

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to the directors of the Company, as at 30 June 2005, the persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### Long position in the ordinary shares of the Company

Name of shareholders	Capacity	Number of shares	Percentage of shareholding
Concord Strategic Investments Limited	Beneficial owner	530,530,000	20.95%
Concord Group (B.V.I.) Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
Legend (Group) Investment Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
China Wallink Holding Group Co., Ltd.	Interest of a controlled corporation	530,530,000 (Notes 1 and 2)	20.95%
Evertop Investment Holdings Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
Mr. Ji Da Wei	Interest of a controlled corporation	530,530,000 (Notes 1 and 3)	20.95%
China Huaxing (HK) International Company Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
China Huaxing Group Company	Interest of a controlled corporation	530,530,000 (Notes 1 and 4)	20.95%
Mr. Chen Xin	Beneficial owner	430,000,000	16.98%
Mr. Chan Hung Shek	Beneficial owner	334,000,000	13.19%

*Notes:*

1. Concord Strategic Investments Limited (“Concord Strategic”) was a wholly-owned subsidiary of Concord Group (B.V.I.) Limited (“Concord Group”) in which Legend (Group) Investment Limited (“Legend”), Evertop Investment Holdings Limited (“Evertop”) and China Huaxing (HK) International Company Limited (“Huaxing (HK)”) hold as to 33%, 34% and 33% respectively. Accordingly, Concord Group, Legend, Evertop and Huaxing (HK) were deemed to be interested in 530,530,000 shares held by Concord Strategic under the SFO.
2. Legend was 99% owned by China Wallink Holding Group Co., Ltd. Accordingly, China Wallink Holding Group Co., Ltd. was deemed to be interested in 530,530,000 shares held by Concord Strategic under the SFO.
3. Evertop was wholly beneficially owned by Mr. Ji Da Wei. Accordingly, Mr. Ji Da Wei was deemed to be interested in 530,530,000 shares held by Concord Strategic under the SFO.
4. Huaxing (HK) was 98% owned by China Huaxing Group Company. Accordingly, China Huaxing Group Company was deemed to be interested in 530,530,000 shares held by Concord Strategic under the SFO.

### Long position in the underlying shares of the Company

<b>Name of shareholders</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Top Strategy Investment Limited	Beneficial owner	466,200,466 (Note 1)	18.41%
Mr. Yu Chin Shih	Interest of a controlled corporation	474,480,466 (Notes 2 and 3)	18.74%

*Notes:*

1. These underlying shares represent the shares which may be issued upon conversion of a convertible bond issued by the Company to Top Strategy Investment Limited (“Top Strategy”) in the principal amount of HK\$20,000,000 pursuant to an agreement dated 11 April 2005, which was subsequently terminated by both parties on 27 July 2005.
2. Top Strategy was wholly beneficially owned by Mr. Yu Chin Shih. Accordingly, Mr. Yu Chin Shih was deemed to be interested in 466,200,466 underlying shares interested by Top Strategy under the SFO.
3. These underlying shares represent 466,200,466 shares which may be issued to Top Strategy upon conversion of the aforesaid convertible bond and 8,280,000 share options granted to Mr. Yu Chin Shih under the share option scheme of the Company.

Save as disclosed above, as at 30 June 2005, the Company had not been notified by any persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SHARE OPTION SCHEME

The Company has adopted a share option scheme in June 2002. Details of the outstanding options granted under the scheme of the Company are as follows:

Name or category of participant	Date of Grant	Exercise price HK\$	Exercise period	Number of shares under the options		
				As at 1 January 2005	Exercised, cancelled or lapsed during the period	As at 30 June 2005
<b>Directors</b>						
Qian Keming	26 June 2002	0.1312	26 June 2002 to 20 June 2012	864,000	–	864,000
Huang Jianhua	26 June 2002	0.1312	26 June 2002 to 20 June 2012	900,000	–	900,000
Han Jide	26 June 2002	0.1312	26 June 2002 to 20 June 2012	900,000	–	900,000
<b>Former directors</b>						
Hon Fong Ming, Perry	26 June 2002	0.1312	26 June 2002 to 20 June 2012	900,000	–	900,000
	30 July 2002	0.2360	30 July 2002 to 20 June 2012	8,000,000	–	8,000,000

Name or category of participant	Date of Grant	Exercise price HK\$	Exercise period	Number of shares under the options		
				As at 1 January 2005	Exercised, cancelled or lapsed during the period	As at 30 June 2005
Zhang Jiebin	26 June 2002	0.1312	26 June 2002 to 20 June 2012	900,000	–	900,000
Ke Yinbin	26 June 2002	0.1312	26 June 2002 to 20 June 2012	900,000	–	900,000
Ma Qingguo	26 June 2002	0.1312	26 June 2002 to 20 June 2012	864,000	–	864,000
Shang Qingling	26 June 2002	0.1312	26 June 2002 to 20 June 2012	864,000	–	864,000
Yu Enguang	26 June 2002	0.1312	26 June 2002 to 20 June 2012	864,000	–	864,000
Lang Hsien Ping	30 July 2002	0.2360	30 July 2002 to 20 June 2012	1,000,000	–	1,000,000
				16,956,000	–	16,956,000
<b>Employees</b> <i>In aggregate</i>	26 June 2002	0.1312	26 June 2002 to 20 June 2012	9,674,000	–	9,674,000
<b>Suppliers of goods or services</b> <i>In aggregate</i>	26 June 2002	0.1312	26 June 2002 to 20 June 2012	48,680,000	–	48,680,000
	30 July 2002	0.2360	30 July 2002 to 20 June 2012	500,000	–	500,000
				49,180,000	–	49,180,000
<b>Others</b> <i>In aggregate</i>	26 June 2002	0.1312	26 June 2002 to 20 June 2012	54,270,000	–	54,270,000
				<b>130,080,000</b>	<b>–</b>	<b>130,080,000</b>

**Notes:**

1. Mr. Huang Jianhua and Mr. Han Jide had been re-classified from the category “Employees” to “Directors” subsequent to their appointment as directors of the Company.
2. Certain persons who had resigned as directors of the Company were re-classified under the category “Former Directors”.