



東方有色集團有限公司\*  
**ONFEM HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*



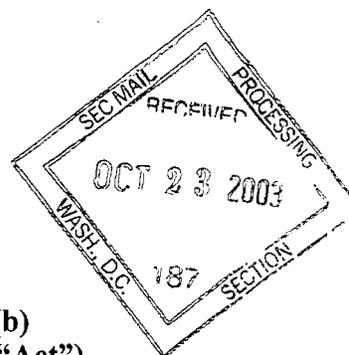
13<sup>th</sup> October, 2003

Securities and Exchange Commission  
 450 Fifth Street, N.W.  
 Washington, D.C. 20549  
 U.S.A.

**SEC FILE NO. 82-3735**

SUPPL

**BY AIRMAIL**



Dear Sirs,

**Re: ONFEM Holdings Limited (the "Company")**  
 - **Information furnished pursuant to Rule 12g3-2(b)**  
**Under the Securities Exchange Act of 1934 (the "Act")**

In order to maintain the Company's exemption from Section 12(g) of the Act pursuant to Rule 12g(3)-2(b) under the Act, we submit herewith two copies of an announcement of the Company dated 10<sup>th</sup> October, 2003.

The enclosed documents that are in Chinese substantially restate the information appearing elsewhere in English.

Yours faithfully,  
 For and on behalf of  
 ONFEM HOLDINGS LIMITED

Eva Siu  
 Enclosures

**PROCESSED**

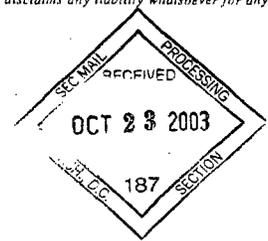
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ONFEM HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
Financial adviser to ONFEM Holdings Limited
CENTURION CORPORATE FINANCE LIMITED



CONNECTED TRANSACTIONS

As referred to in the First Announcement dated 14 February 2003, a guarantee granted solely by the Company in favour of a bank to secure repayment of indebtedness of certain non wholly-owned subsidiaries of the Company was regarded by the Stock Exchange to constitute a connected transaction, being provision of financial assistance to connected persons under the Listing Rules.

Given that these transactions took place over several years and given the changes in personnel of the Company during the past few years, substantial time was required to gather and ascertain the relevant financial information and documents in relation to these transactions. This has inevitably delayed the release of this announcement. A report setting out details of the transactions of similar nature identified by the Company after such review and which remained outstanding as at 31 March 2003 was submitted by the Company to the Stock Exchange (the outstanding amount of which has been updated to 30 June 2003 in this announcement), a summary of which is as follows:

- i. Corporate guarantees, pledges of cash deposits and legal charge over a property of the ONFEM Group were provided by the Company and one of its wholly-owned subsidiaries to secure banking facilities granted to CCW, CEC, SHIQ, EEL and PEL, the outstanding amount of which amounted to approximately HK\$61,289,000 as at 30 June 2003; and
ii. Loans from the Company and two of its wholly-owned subsidiaries to CEC, SHIQ, EEL, EDB, PEL and ZOBHP respectively, the total amount of which (including interests) was approximately HK\$152,230,000 as at 30 June 2003.

Save and except for (i) the renewal of the SHIQ Facility on 18 July 2003 as disclosed in the Second Announcement; (ii) the repayment by SHIQ of approximately US\$797,000 (principal amount of US\$760,000 together with interest of approximately US\$37,000, representing in total approximately HK\$6,203,000) in relation to the Condo E Loans as at 15 August 2003; and (iii) the full repayment of the ICIC A Facility and the Remaining HSBC Facility by the ONFEM Group on 2 October 2003 as disclosed herein, there has not been any other existing financial assistance transactions between the ONFEM Group and its non wholly-owned subsidiaries which are required to be disclosed by announcement under the Listing Rules.

Save and except the Condo A Loan, all other financial assistance transactions set out in the report were entered into by the ONFEM Group on the basis that the relevant Minority Shareholders (except the ZOBHP Minority Shareholder) have provided counter-indemnities or personal guarantees to the ONFEM Group to indemnify a pro-rata portion (or in cases where partial but non pro-rata contributions have been provided by the relevant Minority Shareholders (i.e. the Enful A Loan and the Enful G Loan), the difference between their pro-rata portions and the partial contributions) of the losses and liabilities which the ONFEM Group may incur under the financial assistance transactions. The Company refers to the First Announcement and the Second Announcement and in which, it has respectively stated its view that the financial assistance provision of the Listing Rules should not apply regarding those transactions.

The Stock Exchange is, however, of the view that there were breaches of the Listing Rules in respect of these transactions as they have not been disclosed and/or approved by the Shareholders in such manner as required by the Listing Rules. The Company noted the views of the Stock Exchange and has reiterated to the Stock Exchange that, to the best of its knowledge, it is not aware of any matter which would suggest such breaches, if any, were intentional. Nevertheless, the Stock Exchange reserves its rights to take appropriate action against the Company and the relevant Directors in relation to the breaches of the Listing Rules. The Stock Exchange is of the view that any breach of the Listing Rules, however unintentional, is still a breach.

None of the Minority Shareholders is connected with any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, other than being substantial shareholders and/or directors of the relevant subsidiaries of the Company to which such financial assistance was granted.

The Directors have developed and put in place additional internal procedures with a view to further improving the compliance procedures regarding connected transactions under the Listing Rules.

A circular to the Shareholders containing, among other things, details of the connected transactions in relation to the Polycrown Facility (the value of which was higher than 3 per cent. of the consolidated net tangible assets of the Group as at the latest time prior to 31 March 2003 when the Polycrown Facility was renewed), the Condo A Loan and the Enful A Loan (each of which is not considered by the Stock Exchange to be on normal commercial terms) is required under Rule 14.26 of the Listing Rules. The circular, together with a letter of advice from an independent financial adviser to the Independent Shareholders in respect of these connected transactions will be despatched as soon as practicable after the publication of this announcement for the information of the Shareholders.

Trading in the Company's shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 2 September 2003 pending the then release of an announcement dated 11 September 2003. The Stock Exchange subsequently required that the suspension in trading be continued pending the release of this announcement. Application has been made by the Company for the resumption in trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 13 October 2003.

As referred to in the First Announcement, a guarantee granted solely by the Company in favour of a bank to secure repayment of indebtedness of certain non wholly-owned subsidiaries of the Company was regarded by the Stock Exchange to constitute a connected transaction, being provision of financial assistance to connected persons under the Listing Rules. As a result, the Company has reviewed previous transactions of the Group to the extent that it is aware of and which are of similar nature. The Company understands that these transactions are regarded by the Stock Exchange as provision of financial assistance to connected persons and thus the Company was in breach of the Listing Rules.

As referred to in the Second Announcement, certain security in the form of a pledge of cash deposit provided by the Company in favour of a bank for the renewal of a loan previously granted to a non wholly-owned subsidiary was also regarded by the Stock Exchange to constitute provision of financial assistance to connected persons under the Listing Rules.

Given that these transactions took place over several years and the changes in personnel of the Company during the past few years, substantial time was required to gather and ascertain the relevant financial information and documents in relation to these transactions. This has inevitably delayed the release of this announcement. A report setting out details of the transactions of similar nature identified by the Company after such review and which remained outstanding as at 31 March 2003 was submitted by the Company to the Stock Exchange on 20 June 2003. A summary of the transactions contained in the report, the outstanding amount of which has been updated to 30 June 2003, is set out below in this announcement.

Save and except for (i) the renewal of the SHIQ Facility on 18 July 2003 as disclosed in the Second Announcement; (ii) the repayment by SHIQ of approximately US\$797,000 (including principal amount of US\$760,000 together with interest of approximately US\$37,000, representing in total approximately HK\$6,203,000) in relation to the Condo E Loans as at 15 August 2003; and (iii) the full repayment of the ICIC A Facility and the Remaining HSBC Facility by the ONFEM Group on 2 October 2003 as disclosed herein, there has not been any other existing financial assistance transactions between the ONFEM Group and its non wholly-owned subsidiaries which are required to be disclosed by announcement under the Listing Rules.

The report did not include past transactions of such nature which were no longer outstanding as at 31 March 2003. Following the subsequent request of the Stock Exchange, the Company will issue a separate announcement as soon as practicable regarding the details of the past connected transactions of such nature which were no longer outstanding as at 31 March 2003. The Company has indicated to the Stock Exchange that it has the proper books and records for it to facilitate the disclosure of these past connected transactions. However, owing to the lapse of time, the substantial change in the Company's personnel and the fact that the current management of the Company has had no first-hand knowledge of such past connected transactions, such past connected transactions will be disclosed to the extent the Company is aware of them. As a result, the Stock Exchange has indicated its concerns and is looking into the matter.

The Company has also identified a number of other transactions entered into between the non wholly-owned subsidiaries of the Company within the same subsidiary groups which may or may not be financial assistance in nature under the Listing Rules. Further announcement will be made in relation to this matter as and when appropriate.

INFORMATION RELATING TO THE GROUP, THE CONDO GROUP, THE ENFUL GROUP, THE POLYCROWN GROUP AND ZOBHP:

- i. The Group
The Group is principally engaged in manufacturing and trading, specialised construction contracting and property development and leasing.
ii. Condo Group
The Condo Group is principally engaged in the design, supply and installation of curtain walls, metal roofing, architectural cladding and aluminium window systems in Hong Kong and the PRC. Both CCW and CEC are engaged in the above businesses and also act as investment holding companies and provide management and administrative services to their respective subsidiaries. SHIQ is principally engaged in the business of selling and installation of aluminium window cases and curtain walls in the PRC. For shareholding structure of the Condo Group, please refer to Chart 1 under the section headed "Shareholding Structures".
For the year ended 31 December 2002, the audited net losses before and after taxation of CEC were both approximately HK\$36,525,000. For the year ended 31 December 2001, the audited net losses before and after taxation of CEC were both approximately HK\$68,699,000. The audited negative net tangible assets of CEC were approximately HK\$175,260,000 and HK\$138,735,000 as at 31 December 2002 and 31 December 2001 respectively.

For the year ended 31 December 2002, the audited net losses before and after taxation of CCW were both approximately HK\$37,292,000. For the year ended 31 December 2001, the audited net losses before and after taxation of CCW were both approximately HK\$51,442,000. The audited negative net tangible assets of CCW were approximately HK\$129,281,000 and HK\$71,989,000 as at 31 December 2002 and 31 December 2001 respectively.

For the year ended 31 December 2002, the audited net losses before and after taxation of SHIQ were both approximately RMB28,707,000 (representing approximately HK\$27,057,000). For the year ended 31 December 2001, the audited net profits before and after taxation of SHIQ were approximately RMB5,006,000 (representing approximately HK\$4,718,000) and RMB4,728,000 (representing approximately HK\$4,456,000) respectively. The audited negative net tangible assets of SHIQ as at 31 December 2002 and the audited net tangible assets of SHIQ as at 31 December 2001 were approximately RMB12,793,000 (representing approximately HK\$12,057,000) and RMB15,914,000 (representing approximately HK\$15,000,000), respectively.

Since certain conditions precedent to the Debt Restructuring Proposals have not been fulfilled on or before 31 August 2003, the Debt Restructuring Proposals have lapsed in accordance with their terms. On 8 September 2003, an adjourned hearing was held at the Court and winding-up orders against CCW and CEC respectively were made by the Court on the same date. For more information, please refer to the Company's announcement dated 11 September 2003.

As a result of such winding-up order against CEC, ICIC issued a demand letter dated 17 September 2003 to each of CEC and the Company respectively demanding full repayment on the ICIC A Facility (including loan principal and interest accrued thereon) of approximately HK\$7,045,000 as at 16 September 2003. In view of the fact that the ICIC A Facility had already been fully secured by the Company's pledged fixed deposit and fully reflected in the consolidated accounts of the Group, the then possible realisation of the pledged fixed deposit by ICIC was not expected to have any material adverse impact on the financial position of the Group. The ICIC A Facility was subsequently repaid in full by the Company on 2 October 2003.

In addition, HSBC issued a demand letter dated 25 September 2003 to CEC and a demand letter dated 26 September 2003 to Virtuze Limited (a wholly-owned subsidiary of the Company) respectively demanding immediate repayment of approximately HK\$4,774,000 as at 24 September 2003 (which is the outstanding balance of the Remaining HSBC Facility) together with further interest to be accrued thereon. In light of the fact that the Remaining HSBC Facility had already been fully secured by the Remaining HSBC Securities and fully reflected in the consolidated accounts of the Group, the then demand of repayment of the Remaining HSBC Facility was not expected to have any material adverse impact on the financial position of the Group. The Remaining HSBC Facility was fully repaid by the ONFEM Group on 2 October 2003.

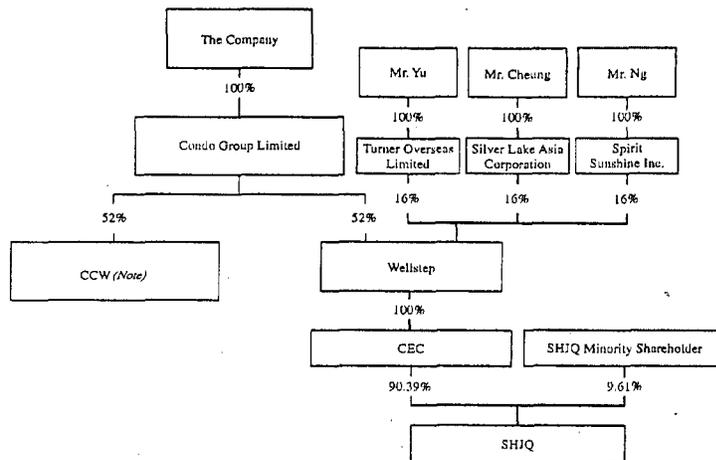
As at the date of this announcement, no winding-up petition has been presented against SHIQ and no formal demand for repayment of bank indebtedness was made against SHIQ by its creditors.

- iii. Enful Group
The Enful Group is principally engaged in high-end fireproof doors, fitting out works, environmental construction engineering and protection projects in Hong Kong and the PRC. EEL is principally engaged in the manufacture, distribution and installation of fireproof materials. EDB was principally engaged in the provision of interior design and installation services and has become dormant since 2000. For shareholding structure of the Enful Group, please refer to Chart 2 under the section headed "Shareholding Structures".
For the year ended 31 December 2002, the unaudited net losses before and after taxation of EEL were both approximately HK\$7,117,000. For the year ended 31 December 2001, the audited net losses before and after taxation of EEL were both approximately HK\$6,530,000. The unaudited negative net tangible assets of EEL as at 31 December 2002 and the audited negative net tangible assets of EEL as at 31 December 2001 were approximately HK\$37,645,000 and HK\$30,528,000 respectively.
For the year ended 31 December 2002, the audited net profits before and after taxation of EDB were both approximately HK\$279,000. For the year ended 31 December 2001, the audited net losses before and after taxation of EDB were both approximately HK\$1,679,000. The audited negative net tangible assets of EDB were approximately HK\$19,338,000 and HK\$19,617,000 as at 31 December 2002 and 31 December 2001 respectively.
iv. Polycrown Group
The Polycrown Group is principally engaged in the electrical and mechanical engineering works relating to fire services, plumbing and drainage and industrial production plant, engineering design, site management, equipment supply and installation in Hong Kong and the PRC. PEL is principally engaged in the electrical and mechanical engineering works. For shareholding structure of the Polycrown Group, please refer to Chart 3 under the section headed "Shareholding Structures".

For the year ended 31 December 2002, the audited net losses before and after taxation of PEL were approximately HK\$69,556,000 and HK\$70,594,000 respectively. For the year ended 31 December 2001, the audited net losses before and after taxation of PEL were approximately HK\$50,779,000 and HK\$51,047,000 respectively. The audited negative net tangible assets of PEL were approximately HK\$120,307,000 and HK\$49,713,000 as at 31 December 2002 and 31 December 2001 respectively.

SHAREHOLDING STRUCTURES

Chart 1: Simplified Group Chart of the Condo Group



Note: Each of the Condo Minority Shareholders holds 16% of the beneficial interest of CCW.

Chart 2: Simplified Group Chart of the Enful Group

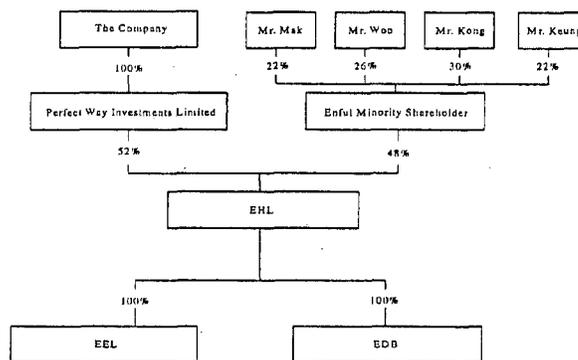


Chart 3: Simplified Group Chart of the Polycrown Group

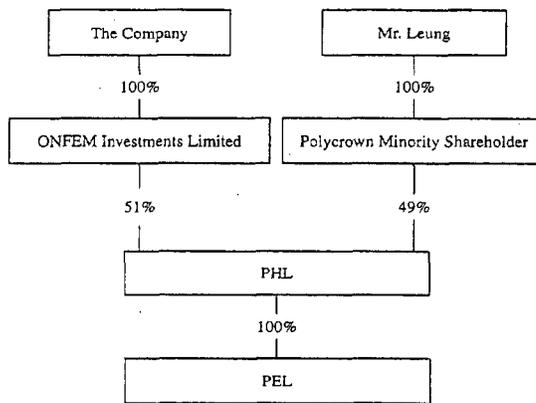
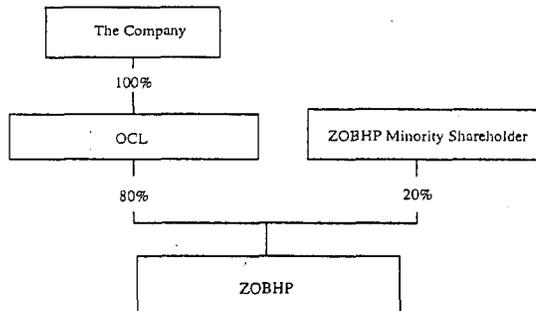


Chart 4: Simplified Shareholding Structure of ZOBHP



ZOBHP

ZOBHP, a Sino-foreign equity joint venture in the PRC and is a real estate company engaged in the development, property selling and leasing of the Haitian Garden project in Zhuhai. For shareholding structure of ZOBHP, please refer to Chart 4 under the section headed "Shareholding Structures".

For the year ended 31 December 2002, the audited net losses before and after taxation of ZOBHP were both approximately RMB3,676,000 (representing approximately HK\$3,465,000). For the year ended 31 December 2001, the audited net losses before and after taxation of ZOBHP were both approximately RMB4,371,000 (representing approximately HK\$4,120,000). The audited net tangible assets of ZOBHP were approximately RMB136,419,000 (representing approximately HK\$128,576,000) and RMB131,094,000 (representing approximately HK\$123,557,000) as at 31 December 2002 and 31 December 2001 respectively.

Each of CCW, CEC, SHIQ, EEL, EDB, PEL and ZOBHP is an indirect non-wholly-owned subsidiary of the Company. At the time when each of the Condo Facilities, SHIQ Facility, Enful Facilities, Polycrown Facility and each of the Loans was effected, each of the Condo Minority Shareholders, Enful Minority Shareholder, Polycrown Minority Shareholder and ZOBHP Minority Shareholder was (and still is) a connected person under the Listing Rules and such provision of financial assistance by the Company (and/or a wholly-owned subsidiary of the Company) to a non-wholly-owned subsidiary constituted connected transactions accordingly under the Listing Rules. In relation to the specific rule of the Listing Rules under which each of these connected transactions falls, please refer to the section headed "Categories of Connected Transactions under Listing Rules" below.

CATEGORIES OF CONNECTED TRANSACTIONS UNDER LISTING RULES

(A) RULE 14.25(1)(a)

The respective values of each of the SHIQ Facility, the Enful Facilities and each of the Loans (excluding the ZOBHP A Loans, ZOBHP B Loan, Condo A Loan and Enful A Loan) did not exceed 3 per cent. of the Group's consolidated net tangible assets as at the latest time prior to 31 March 2003 when the respective facilities were renewed or when the respective loans were granted (details of which please refer to Tables 1 to 8). If these connected transaction(s), where applicable, were to be aggregated under Rule 14.04(5) of the Listing Rules as required by the Stock Exchange, the aggregated amount would exceed the de-minimis threshold under Rule 14.24(5) of the Listing Rules and a relevant announcement would then be required. These transactions will be included in the next annual report of the Company in accordance with Rule 14.25(1)(a) of the Listing Rules.

(B) RULE 14.25(2)(a)

Each of the ZOBHP A Loans and the ZOBHP B Loan (details of which please refer to Table 9) falls within Rule 14.25(2)(a) of the Listing Rules and will be disclosed in the next annual report of the Company.

(C) RULE 14.26(6)

Each of the respective values of the Condo Facilities and the Polycrown Facility (details of which please refer to Tables 10 to 11) exceeded 3 per cent. of the consolidated net tangible assets of the Group as at the latest time prior to 31 March 2003 when the respective facilities were renewed. Accordingly, each of the Condo Facilities and the Polycrown Facility constituted a connected transaction of the Company and should have been subject to approval by the Independent Shareholders in general meeting pursuant to Rule 14.26(6) of the Listing Rules. However, as stated above, the Condo Facilities were fully repaid pursuant to demands made by the relevant banks and as such, the Condo Facilities will no longer be subject to the approval by the Independent Shareholders.

The Stock Exchange is of the view that the provisions of the Condo A Loan and the Enful A Loan (details of which please refer to Tables 12 to 13) were not on normal commercial terms as (i) there was no interest charged on the Condo A Loan and the Enful A Loan; (ii) no security was provided by CEC and EEL for the Condo A Loan and the Enful A Loan respectively; and (iii) the risk of default repayment at the first instance is fully borne by the Company as the Condo A Loan and the Enful A Loan were not advanced on a several basis. The Condo A Loan ought to have been in default as a result of a winding-up order made by the Court against CEC on 8 September 2003 while the Enful A Loan is not currently in default. These two transactions should have been subject to approval by the Independent Shareholders in general meeting pursuant to Rule 14.26(6) of the Listing Rules.

The aggregate amount outstanding as at each of the financial year end dates of all of the connected transactions as set out in Tables 1 to 13 have been previously disclosed in the relevant annual reports of the Company for the respective years. Such disclosures were not in accordance with the requirement of the Listing Rules however as these transactions had not been perceived by the Company as connected transactions in the past.

PURPOSES AND TERMS OF THE CONNECTED TRANSACTIONS

(A) BANKING FACILITIES

CCW, CEC, SHIQ, EEL and PEL required the Condo Facilities, SHIQ Facility, Enful Facilities and Polycrown Facility for the purposes of facilitating their respective business operations and for their respective expected business expansions (as the case may be).

The Directors are of the opinion that the provisions of the Condo Guarantees, SHIQ Security, Enful Guarantees and Polycrown Guarantees are fair and reasonable insofar as the interests of the Independent Shareholders are concerned, and the Condo Guarantees, SHIQ Security, Enful Guarantees and Polycrown Guarantees are on normal commercial terms. The Directors formed such opinion on the bases (i) of the principal terms of the financial assistance provided as set out in the tables below; (ii) of the particular situation of the Company and the relevant subsidiary/subsidiaries in terms of credit ranking by third party bank creditors; and (iii) that the Board is not forming any view with retrospective effect, but only for the current status. Insofar 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.

(B) SHAREHOLDER'S LOANS

Each of the Loans was used either to finance working capital requirement of the relevant non-wholly-owned subsidiary or for refinancing certain existing loans due to expiry (as the case may be - please refer to Tables 3 to 9 and Tables 12 to 13 for more information). On the basis that the Loans were made to meet necessary financial needs of the relevant non-wholly-owned subsidiaries, the Directors are of the opinion that the provisions of each of the Loans (except the Condo A Loan and the Enful A Loan) are, in so far as the interest rates and repayment dates of the relevant Loans are concerned, fair and reasonable so far as the interests of the Independent Shareholders are concerned and based on market practice, the Loans (except the Condo A Loan and the Enful A Loan) are on normal commercial terms.

On 21 April 1998, the Company provided the Condo A Loan amounting to HK\$1,040,000 to CEC. No interest was charged and no repayment date was fixed under this loan. The Condo Minority Shareholders also provided their pro-rata share of contribution of HK\$960,000 (two of them provided their pro-rata share of contribution at the same time whilst the remaining one provided his pro-rata share of contribution about two months later), which was also non interest-bearing. On the basis that both the Condo A Loan and the HK\$960,000 pro-rata contribution were treated equally, the Board is of the opinion that such arrangement is on normal commercial terms.

On 27 March 1997, the Company provided the Enful A Loan of an amount of HK\$2,587,427 to EEL. No interest was charged and no repayment date was fixed under this loan. On the basis that the Enful Minority Shareholder also contributed HK\$2,248,235 of its share (albeit 1.51% less than its exact pro-rata share), the Board is of the view that the terms of the Enful A Loan are also on normal commercial terms.

Nevertheless, the Stock Exchange is of the view that the provisions of the Condo A Loan and the Enful A Loan were not on normal commercial terms based on the reasons set out in the subsection (C) of the section headed "Categories of Connected Transactions under Listing Rules".

The following tables set out transactions which, in the view of the Stock Exchange, were breaches of the Listing Rules. As mentioned above, the Company refers to the First Announcement and the Second Announcement and in which, it has respectively stated its view that the financial assistance provision of the Listing Rules should not apply regarding those transactions.

**CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(1)(a) OF THE LISTING RULES**  
**(I) GUARANTEES AND SECURITIES PROVIDED BY ONFEM GROUP REGARDING BANKING FACILITIES GRANTED TO NON WHOLLY-OWNED SUBSIDIARIES**

**Condo Group**

The SHJQ Facility of up to RMB11,000,000 (representing approximately HK\$10,368,000) granted to SHJQ (Please refer to Table 1 below)

Table 1

The following banking facility is referred to as the "SHJQ Facility".  
 The security provided by the ONFEM Group for the SHJQ Facility listed under the column headed "Securities provided by ONFEM Group" is referred to as the "SHJQ Security".

Name of subsidiary	Date of transaction	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of transaction	Banker	Amount of banking facility (RMB)	Balance (including principal and interest) as at 30 June 2003 (HK\$)	Purpose of transaction	Securities provided by ONFEM Group	Counter-indemnities from Minority Shareholders
SHJQ	23 July 2002	556,159,000 as at 31 December 2001	1.83%	CMB Sub-branch	11,000,000 (representing approximately HK\$10,368,000)	9,500,000	To finance working capital requirement	Pledge of cash deposit of HK\$1,000,000 on 19 July 2002 with CMB which issued a standby letter of credit of HK\$1,000,000	Yes

The SHJQ Facility was renewed on 18 July 2003 and will expire on 15 July 2004. For more information on the terms and conditions of the renewal of the SHJQ Facility, please refer to the Second Announcement.

**Enful Group**

The Enful Facilities of up to HK\$13,000,000 granted to EEL (Please refer Table 2 below)

Table 2

The following banking facilities are collectively referred to as the "Enful Facilities".  
 The guarantees and securities provided by the ONFEM Group for the Enful Facilities listed under the column headed "Securities provided by ONFEM Group" are collectively referred to as the "Enful Guarantees".

Name of subsidiary	Date of transaction	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of transaction	Banker	Amount of banking facility (HK\$)	Balance (including principal and interest) as at 30 June 2003 (HK\$)	Purpose of transaction	Securities provided by ONFEM Group	Counter-indemnities from Minority Shareholder
EEL	13 June 2002			ICIC	8,000,000	8,033,979.37	To facilitate business operations	Pledge of cash deposit of HK\$8,000,000 on 21 June 2002	Yes
EEL	19 November 2001 (original due: 1 November 2001)			Hong Sang	5,000,000	3,283,217.16	To facilitate business operations	Corporate guarantee for HK\$8,000,000 dated 21 June 2002 Deed of guarantee for HK\$5,000,000 dated 12 November 2001	Yes
Total		587,060,000 as at 30 June 2002	2.21%		13,000,000	11,316,196.63		Pledge of two cash deposits of HK\$2,000,000 and HK\$3,000,000 on 15 November 2001 and 5 February 2002 respectively	

For the renewal of the ICIC B Facility, ICIC requested the Company (i) to continue the pledge of its fixed deposit of not less than HK\$8,000,000 plus accumulated interest; and (ii) to provide continuing corporate guarantee for HK\$8,000,000 in its favour with no change in the terms and conditions of the facility. The Board will consider the renewal of this facility in due course.  
 As the value of the continuing ICIC B Guarantees was less than 3 per cent. of the unaudited consolidated net tangible assets of the Group as at 30 June 2003, details of this connected transaction, if and when renewed, will be included in the next annual report of the Company in accordance with Rule 14.25(1) of the Listing Rules.

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

A. Loans from the Company to CEC (Please refer to Table 3 below)

Table 3

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Loan amount (HK\$)	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Counter-indemnities from Minority Shareholders
1. The following loans are collectively referred to as the "Condo B Loans".							
CEC	24 March 1998			1,258,000	2,030,407.21	To finance the general working capital requirement	Yes
CEC	30 March 1998			1,400,000	2,343,435.86	To finance the general working capital requirement	Yes
CEC	7 April 1998			1,100,000	1,834,843.54	To finance the general working capital requirement	Yes
CEC	14 April 1998			1,100,000	1,830,308.27	To finance the general working capital requirement	Yes
CEC	24 April 1998			3,200,000	6,284,563.45	To finance the general working capital requirement	Yes
CEC	12 May 1998			5,500,000	9,038,482.05	To finance the general working capital requirement	Yes
CEC	30 May 1998			1,890,000	3,097,671.23	To finance the general working capital requirement	Yes
CEC	21 May 1998			1,000,000	1,638,124.32	To finance the general working capital requirement	Yes
CEC	29 May 1998			2,400,000	3,917,037.65	To finance the general working capital requirement	Yes
Total		1,026,840,000 as at 31 December 1997	1.89%	19,448,000	32,014,371.72		

2. The following loans are collectively referred to as the "Condo C Loans".

CEC	1 December 1998			13,493,600	702,436.23	To finance the repayment of loan due by CEC to Dao Heng Bank, Limited (Note A)	Yes
CEC	16 April 1999			969,633.50	1,390,859.44	To finance the general working capital requirement	Yes
CEC	17 June 1999			1,520,000	2,155,463.54	To finance the general working capital requirement	Yes
Total		123,298,000 as at 31 December 1998	2.19%	17,983,233.50	4,248,759.21		

3. The following loans are collectively referred to as the "Condo D Loans".

CEC	8 March 2000			7,000,000	9,029,291.85	To finance the general working capital requirement	Yes
CEC	15 July 2000 (Draw down date: 20 July 2000)			1,600,000	1,835,263.85	To finance the general working capital requirement	Yes
CEC	1 August 2000			1,052,631.58	1,299,383.94	To finance the general working capital requirement	Yes
Total		1,000,385,000 as at 31 December 1999	1.56%	15,652,631.58	18,104,039.63		

Note A  
 On 29 December 1997, Dao Heng Bank, Limited granted a term loan up to US\$2,000,000 in CEC on the basis of a charge over the Company's deposit(s) of US\$2,000,000 as security for this banking facility. On 8 July 1998, Dao Heng Bank, Limited agreed to extend the maturity date of this banking facility for US\$2,000,000 up to 8 January 1999.

B. Loans from the Company to SHJQ (Please refer to Table 4 below)

Table 4

The following loans are collectively referred to as the "Condo E Loans".

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Loan amount (US\$)	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Counter-indemnities from Minority Shareholders
SHJQ	30 October 2002 (Draw down date: 1 November 2002)			760,000 (approximately HK\$5,915,000)	6,140,443.89 (Note B)	To finance the working capital requirement of the German Centre project involving the installation of curial walls undertaken by SHJQ	Yes
SHJQ	27 December 2002			750,000 (approximately HK\$5,837,000)	6,054,338.36 (Note C)	To finance the working capital requirement of the German Centre project involving the installation of curial walls undertaken by SHJQ	Yes
Total		587,060,000 as at 30 June 2002	2.00%	1,510,000 (approximately HK\$11,752,000)	12,194,782.25		

Note B  
 As at 15 August 2003, SHJQ repaid approximately US\$793,000 (including principal amount of US\$760,000 together with interest of approximately US\$33,000, representing approximately HK\$5,915,000) in full of the loan of US\$760,000 (representing approximately HK\$5,915,000) granted by the Company to SHJQ on 25 October 2002.

Note C  
 On 15 August 2003, SHJQ repaid part of the interest of approximately US\$4,000 (representing approximately HK\$31,000) of the loan of US\$750,000 (representing approximately HK\$5,837,000) granted by the Company to SHJQ on 27 December 2002.

**Enful Group**  
 Loans from the Company to the Enful Group (Please refer to Table 5 below)

Table 5

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Loan amount (HK\$)	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Counter-indemnities from Minority Shareholder	Address of Minority Shareholder
1. The following loan is referred to as the "Enful B Loan".								
EEL	21 May 1996			914,000,000 as at 31 December 1995	4,127,964.94	To finance the impact of construction materials into Hong Kong	Deed of counter-indemnity executed by each of Mr. Kong, Mr. Wong and Mr. Hui	Yes
2. The following loans are collectively referred to as the "Enful C Loans".								
EEL	21 February 1997			3,000,000	5,592,700.56	To finance the general working capital requirement		Yes
EEL	20 March 1997			1,000,000	1,853,179.54	To finance the general working capital requirement		Yes
Total				915,450,000 as at 30 June 1996	7,445,880.50			
3. The following loan is referred to as the "Enful D Loan".								
EEL	7 October 1997			909,197,000 as at 30 June 1997 (GBP 128,591)	1,502,448 (GBP 128,591)	To finance the purchase from BDUK of 30 per cent. interests in the issued share capital of BTD and the loan due from BFD to BDUK	Deed of counter-indemnity executed by each of Mr. Kong, Mr. Wong and Mr. Hui	Yes

4. The following loans are collectively referred to as the "Enful E Loans".

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Amount outstanding (including principal and interest accrued) as at 31 December 2003 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholder
EEL	1 May 1998	1,200,000	1,979,694.51		To finance the general working capital requirement	Yes
EEL	12 May 1998	4,000,000	6,218,013.57		To finance the short term needs of working capital	Yes
EEL	15 May 1998	2,000,000	3,103,329.39		To finance the short term needs of working capital	Yes
Total		1,056,140,000 as at 31 December 1997	0.70%	7,300,000	11,301,041.54	

5. The following loans are collectively referred to as the "Enful F Loans".

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Amount outstanding (including principal and interest accrued) as at 30 June 1999 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholder
EEL	19 October 1998	327,122.75	595,556.90		To finance the short term needs of working capital	Yes
EEL	21 November 1998	1,850,000	2,811,704.71		To finance the repayment of a banking facility granted by BEA (Note D)	Yes
EEL	15 December 1998	400,000	602,762.31		To finance the repayment of a banking facility granted by BEA (Note D)	Yes
EEL	30 December 1998	1,500,000	2,248,241.92		To finance the repayment of a banking facility granted by BEA (Note D)	Yes
EEL/EDB	1 January 1999	2,650,000	3,976,506.02		To finance the repayment of a banking facility granted by BEA (Note D)	Yes
Total		416,653,000 as at 30 June 1999	0.76%	6,722,122.75	10,154,724.06	

6. The following loan is referred to as the "Enful G Loan".

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Amount outstanding (including principal and interest accrued) as at 30 June 2002 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholders	
EEL	24 December 2001 (Draw down date: 31 December 2002)	587,060,000 as at 30 June 2002	0.54%	2,000,000	2,659,835.61	To finance the working capital requirement	Yes (HK\$100,000 (not proportional to shareholding) and please refer to subsection (A) of the section headed "Reasons for ONFEM Group Providing Financial Assistance to Non Wholly-owned Subsidiaries")

Note D

On 31 July 1998, BEA renewed a banking facility up to HK\$33,030,000 to EEL, EDB and BFD on the basis of a corporate guarantee for HK\$33,030,000 by the Company in covering credit facilities extended to EEL, EDB and BFD.

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

Condo Group (Please refer to Table 6 below)

Table 6

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholders	
1. The following loans are collectively referred to as the "CEC A Loans".							
CEC	20 February 2001	3,030,000	3,556,240.06		To finance the working capital requirement	Yes	
CEC	7 June 2001	3,300,000	3,871,745.81		To finance the working capital requirement in respect of the sub-contract works of Beijing Embassy House involving the installation of certain walls	Yes	
CEC	11 July 2001	957,290	1,092,590.88		To finance the working capital requirement in respect of the sub-contract works of Cheng Sha Wan Project involving the installation of certain walls	Yes	
Total		997,716,000 as at 31 December 2000	0.74%	7,317,290	1,416,374.73		
2. The following loan is referred to as the "CEC B Loan".							
CEC	19 June 2002	636,119,000 as at 31 December 2001	0.38%	2,430,000	2,126,898.96	To finance the working capital requirement	Yes

Enful Group (Please refer to Table 7 below)

Table 7

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholders	
1. The following loan is referred to as the "EEL A Loan".							
EEL	19 June 2001	991,716,000 as at 31 December 2000	0.20%	3,000,000	1,843,378.00	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 EHL and related documents as security pursuant to the terms of the deed of guarantee)
2. The following loan is referred to as the "EEL B Loan".							
EEL	30 January 2002	819,297,000 as at 30 June 2001	0.24%	2,000,000	2,172,867.30	To finance the working capital requirement in respect of the sub-contract works of the West Rail Project involving acoustic plaster works	Yes

Polycrown Group (Please refer to Table 8 below)

Table 8

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Loan amount (HK\$)	Amount outstanding (including principal and interest accrued) as at 31 June 2003 (HK\$)	Purpose of the loan	Counter-Indemnities from Minority Shareholder
The following loan is referred to as the "PEL Loan".							
PEL	15 July 2001	912,716,000 as at 31 December 2000	0.31%	7,700,000	6,419,602.61	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 PEIL pursuant to the terms of the loan agreement)

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.25(2)(a) OF THE LISTING RULES  
Loans from OCL to ZOBHP (Please refer to Table 9 below)

Table 9

Name of subsidiary	Date of agreement	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement	Loan amount (RMB)	Amount outstanding (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of the loan	Advances from Minority Shareholder
1. The following loans are collectively referred to as the "ZOBHP A Loans".							
	23 March 2001			7,000,000 (approximately HK\$6,598,000)	7,330,262.51	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 the Minority Shareholder for the remaining 20 per cent. but the Minority Shareholder did not contribute.
	16 March 2001			4,800,000 (approximately HK\$4,524,000)	5,009,541.29	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 the Minority Shareholder for the remaining 20 per cent. but the Minority Shareholder did not contribute.
	24 April 2001 (Draw down date: 19 April 2001)			660,000 (approximately HK\$612,000)	616,429.82	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 the Minority Shareholder for the remaining 20 per cent. but the Minority Shareholder did not contribute.
Total		1,008,137,000 as at 30 June 2000	1.16%	12,460,000 (approximately HK\$11,744,000)	13,026,032.62		
2. The following loan is referred to as the "ZOBHP B Loan".							
	31 January 2002			819,297,000 as at 30 June 2001 (approximately HK\$4,713,000)	4,916,913.73	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 the Minority Shareholder for the remaining 20 per cent. but the Minority Shareholder did not contribute.

CONNECTED TRANSACTIONS WHICH FALL UNDER RULE 14.26 OF THE LISTING RULES

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

Condo Group

The Condo Facilities of up to HK\$54,924,587.65 (notwithstanding it has been fully repaid) granted to CCW and CEC (Please refer to Table 10 below)

Table 10

The following banking facilities are collectively referred to as the "Condo Facilities". The guarantees and securities provided by the ONFEM Group for the Condo Facilities listed under the column headed "Securities provided by ONFEM Group" are collectively referred to as the "Condo Guarantees".

Name of subsidiary	Date of transaction	Relevant net tangible assets of the Group (HK\$)	Financial assistance as percentage of relevant net tangible assets of the Group as at the date of transaction	Banker	Amount of banking facility (HK\$)	Balance (including principal and interest accrued) as at 30 June 2003 (HK\$)	Purpose of transaction	Securities provided by ONFEM Group	Counter-Indemnities from Minority Shareholders
CEC	8 March 2002			ICIC	7,000,000	7,022,799.76	To facilitate business operations	Pledge of cash deposit of HK\$7,000,000 on 3 April 2002	Yes
CEC/CCW	15 October 2002 (original date: 30 July 1999)			HSBC	47,924,587.65	4,775,301.73	To facilitate business operations	An "all monies" legal charge and an "Assignment of Rents" over ONFEM Tower dated 9 January 2001 (full settlement of the Remaining HSBC Facility on 2 October 2003)	Yes
								Corporate guarantee for HK\$45,000,000 dated 21 July 2000 (settlement of guaranteed indebtedness by the Company on 1 April 2003 of approximately HK\$45,350,000 which included ponily interest of approximately HK\$431,000)	
								Charge over cash deposits of not less than HK\$25,000,000 before 25 September 2000 (being offset due to the settlement of guaranteed indebtedness by the Company on 1 April 2003 as above)	
Total		587,060,000 as at 30 June 2002	9.36%		54,924,587.65	11,804,101.49			

Since certain conditions precedent to the Debt Restructuring Proposals have not been fulfilled on or before 31 August 2003, the Debt Restructuring Proposals have lapsed in accordance with their terms. On 8 September 2003, an adjourned hearing was held at the Court and winding-up orders against CCW and CEC respectively were made by the Court on the same date. For more information on the winding-up of CCW and CEC, please refer to the Company's announcement dated 11 September 2003. For information on the legal actions against the Condo Minority Shareholders, please refer to the Second Announcement.

As a result of such winding-up order against CEC, ICIC issued a demand letter dated 17 September 2003 to each of CEC and the Company respectively demanding full repayment on the ICIC A Facility (including loan principal and interest accrued thereon) of approximately HK\$7,045,000 as at 16 September 2003. In view of the fact that the ICIC A Facility had already been fully secured by the Company's pledged fixed deposit and fully reflected in the consolidated accounts of the Group, the then possible realisation of the pledged fixed deposit by ICIC was not expected to have any material adverse impact on the financial position of the Group. The ICIC A Facility was subsequently repaid in full by the Company on 2 October 2003.

In addition, HSBC issued a demand letter dated 25 September 2003 to CEC and a demand letter dated 26 September 2003 to Virture Limited (a wholly-owned subsidiary of the Company) respectively demanding immediate repayment of approximately HK\$4,774,000 as at 24 September 2003 (which is the outstanding balance of the Remaining HSBC Facility) together with further interest to be accrued thereon. In light of the fact that the Remaining HSBC Facility had already been fully secured by the Remaining HSBC Securities and fully reflected in the consolidated accounts of the Group, the then demand of repayment of the Remaining HSBC Facility was not expected to have any material adverse impact on the financial position of the Group. The Remaining HSBC Facility was fully repaid by the ONFEM Group on 2 October 2003.

**Polycrown Group**

The Polycrown Facility of up to HK\$28,390,000 granted to PEL (Please refer to Table 11 below)

Table 11

The following banking facility is referred to as the "Polycrown Facility".

The guarantee and securities provided by the ONFEM Group for the Polycrown Facility listed under the column headed "Securities provided by ONFEM Group" are collectively referred to as the "Polycrown Guarantees".

Table with 10 columns: Name of subsidiary, Date of transaction, Relevant net tangible assets of the Group, Financial assistance as percentage of relevant net tangible assets as at the date of transaction, Loan amount, Balance (including principal and interest) as at 30 June 2003, Purpose of transaction, Securities provided by ONFEM Group, Counter-indemnities from Minority Shareholder, Yes/No.

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

**Condo Group**

Loan from the Company to CEC (Please refer to Table 12 below)

Table 12

Table with 10 columns: Name of subsidiary, Date of agreement, Relevant net tangible assets of the Group, Financial assistance as percentage of relevant net tangible assets of the Group as at the date of agreement, Loan amount, Amount outstanding (including principal and interest) as at 30 June 2003, Purpose of the loan, Advances from Minority Shareholders.

**Enful Group**

Loan from the Company to EEL (Please refer to Table 13 below)

Table 13

Table with 10 columns: Name of subsidiary, Date of transaction, Relevant net tangible assets of the Group, Financial assistance as percentage of relevant net tangible assets of the Group as at the date of transaction, Loan amount, Amount outstanding (including principal and interest) as at 30 June 2003, Purpose of the loan, Counter-Indemnities from Minority Shareholder, Advances from Minority Shareholder.

**REASONS FOR ONFEM GROUP PROVIDING FINANCIAL ASSISTANCE TO NON WHOLLY-OWNED SUBSIDIARIES**

**(A) Condo Group, Enful Group and Polycrown Group**

Each of the Condo Group, the Enful Group and the Polycrown Group is in the construction business and insofar as guarantees to the financial institutions are concerned, the Company's experience was that the financial institutions would not accept pro-rata personal guarantees from the Minority Shareholders in lieu of a corporate guarantee from the Company.

Save and except the Condo A Loan (which has proportional shareholders' contributions), the Enful A Loan and the Enful G Loan, all other financial assistance transactions set out in Tables 1 to 13 (except Table 9) were entered into by the ONFEM Group on the basis that the relevant Minority Shareholders have provided counter-indemnities or personal guarantees to the ONFEM Group to indemnify a pro-rata portion of the losses and liabilities which the ONFEM Group may incur under these transactions.

With respect to the Enful A-Loan and the Enful G Loan, notwithstanding that the Enful Minority Shareholder has provided its shares of contribution of HK\$2,248,235 (representing approximately 46.49% of total contribution) and HK\$800,000 (representing approximately 28.57% of total contribution) respectively which were not pro-rata to its shareholding in EEL (i.e. 48%), the Enful Minority Shareholder has also provided counter-indemnities to the ONFEM Group to indemnify the losses and liabilities which the ONFEM Group may incur under the Enful A Loan and the Enful G Loan due to the shortfalls in its shares of contribution from its exact pro-rata portion of 48% (i.e. approximately 1.51% and 19.43% respectively).

**(B) ZOBHP**

ZOBHP is owned as to 80 per cent. by OCL and as to 20 per cent. by the ZOBHP Minority Shareholder. The ZOBHP A Loans and ZOBHP B Loan which may be construed as provision of financial assistance to connected

persons by the Stock Exchange were pro-rata funds advanced by OCL while the ZOBHP Minority Shareholder has yet to match its share of the funding within the scheduled time limit. Notwithstanding repeated demands made by ZOBHP to the ZOBHP Minority Shareholder for payments of its pro-rata funding, OCL was given to understand that the pro-rata funding from the ZOBHP Minority Shareholder was not forthcoming. To maintain the operation of ZOBHP which is in the interests of the Group, OCL had no choice other than to advance its own portion of funding (i.e. 80 per cent., OCL's pro-rata share, of each of the required funding), the ZOBHP A Loans and ZOBHP B Loan (please refer to items 1 and 2 of Table 9).

Save and except the Condo A Loan and the Enful A Loan (both are non-interest bearing), all other Loans are charged at commercial interest rates.

**COUNTER-INDEMNITIES AND SHARE CHARGE**

Various deeds of counter-indemnity, deeds of guarantee, indemnity letters and share charge were executed by the following parties in favour of the Company and/or OFL, its wholly-owned subsidiary, during the following periods:

Table with 2 columns: Parties, Period. Lists Condo Group, Enful Group, and Polycrown Group with their respective members and time periods.

**ADDITIONAL MEASURES AND PROCEDURES REGARDING FUTURE CONNECTED TRANSACTIONS**

Since becoming aware of the breach of the Listing Rules as informed by the Stock Exchange and as described in this announcement, the Company has formulated various measures and put in place additional internal procedures with a view to better improving the compliance procedures regarding connected transactions under the Listing Rules. Such measures include (but not limited to) recruitment of qualified staff, establishment of internal audit team, periodic reviews of implementation of compliance procedures, more frequent reportings to independent non-executive Directors, training and compliance materials to be prepared and distributed to relevant personnel while the internal procedures will be rigorously enforced at all the relevant departments at the level of the Company as well as the subsidiaries. According to the internal procedures, the head of each relevant department of the Company or the subsidiaries concerned (as the case may be) is obliged to promptly inform the Board of such proposed transaction and the Board will make the final decision as to whether the transaction falls within Chapter 14 of the Listing Rules.

**GENERAL**

For those financial assistance transactions which fall under Rule 14.25 of the Listing Rules (i.e. transactions in Tables 1 to 9), the aggregate outstanding amount was approximately HK\$169,218,000 as at 30 June 2003 representing approximately 36.00 per cent. of the Group's unaudited consolidated net tangible assets as at 30 June 2003 which was approximately HK\$470,047,000.

As for those financial assistance transactions which fall under Rule 14.26 of the Listing Rules (i.e. transactions in Tables 10 to 13), the aggregate outstanding amount was approximately HK\$44,301,000 as at 30 June 2003 representing approximately 9.42 per cent. of the Group's unaudited consolidated net tangible assets as at 30 June 2003.

The above comparisons to the Group's consolidated net tangible assets are required by the Stock Exchange on the basis that such comparisons would reflect the proportion of the amount of financial assistances granted by the Group to the value of the Group's net tangible assets, notwithstanding the substantial reduction of such net tangible assets due to the recognition of losses incurred by the relevant subsidiaries over the years upon consolidation of their respective accounts. Consequently, any loss that the Company might incur as a result of the granting of the financial assistances as set out in this announcement would have already been covered by such losses of the relevant subsidiaries, as such operating losses are sufficiently large and have been recognised in the Group's consolidated accounts. The net effect is that any residual losses resulting from the granting of the financial assistances would have an immaterial impact (if any) on the Group's financial position.

On 20 February 2002, BEA, pursuant to the terms of a charge over deposit for which the Company was the guarantor of banking facilities granted by BEA to CCW and CEC, applied part of the deposit of the Company with BEA in the sum of HK\$5,010,000 in settlement of the indebtedness owed by CCW and CEC to BEA.

On the same date, BEA, pursuant to the terms of another charge over deposit for which the Company was the guarantor of banking facilities granted by BEA to EEL, applied part of this deposit of the Company with BEA in the sum of HK\$10,040,000 in settlement of the indebtedness owed by EEL to BEA.

None of the Minority Shareholders, who should have contributed their pro-rata share of bank guarantees, securities and/or shareholder's loans, is connected with any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, other than being substantial shareholders and/or directors of the companies of the relevant non wholly-owned subsidiary groups to which financial assistance was provided.

Given that these transactions took place over several years and given the changes in personnel of the Company during the past few years, substantial time was required to gather and ascertain the relevant financial information and documents in relation to these transactions. This has inevitably delayed the release of this announcement.

A circular to the Shareholders containing, among other things, details of the connected transactions in relation to the Polycrown Facility (the value of which was higher than 3 per cent. of the consolidated net tangible assets of the Group as at the latest time prior to 31 March 2003 when the Polycrown Facility was renewed), the Condo A Loan and the Enful A Loan (each of which is not considered by the Stock Exchange to be on normal commercial terms) is required under Rule 14.26 of the Listing Rules. The circular will also include more background information such as counter-indemnities with respect to the financial assistances set out above. The circular, together with a letter of advice from an independent financial adviser to the Independent Shareholders in respect of these connected transactions and a notice convening the special general meeting of the Company for the Independent Shareholders to approve (for the purposes of complying with the Listing Rules) these connected transactions, will be despatched as soon as practicable after the publication of this announcement for the information of the Shareholders.

The Stock Exchange reserves its rights to take appropriate action against the Company and the relevant Directors in relation to the above-mentioned breaches of the Listing Rules.

Trading in its shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 2 September 2003 pending the then release of an announcement dated 11 September 2003. The Stock Exchange subsequently requires that the suspension in trading be continued pending the release of this announcement. Application has been made by the Company for the resumption in trading of its shares on the Stock Exchange with effect from 9:30 a.m. on 13 October 2003.

**DEFINITIONS**

Table with 2 columns: Term, Definition. Lists terms like BDUK, BEA, BFD, Board, BVI, CCW with their corresponding definitions.

"CCW Proposal"	the debt restructuring proposal the terms and conditions of which were stated in the letter from CCW to its Creditors dated 17 April 2003	"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"CEC"	Condo Engineering (China) Limited (in liquidation), a company incorporated in Hong Kong and an indirect 52 per cent. non wholly-owned subsidiary of the Company	"Loans"	Condo A Loan, Condo B Loans, Condo C Loans, Condo D Loans, Condo E Loans, Enful A Loan, Enful B Loan, Enful C Loans, Enful D Loan, Enful E Loans, Enful F Loans, Enful G Loan, CEC A Loans, CEC B Loan, EEL A Loan, EEL B Loan, PEL Loan, ZOBHP A Loans and ZOBHP B Loan
"CEC A Loans"	has the meaning ascribed to it in Table 6 above	"Minority Shareholder(s)"	the Condo Minority Shareholders, the Enful Minority Shareholder, the Polycrown Minority Shareholder and/or the ZOBHP Minority Shareholder, as the context may require
"CEC B Loan"	has the meaning ascribed to it in Table 6 above	"Mr. Cheung"	Mr. Cheung Sui Keung, a director of each of CEC, CCW and SHIQ respectively. Mr. Cheung tendered his resignation as a director of SHIQ which will take effect upon registration with the relevant PRC authorities
"CEC Proposal"	the debt restructuring proposal the terms and conditions of which were stated in the letter from CEC to its Creditors dated 17 April 2003	"Mr. Keung"	Mr. Keung Chee Cheong, a director of each of EEL and EDB respectively
"CMB"	China Merchants Bank	"Mr. Kong"	Mr. Kong Chi Yeung who is neither a director of EEL nor a director of EDB as at the date of this announcement, but was a director of EEL from 24 October 1990 to 31 August 2000 and a director of EDB from 26 June 1995 to 31 August 2000
"CMB Sub-branch"	China Merchants Bank Shenzhen Shangbu Sub-branch	"Mr. Leung"	Mr. Leung Pok Ching, a director of PEL
"Company"	ONFEM Holdings Limited	"Mr. Mak"	Mr. Mak Yun Wo, Simon, a director of each of EEL and EDB respectively
"Condo A Loan"	has the meaning ascribed to it in Table 12 above	"Mr. Ng"	Mr. Ng Tze Kwaa, a director of each of CEC, CCW and SHIQ respectively
"Condo B Loans"	has the meaning ascribed to it in Table 3 above	"Mr. Woo"	Mr. Woo King Kwong who is neither a director of EEL nor a director of EDB as at the date of this announcement, but was a director of EEL from 18 July 1988 to 22 July 1998 and a director of EDB from 26 June 1995 to 22 July 1998
"Condo C Loans"	has the meaning ascribed to it in Table 3 above	"Mr. Yu"	Mr. Yu Lap On, Stephen, a director of each of CEC and CCW respectively
"Condo D Loans"	has the meaning ascribed to it in Table 3 above	"OCL"	ONFEM Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Condo E Loans"	has the meaning ascribed to it in Table 4 above	"OFL"	ONFEM Finance Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
"Condo Facilities"	has the meaning ascribed to it in Table 10 above	"ONFEM Group"	the Company and/or its wholly-owned subsidiaries, as the context may require
"Condo Group"	CCW, Wellstep and their respective subsidiaries	"PEL"	Polycrown Engineering Limited, a company incorporated in Hong Kong and an indirect 51 per cent. non wholly-owned subsidiary of the Company
"Condo Guarantees"	has the meaning ascribed to it in Table 10 above	"PEL Loan"	has the meaning ascribed to it in Table 8 above
"Condo Minority Shareholders"	the minority shareholders of the Condo Group, namely Mr. Yu, Mr. Cheung and Mr. Ng, each holding 16 per cent. of the beneficial interest in each of CCW and Wellstep (through their respective BVI companies)	"PHL"	Polycrown Engineering (Holdings) Limited, a company incorporated in the BVI and an indirect 51 per cent. non wholly-owned subsidiary of the Company
"Court"	the High Court of Hong Kong	"Polycrown Facility"	has the meaning ascribed to it in Table 11 above
"Creditors"	all the unsecured creditors of CCW and CEC as listed out in Schedule 2 of the CCW Proposal and the CEC Proposal respectively	"Polycrown Group"	PHL and its subsidiaries
"Debt Restructuring Proposal"	the CCW Proposal and the CEC Proposal	"Polycrown Guarantees"	has the meaning ascribed to it in Table 11 above
"Directors"	directors (including independent non-executive directors) of the Company	"Polycrown Minority Shareholder"	the minority shareholder of the Polycrown Group, namely Polycrown Profits Limited (a company incorporated in the BVI and wholly-owned by Mr. Leung) holding 49 per cent. of the beneficial interest in PHL
"EDB"	Enful Design and Build Limited, a company incorporated in Hong Kong and an indirect 52 per cent. non wholly-owned subsidiary of the Company	"PRC"	the People's Republic of China
"EEL"	Enful Engineering Limited, a company incorporated in Hong Kong and an indirect 52 per cent. non wholly-owned subsidiary of the Company	"Remaining HSBC Facility"	the outstanding balance of the HSBC Facility of approximately HK\$4,774,000 as at 24 September 2003 as a result of the Repayment
"EEL A Loan"	has the meaning ascribed to it in Table 7 above	"Remaining HSBC Securities"	an "all monies" legal charge and an "assignment of rental" over ONFEM Tower, which are the remaining securities provided by the Company and its wholly-owned subsidiaries on the HSBC Facility (after the Repayment)
"EEL B Loan"	has the meaning ascribed to it in Table 7 above	"Repayment"	the repayment of approximately HK\$45,833,000, which amount included penalty interest of approximately HK\$833,000 on the HSBC Facility (part of the Condo Facilities), made by the Company on 1 April 2003
"EHL"	Enful Holdings Limited, a company incorporated in the BVI and an indirect 52 per cent. non wholly-owned subsidiary of the Company	"RMB"	Renminbi, the lawful currency of the PRC from time to time
"Enful A Loan"	has the meaning ascribed to it in Table 13 above	"Second Announcement"	the Company's announcement dated 18 July 2003
"Enful B Loan"	has the meaning ascribed to it in Table 5 above	"Shareholders"	shareholders of the Company
"Enful C Loans"	has the meaning ascribed to it in Table 5 above	"SHIQ"	Shanghai Jin Qiao Condo Decoration Engineering Company Limited (上海金祺和竣饰工程有限公司), a Sino-foreign cooperative joint venture in the PRC and a 90.39 per cent. non wholly-owned subsidiary of CEC
"Enful D Loan"	has the meaning ascribed to it in Table 5 above	"SHIQ Facility"	has the meaning ascribed to it in Table 1 above
"Enful E Loans"	has the meaning ascribed to it in Table 5 above	"SHIQ Minority Shareholder"	the minority investor of SHIQ, namely Shanghai Huayuan Aite Curtain Wall Engineering Company Limited (上海粤源爱特幕墙工程有限公司), a company incorporated in the PRC holding 9.61 per cent. of the equity interest in SHIQ
"Enful Facilities"	has the meaning ascribed to it in Table 2 above	"SHIQ Security"	has the meaning ascribed to it in Table 1 above
"Enful F Loans"	has the meaning ascribed to it in Table 5 above	"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Enful G Loan"	has the meaning ascribed to it in Table 5 above	"US\$"	United States dollars, the lawful currency of the United States of America from time to time
"Enful Group"	EHL and its subsidiaries	"Wellstep"	Wellstep Management Limited, a company incorporated in the BVI and an indirect 52 per cent. non wholly-owned subsidiary of the Company
"Enful Guarantees"	has the meaning ascribed to it in Table 2 above	"ZOBHP"	Zhuhai (Oriental) Blue Horizon Properties Company Limited (珠海东方海天置业有限公司), a Sino-foreign equity joint venture in the PRC and an indirect 80 per cent. non wholly-owned subsidiary of the Company
"Enful Minority Shareholder"	the minority shareholder of the Enful Group, namely Sinowise Development Limited, a company incorporated in Hong Kong, which holds 48 per cent. of the beneficial interest in EHL and is in turn owned as to 22 per cent. by Mr. Keung, 22 per cent. by Mr. Mak, 26 per cent. by Mr. Woo and 30 per cent. by Mr. Kong	"ZOBHP A Loans"	has the meaning ascribed to it in Table 9 above
"First Announcement"	the Company's announcement dated 14 February 2003	"ZOBHP B Loan"	has the meaning ascribed to it in Table 9 above
"GBP"	Great British Pounds, the lawful currency of the United Kingdom from time to time	"ZOBHP Minority Shareholder"	the minority investor of ZOBHP, namely Zhuhai Shining Metals Group Inc. (珠海鑫光集团股份有限公司), a company incorporated in the PRC holding 20 per cent. of the equity interest in ZOBHP. Mr. Xia Lingsheng is a director of each of Zhuhai Shining Metals Group Inc. and ZOBHP respectively. Mr. Chen Fei was a director of Zhuhai Shining Metals Group Inc. and was also a director of ZOBHP
"Group"	the Company and its subsidiaries		
"Hang Seng"	Hang Seng Bank Limited		
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong from time to time		
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC		
"HSBC"	The Hongkong and Shanghai Banking Corporation Limited		
"HSBC Facility"	the loan of HK\$47,924,587.65 granted by HSBC to CCW and CEC jointly on 15 October 2002		
"HSBC Securities"	an "all monies" legal charge and an "assignment of rental" over ONFEM Tower dated 9 January 2001, a corporate guarantee for HK\$45,000,000 dated 21 July 2000 and a charge over cash deposits of not less than HK\$25,000,000 before 25 September 2000		
"ICIC"	Industrial and Commercial International Capital Limited		
"ICIC A Facility"	the banking facility of HK\$7,000,000 granted by ICIC to CEC on 8 March 2002		
"ICIC A Guarantees"	the corporate guarantee for HK\$7,000,000 dated 8 March 2002 and a pledge of cash deposit of HK\$7,000,000 on 3 April 2002 as securities for the ICIC A Facility		
"ICIC B Facility"	the banking facility of HK\$8,000,000 granted by ICIC to EEL on 13 June 2002		
"ICIC B Guarantees"	the corporate guarantee for HK\$8,000,000 dated 21 June 2002 and a pledge of cash deposit of HK\$8,000,000 on 21 June 2002 as securities for the ICIC B Facility		
"Independent Shareholders"	Shareholders (including China Nonferrous Metals Group (Hong Kong) Limited (in liquidation) and its wholly-owned subsidiary, being together the 53.87% controlling Shareholder or, as the case may be, China Minmetals HK (Holdings) Ltd., if and when its proposed acquisition of the controlling interest in the Company, as announced by the Company in its announcement dated 12 August 2003, has been completed) other than, if applicable, the Minority Shareholders		
			For the purposes of this announcement, approximate Hong Kong dollar equivalents of non-HK\$-denominated sums are shown in brackets using exchange rates of HK\$7.783 = US\$1, HK\$1 = RMB1.061 and HK\$12.481 = GBP1.
			The terms "BDUK", "Condo Minority Shareholders", "Enful Minority Shareholder", "Polycrown Minority Shareholder", "SHIQ Minority Shareholder" and "ZOBHP Minority Shareholder" are defined by reference to records maintained by and information made available to the Company.
			By order of the Board Wong Xingdong Managing Director
			Hong Kong, 10 October 2003



附錄四  
關於科發工程投資17,000,000港元之附屬貸款(請參閱下文表二)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

此項附屬貸款之詳情, 已載列於本公司(包括附屬公司)之定期存款及貸款利息; 及(iii)提供擔保公司擔保3,000,000港元, 俾使之貸款及擔保得以維持不變, 並使貸款持有者得以貸款抵押。

(ii) 本公司向香港附屬公司提供的貸款

A. 本公司向中國提供之貸款(請參閱下文表三)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

於一九九七年七月二十九日, 該等附屬公司與中國銀行(中國)有限公司(中國)訂立之定期存款, 其總額為人民幣1,000,000,000元, 以作擔保。

B. 本公司向金華附屬公司提供的貸款(請參閱下文表四)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

於一九九七年八月十五日, 金華附屬公司向本公司(包括附屬公司)提供之定期存款, 其總額為人民幣1,000,000,000元, 以作擔保。

C. 本公司向金華附屬公司提供的貸款(請參閱下文表五)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

此項附屬貸款之詳情, 已載列於本公司(包括附屬公司)之定期存款及貸款利息; 及(iii)提供擔保公司擔保3,000,000港元, 俾使之貸款及擔保得以維持不變, 並使貸款持有者得以貸款抵押。

(iii) OFE內向金華附屬公司提供的貸款

附屬公司(請參閱下文表六)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

附屬公司(請參閱下文表七)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

附屬公司(請參閱下文表八)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

附屬公司(請參閱下文表九)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

附屬公司(請參閱下文表十)

Table with columns: 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

Table with columns: 以下貸款合稱為「(銀豐)貸款」, 附屬公司名稱, 貸款日期, 未償還之金額, 已付之百分比, 貸款日期, 貸款金額, 貸款用途, 少數股東之批准, 少數股東之反對.

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以下貸款合稱為「(銀豐)貸款」

