to 15 March 2007	0.83	2,000,000
Qian Wenchao	16 March 2004	16 March 2004 to 15 March 2007	0.83	1,500,000
He Xiaoli	16 March 2004	16 March 2004 to 15 March 2007	0.83	1,500,000

Save as disclosed above, as at 30 June 2005, none of the Directors or the chief executive of the Company or any of their associates had any personal, family, corporate or other interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

During the six months ended 30 June 2005, save as disclosed above, none of the Directors or the chief executive of the Company nor their spouses or children under 18 years of age, was granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of the SFO).

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2005, according to the register of interests kept by the Company under section 336 of the SFO, the following entities have interests and short positions in the shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long Position in Shares of the Company

Name of shareholder	Number of ordinary shares held	Percentage of total issued shares
China Minmetals Corporation ("**China Minmetals**") *(Note)*	416,585,852	53.95%
China Minmetals H.K. (Holdings) Limited *(Note)*	416,585,852	53.95%
June Glory International Limited ("**June Glory**")	416,585,852	53.95%

Note:

By virtue of the SFO, these companies are deemed to be interested in the 416,585,852 shares held by June Glory.

CORPORATE GOVERNANCE

Audit Committee

The audit committee of the Company comprises three Independent Non-executive Directors namely, Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria. The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2005, which has also been reviewed by the Company's auditors, PricewaterhouseCoopers, in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

Code on Corporate Governance Practices

The Directors are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the period during the six months ended 30 June 2005, in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules ("**CG Code**") except for the deviation in respect of the rotation of directors under code provision A.4.2 of the CG Code.

Under code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the new Bye-laws of the Company ("**New Bye-laws**") adopted on 26 May 2005, every Director (except the Chairman and the Managing Director), including those appointed by a specific term, should be subject to retirement by rotation at the annual general meeting at least once every three years and all Directors, whether appointed by the board of Directors or the shareholders of the Company in general meeting, to fill a casual vacancy or as an additional Director should be subject to election by shareholders of the Company at the first annual general meeting after their appointment. Pursuant to the private company act 1991 under which the Company was incorporated in Bermuda, the Chairman and the Managing Director of the Company are not subject to retirement by rotation.

Code on Corporate Governance Practices (Cont'd)

At its annual general meeting for 2005, the Company has deviated from code provision A.4.2 of the CG Code as all Directors, except for the Chairman and the Managing Director, have been subject to retirement by rotation in accordance with the Bye-laws of the Company in force before the adoption of the New Bye-laws.

Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("**Model Code**") prior to the establishment of a set of guidelines as its own "Rules and Procedures for Directors and Relevant Employees of the Company in respect of Dealings in Securities of the Company" ("**Rules for Securities Transactions**") on no less exacting terms than the Model Code in March 2005. A designated committee ("**Designated Committee**") comprising two members has also been established for receiving notification from and issuing dated written acknowledgement to the Directors and the relevant employees of the Company.

Under the Rules for Securities Transactions, the Directors and the relevant employees of the Company are required to notify any one member of the Designated Committee and receive a dated written acknowledgement before dealing in the securities of the Company, and in the case of a member of the Designated Committee, he or she must notify another member of the Designated Committee and receives a dated written acknowledgement before any dealing.

The Company has made specific enquiry of all Directors and has received a written confirmation from each Director confirming that he/she has complied with the Rules for Securities Transactions throughout the six months ended 30 June 2005 if he/she carried out any securities dealings.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2005.

CONTINUING DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 16 August 2005, ONFEM Finance Limited ("**OFL**"), Enful Engineering Limited ("**EEL**"), Jaeger Oil & Chemical Company Limited ("**JOC**") and Virtyre Limited ("**Virtyre**"), all being wholly owned subsidiaries of the Company, accepted the offers from a bank for the grant of various general banking facilities to the extent of an aggregate amount of approximately HK$156 million ("**Facilities**") pursuant to the facility letters all dated 28 July 2005 ("**Facility Letters**") and issued to OFL, EEL, JOC and Virtyre respectively. The Facilities have no specific date of expiry.

As one of the conditions of the Facilities, China Minmetals shall, directly or indirectly, maintain its major shareholding (not defined in the Facility Letters) in the Company during the life of the Facilities. A breach of the above condition will constitute an event of default and as a result, the Facilities will become immediately due and repayable.

Save as disclosed above, the Company does not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

By Order of the Board
Wang Xingdong
Managing Director

Hong Kong, 16 September 2005

UNAUDITED INTERIM RESULTS

The board of directors ("**Directors**") of ONFEM Holdings Limited ("**Company**") herewith presents the unaudited interim results of the Company and its subsidiaries ("**Group**") for the six months ended 30 June 2005 together with the comparative figures of the corresponding period in 2004. The interim condensed consolidated financial information has not been audited, but has been reviewed by the auditors of the Company, PricewaterhouseCoopers, in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

Condensed Consolidated Income Statement

For the six months ended 30 June 2005

	Note	Six months ended 30 June	
		2005	2004
		(Unaudited)	(Unaudited)
			(Restated)
			(Note 2)
		HK$'000	HK$'000
Turnover	3	**78,534**	34,590
Cost of sales		**(54,651)**	(16,266)
Gross profit		**23,883**	18,324
Other income	4	**7,592**	3,776
Selling and distribution costs		**(5,539)**	(5,757)
Administrative expenses		**(21,267)**	(20,662)
Other operating expenses		**(1,013)**	(961)
Revaluation gain on investment properties	9(a)	**14,701**	–
Gain on deconsolidation of subsidiaries		**–**	66,676
Operating profit		**18,357**	61,396
Finance costs		**(254)**	(1,198)
Profit before tax	5	**18,103**	60,198
Income tax	6	**441**	(86)
Profit for the period		**18,544**	60,112
Attributable to:			
Equity holders of the Company		**18,544**	60,112
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents)			
– basic	7	**2.40**	7.78

Condensed Consolidated Balance Sheet
As at 30 June 2005

	Note	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) (Note 2) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	**8,556**	10,173
Investment properties	9	**244,591**	229,890
Leasehold land and land use rights	9	**–**	2,839
Goodwill	9	**18,958**	11,491
Available-for-sale financial assets		**29,160**	28,440
Deferred tax assets		**932**	932
Retention receivables		**1,892**	879
Other assets		**2,784**	1,716
		306,873	286,360
Current assets			
Inventories	10	**205,006**	202,491
Trade and other receivables	11	**89,718**	83,490
Gross amounts due from customers for contract work		**2,665**	1,684
Financial assets at fair value through profit or loss		**2,824**	2,489
Pledged deposits		**43,100**	38,100
Cash and bank deposits		**108,505**	120,839
		451,818	449,093
Total assets		**758,691**	735,453

Condensed Consolidated Balance Sheet (Cont'd)
As at 30 June 2005

	Note	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) (Note 2) HK$'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	77,218	77,218
Reserves		510,599	483,842
		587,817	561,060
Minority interest		3,617	3,617
Total equity		591,434	564,677
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		57	105
Provisions for other liabilities and charges		3,258	3,317
		3,315	3,422
Current liabilities			
Trade and other payables	13	114,114	109,376
Gross amounts due to customers for contract work		–	810
Current tax payable		14,047	14,037
Short-term borrowings	14	35,781	43,131
		163,942	167,354
Total liabilities		167,257	170,776
Total equity and liabilities		758,691	735,453
Net current assets		287,876	281,739
Total assets less current liabilities		594,749	568,099

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2005

	(Unaudited) Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Investment properties revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Minority interest HK$'000	Total equity HK$'000
Balance at 1 January 2005, as previously reported as equity	77,218	409,738	600,412	769	11,520	600	646	(539,738)	–	561,165
Reclassification of minority interest as part of equity (Note 2)	–	–	–	–	–	–	–	–	3,617	3,617
Recognition of revaluation surplus of investment properties in the profit and loss on the adoption of HKAS 40 (Note 2)	–	–	–	–	–	(600)	–	600	–	–
Deferred tax arising from the revaluation of investment properties on the adoption of HK(SIC)-Int 21 (Note 2)	–	–	–	–	–	–	–	(105)	–	(105)
Balance at 1 January 2005, as restated before opening adjustment	77,218	409,738	600,412	769	11,520	–	646	(539,243)	3,617	564,677
Opening adjustment on derecognition of negative goodwill on the adoption of HKFRS 3 (Note 2)	–	–	–	–	–	–	–	7,467	–	7,467
Balance at 1 January 2005, as restated	77,218	409,738	600,412	769	11,520	–	646	(531,776)	3,617	572,144
Revaluation surplus of available-for-sale financial assets	–	–	–	–	720	–	–	–	–	720
Currency translation adjustments	–	–	–	–	–	–	26	–	–	26
Net increase in equity before profit for the period	–	–	–	–	720	–	26	–	–	746
Profit for the period	–	–	–	–	–	–	–	18,544	–	18,544
Balance at 30 June 2005	77,218	409,738	600,412	769	12,240	–	672	(513,232)	3,617	591,434

Condensed Consolidated Statement of Changes in Equity (Cont'd)

For the six months ended 30 June 2005

	(Unaudited) Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	Investment properties revaluation reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Minority interest HK$'000	Total equity HK$'000
Balance at 1 January 2004, as previously reported as equity	77,218	409,738	601,415	769	11,520	–	(1,601)	(624,352)	–	474,707
Reclassification of minority interest as part of equity (Note 2)	–	–	–	–	–	–	–	–	30,778	30,778
Balance at 1 January 2004, as restated	77,218	409,738	601,415	769	11,520	–	(1,601)	(624,352)	30,778	505,485
Revaluation deficit of available-for-sale financial assets	–	–	–	–	(3,240)	–	–	–	–	(3,240)
Currency translation adjustments	–	–	–	–	–	–	2,587	–	–	2,587
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	(25,033)	(25,033)
Net increase/(decrease) in equity before profit for the period	–	–	–	–	(3,240)	–	2,587	–	(25,033)	(25,686)
Profit for the period	–	–	–	–	–	–	–	60,112	–	60,112
Balance at 30 June 2004	77,218	409,738	601,415	769	8,280	–	986	(564,240)	5,745	539,911

Condensed Consolidated Cash Flow Statement
For the six months ended 30 June 2005

	Six months ended 30 June	
	2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Net cash used in operating activities	**(9,559)**	(13,181)
Net cash generated from/(used in) investing activities	**4,795**	(15,312)
Net cash used in financing activities	**(6,946)**	(2,012)
Net decrease in cash and cash equivalents	**(11,710)**	(30,505)
Cash and cash equivalents at beginning of period	**119,681**	162,247
Cash and cash equivalents at end of period	**107,971**	131,742
Analysis of balances of cash and cash equivalents:		
Cash and bank deposits	**108,505**	142,358
Bank overdrafts	**(534)**	(10,616)
	107,971	131,742

Notes to the Condensed Consolidated Financial Information

1. Basis of preparation and accounting policies

This unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

This condensed consolidated financial information should be read in conjunction with the 2004 annual financial statements.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December 2004, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("**new HKFRS**") which are effective for accounting periods commencing on or after 1 January 2005.

The changes to the Group's accounting policies and the effect of adopting these new policies are set out in Note 2 below.

2. Changes in accounting policies

Effect of adopting new HKFRS

In 2005, the Group adopted the new HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements and current period classification.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HK(SIC)-Int 15	Operating Leases – Incentives
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HK(SIC)-Int 27	Evaluating the Substance of Transaction Involving the Legal Form of a Lease

Notes to the Condensed Consolidated Financial Information (Cont'd)

2. Changes in accounting policies (Cont'd)

Effect of adopting new HKFRS (Cont'd)

(i) The adoption of new/revised HKASs 1, 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 21, 23, 24, 27, 33, 34, 37, HK-Int 4, HK(SIC)-Ints 15 and 27 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interest and other disclosures.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

– HKASs 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 21, 23, 27, 33, 34, 37, HK-Int 4, HK(SIC)-Ints 15 and 27 have no material effect on the Group's accounting policies.

(ii) The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. If the lease payment for a lease of land and building cannot be allocated reliably between the land and building elements, the entire lease is classified as a finance lease and the leasehold land and building is stated collectively at cost less accumulated depreciation and accumulated impairment. In prior years, the leasehold land was accounted for at cost less accumulated depreciation and accumulated impairment.

(iii) The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of trading and non-trading securities into financial assets at fair value through profit or loss and available-for-sale financial assets.

(iv) The adoption of revised HKAS 40 has resulted in a change in the accounting policy whereby the changes in fair value of investment properties are recorded in the income statement. In prior years, the increases in fair value were credited to the investment properties revaluation reserve while decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

(v) The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statement. Effective 1 January 2005, the Group expenses the cost of share options in the income statement. There is no impact on the prior year financial statements as the Group had no unvested share options outstanding as at 1 January 2005.

(vi) The adoption of HKFRS 3 and HKAS 36 has resulted in a change in the accounting policy for goodwill. Until 31 December 2004,

– Goodwill was amortised on a straight-line basis over a period ranging from 5 to 15 years and assessed for an indication of impairment at each balance sheet date.

– Negative goodwill was amortised over the weighted average useful life of the depreciable/amortisable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases, it was recognised in the income statement as those expected losses were incurred.

In accordance with the provisions of HKFRS 3:

– For previously recognised goodwill, the Group ceased amortisation from 1 January 2005 and the accumulated amortisation as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill. From the year ending 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is an indication of impairment.

– For previously recognised negative goodwill, the carrying amount of negative goodwill at 1 January 2005 was derecognised, with a corresponding adjustment to the opening balance of retained earnings.

Notes to the Condensed Consolidated Financial Information (Cont'd)

2. Changes in accounting policies (Cont'd)

Effect of adopting new HKFRS (Cont'd)

(vii) The adoption of revised HK(SIC)-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use. In prior years, the basis of measurement was to assume that the carrying amount of that asset was expected to be recovered through sale.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

- HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis;
- HKAS 40 – since the Group has adopted the fair value model, there is no requirement for the Group to restate the comparative information. Any adjustment should be made to the retained earnings as at 1 January 2005, including the reclassification of any amount held in revaluation surplus for investment properties;
- HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 January 2005; and
- HKFRS 3 – prospectively after the adoption date, with any adjustment made to the retained earnings as at 1 January 2005.

3. Segment information

Primary reporting format – business segments

In accordance with the Group's internal financial reporting, the Group has determined that business segments are presented as the primary reporting format. In order to better align with the Group's business development, the grouping of different businesses under each business segment has been changed with prior period segment information restated for comparative purposes. As at 30 June 2005, the Group has categorised its businesses into the following segments:

Real estate development:	Development of residential and commercial properties, as well as provision of construction project management services.
Property leasing:	Leasing of premises to generate rental income and to gain from the appreciation in the properties' values in the long term.
Specialised construction:	Design, installation and selling of curtain walls and aluminium windows, doors and fire-proof materials.
Manufacturing and trading:	Manufacturing and trading of lubricant oil and chemical products.
Securities investment and trading:	Trading and investment of securities.

Notes to the Condensed Consolidated Financial Information (Cont'd)

3. Segment information (Cont'd)

Primary reporting format – business segments (Cont'd)

(Unaudited)
Six months ended 30 June

	Real estate development		Property leasing		Specialised construction		Manufacturing and trading		Securities investment and trading		Total	
	2005	2004 (Restated)	**2005**	2004	**2005**	2004 (Restated)	**2005**	2004 (Restated)	**2005**	2004	**2005**	2004 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**6,540**	–	**5,761**	4,747	**39,883**	4,830	**25,957**	24,564	**393**	449	**78,534**	34,590
Segment results	**5,267**	(69)	**19,550**(a)	2,964	**4,475**(b)	(3,516)	**422**	(496)	**1,321**	1,530	**31,035**	413
Gain on deconsolidation of subsidiaries											**–**	66,676
Unallocated corporate expenses, net											**(12,678)**	(5,693)
Operating profit											**18,357**	61,396
Finance costs											**(254)**	(1,198)
Income tax											**441**	(86)
Profit for the period											**18,544**	60,112

(a) Included a net revaluation gain on investment properties of approximately HK$14,701,000 (see Note 9(a)).

(b) Included a gain on disposal of property, plant and equipment of approximately HK$6,170,000 as a result of the compensation received from the local government in China for factory relocation (see Note 17(a)).

4. Other income

	Six months ended 30 June	
	2005 (Unaudited)	2004 (Unaudited) (Restated) (Note 2)
	HK$'000	HK$'000
Gain on disposal of property, plant and equipment	**6,093**	117
Unrealised gain on financial assets at fair value through profit or loss	**335**	1,099
Interest income	**822**	1,460
Others	**342**	1,100
	7,592	3,776

Notes to the Condensed Consolidated Financial Information (Cont'd)

5. Profit before tax

Profit before tax is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2005	2004
	(Unaudited)	(Unaudited)
		(Restated)
		(Note 2)
	HK$'000	HK$'000
Interest on borrowings	**779**	1,995
Less: borrowing costs capitalised into properties under development	**(525)**	(797)
	254	1,198
Depreciation	**1,459**	1,615
Less: depreciation capitalised into properties under development	**(111)**	(104)
	1,348	1,511
Amortisation of land lease premium	**904**	961
Less: amortisation capitalised into properties under development	**(904)**	(911)
	–	50
Employee benefit expense, including the Directors' emoluments	**13,755**	16,881
(Write-back of provision)/provision for inventory obsolescence	**(101)**	405
Cost of inventories sold	**16,001**	14,820
Write-back of provision for bad and doubtful debts (a)	**(1,444)**	(1,709)
Exchange loss	**203**	1,013
Other operating expenses arising from investment properties that generate rental income	**1,003**	961
Other operating expenses that did not generate rental income	**10**	–

(a) An amount of approximately HK$723,000 (30 June 2004: HK$3,603,000), being the write-back of the provision for a loan to China Nonferrous Metals Group (Hong Kong) Limited ("**CNMG**"), a former intermediate holding company of the Company, is included in the write-back of provision for bad and doubtful debts. The said amount was received during the period from the liquidators of CNMG as an interim dividend to the unsecured creditors of CNMG.

Notes to the Condensed Consolidated Financial Information (Cont'd)

6. Income tax

Hong Kong profits tax has been provided at the rate of 17.5% (30 June 2004:17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Current tax		
– Hong Kong profits tax	**–**	–
– Overseas taxation	**–**	(86)
– Write-back of over-provision in prior years	**393**	–
Deferred tax income	**48**	–
	441	(86)

7. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2005 (Unaudited)	2004 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**18,544**	60,112
Weighted average number of ordinary shares in issue ('000)	**772,182**	772,182
Basic earnings per share (HK cents)	**2.40**	7.78

No diluted earnings per share is presented as there were no dilutive potential shares in existence during the period.

8. Dividends

The Directors have resolved not to pay an interim dividend for the six months ended 30 June 2005 (30 June 2004: Nil).

Notes to the Condensed Consolidated Financial Information (Cont'd)

9. Capital expenditure

			(Unaudited)		
	Property, plant and equipment	**Investment properties**	**Leasehold land and land use rights**	**Goodwill**	**Negative goodwill**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Opening net book amount as at 1 January 2005, as restated before opening adjustment	**10,173**	**229,890**	**2,839**	**18,958**	**(7,467)**
Opening adjustment on derecognition of negative goodwill (Note 2)	**–**	**–**	**–**	**–**	**7,467**
Opening net book amount as at 1 January 2005, as restated	**10,173**	**229,890**	**2,839**	**18,958**	**–**
Additions	**1,037**	**–**	**–**	**–**	**–**
Revaluation gain (a)	**–**	**14,701**	**–**	**–**	**–**
Disposals	**(1,195)**	**–**	**(2,839)**	**–**	**–**
Depreciation/amortisation charges	**(1,459)**	**–**	**–**	**–**	**–**
Closing net book amount as at 30 June 2005	**8,556**	**244,591**	**–**	**18,958**	**–**

(a) The Group has estimated the fair value of investment properties as at 30 June 2005 by reference to the current prices in an active market for similar properties in the same location and condition subject to similar leases and other contracts. A net revaluation gain of approximately HK$14,701,000 was thus recorded during the period.

10. Inventories

	30 June 2005 (Unaudited)	31 December 2004
	HK$'000	HK$'000
Manufacturing and trading stocks	**6,851**	6,980
Properties under development (a)	**198,155**	195,511
	205,006	202,491

Properties under development are expected to be recovered after one year. All of the other inventories are expected to be recovered within one year.

(a) Properties under development

	30 June 2005 (Unaudited)	31 December 2004 (Restated) (Note 2)
	HK$'000	HK$'000
Land use rights	**78,260**	79,164
Construction in progress	**119,895**	116,347
	198,155	195,511

Notes to the Condensed Consolidated Financial Information (Cont'd)

11. Trade and other receivables

Included in trade and other receivables are trade and contract receivables of which the aging analysis is as follows:

	30 June 2005 (Unaudited) HK$'000	31 December 2004 HK$'000
0 – 30 days	**21,406**	9,194
31 – 60 days	**4,850**	5,340
61 – 90 days	**672**	3,247
Over 90 days	**29,363**	33,148
	56,291	50,929
Less: Provision for bad and doubtful debts	**(13,472)**	(19,257)
	42,819	31,672

The normal credit period granted by the Group is 30 to 60 days from the date of invoice.

A subsidiary of the Group entered into a specialised construction contract for a contract sum of approximately US$7,494,000 (equivalent to approximately HK$58,453,000) with a main contractor. The employer of the respective construction project withheld the settlement of certain payments on the basis that there was a delay in the completion of the construction project. As at 30 June 2005, the contract, retention and other receivables from the main contractor in respect of this contract amounted to approximately HK$10,751,000, HK$2,915,000 and HK$5,843,000 respectively. The Directors are of the opinion that the subsidiary has strong and valid defence against the claim of delay and there will be no material adverse effect on the financial position of the Group. Consequently, no provision has been made in respect of the aforesaid amounts receivable as at 30 June 2005.

12. Share capital

	30 June 2005 (Unaudited)		31 December 2004	
	Number of shares '000	Amount HK$'000	Number of shares '000	Amount HK$'000
Authorised (ordinary shares of HK$0.1 each)	**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid (ordinary shares of HK$0.1 each)	**772,182**	**77,218**	772,182	77,218

At 30 June 2005, options to subscribe for a total of 20,300,000 ordinary shares of the Company were outstanding (31 December 2004: 20,900,000).

13. Trade and other payables

Included in trade and other payables are trade, bills and contract payables of which the aging analysis is as follows:

	30 June 2005 (Unaudited) HK$'000	31 December 2004 HK$'000
0 – 30 days	**17,216**	14,024
31 – 60 days	**6,968**	11,504
61 – 90 days	**1,996**	1,151
Over 90 days	**43,184**	48,622
	69,364	75,301

Notes to the Condensed Consolidated Financial Information (Cont'd)

14. Short-term borrowings

	30 June 2005 (Unaudited) HK$'000	31 December 2004 HK$'000
Bank overdrafts, secured	**534**	1,158
Bank loans, secured	**35,247**	35,247
Loan from a former minority investor	**–**	6,726
	35,781	43,131

As at 30 June 2005, the Group pledged certain investment properties with an aggregate carrying amount of approximately HK$243,159,000 (31 December 2004: HK$215,000,000), a leasehold land and building with a carrying amount of approximately HK$1,853,000 (31 December 2004: Nil) and fixed bank deposits of approximately HK$43,100,000 (31 December 2004: HK$38,100,000) as securities for the Group's general banking facilities.

15. Contingent liabilities

At 30 June 2005, the Company provided corporate guarantees to various banks in respect of banking facilities extended to certain subsidiaries amounted to approximately HK$51,471,000 (31 December 2004: HK$21,600,000).

16. Capital commitments

	30 June 2005 (Unaudited) HK$'000	31 December 2004 HK$'000
Contracted but not provided for – properties under development	**30,687**	29,508

17. Related party transactions

The transactions with related parties were carried out on normal commercial terms and in the ordinary and normal course of business of the Group.

(a) Transactions with related companies

	Six months ended 30 June	
	2005 (Unaudited) HK$'000	2004 (Unaudited) (Restated) (Note 2) HK$'000
Specialised construction revenue from related companies (*Note*)	**10,479**	–
Amount received from the local government in China for factory relocation *(Note)*	**10,133**	–
Construction project management service revenue from a fellow subsidiary	**6,540**	–
Advanced payment to a related company for a specialised construction contract *(Note)*	**2,632**	–
Rental expenses and licence fees paid to fellow subsidiaries	**677**	427

Notes to the Condensed Consolidated Financial Information (Cont'd)

17. Related party transactions (Cont'd)

(b) Balances with related companies

	30 June 2005 (Unaudited) HK$'000	31 December 2004 (Restated) (Note 2) HK$'000
Contract and other receivables from related companies for specialised construction contracts (*Note*)	**6,549**	–
Contract receivable from a fellow subsidiary for construction project management services	**1,968**	–
Contract payable to a related company for a real estate development project *(Note)*	**33,768**	33,768
Contract and retention payables to a related company for a specialised construction contract (*Note*)	**5,080**	5,138
Progress payment from a fellow subsidiary for construction project management services	**–**	810

(c) Key management compensation

	Six months ended 30 June	
	2005 (Unaudited) HK$'000	2004 (Unaudited) (Restated) (Note 2) HK$'000
Salaries and short-term employee benefits	**2,872**	2,862
Pension costs – defined contribution plans	**30**	30
Provision for long service payment	**8**	–
	2,910	2,892

Note: As China Minmetals Corporation is a state-owned enterprise managed by the government of the People's Republic of China ("**PRC Government**"), the PRC Government is considered as the Company's ultimate controlling party. State-controlled enterprises and their subsidiaries, in addition to China Minmetals Corporation, directly or indirectly controlled by the PRC Government are also considered as related parties of the Group. Since many state-controlled enterprises have multi-layered and diversified corporate structure and the structure may also change over time as a result of transfers and privatisation programmes, to balance the cost and benefit in making disclosure, the Group has only disclosed material related party transactions with such stated-controlled enterprises.

18. Events after the balance sheet date

On 16 August 2005, several wholly owned subsidiaries of the Company accepted the offers from a bank for the grant of various general banking facilities to the extent of an aggregate amount of approximately HK$156,000,000 pursuant to the facility letters dated 28 July 2005. The facilities are secured by a corporate guarantee given by the Company and legal charges and a rental assignment on an investment property of the Group.