



REPORT OF THE DIRECTORS

The board of directors (“**Directors**”) of ONFEM Holdings Limited (“**Company**”, together with its subsidiaries “**Group**”) would like to submit the annual report together with the audited accounts for the year ended 31 December 2004.

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 14 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 36.

The Directors do not recommend the payment of a dividend for the year ended 31 December 2004 (2003: Nil).

FIXED ASSETS

Movements in fixed assets of the Group during the year are set out in Note 13 to the accounts.

SHARE CAPITAL

Details of the Company’s share capital are set out in Note 25 to the accounts.

RESERVES

Movements in reserves of the Group and of the Company during the year are set out in Note 26 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
Wang Xingdong
Yan Xichuan
Qian Wenchao
He Xiaoli

Independent Non-executive Directors

Lam Chun, Daniel
Selwyn Mar
Tam Wai Chu, Maria

Mr. Yan Xichuan and Mr. Lam Chun, Daniel (“**Mr. Lam**”) 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 2004, 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 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 31 December 2004, the following outstanding share options were granted to the Directors on 15 March 2004 under the share option scheme adopted by the Company on 29 May 2003:

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(cont'd)*

Long Position in Shares of the Company *(cont'd)*

(b) Share options (cont'd)

Name of Director	Date of acceptance of share options	Exercise period of share options	Exercise price of share options <i>HK\$</i>	Number of share options outstanding as at 31 December 2004
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 31 December 2004, 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 year ended 31 December 2004, 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).

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

Save as disclosed in the section entitled "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and the section entitled "Information Relating to Share Option Scheme" below, the Company had no other outstanding options, convertible securities, warrants or other similar rights as at 31 December 2004.

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 2004, 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 (<i>Note</i>)	416,585,852	53.95%
China Minmetals H.K. (Holdings) Limited (" Minmetals HK ") (<i>Note</i>)	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.

CONTRACTS OF SIGNIFICANCE

Save for the construction project management agreement dated 29 July 2004 ("**PM Agreement**") between Wilson Murray Far East Limited ("**WMFE**"), a wholly owned subsidiary of the Company, and Guangzhou Tian He Orienmet Property Co., Ltd. ("**GTH**"), an associate of Minmetals HK (which is a controlling shareholder of the Company), no contracts of significance were entered into between the Company or its subsidiaries and the Company's controlling shareholder or its subsidiaries during the year. Details of the PM Agreement have been published in the Company's announcement dated 29 July 2004.

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 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	
	2004	2003	2004	2003
The largest customer	9.0%	33.2%		
Five largest customers in aggregate	19.9%	43.4%		
The largest supplier			14.9%	7.6%
Five largest suppliers in aggregate			29.5%	20.7%

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 89.

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 90.

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 (“**Listing Rules**”).

A summary of the Scheme is set out as follows:

1. Purpose of the 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 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 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 Scheme

77,218,178 shares unless shareholders’ approval has been obtained according to the requirements of the Listing Rules, being 10% of the issued share capital of the Company at the date of approval of the Scheme by the shareholders of the Company
5. Maximum entitlement of each participant under the Scheme

No options under the 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 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

INFORMATION RELATING TO SHARE OPTION SCHEME *(cont'd)*

- | | | |
|-----|--|---|
| 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 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 Scheme | The Scheme was adopted on 29 May 2003 and will remain in force for a period of 10 years from the date of adoption |

INFORMATION RELATING TO SHARE OPTION SCHEME (cont'd)

As at 31 December 2004, details of the outstanding share options, all of which were granted on 15 March 2004 and have not been exercised, are as follows:

Category of participant	Exercise period of share options	Exercise price of share options HK\$	Number of share options lapsed during the year	Number of share options outstanding as at 31 December 2004
(i) Directors	16 March 2004 to 15 March 2007	0.83	–	12,000,000
(ii) Employees of the Group	17 March 2004 to 26 April 2007*	0.83	200,000	8,900,000

The closing price of the shares of the Company immediately before the date on which the share options disclosed above were granted (that is, 12 March 2004) was HK\$0.81 while 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" above. Save as disclosed above, no share options were lapsed or cancelled in accordance with the terms of the Scheme during the year.

The Directors consider that it is inappropriate to value the share options disclosed above because any valuation of those options based on a large number of speculative assumptions would not be meaningful and would be misleading.

* *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.*

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

Throughout the year ended 31 December 2004, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules with effect up to 31 December 2004 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.

CODE OF BEST PRACTICE *(cont'd)*

In response to the promulgation of a new Code on Corporate Governance Practices ("**CG Code**") by the Stock Exchange, which came into effect on 1 January 2005, the Directors resolved in February 2005 to implement the code provisions of the CG Code to the extent that it is reasonably practicable and in the interests of the Company to do so and the following matters are being and/or have been dealt with:

- (i) review of the scope of duties of the Chairman, the Managing Director, other Executive Directors and the Independent Non-executive Directors;
- (ii) review of the terms of reference of the audit committee, remuneration committee and investment committee;
- (iii) fixing of the term of office of the Independent Non-executive Directors; and
- (iv) preparation of a schedule for the regular meetings of the Directors on yearly basis.

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 Listing Rules as its code of conduct regarding securities transactions by Directors ("**Model 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 Model Code throughout the year ended 31 December 2004 if he/she carried out any securities dealings.

The Company also established 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 receives 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 the other member of the Designated Committee and receives a dated written acknowledgement before any dealing.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

A written confirmation was received from each of Mr. Lam, Mr. Selwyn Mar ("**Mr. Mar**") and Ms. Tam Wai Chu, Maria ("**Ms. Tam**"), the Independent Non-executive Directors of the Company, confirming their independence in accordance with Rule 3.13 of the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS *(cont'd)*

Mr. Lam is an honorary consultant of Shanghai City Development Law Firm 上海市建緯律師事務所 (“**SCD**”), a legal firm in the People’s Republic of China (“**PRC**”) which is the legal advisor acting for a wholly owned subsidiary of the Company in a litigation proceeding conducted in the PRC. Mr. Lam is not a director, partner, principal or employee of SCD nor has he had any administrative or management role in SCD. Mr. Lam further confirms that he receives no economic or monetary benefit from the position nor do any obligations or duties arise which he must or is encouraged to perform.

The Company considers that all Independent Non-executive Directors to be independent.

AUDIT COMMITTEE

The audit committee of the Company comprises three Independent Non-executive Directors namely, Mr. Lam, Mr. Mar and Ms. Tam. The audit committee has reviewed with the auditors the audited accounts for the year ended 31 December 2004 and has also discussed auditing, internal control and financial reporting matters including the review of the accounting practices and principles adopted by the Group.

During the year, the audit committee convened four meetings and has made recommendations to the management of the Group with special focus on risky areas to ensure the existence of adequate and effective controls.

AUDITORS

PricewaterhouseCoopers (“**PwC**”) were appointed as the auditors of the Company with effect from 11 October 2002 following the combination of practices of PwC and Arthur Andersen & Co. on 1 July 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

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2) OF THE LISTING RULES WITH EFFECT UP TO 30 MARCH 2004

Prior to the ZOBHP Acquisition (as defined herebelow), Zhuhai (Oriental) Blue Horizon 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 (“**ZOBHP Acquisition**”) at a public auction in the PRC on 8 January 2004, turning ZOBHP into a wholly owned subsidiary of the Company. 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).

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 WITH EFFECT UP TO 30 MARCH 2004 (cont'd)

Details of the supplemental agreements entered into between ZOBHP and OCL on or after 1 January 2004 but prior to the completion of the ZOBHP Acquisition to extend the repayment date of each respective loan from OCL to ZOBHP for a term of one year from the respective maturity date at the best lending rate as quoted by the People's Bank of China per annum are set out in the following table:

Date of supplemental agreement	Loan amount <i>RMB</i>	Purpose of the loan	Advance from Shining Metals
2 January 2004	3,840,000	To finance the working capital requirement	The repayment date of the loan of a principal amount of RMB960,000 granted by Shining Metals to ZOBHP (proportional to the 20% shareholding of Shining Metals) was also extended accordingly
2 January 2004	7,837,829.60	To finance the working capital requirement	The repayment date of the loan of a principal amount of RMB1,959,457.40 granted by Shining Metals to ZOBHP (proportional to the 20% shareholding of Shining Metals) was also extended accordingly
2 January 2004	2,400,000	To finance the working capital requirement	The repayment date of the loan of a principal amount of RMB600,000 granted by Shining Metals to ZOBHP (proportional to the 20% shareholding of Shining Metals) was also extended accordingly
2 January 2004	4,000,000	To finance the working capital requirement	The repayment date of the loan of a principal amount of RMB1,000,000 granted by Shining Metals to ZOBHP (proportional to the 20% shareholding of Shining Metals) was also extended accordingly

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly Owned Subsidiaries (cont'd)

CONNECTED TRANSACTION WHICH FALLS UNDER RULE 14.26 OF THE LISTING RULES WITH EFFECT UP TO 30 MARCH 2004

On 8 January 2004, OCL acquired 20% equity interest in ZOBHP originally held by Shining Metals at a public auction and on the same date entered into a letter of confirmation ("**Letter**") with Zhuhai Chengyu Auction Company Limited ("**Chengyu**"), an independent third party not connected with the Directors, chief executive, substantial shareholders of the Company, any of its subsidiaries or their associates (as defined in the Listing Rules). Details of the Letter are set out below:

Parties:	OCL as purchaser; and Chengyu as vendor
Assets acquired:	20% equity interest in ZOBHP
Consideration:	RMB12,859,256 (including commission payment to Chengyu but excluding taxes and other expenses)
Purpose of the transaction:	to facilitate OCL to implement its decision on the development of the Haitian Garden project undertaken by ZOBHP and, in turn, improve the efficiency of ZOBHP's operation

June Glory, the immediate controlling shareholder of the Company holding approximately 53.95% of the issued share capital of the Company, issued to the Company a written certificate evidencing its approval of the transactions contemplated under the Letter. The Company applied to the Stock Exchange for a waiver from convening a general meeting of the Company to approve the transactions contemplated under the Letter and the Stock Exchange granted the waiver as sought.

CONNECTED TRANSACTION WHICH FALLS UNDER RULE 14A.32(2) OF THE LISTING RULES WITH EFFECT FROM 31 MARCH 2004

Prior to the completion of the S&P Agreement (as defined herebelow),

- (i) Perfect Way Investments Limited ("**PWI**"), a wholly owned subsidiary of the Company, held 52% of the beneficial interest in Enful Holdings Limited ("**EHL**") while the remaining 48% of the beneficial interest in EHL was held by Sinowise Development Limited ("**Sinowise**"); and
- (ii) Sinowise 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**"). The effective interest in EHL held by each of Mr. Keung, Mr. Mak, Mr. Woo and Mr. Kong were 10.56%, 10.56%, 12.48% and 14.40% respectively.

Mr. Keung and Mr. Mak were also directors of EHL and Enful Engineering Limited ("**EEL**") until 5 May 2004. EEL is a wholly owned subsidiary of EHL.

CONNECTED TRANSACTIONS (cont'd)

PART A Non Wholly Owned Subsidiaries (cont'd)

CONNECTED TRANSACTION WHICH FALLS UNDER RULE 14A.32(2) OF THE LISTING RULES WITH EFFECT FROM 31 MARCH 2004 (cont'd)

On 29 April 2004, PWI, Sinowise, Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo entered into a sale and purchase agreement ("**S&P Agreement**") for the acquisition by PWI of the 48% interest in EHL held by Sinowise ("**Sale Shares**") and the assignment of the benefit of the debt of HK\$3,050,253.51 owing by EEL to Sinowise as at completion of the S&P Agreement ("**Debt**"). Details of the S&P Agreement are set out below:

Parties:

- (1) PWI, as purchaser
- (2) Sinowise, as vendor
- (3) Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo as guarantors for the performance of Sinowise's obligations under the S&P Agreement

Assets acquired: the Sale Shares and the Debt

Consideration: upon completion of the S&P Agreement, PWI paid HK\$1.00 to Sinowise for the Sale Shares and also paid HK\$1.00 to Sinowise for the benefit of the Debt

Purpose of the transaction: to facilitate the Company to implement its decision on the EHL Group (as defined in the Company's announcement dated 30 April 2004) and in turn improve the efficiency of operations of the EHL Group

Upon completion of the S&P Agreement on 5 May 2004, EHL and EEL became wholly owned subsidiaries of the Company.

PART B Fellow Subsidiaries

(I) 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 31 May 2004, Brena as tenant and Texion as landlord entered into a tenancy agreement ("**Tenancy Agreement**") of which details are set out below:

Property: 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong

Period: 1 June 2004 to 31 May 2006

Rental: HK\$63,723.00 per calendar month (exclusive of government rates, service, management and air-conditioning charges)

Other charges: HK\$24,331.00 per calendar month (being the tenant's share of service, management and air-conditioning charges)

CONNECTED TRANSACTIONS (cont'd)

PART B Fellow Subsidiaries (cont'd)

- (II) EEL is a wholly owned subsidiary of the Company while Cheemimet Finance Limited ("**Cheemimet**") is a wholly owned subsidiary of Minmetals HK. On 21 June 2004, EEL as licensee and Cheemimet as licensor entered into a licence agreement ("**Licence Agreement**") of which details are set out below:

Property: certain portions of 16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong

Period: 16 June 2004 to 31 May 2006

Licence fee: HK\$17,922.10 per calendar month (exclusive of management fee, government rates and other outgoings)

Other charges: HK\$6,843.10 per calendar month (being the licensee's share of the management fee)

- (III) WMFE is a wholly owned subsidiary of the Company while GTH is an associate of Minmetals HK. On 29 July 2004, WMFE and GTH entered into the PM Agreement of which details are set out below:

Parties: WMFE as the project manager; and

GTH as the sole owner of a 28-storey (with two basements levels) office complex with a total gross site area of approximately 4,411 square metres and estimated gross floor area on completion of approximately 37,220 square metres located at 610 Tian He Bei Road, Guangzhou, the PRC ("**Property**")

Purpose: To provide construction project management services to the Property by WMFE pursuant to the PM Agreement

Services fees: RMB40,000,000 in aggregate comprising the Basic Fee (as defined in the Company's announcement dated 29 July 2004) and the Incentive Fee (as defined in the Company's announcement dated 29 July 2004)

The transactions contemplated under the PM Agreement were approved by the Company's independent shareholders at a special general meeting of the Company held on 14 September 2004.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The Tenancy Agreement and the Licence Agreement as mentioned in sub-sections I and II of Part B of the above section entitled "Connected Transactions" constituted continuing connected transactions of the Company under the Listing Rules.

The Independent Non-executive Directors had reviewed the transactions contemplated under the Tenancy Agreement and the Licence Agreement (collectively, "**Transactions**") for the year ended 31 December 2004 and confirmed that the Transactions were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms; and
- (c) in accordance with the terms of each of the Tenancy Agreement and the Licence Agreement that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PwC, the auditors of the Company, had reviewed the Transactions and reported that:

- (a) the Directors have approved the Transactions;
- (b) the Transactions have been entered into in accordance with the terms of each of the Tenancy Agreement and the Licence Agreement; and
- (c) the transactions contemplated under the Tenancy Agreement have not exceeded the annual cap as disclosed in the announcement of the Company dated 31 May 2004 and the transactions contemplated under the Licence Agreement have fallen under the de minimis provision of Rule 14A.33(3) of the Listing Rules.

By Order of the Board

Lin Xizhong

Chairman

Hong Kong, 15 April 2005