

The Board of Directors (“**Directors**”) of ONFEM Holdings Limited (“**Company**”, together with its subsidiaries “**Group**”) would like to submit their annual report together with the audited accounts for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries are set out in Note 13 to the accounts.

An analysis of the Group’s performance for the year by business and geographical segments is set out in Note 3 to the accounts.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 47.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2003 (2002: Nil).

FIXED ASSETS

Movements in fixed assets of the Group during the year are set out in Note 12 to the accounts.

SHARE CAPITAL

Details of the Company’s share capital are set out in Note 26 to the accounts.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 27 to the accounts.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive Directors

Lin Xizhong	<i>(appointed on 5 November 2003)</i>
Wang Xingdong	
Yan Xichuan	
Qian Wenchao	<i>(appointed on 5 November 2003)</i>
He Xiaoli	
Gao Dezhu	<i>(resigned on 27 November 2003)</i>
Li Shiming	<i>(resigned on 27 November 2003)</i>

Independent Non-executive Directors

Tam Wai Chu, Maria
Lam Chun, Daniel
Selwyn Mar

Mr. Qian Wenchao retires from office in accordance with Article 102 of the Company's Bye-Laws and, being eligible, offers himself for re-election.

Ms. He Xiaoli and Ms. Tam Wai Chu, Maria retire from office in accordance with Article 111(A) of the Company's Bye-Laws and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company and any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

As at 31 December 2003, 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 (“Stock Exchange”) 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 Companies, 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

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

Save as disclosed above, as at 31 December 2003, none of the Directors or the chief executive of the Company or any of their associates had any personal, family, corporate or other interests in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO).

During the year ended 31 December 2003, 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).

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

The Company had no outstanding options, convertible securities, warrants or other similar rights as at 31 December 2003.

There was no repurchase or exercise of options and convertible securities during the year.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2003, 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 National Metals and Minerals Import and Export Corporation (" CNMMIEC ") (Notes 1 & 2)	416,585,852	53.95%
China Minmetals H.K. (Holdings) Limited (" Minmetals HK ") (Note 1)	416,585,852	53.95%
June Glory International Limited (" June Glory ")	416,585,852	53.95%

Notes:

- By virtue of the SFO, these companies are deemed to be interested in the 416,585,852 shares held by June Glory.
- The name of CNMMIEC was changed to China Minmetals Corporation on 18 January 2004.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, any of its holding companies, or any of their subsidiaries was a party, in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

No contracts for management and administration of the whole or any substantial part of any business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers during the year is as follows:

	Percentage of the Group's total			
	Sales		Purchases	
	2003	2002	2003	2002
The largest customer	33%	11%		
Five largest customers in aggregate	43%	37%		
The largest supplier			8%	2%
Five largest suppliers in aggregate			21%	7%

At no time during the year, have the Directors, their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange with effect up to 30 March 2004 ("Listing Rules")) or any shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the above customers and suppliers.

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 year.

PROPERTIES

Particulars of the major properties held for investment and property under development of the Group are shown on page 105.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 106.

INFORMATION RELATING TO SHARE OPTION SCHEME

On 29 May 2003, the Company adopted a new share option scheme (“**New Scheme**”) which is in compliance with Chapter 17 of the Listing Rules. On the same day, the old share option scheme adopted by the Company on 30 September 1993 (“**Old Scheme**”) was terminated. There were no outstanding options granted under the Old Scheme. No options have been granted under the New Scheme during the period from the date of its adoption to 31 December 2003.

Below is a summary of the principal terms of the New Scheme:

1. Purpose of the New Scheme
To recognise and acknowledge the contributions that the eligible person had made or may from time to time make to the Group whether in the past or in the future
2. Participants of the New Scheme
Any directors or any employees of any company of the Group and any advisers of, consultants of, contractors to any company of the Group or any person who has any relationship (whether business or otherwise) with any company of the Group or any person whom the Directors consider, in their sole discretion, has contributed or will contribute or can contribute to the Group
3. Maximum number of shares
The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time
4. Total number of shares available for issue upon exercise of all options under the New Scheme
77,218,178 shares unless shareholders’ approval has been obtained according to the requirements of the Listing Rules in force, being 10% of the issued share capital of the Company at the date of approval of the New Scheme by the shareholders of the Company
5. Maximum entitlement of each participant under the New Scheme
No options under the New Scheme may be granted to any eligible person, which, if exercised in full, would result in the total number of shares issued and to be issued upon the exercise of the options already granted or to be granted to such eligible person under the New Scheme (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital as at the date of such new grant. Any grant of further options above this limit shall be subject to the requirements under the Listing Rules in force

INFORMATION RELATING TO SHARE OPTION SCHEME (cont'd)

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|-----|--|---|
| 6. | The period within which the shares must be taken up under an option | The Directors may in their absolute discretion determine the period during which an option may be exercised and notify each grantee, save that such period shall not be later than 10 years from the date on which the Directors make an offer of the option subject to the provisions for early termination thereof |
| 7. | The minimum period for which an option must be held before it can be exercised | Not applicable |
| 8. | Time of acceptance and the amount payable on acceptance of the option | The offer of an option made in accordance with the New Scheme may be accepted within 28 business days from the date of the offer and the amount payable on acceptance of the option is HK\$10 |
| 9. | The basis of determining the subscription price | <p>The subscription price shall be determined by the Directors at the time of grant of the relevant option and shall not be less than the highest of:</p> <ul style="list-style-type: none"> (i) the closing price per share of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of the grant of the relevant option; (ii) the amount equivalent to the average closing price per share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the relevant option; and (iii) the nominal value of a share of the Company |
| 10. | The remaining life of the New Scheme | The New Scheme was adopted on 29 May 2003 and will remain in force for a period of 10 years from the date of adoption |

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda.

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules being in force throughout the year ended 31 December 2003 except that the Independent Non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

SUFFICIENCY OF PUBLIC FLOAT

Based on the notices submitted to the Company pursuant to the SFO, the Directors are of the view that sufficient public float exists for the issued shares of the Company as at the date of this report.

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 Revised Rules Governing the Listing of Securities on the Stock Exchange (which came into effect on 31 March 2004) as its code of conduct regarding securities transactions by Directors ("**Code**") and has made specific enquiry of all Directors and has received a written confirmation from each Director confirming that he/she has complied with the Code throughout the year ended 31 December 2003 if he/she carried out any securities dealings.

AUDIT COMMITTEE

The audit committee of the Company comprises three Independent Non-executive Directors namely, Mr. Selwyn Mar, Ms. Tam Wai Chu, Maria and Mr. Lam Chun, Daniel. The audit committee has reviewed with the auditors the audited accounts for the year ended 31 December 2003 and discussed auditing, internal control and financial reporting matters including the review of the accounting practices adopted by the Group.

AUDITORS

Arthur Andersen & Co. ("**AA**") were appointed as the auditors of the Company on 19 March 2001 to fill the vacancy caused by the resignation of KPMG as auditors of the Company on the same date. Following the combination of practices of PricewaterhouseCoopers ("**PwC**") and AA on 1 July 2002, PwC were appointed as the auditors of the Company with effect from 11 October 2002.

The accounts have been audited by PwC who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

CONNECTED TRANSACTIONS

PART A Non Wholly-owned Subsidiaries

Background

(i) Condo Group

The Company holds a 52% beneficial interest in each of Condo Curtain Wall Company Limited (“**CCW**”) and Condo Engineering (China) Limited (“**CEC**”) while each of Messrs. Yu Lap On, Stephen, Ng Tze Kwan (“**Mr. Ng**”) and Cheung Sui Keung (“**Mr. Cheung**”) (collectively, “**Condo MSs**”) holds a 16% beneficial interest in each of CCW and CEC. Shanghai Jin Qiao Condo Decoration Engineering Co., Ltd. (上海金橋瑞和裝飾工程有限公司) (“**SHJQ**”) is owned as to 90.39% by CEC, and 9.61% by Shanghai Huayuan Aite Curtain Wall Engineering Company Limited (上海華源愛特幕牆工程有限公司). The Condo MSs are directors of CCW and CEC while Mr. Ng and Mr. Cheung are directors of SHJQ. Mr. Cheung tendered his resignation as a director of SHJQ which will take effect upon registration with the relevant authorities of The People’s Republic of China (“**PRC**”).

Each of the Condo MSs has executed various deeds of counter-indemnity in favour of the Company to indemnify 16% of the losses arising out of any guarantees or securities provided by the Company in securing facilities granted to CCW, CEC, SHJQ and any other companies under the Condo Group (as defined in such deeds of counter-indemnity) and 16% of the indebtedness due to the Company from CCW, CEC, SHJQ and any other companies under the Condo Group.

On 8 September 2003, winding-up orders against CEC and CCW were made by the High Court of Hong Kong.

(ii) Enful Group

The Company holds a 52% beneficial interest in Enful Engineering Limited (“**EEL**”) while the remaining 48% beneficial interest of EEL is held by Sinowise Development Limited (“**Sinowise**”) which is in turn beneficially owned as to 22% by Mr. Keung Chee Cheong (“**Mr. Keung**”), 22% by Mr. Mak Yun Wo, Simon (“**Mr. Mak**”), 26% by Mr. Woo King Kwong (“**Mr. Woo**”) and 30% by Mr. Kong Chi Yeung (“**Mr. Kong**”) (collectively, “**Enful MSs**”). The effective interest in EEL held by each of Mr. Keung, Mr. Mak, Mr. Woo and Mr. Kong are 10.56%, 10.56%, 12.48% and 14.40% respectively. Mr. Keung and Mr. Mak are also directors of EEL.

Each of Sinowise and the Enful MSs has executed various deeds of counter-indemnity in favour of the Company to indemnify 48% of the losses arising out of any guarantees and securities provided by the Company in securing facilities granted to EEL and any other companies under the Enful Group (as defined in such deeds of counter-indemnity) and 48% of the indebtedness due to the Company from EEL and any other companies under the Enful Group.

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*Background (cont'd)*

(iii) Polycrown Group

The Company holds a 51% beneficial interest in Polycrown Engineering Limited ("**PEL**") while the remaining 49% beneficial interest of PEL is held by Polyrich Profits Limited which is in turn 100% owned by Mr. Leung Pok Ching ("**Mr. Leung**"). Mr. Leung is also a director of PEL.

Mr. Leung has executed a deed of counter-indemnity in favour of the Company to indemnify 49% of the losses arising out of any guarantees and securities provided by the Company in securing facilities granted to PEL and any other companies under the Polycrown Group (as defined in such deed of counter-indemnity). Mr. Leung has executed a deed of counter-indemnity in favour of ONFEM Finance Limited ("**OFL**"), a wholly-owned subsidiary of the Company, to indemnify 49% of the indebtedness due to OFL from PEL and any other companies under the Polycrown Group (as defined in such deed of counter-indemnity).

(iv) Zhuhai (Oriental) Blue Horison Properties Company Limited

Prior to the Acquisition (as defined herebelow), Zhuhai (Oriental) Blue Horison Properties Company Limited ("**ZOBHP**") was owned as to 80% by ONFEM Company Limited ("**OCL**"), a wholly-owned subsidiary of the Company, and 20% by Zhuhai Shining Metals Group Inc. ("**Shining Metals**"). As announced in the Company's announcement dated 9 January 2004, OCL has acquired 20% equity interest in ZOBHP originally held by Shining Metals ("**Acquisition**") at a public auction in the PRC on 8 January 2004. The necessary approvals and consents have been obtained in respect of the registration of the transfer and the conversion of ZOBHP from a Sino-foreign equity joint venture (中外合資企業) to a wholly foreign-owned enterprise (外商獨資企業) under the PRC laws and ZOBHP has become a wholly-owned subsidiary of the Company since 20 February 2004.

The information set out in the preceding paragraphs is based on the records maintained by and the information made available to the Company.

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*Terms of the connected transactions*

(i) Banking facilities

The banking facilities are on normal commercial terms. In so far as the renewal dates of certain banking facilities are concerned, whilst the Company is not aware of any written or formal renewal, the relevant facilities continue to be made available to the relevant subsidiaries.

(ii) Shareholder's loans

The loans are on normal commercial terms in so far as the interest rates and repayment dates are concerned.

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES

(I) GUARANTEES AND SECURITIES PROVIDED BY THE COMPANY REGARDING BANKING FACILITIES GRANTED TO NON WHOLLY-OWNED SUBSIDIARIES

SHJQ

Date of transaction	Banker	Amount of banking facility (RMB)	Purpose of transaction	Security provided by the Company
22 July 2002 (renewed on 18 July 2003)	China Merchants Bank ("CMB") Shenzhen Shangbu Sub-branch	11,000,000	To finance working capital requirement	Pledge of cash deposit of HK\$11,000,000 on 19 July 2002 with CMB which issued a standby letter of credit of HK\$11,000,000, with the expiry date extended to 19 July 2004, in favour of CMB Shenzhen Shangbu Sub-branch as announced in the Company's announcement dated 18 July 2003

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(I) GUARANTEES AND SECURITIES PROVIDED BY THE COMPANY REGARDING BANKING FACILITIES GRANTED TO NON WHOLLY-OWNED SUBSIDIARIES (cont'd)

EEL

Date of transaction	Banker	Amount of banking facility (HK\$)	Purpose of transaction	Security provided by the Company
13 June 2002	Industrial and Commercial International Capital Limited	8,000,000	To facilitate business operations	Pledge of cash deposit of HK\$8,000,000 on 21 June 2002 Corporate guarantee for HK\$8,000,000 dated 21 June 2002
19 November 2002 (original date: 7 November 2001)	Hang Seng Bank Limited	5,000,000	To facilitate business operations	Deed of guarantee for HK\$5,000,000 dated 12 November 2001 Pledge of two cash deposits with principal amounts of HK\$2,000,000 and HK\$3,000,000 on 15 November 2001 and 5 February 2002 respectively

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(II) LOANS FROM THE COMPANY TO NON WHOLLY-OWNED SUBSIDIARIES

Condo Group

A. Loans from the Company to CEC

Date of agreement	Loan amount (HK\$)	Purpose of the loan
24 March 1998	1,258,000	To finance the general working capital requirement
30 March 1998	1,400,000	To finance the general working capital requirement
7 April 1998	1,100,000	To finance the general working capital requirement
14 April 1998	1,100,000	To finance the general working capital requirement
24 April 1998	3,800,000	To finance the general working capital requirement
12 May 1998	5,500,000	To finance the general working capital requirement
20 May 1998	1,890,000	To finance the general working capital requirement
21 May 1998	1,000,000	To finance the general working capital requirement
29 May 1998	2,400,000	To finance the general working capital requirement
8 December 1998	15,493,600	To finance the repayment of loan due by CEC to Dao Heng Bank, Limited
16 April 1999	969,653.50	To finance the general working capital requirement
17 June 1999	1,530,000	To finance the working capital requirement
8 March 2000	7,000,000	To finance the working capital requirement
13 July 2000 (Draw down date: 20 July 2000)	7,600,000	To finance the working capital requirement
1 August 2000	1,052,631.58	To finance the working capital requirement

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(II) LOANS FROM THE COMPANY TO NON WHOLLY-OWNED SUBSIDIARIES (cont'd)

Condo Group (cont'd)

B. Loans from the Company to SHJQ

Date of agreement	Loan amount (US\$)	Purpose of the loan
25 October 2002 (Draw down date: 1 November 2002)	760,000	To finance the working capital requirement of the German Centre project involving the installation of curtain walls undertaken by SHJQ
27 December 2002	750,000	To finance the working capital requirement of the German Centre project involving the installation of curtain walls undertaken by SHJQ

Enful Group

Name of subsidiary	Date of agreement	Loan amount (HK\$)	Purpose of the loan	Advance from Sinowise
Enful Design and Build Limited ("EDB")	28 May 1996	4,000,000	To finance the import of construction materials into Hong Kong	
EEL	28 February 1997	3,000,000	To finance the general working capital requirement	
EEL	20 March 1997	1,000,000	To finance the general working capital requirement	

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(II) LOANS FROM THE COMPANY TO NON WHOLLY-OWNED SUBSIDIARIES (cont'd)

Enful Group (cont'd)

Name of subsidiary	Date of agreement	Loan amount (HK\$)	Purpose of the loan	Advance from Sinowise
EEL	7 October 1997	1,602,448 (GBP 128,391)	To finance the purchase from Bridgman Doors Limited ("BDUK") of 50 per cent. interests in the issued share capital of Bridgman Fire Doors (H.K.) Limited ("BFD") and the loan due from BFD to BDUK	
EEL	1 May 1998	1,200,000	To finance the general working capital requirement	
EEL	12 May 1998	4,000,000	To finance the short term needs of working capital	
EEL	18 May 1998	2,000,000	To finance the short term needs of working capital	
EEL	19 October 1998	327,122.75	To finance the short term needs of working capital	
EEL	27 November 1998	1,850,000	To finance the repayment of a banking facility granted by The Bank of East Asia, Limited ("BEA")	
EEL	15 December 1998	400,000	To finance the repayment of a banking facility granted by BEA	
EEL	30 December 1998	1,500,000	To finance the repayment of a banking facility granted by BEA	
EEL/EDB	8 January 1999	2,650,000	To finance the repayment of a banking facility granted by BEA	
EEL	24 December 2002 (Draw down date: 31 December 2002)	2,000,000	To finance the working capital requirement	HK\$800,000 (not proportional to the 48% of the shareholding of Sinowise)

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(III) LOANS FROM OFL TO NON WHOLLY-OWNED SUBSIDIARIES

CEC

Date of agreement	Loan amount (HK\$)	Purpose of the loan
20 February 2001	3,050,000	To finance the working capital requirement
7 June 2001	3,300,000	To finance the working capital requirement in respect of the sub-contract works of Beijing Embassy House Project involving the installation of curtain walls
11 July 2001	967,290	To finance the working capital requirement in respect of the sub-contract works of Cheung Sha Wan Project involving the installation of curtain walls
19 June 2002	2,420,000	To finance the working capital requirement

EEL

Date of agreement	Loan amount (HK\$)	Purpose of the loan	Personal guarantees from Mr. Keung and Mr. Mak
19 June 2001	3,000,000	To finance the working capital requirement in respect of the sub-contract works of the Sham Tseng Project involving the installation of doors	Yes (together with deposit of share certificates of Enful Holdings Limited and related documents as security pursuant to the terms of the deed of guarantee)
30 January 2002	2,000,000	To finance the working capital requirement in respect of the sub-contract works of the West Rail Project involving acoustic plaster works	Yes

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES (cont'd)*

(III) LOANS FROM OFL TO NON WHOLLY-OWNED SUBSIDIARIES (cont'd)

PEL

Date of agreement	Loan amount (HK\$)	Purpose of the loan	Counter-indemnity from Mr. Leung
11 July 2001	7,700,000	To finance the working capital requirement in respect of the sub-contract works of the Beijing Oriental Plaza Project involving installations of electrical, plumbing and drainage	Yes (together with the execution of a deed of share charge in relation to shares in Polycrown Engineering (Holdings) Limited pursuant to the terms of the loan agreement)

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2) OF THE LISTING RULES

(I) GUARANTEES AND SECURITIES PROVIDED BY OCL REGARDING BANKING FACILITIES GRANTED TO ZOBHP

Date of transaction	Banker	Amount of banking facility (RMB)	Purpose of transaction	Security provided by OCL
30 May 2003	Shenzhen Development Bank ("SDB") Zhuhai Branch	28,600,000	To finance working capital requirement	Pledge of cash deposit of HK\$28,600,000 with SDB on 30 May 2003 in favour of SDB Zhuhai Branch for securing the facility while Shining Metals in turn placed HK\$5,720,000 with OCL, representing 20% of the said HK\$28,600,000, being the same percentage of the interest in ZOBHP held by Shining Metals

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2) OF THE LISTING RULES (cont'd)*

(II) LOANS FROM OCL TO ZOBHP

Date of agreement	Loan amount (RMB)	Purpose of the loan	Advance from Shining Metals
23 March 2001 (Draw down date: 2 March 2001 and supplemental agreement date: 1 March 2002)	7,000,000	To finance the working capital requirement	This loan represented 80 per cent. of total loan amount requested by ZOBHP. The board of ZOBHP approved and made a written request to Shining Metals for the remaining 20 per cent. but Shining Metals had not contributed. Until 7 January 2004, Shining Metals advanced approximately RMB744,000 to ZOBHP (not proportional to the 20% shareholding of Shining Metals)
26 March 2001 (Supplemental agreement date: 1 March 2002)	4,800,000	To finance the working capital requirement	This loan represented 80 per cent. of total loan amount requested by ZOBHP. The board of ZOBHP approved and made a written request to Shining Metals for the remaining 20 per cent. but Shining Metals did not contribute
24 April 2001 (Draw down date: 19 April 2001 and supplemental agreement date: 1 March 2002)	660,000	To finance the working capital requirement	This loan represented 80 per cent. of total loan amount requested by ZOBHP. The board of ZOBHP approved and made a written request to Shining Metals for the remaining 20 per cent. but Shining Metals did not contribute
31 January 2002	5,000,000	To finance the working capital requirement	This loan represented 80 per cent. of total loan amount requested by ZOBHP. The board of ZOBHP approved and made a written request to Shining Metals for the remaining 20 per cent. but Shining Metals had not contributed. Until 7 January 2004, Shining Metals advanced approximately RMB1,250,000 to ZOBHP (proportional to the 20% shareholding of Shining Metals)

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2) OF THE LISTING RULES (cont'd)

(II) LOANS FROM OCL TO ZOBHP (cont'd)

Date of agreement	Loan amount (RMB)	Purpose of the loan	Advance from Shining Metals
23 August 2002 (Supplemental agreement date: 2 January 2004)	3,840,000 (RMB2,040,000 drawn on 23 August 2002; RMB1,800,000 drawn on 18 September 2002)	To finance the working capital requirement	Shining Metals also made a loan of a principal amount of RMB960,000 to ZOBHP (proportional to the 20% shareholding of Shining Metals)
18 September 2002 (Supplemental agreement date: 2 January 2004)	7,837,829.60	To finance the working capital requirement	Shining Metals also made a loan of a principal amount of RMB1,959,457.40 to ZOBHP (proportional to the 20% shareholding of Shining Metals)
28 November 2002 (Supplemental agreement date: 2 January 2004)	2,400,000	To finance the working capital requirement	Shining Metals also made a loan of a principal amount of RMB600,000 to ZOBHP (proportional to the 20% shareholding of Shining Metals)
15 January 2003 (Supplemental agreement date: 2 January 2004)	4,000,000	To finance the working capital requirement	Shining Metals also made a loan of a principal amount of RMB1,000,000 to ZOBHP (proportional to the 20% shareholding of Shining Metals)

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly-owned Subsidiaries (cont'd)*CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2) OF THE LISTING RULES (cont'd)*

(III) LOAN FROM THE COMPANY TO PEL

Date of agreement	Loan amount (HK\$)	Purpose of the loan	Advance from Mr. Leung
28 January 2003	2,397,000	To finance the working capital requirement	HK\$2,303,000 (proportional to the 49% beneficial shareholding of Mr. Leung)

PART B Fellow Subsidiary

Brena Company Limited (“**Brena**”) is a wholly-owned subsidiary of the Company while Texion Development Limited (“**Texion**”) is a wholly-owned subsidiary of Minmetals HK, the intermediate controlling shareholder of the Company holding approximately 53.95% of the issued share capital of the Company. On 10 July 2003, Brena as tenant and Texion as landlord entered into a tenancy agreement of which details are set out below:

Property:	18th Floor, China Minmetals Tower, No. 79 Chatham Road South, Tsimshatsui, Kowloon
Period:	1 June 2003 to 31 May 2004
Rental:	HK\$81,102 per calendar month (exclusive of rates, service, management and air-conditioning charges)
Other charges:	HK\$26,025 per calendar month and reduced to HK\$24,331 starting from 1 July 2003 (being tenant’s share of service, management and air-conditioning charges)

SUBSEQUENT EVENTS

Details are set out in Note 36 to the accounts.

By Order of the Board

Lin Xizhong

Chairman

Hong Kong, 19 April 2004