



ORIENTAL METALS (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1208)

2004 FINAL RESULTS ANNOUNCEMENT

The Board of Directors of Oriental Metals (Holdings) Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2004 as follows:

	<i>Note</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	2		
Continuing operations		1,258,477	1,283,370
Discontinuing operations	3	30,008	79,702
		1,288,485	1,363,072
Cost of sales		(1,095,538)	(1,130,287)
Gross profit		192,947	232,785
Other revenues	2	5,539	4,973
		198,486	237,758
Selling expenses		(41,779)	(37,977)
Administrative expenses		(66,429)	(76,383)
Reversal of consolidated losses upon deconsolidation of subsidiaries	3	97,350	–
Other operating income/(expenses)	4	64,611	(4,957)
Profit from operations	2		
Continuing operations		175,393	112,358
Discontinuing operations	3	76,846	6,083
		252,239	118,441
Finance costs		(16,403)	(38,195)
Share of profits less losses of associated companies		10,272	11,321

Profit before taxation	5														
<table> <tr> <td>Continuing operations</td> <td></td> <td style="text-align: right;">171,541</td> <td style="text-align: right;">89,729</td> </tr> <tr> <td>Discontinuing operations</td> <td>3</td> <td style="text-align: right;">74,567</td> <td style="text-align: right;">1,838</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">246,108</td> <td style="text-align: right;">91,567</td> </tr> </table>				Continuing operations		171,541	89,729	Discontinuing operations	3	74,567	1,838			246,108	91,567
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		246,108	91,567												
Taxation (charge)/credit	6	(11,688)	6,470												
Profit after taxation		234,420	98,037												
Minority interests		(16,694)	(8,835)												
Profit attributable to shareholders															
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Discontinuing operations	3	74,567	1,838												
		217,726	89,202												
Dividends	7	–	–												
Basic earnings per share	8	HK\$0.37	HK\$0.68												
Basic earnings per share from continuing operations	8	HK\$0.24	HK\$0.66												

Notes:

1. Basis of preparation of the accounts

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention except that all investment properties and certain land and buildings are stated at revalued amounts.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31 December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

2. Segment information

(a) *By Business Segments*

The Group’s operations comprise the following main business segments:

Trading	:	Trading of nonferrous metals
Aluminium refinery	:	Production and sale of aluminium foils and extrusions, aluminium cans and containers and packaging products
Copper refinery and plica tubes production	:	Production and sale of plica tubes, copper rods, copper wires, copper cathodes and copper blisters

For the Year Ended 31 December 2004

	Continuing operations					Discontinuing operations			Total HK\$'000
	Trading HK\$'000	Aluminium refinery HK\$'000	Copper refinery and pica tubes production HK\$'000	Corporate and others HK\$'000	Sub-total HK\$'000	Aluminium cans production HK\$'000	Copper wires production HK\$'000	Sub-total HK\$'000	
Revenues									
Sales and manufacturing of nonferrous metals and related products	164,778	1,058,593	35,106	-	1,258,477	30,008	-	30,008	1,288,485
Other revenues	150	3,000	588	1,437	5,175	364	-	364	5,539
Results									
Segment results	87,158	47,138	9,690	31,407	175,393	70,637	6,209	76,846	252,239
Finance costs									(16,403)
Share of profits less losses of associated companies	-	772	9,500	-	10,272	-	-	-	10,272
Taxation									(11,688)
Minority interests									(16,694)
Profit attributable to shareholders									217,726

For the Year Ended 31 December 2003

	Continuing operations					Discontinuing operations			Total HK\$'000
	Trading HK\$'000	Aluminium refinery HK\$'000	Copper refinery and pica tubes production HK\$'000	Corporate and others HK\$'000	Sub-total HK\$'000	Aluminium cans production HK\$'000	Copper wires production HK\$'000	Sub-total HK\$'000	
Revenues									
Sales and manufacturing of nonferrous metals and related products	296,470	959,292	27,608	-	1,283,370	76,832	2,870	79,702	1,363,072
Other revenues	1	3,558	913	251	4,723	250	-	250	4,973
Results									
Segment results	100,355	27,171	8,308	(23,476)	112,358	10,572	(4,489)	6,083	118,441
Finance costs									(38,195)
Share of profits less losses of associated companies	-	1,114	10,207	-	11,321	-	-	-	11,321
Taxation credit									6,470
Minority interests									(8,835)
Profit attributable to shareholders									89,202

(b) *By Geographical Segments*

The Group's activities are conducted predominately in Mainland China, except that a small portion of its turnover is derived from other countries. There are no sales between the geographical segments.

	Group turnover HK\$'000	2004 Contribution to gross profit HK\$'000	Group turnover HK\$'000	2003 Contribution to gross profit HK\$'000
Mainland China	1,051,363	114,906	1,141,784	157,979
Singapore	164,778	70,147	–	–
Hong Kong	3,686	402	744	94
Others	68,658	7,492	220,544	74,712
	<u>1,288,485</u>	<u>192,947</u>	<u>1,363,072</u>	<u>232,785</u>

3. **Discontinuing operations**

On 15 April 2004, the Company announced that certain investors of Zhangzhou International Aluminium Container Company Limited (“ZIAC”), a 60% owned subsidiary of the Group engaging in the manufacturing of aluminium cans, had filed an application to the relevant People's Republic of China (“PRC”) government authorities to wind up its business prior to the expiration of its joint venture period in September 2004. ZIAC received the winding up order from the PRC court and began its liquidation process on 28 June 2004.

On 11 June 2004, the Company announced that the board of directors of Yixing Jinfeng Copper Materials Company Limited (“YJCM”), a 58% owned subsidiary of the Group engaging in the production and sale of copper wires, had passed a resolution to wind up its business prior to the expiration of its joint venture period pursuant to the termination clause stipulated in its articles of association. YJCM received winding up order from the PRC court on 30 July 2004. The liquidation process of YJCM was completed on 20 November 2004.

ZIAC and YJCM were deconsolidated from the Group and a reversal of accumulated consolidated losses of approximately HK\$97,350,000 was recorded during the year ended 31 December 2004, which represents the release of the Group's share of the subsidiaries' net liabilities and exchange reserve. The operating results of the subsidiaries (up to their liquidation dates) were reported as discontinuing operations in the accounts.

	ZIAC		YJCM		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Turnover	30,008	76,832	-	2,870	30,008	79,702
(Loss)/Profit from operations	(21,008)	10,572	504	(4,489)	(20,504)	6,083
Finance costs	(2,279)	(4,185)	-	(60)	(2,279)	(4,245)
(Loss)/Profit before taxation	(23,287)	6,387	504	(4,549)	(22,783)	1,838
Taxation	-	-	-	-	-	-
(Loss)/Profit after taxation	(23,287)	6,387	504	(4,549)	(22,783)	1,838
Net operating cash (outflow)/inflow	(1,483)	(201)	325	(970)	(1,158)	(1,171)
Net investing cash (outflow)/inflow	-	(35)	1,745	-	1,745	(35)
Net financing cash (outflow)/inflow	(1,839)	(2,035)	(2,100)	922	(3,939)	(1,113)
Total net cash outflow	(3,322)	(2,271)	(30)	(48)	(3,352)	(2,319)
Total assets	-	34,757	-	2,178	-	36,935
Total liabilities	-	(102,340)	-	(8,312)	-	(110,652)
Net liabilities	-	(67,583)	-	(6,134)	-	(73,717)

4. Other operating income/(expenses)

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Reversal of provision/(Provision) for bad and doubtful debts		
– Amounts due from fellow subsidiaries	24,959	–
– Receivables and prepayments	24,161	5,208
– Amounts due from associated companies	1,885	(14,571)
Trade payables waived by creditors	9,673	–
(Provision)/Reversal of provision for impairment loss on fixed assets and construction in progress		
– Land and buildings	(481)	1,194
– Others	8,975	(3,412)
Gain on disposal of investment securities	119	–
Loss on disposal of fixed assets	(4,884)	(579)
(Provision)/Reversal of provision for impairment in value of investment securities	(1,959)	71
Compensation income	–	2,457
Reversal of provision for compensation in respect of outstanding claims and litigations	–	1,384
Waiver of directors' emoluments	–	650
Loss on disposal of construction in progress	–	(1,259)
Others	2,163	3,900
	64,611	(4,957)

5. Profit before taxation is determined after charging/(crediting) the following:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Auditors' remuneration	900	1,000
Depreciation	41,748	46,234
Exchange loss, net	121	86
Operating lease rentals on land and buildings	2,359	1,140
Provision/(Reversal of provision) for inventory obsolescence	2,500	(658)
Staff costs (including directors' emoluments)	70,520	48,145

6. Taxation

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Current taxation		
– Hong Kong profits tax	–	(319)
– PRC Enterprise Income Tax	(5,486)	(4,049)
– Overprovision in prior years	8	–
Deferred taxation relating to the origination and reversal of temporary differences	(5,073)	12,916
	(10,551)	8,548
Share of taxation attributable to associated companies	(1,137)	(2,078)
Taxation (charge)/credit	(11,688)	6,470

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profit for the year.

In accordance with relevant income tax laws and regulations applicable to Sino-foreign equity joint ventures in the PRC, the Group's PRC subsidiaries are exempt from Enterprise Income Tax for two years starting from their first profit-making year, after offsetting tax losses brought forward from the previous five years, if any, followed by a 50% reduction in the tax rate for the immediate next three years.

The tax exemption and reduction period of one of the PRC subsidiaries expired in 2001 and it is currently subject to Enterprise Income Tax at a tax rate of 33%. All other PRC subsidiaries still enjoy full tax exemption for the year ended 31 December 2004.

7. Dividends

No interim dividend was paid and the directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2004 (2003: Nil).

8. Earnings per share/Earnings per share from continuing operations

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of approximately HK\$217,726,000 (2003: HK\$89,202,000) and the weighted average number of 593,062,328 ordinary shares (2003: 131,972,695 ordinary shares) in issue during the year, after adjusting for the share consolidation of combining 10 ordinary shares into 1 ordinary share with effect from 6 January 2004.

The calculation of basic earnings per share from continuing operations is based on the Group's profit attributable to shareholders from continuing operations of approximately HK\$143,159,000 (2003: HK\$87,364,000) and the same denominators used in the calculation of the basic earnings per share above.

No disclosure of diluted earnings per share or diluted earnings per share from continuing operations has been presented because:

- a) the effect is anti-dilutive for the year ended 31 December 2004 (the exercise price of the Company's options was higher than the average market price for the shares); and
- b) there were no potential dilutive shares in existence as at 31 December 2003.

MANAGEMENT DISCUSSION AND ANALYSIS RESULTS

Apart from exploring new business opportunities and taking measures to improve the returns from its direct industrial investments, the Group also endeavored to enhance its overall operating efficiency by rationalizing its structure and consolidating its business in 2004. Through all these efforts, the Group achieved substantial growth in profit for the year. At the beginning of 2004, the Group completed its debt restructuring and resolved the prolonged overdue bank debts problem. The financial position of the Group has improved significantly since then. Near the end of 2004, the Group announced the signing of a conditional acquisition agreement with a subsidiary of China Minmetals Corporation ("China Minmetals"), the Group's ultimate controlling shareholder, for the acquisition of its alumina and aluminium business (Please refer the Company's announcement dated 30 December 2004 for details). Through the acquisition, the Group aims to widen its alumina related operation by increasing its business scale and to strengthen its alumina trading operation as its core operation.

Group's turnover for the year of 2004 amounted to approximately HK\$1,288.5 million, a slight drop of 5% from the corresponding period in 2003. Gross profit of the Group declined by 17% to approximately HK\$192.9 million, primarily due to the reduction in the trading volume of alumina. However, because of the decrease in finance costs and increase in other operating income as well as the reversal of the consolidated losses arising from the liquidation of two under-performed subsidiaries, the consolidated profit attributable to shareholders for 2004 increased by 144% to approximately HK\$217.7 million.

BUSINESS REVIEW

Trading Operation

Concerning about the trading operation in 2004, the Group still concentrated on alumina trading, which accounted for approximately 13% of the Group's total turnover for the year. Due to the macro-economic control policies and the strong demand for alumina in China, the prices of alumina in both the international and China markets saw a noticeable fluctuation in 2004. However, the prices still remained high and hence boosted the profit margin for alumina trading. Nevertheless, this positive effect was outweighed by the effect of the decrease in trade volume (from approximately 140,000 tonnes in 2003 to approximately 59,000 tonnes in 2004), the gross profit of the trading operation decreased by 31% when compared to 2003.

Direct Industrial Investments

The Group's direct industrial investments are all located in the Mainland China and are mainly in the areas of aluminium refinery, copper refinery and plica tubes production. In 2004, with further consolidation, rationalization and more strengthened control, continued improvements were noted in these ventures. The overall turnover derived from the continuing operations of the direct industrial investments accounted for approximately 85% of the Group's total turnover and amounted to approximately HK\$1,093.7 million, representing a 11% increase over last year. The net profits derived from the continuing operations of the direct industrial investments also increased significantly by 54%.

The performance of the direct industrial investments, which principally affected the Group's result for the year, is analysed as follows:

Aluminium Refinery

North China Aluminium Company Limited ("NCA")

NCA is owned as to 51% by the Group. NCA is mainly engaged in the production and sales of aluminium foils and extrusions. Its products were supplied to the electrical appliances, packaging, publishing and transportation sectors. Despite the severe competition in the aluminium foils market, NCA, by adjusting its product mix and reducing its production costs, still managed to achieve continuous growth in both turnover and profit in 2004. Its total sales volume increased by 3% to approximately 50,000 tonnes.

Due to the fierce market competition, the profit margins of some products like light gauge aluminium foil, aluminium foil for beer mark and aluminium for decoration were under pressure. On the other hand, as a result of the enhancement in production technology, the contributions from products like hydrophilic fin stock and bare fin stock have improved.

To reinforce its competitive position in the market, NCA will continue to focus on research and development with a view to enhance its product quality and enrich its product variety. It will also take steps to integrate its resources, exploit market, expand production capacity and reduce production costs so as to further enhance its competitive power.

Copper Refinery and Plica Tubes Production

Yingkou Orienmet Plica Tube Company Limited (“YOPT”)

YOPT is owned as to 51% by the Group. Its principal business is the manufacturing of flexible metal conduits, which are mainly used in construction, infrastructure, machinery engineering, power network as well as anti-explosion and increased-safety wiring system. Driven by the ongoing economic growth in China and in particular the rapid development of the infrastructure, the sales volume of plica tubes increased by 23% to approximately 2.06 million metre. Net profit of YOPT also increased by approximately 32%.

Foreseeing that the trend of price rise in raw materials may extend to 2005, YOPT has adopted various counter measures to alleviate the adverse effect on its profit.

Changzhou Jinyuan Copper Company Limited (“CZJY”)

CZJY is owned as to 25% by the Group and is specialised in the production of copper wire rods. The sharp rise and significant fluctuation in copper price, the soaring spot price of copper cathode, and the inflated costs in consumables caused a drastic increase in CZJY’s production costs. High copper prices also drove up the demand for working capital, leading to an upsurge of finance costs. Despite these, CZJY has strived to expand its market in 2004 and achieved a 9% increase in its sales volume. And by adopting opportune marketing strategies, its earning for the year was better maintained, with a slight increase of approximately 2% in its net profit.

Besides, it is expected that because of the implementation of new copper rod production lines by some domestic manufacturers, the intensifying competition in the copper rod market may continue in 2005. To meet this challenge and attract new customers, CZJY has been adopting various measures including innovation of production processes, upgrade of production capacity, implementation of TPM (Total Productive Maintenance) project and strengthening of customer services, to promote its operating efficiency.

Discontinuing Operations

As disclosed in the 2003 Annual Report and the 2004 Interim Report of the Company, in order to optimise resources allocation and enhance return on investments, the Group has taken measures to rationalise its direct industrial investments from time to time. Two under-performed subsidiaries, namely Zhangzhou International Aluminium Container Company Limited (“ZIAC”) and Yixing Jinfeng Copper Materials Company Limited (“YJCM”), were wound up in June 2004 and July 2004 respectively.

As ZIAC and YJCM in aggregate only accounted for approximately 6% of the Group’s total turnover and 2% of the Group’s total net profit for the year ended 31 December 2003, their termination would pose no material adverse impact on the Group and could enable the Group to concentrate its resources on more competitive and promising operations.

The operating results of ZIAC and YJCM, up to their respective dates of liquidation, were disclosed as discontinuing operations in the current reporting year. The net profit derived from discontinuing operations amounted to approximately HK\$74.6 million, comprising: (i) the reversal of consolidated losses upon deconsolidation of ZIAC and YJCM of approximately HK\$97.4 million and (ii) the Group’s share of losses of ZIAC and YJCM up to their respective dates of liquidation of approximately HK\$22.8 million in 2004.

Liquidity, Financial Resources and Gearing Ratio

The Group achieved a significant improvement in its financial position during the year. The shareholders’ fund of the Group changed from a deficit of approximately HK\$261.8 million as at 31 December 2003 to a surplus of approximately HK\$422.0 million as at 31 December 2004, representing an increase of approximately HK\$683.8 million. The substantial improvement in the overall net assets position of the Group was mainly attributable to (i) the restructuring of debts in an aggregate amount of approximately HK\$466.7 million as a result of the acquisition of the Group by China Minmetals through its subsidiary in January 2004 and (ii) the consolidated profits of approximately HK\$217.7 million recorded in 2004.

Net cash flow from operations during 2004 was approximately HK\$123.0 million. As at 31 December, 2004, the Group had cash in hand and cash deposits of approximately HK\$190.9 million (all are unpledged except for the Renminbi deposits of approximately HK\$14.6 million), of which approximately 66% and 32% were denominated in US dollars and Renminbi respectively, while the remaining was in Hong Kong dollars.

As at 31 December 2004, the Group’s total outstanding bank loans amounted to approximately HK\$313.2 million, of which approximately HK\$94.3 million was repayable after one year. All the bank loans were denominated in Renminbi and at fixed interest rates. As compared to 2003, the total bank loans of the Group decreased by approximately HK\$462.1 million, which was mainly due to the acquisition of certain bank loans by the subsidiary of China Minmetals during the course of its acquisition of the Group in January 2004.

As at 31 December 2004, the bank debt to equity ratio, which is measured as total bank loans (net of cash balances) as a proportion of shareholders' equity, was 29%.

Capital Expenditure

During the year, the Group's total capital expenditure was approximately HK\$56.1 million, which was mainly used for the acquisition and upgrade of production facilities. The Group's outstanding commitments in this respect was approximately HK\$64.8 million as at 31 December 2004 and the funding of which is scheduled to be settled by bank borrowings and internal funds.

Foreign Currency Risk

The Group did not enter into any foreign exchange contracts or related hedges during the year since the foreign currency risk exposure was minimal. The Group will continue to adhere to its prudent policy on financial risk management of currency exposure.

Charge on Assets

Certain fixed assets and construction in progress with carrying values of approximately HK\$207.0 million and HK\$203.0 million respectively as well as bank deposits of approximately HK\$14.6 million were pledged to banks to secure the Group's banking facilities.

Contingent Liabilities

As at 31 December 2004, the Company provided a corporate guarantee to a financial institution in respect of the banking facilities granted to an associated company amounting to approximately HK\$23.6 million. The guarantee is valid up to the end of 2005.

As at 31 December 2004, the Group had unsettled tax payables in respect of certain properties in the PRC which may result in additional charges. No provision has been made by the Group since the amount of additional charges, if any, cannot be reliably determined. However, the potential additional charges are not expected to exceed HK\$1.3 million.

Material Acquisition and Disposals of Subsidiaries and Associated Companies

Except for the liquidation of ZIAC and YJCM as disclosed above, there was no material acquisition or disposal of subsidiary or associated company during the year.

Employees

As at 31 December 2004, the Group employed approximately 2,500 staff (excluding the staff of associated companies). The total staff cost (including the directors' emoluments) for the year was approximately HK\$70.5 million. The Group adopts a pay policy in line with market practice. Apart from the general remuneration package, the Group also grants share options and discretionary bonuses to eligible staff based on their performance and contribution to the Group. The Group regards quality staff is one of the key factors to corporate success. Various forms of professional training are provided to employees as and when required.

Outlook

The PRC economy continues to maintain a healthy development. It is expected that with a strong industrial demand for aluminium products, its market will sustain a stable growth. There is still a shortage in supply of nonferrous metals in the PRC. Despite periodical price fluctuations, the nonferrous metal prices are expected to gradually settle at a more stable level.

In 2005, the Group business will continue to focus on nonferrous metals operations. The Group will further enlarge its trading volume by fully capitalising on the potential synergistic benefits derived from the integration of nonferrous metals operations with its refinery and trading businesses.

As to direct industrial investment projects, the Group will continue to enhance the technological innovations in its joint venture companies, with the aim to further enhance operation scale and cost efficiency through increasing the overall annual production volume of these investment projects.

NCA, the Group's subsidiary, will enlarge its product range and will further adjust its product mix to meet the market's need. YOPT will introduce new equipment from Japan to enhance the upgrading of its environmental protection facilities, and further augment capacity and product quality.

Facing an extremely severe condition in the past few years, the Group managed to overcome its financial crisis, through successful introduction of new shareholders and completion of its debt restructuring. The Group's performance and financial position continued to improve in the past years. This was mainly attributed to a dedicated workforce led by an outstanding management team, who had tried their best to achieve the strategic objective set by the Board of Directors. The Group has now resumed its steady growth momentum. With the continuous support from our staff, business partners and shareholders, we hope that it would enable us to reach a new milestone in our business development.

Dividends

The Directors do not recommend the payment of a final dividend for the year.

Closure of book

The Transfer Books and Register of Members will be closed from 12 May 2005 to 18 May 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11 May 2005.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Code of Best Practice

The Company has complied with the Code of Best Practice (“Code of Best Practice”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (“Listing Rules”) (which was in force prior to 1 January 2005) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) throughout the year ended 31 December 2004, except that the 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 meetings of the Company in accordance with Articles 85 and 101 of the Company’s Articles of Association.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the revised Listing Rules which came into effect on 31 March 2004 as its code of conduct regarding securities transactions by directors (“Code of Conduct”).

Having made specific enquiry of all directors, all of them confirmed that they have complied with the Code of Conduct during the year ended 31 December 2004.

Audit Committee

The Company established an audit committee with written terms of reference in July 1999 pursuant to the requirements under the Listing Rules (which was in force prior to 1 January 2005). The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Chan Wai Dune (Chairman), Mr. Liu Hongru and Mr. Ting Leung Huel, Stephen. The principal duties of the audit committee include the review and supervision of the Company’s financial reporting process and internal controls. During the year, the audit committee held two meetings.

Publication of Detailed Results Announcement on the Stock Exchange’s Website

A detailed announcement containing all the information in respect of the Company required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules (which was in force prior to 31 March 2004) will be published on the Stock Exchange’s website in due course.

By order of the Board
Xu Huizhong
Director and President

Hong Kong, 11 April 2005

As at the date of this announcement, the Directors of the Company comprises seven directors, of which four are executive directors, namely Mr. Lin Xizhong, Mr. Xu Huizhong, Mr. Qian Wenchao and Mr. Tang Xiaojin and three are independent non-executive directors, namely Mr. Liu Hongru, Mr. Chan Wai Dune and Mr. Ting Leung Huel, Stephen.

“Please also refer to the published version of this announcement in The Standard.”