CITIC RESOURCES HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
Website: www.citicresources.com
(Stock Code: 1205)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2005

FINANCIAL RESULTS

The board of directors (the "Directors") of CITIC Resources Holdings Limited (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2005 (the "Period").

CONDENSED CONSOLIDATED INCOME STATEMENT
HK$'000

		Six months ended 30 June	
		2005	2004
	Notes	**Unaudited**	Restated
TURNOVER		**3,067,250**	1,135,871
Cost of sales		**(2,824,989)**	(1,067,154)
Gross profit		**242,261**	68,717
Other income and gains	4	**51,363**	9,664
Selling and distribution costs		**(20,919)**	(7,179)
Administrative expenses		**(49,488)**	(19,329)
Other expenses		**(17,286)**	(9,330)
Finance costs	5	**(47,993)**	(12,927)
PROFIT BEFORE TAX	6	**157,938**	29,616
Tax	7	**(57,894)**	(25,289)
PROFIT FOR THE PERIOD		**100,044**	4,327
ATTRIBUTABLE TO:			
Equity holders of the parent		**93,451**	3,433
Minority interests		**6,593**	894
		100,044	4,327
EARNINGS PER SHARE	8		
Basic		**HK2.16 cents**	HK0.09 cent
Diluted		**N/A**	N/A
DIVIDEND PER SHARE	9	**NIL**	NIL

CONDENSED CONSOLIDATED BALANCE SHEET
HK$'000

	30 June 2005 Unaudited	31 December 2004 Restated
NON-CURRENT ASSETS		
Fixed assets	**1,482,765**	1,467,572
Other assets	**631,533**	671,676
Goodwill	**24,682**	24,682
Investment in securities	**874,952**	189,748
Deferred tax assets	**35,868**	23,679
Prepayments and other receivables	**12,066**	7,542
	3,061,866	2,384,899
CURRENT ASSETS		
Inventories	**685,883**	724,500
Trade receivables	**989,454**	337,530
Prepayments, deposits and other receivables	**35,481**	265,349
Investment in securities	**2,826**	2,821
Other assets	**159,715**	61,971
Cash and cash equivalents	**1,698,863**	1,606,833
	3,572,222	2,999,004
CURRENT LIABILITIES		
Trade payables	**202,543**	223,563
Tax payable	**38,042**	52,905
Other payables and accruals	**194,049**	65,225
Financial derivatives liabilities	**9,748**	11,485
Provisions	**41,396**	28,668
Bank and other loans	**1,397,446**	987,539
	1,883,224	1,369,385
NET CURRENT ASSETS	**1,688,998**	1,629,619
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,750,864**	4,014,518
NON-CURRENT LIABILITIES		
Provisions	**26,663**	49,321
Bank and other loans	**1,048,552**	1,086,785
Deferred tax liabilities	**590,607**	365,033
Other payables and deferred income	**58,460**	50,317
	1,724,282	1,551,456
NET ASSETS	**3,026,582**	2,463,062
CAPITAL AND RESERVES		
Equity attributable to equity holders of the parent		
Issued capital	**215,844**	215,844
Reserves	**2,784,452**	2,227,525
	3,000,296	2,443,369
Minority interests	**26,286**	19,693
	3,026,582	2,463,062

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2004, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 1, 2, 7, 8, 10, 12, 16, 17, 18, 19, 21, 23, 24, 27, 28, 33, 37, 38, 40, HK (SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated financial statements. The impact of adopting the other HKASs and HKFRSs is summarised as follows:

(a) HKAS 32 and HKAS 39 – Financial Instruments

In the Period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

(i) Equity securities

In prior periods, the Group classified its investments in equity securities as long term investments which were held for non-trading purposes and were stated at cost less any impairment losses.

Upon the adoption of HKASs 32 and 39, these securities are classified as available-for-sale investments. Available-for-sale investments are those non-derivative investments in listed and unlisted equity securities that are designated as available-for-sale or are not classified in any of the other categories of financial assets as defined in HKAS 39. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets (the "loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the income statement. The amount of the loss recognised in the income statement shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the income statement. In accordance with the transitional provisions of HKAS 39, comparative amounts have been restated.

(ii) Derivative financial instruments – foreign currency contracts

The Group uses foreign currency contracts to hedge its risks associated with foreign currency fluctuations. In prior periods, these contracts were not designated as hedges and were recognised on a cash basis. Upon the adoption of HKAS 39, such existing contracts entered into before HKAS 39 is initially applied are not retrospectively designated as hedges. Foreign currency contracts entered into subsequent to the adoption of HKAS 39 are designated as hedges. In accordance with HKAS 39, foreign currency contracts are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Such derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge. Hedges are expected to be highly effective and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The Group's hedges of the foreign currency risk relating to the exposure to variability in cash flows associated with a recognised asset or liability or a highly probable forecast transaction, which meet the strict criteria for hedge accounting are accounted for as cash flow hedges.

When accounting for cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in the income statement.

(b) HKFRS 2 – Share-based Payment

In prior periods, no recognition and measurement of share-based transactions in which employees (including directors) were granted share options over shares in the Company was required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (the "equity-settled transactions"), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted. The fair value is determined by an external valuer using a binomial model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company, if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each balance sheet date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(c) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior periods, goodwill/negative goodwill arising on acquisitions prior to 1 January 2001 was eliminated against consolidated capital reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets, except to the extent it related to expectations of future losses and expenses that were identified in the acquisition plan and that could be measured reliably, in which case, it was recognised as income in the consolidated income statement when the future losses and expenses were recognised.

Upon the adoption of HKFRS 3 and HKAS 36, goodwill arising on acquisitions is no longer amortised but subject to an annual impairment review (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as "negative goodwill"), after reassessment, is recognised immediately in the income statement.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognise the carrying amounts of negative goodwill (including that remaining in consolidated capital reserve) against retained earnings. Goodwill previously eliminated against consolidated capital reserve remains eliminated against consolidated capital reserve and is not recognised in the income statement when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

3. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments.

Business segments

The following table presents revenue and results for the Group's business segments for the six months ended 30 June 2005 and 2004.
HK$'000

Six months ended 30 June 2005	**Aluminium smelter**	**Import and export of commodities**	**Coal**	**Crude oil**	**Others**	**Consolidated**
Segment revenue:						
Sales to external customers	**624,406**	**2,300,018**	**115,587**	**27,239**	–	**3,067,250**
Other revenue	**9,701**	–	**8,002**	–	–	**17,703**
	634,107	**2,300,018**	**123,589**	**27,239**	–	**3,084,953**
Segment results	**99,007**	**54,352**	**40,128**	**4,580**	–	**198,067**
Interest income and unallocated gains						**33,660**
Unallocated expenses						**(25,796)**
Finance costs	**(15,024)**	**(23,216)**	**(631)**	–	–	**(38,871)**
Unallocated finance costs						**(9,122)**
Tax						**(57,894)**
Profit for the Period						**100,044**
Six months ended 30 June 2004						
Segment revenue:						
Sales to external customers	265,250	828,298	35,680	–	6,643	1,135,871
Other revenue	682	2,203	172	–	–	3,057
	265,932	830,501	35,852	–	6,643	1,138,928
Segment results	62,995	9,282	4,960	–	(13,997)	63,240
Interest income and unallocated gains						6,607
Unallocated expenses						(27,304)
Finance costs	(6,135)	(2,992)	(489)	–	–	(9,616)
Unallocated finance costs						(3,311)
Tax						(25,289)
Profit for the period						4,327

4. OTHER INCOME AND GAINS

	2005 HK$'000	2004 HK$'000
Interest income	**32,762**	8,857
Dividend income from listed investments	**8,002**	–
Handling service fee	**365**	73
Gains/(losses) on trading of forward contracts, net		
Realised	**11,018**	(2,704)
Unrealised	**(1,317)**	3,384
Sale of scraps	**477**	54
Others	**56**	–
	51,363	9,664

5. FINANCE COSTS

	2005 HK$'000	2004 HK$'000
Interest expenses on bank and other loans wholly repayable:		
Within five years	**42,717**	10,977
Beyond five years	**4,282**	1,671
	46,999	12,648
Other finance charges	**994**	279
	47,993	12,927

6. **PROFIT BEFORE TAX**

Profit before tax was determined after charging/(crediting) the following:

	2005 HK$'000	2004 HK$'000
Depreciation	**34,723**	16,839
Amortisation of other assets	**30,375**	13,702
Amortisation of goodwill	**–**	2,832
Loss on disposal/write-off of fixed assets	**140**	3,105
Exchange losses/(gains), net	**9,554**	(3,985)

7. **TAX**

	2005 HK$'000	2004 HK$'000
Current:		
Hong Kong	**–**	–
Elsewhere	**46,313**	9,430
	46,313	9,430
Deferred	**11,581**	15,859
Total tax charge for the Period	**57,894**	25,289

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the Period (June 2004: Nil). The statutory tax rate of Hong Kong profits tax is 17.5% (June 2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the Period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Provision for Australian income tax has been made at the statutory rate of 30% (June 2004: 30%) for the Period on the estimated assessable profits arising in Australia during the Period.

For the Period, the tax rate applicable to the subsidiaries established and operating in the People's Republic of China (the "PRC") is 33% (June 2004: 33%). However, no provision for tax has been made for the Period as the subsidiaries did not generate any assessable profits arising in the PRC during the Period.

8. **EARNINGS PER SHARE**

The calculation of the basic earnings per share for the Period is based on the consolidated profit attributable to equity holders of the parent of HK$93,451,000 (June 2004: HK$3,433,000) and the weighted average of 4,316,884,381 (June 2004: 3,877,588,879) ordinary shares in issue during the Period.

Diluted earnings per share amounts for the six months ended 30 June 2005 and 2004 have not been presented because no dilutive events existed during these periods.

9. **INTERIM DIVIDEND**

The Directors resolved not to pay an interim dividend for the Period (June 2004: Nil).

BUSINESS REVIEW AND OUTLOOK

The Group's strategy to diversify its business portfolio continues to develop. As an integrated provider of key energy resources and commodities, the Group now has interests in petroleum, aluminium, coal, manganese and other commodities.

The Group has continued to look to build on its significant developments of 2004 which have provided an encouraging base to develop its strategy as an integrated provider of key energy resources and commodities. The Directors have continued to explore opportunities to extend the Group's investment portfolio particularly in the petroleum (and petroleum related) and mineral sectors.

In January 2005, the Group agreed to form a joint venture with Chevron to develop a regional network of Caltex-branded service stations in Southern China and to explore development opportunities in the Yangtse River Delta by subscribing for a 50.5% interest in a Chevron owned subsidiary. With the PRC's entry into the World Trade Organisation and the anticipated liberalisation of the PRC's domestic markets added to an increasingly knowledgeable consumer, significant opportunities and demand for quality petrol products can be expected to follow. Relevant regulatory approvals necessary to the completion of the formation of the joint venture remains outstanding and the time limit for obtaining these was extended to 7 October 2005 by agreement with Chevron. Completion of the joint venture is now expected to take place in the final quarter of 2005.

In May 2005, the Group entered into a memorandum of understanding with existing shareholders of Thai Petrochemical Industry Public Company Limited ("TPI") to acquire control of TPI. The acquisition would have been a significant addition to the Group's investment portfolio. Although the Company was unable ultimately to realize an acquisition, it nevertheless demonstrates the potential and ambition of the Group to invest in and develop its key energy and commodities portfolio.

Following negotiations during the first half of 2005, the Group agreed in August 2005 with Guangxi Dameng Manganese Industrial Co., Ltd. ("Guangxi Dameng") to establish CITIC Dameng Mining Industries Limited (the "JV") as (together with CITIC United Asia Investments Limited) a 60% owned joint venture to manage and operate the largest manganese mines in the PRC and one of the largest manufacturers and suppliers of manganese products in the world. This investment by the Group in the JV is expected to lead to an increase in the core investment value of the Group and assist in increasing the profitability of the Group.

The businesses in Australia comprising aluminium smelting, import and export of commodities and coal mining continue to perform well. CITIC Australia Trading Limited, the Group's 78.1% owned subsidiary listed on the Australian Stock Exchange recorded consolidated net profit after tax of A$5.51 million (HK$32.8 million) for the Period, a 25% increase over that of the first half of 2004 and revenue rose 15% to A$390 million (HK$2,323.2 million) during the Period.

The Group has also enhanced its personnel by bringing aboard petroleum industry experience. In particular, Mr. Shou Xuancheng has joined the board in September 2005 as an executive director and Vice Chairman and he brings to the Group considerable experience in the oil and gas industry having previously occupied a number of high-level positions in the China National Petroleum Corporation group of companies.

Looking forward, the Group will continue to seek key energy resources and commodities investment opportunities both inside and outside the PRC and where appropriate to partner with industry leaders and market practitioners with relevant track records to achieve these aims. The Directors look forward to continued improvement in shareholder value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

At 30 June 2005, the Group had a cash balance of HK$1,698.9 million.

The Group had outstanding borrowings of HK$2,446.0 million, which comprised secured bank loans of HK$720.2 million, unsecured bank loans of HK$1,308.0 million and unsecured other loans of HK$417.8 million. The secured bank loans were secured by the interest in the Portland Aluminium Smelter joint venture, interest in the Coppabella and Moorvale coal mines joint venture and the Group's corporate guarantees.

Of the total outstanding borrowings, HK$1,397.4 million was repayable within one year. The gearing ratio of the Group was 44.9%.

The Group has exposure to fluctuations in exchange rates, interest rates and commodity prices. Currently, the Group adopts a specific hedging policy to cope with the fluctuations and is proved to be effective.

The capital contribution of around HK$600 million in respect of the two acquisitions in 2005 will be paid by the Group from its internal resources.

The Directors are of the opinion that after taking into account of the aforesaid term loan facility, the existing available borrowing facilities and the internal resources, the Group has sufficient resources to meet its foreseeable working capital requirements and there will be no adverse change to its financial position.

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2005, the Group had around 120 full time employees, including the management and administrative staff and production workers. Most of the employees are employed in the PRC and Australia while the remainder are employed in Hong Kong.

The employees' remuneration, promotion and salary increment are assessed based on an individual's performance, professional and working experience and by reference to prevailing market practice and standards. Rent-free quarters are provided to the PRC employees.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The Group also operates a defined contribution retirement benefits scheme (the "RB Scheme") under the superannuation legislation of the Australian government for those employees in Australia who are eligible to participate.

Contributions are made based on a percentage of the employees' basic salaries. The assets of the MPF Scheme and the RB Scheme are held separately from those of the Group in an independently administered fund. The Group's contributions as an employer vest fully with the employees when contributed into the MPF Scheme and the RB Scheme.

PURCHASE, SALE AND REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

During the Period, the Group had the following transactions with its related parties:

(a) On 31 March 2004, CITIC Resources Australia Pty Limited ("CRA") entered into two lease agreements with 99 King Street Property Management Pty Limited ("KSPM", a wholly-owned subsidiary of CITIC Australia Pty Limited ("CA")) with respect to certain office and car parking lease arrangements. Pursuant to these arrangements, CRA took possession of leased office premises and car parking spaces (the "Lease Premises") and assumed the obligations stipulated in the related tenancy agreements (the "Leases") entered by CA. Subject to renewal, the Leases will expire on 30 September 2006.

(b) There was management fee income of HK$365,000 received from CA in respect of the provision of office space and equipment to CA and other overheads.

(c) There were two loans totalling US$50 million (HK$390 million) from CITIC Group to CRA under normal commercial terms.

POST BALANCE SHEET EVENT

On 2 August 2005, the Group, through CITIC Dameng Investments Limited ("CITIC Dameng"), entered into a joint venture contract with Guangxi Dameng to jointly establish the JV to undertake the business of manganese mining and processing. The JV shall be owned as to 40% by Guangxi Dameng and as to 60% by CITIC Dameng. CITIC Dameng is ultimately owned as to 80% by the Company and as to 20% by CITIC United Asia Investments Limited, a wholly-owned subsidiary of CITIC Group.

Guangxi Dameng shall contribute assets as its capital contribution to the JV in the amount of RMB200 million (HK$192.3 million). CITIC Dameng shall pay its capital contribution in cash in foreign currency equivalent to RMB300 million (HK$288.5 million).

This acquisition is expected to complete early 2006. Further details of the transaction are set out in the circular of the Company dated 24 August 2005.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules (the "Code") as its own code on corporate governance practices. During the Period, the Company has met with the code provisions of the Code with the following deviations.

Under the code provisions A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

None of the existing non-executive directors of the Company is appointed for a specific term. However, under the Company's bye-laws, all the directors of the Company (whether executive or non-executive) are subject to the retirement by rotation at each annual general meeting. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code (set out in Appendix 10 to the Listing Rules) as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, the directors have complied with the required standard set out in the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The audit committee has reviewed this interim report with the management of the Company.

PUBLICATION OF INTERIM REPORT

This Interim Report 2005 containing all information required by Appendix 16 to the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

On behalf of the board
Kwok Peter Viem
Chairman

Hong Kong, 21 September 2005

As of the date of this announcement, the executive directors of the Company are Mr. Kwok Peter Viem; Mr. Ma Ting Hung; Mr. Shou Xuancheng; Mr. Sun Xinguo; Ms. Li So Mui; Mr. Mi Zengxin; Mr. Qiu Yiyong; Mr. Zeng Chen and Mr. Zhang Jijing and the independent non-executive directors are Mr. Chan Mo Po, Paul; Mr. Fan Ren Da, Anthony and Mr. Tsang Link Carl, Brian.

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