

Share Capital and Shareholders

Share Capital

The Company's total registered capital as at 30th June, 2001 was 1,867,020,000 shares in issue, comprising:

Domestic shares	1,160,000,000 shares	representing 62.131%
H shares	707,020,000 shares	representing 37.869%

Shareholdings of Substantial Shareholders

The register of substantial shareholders maintained under Section 16(1) of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") shows that as at 30th June, 2001. The following shareholders are interested in 10% or more of the relevant class of registered capital:

Name of shareholders	Class of shares	Number of share held	Percentage of the relevant class of shares	Percentage of total share capital
Beijing North Star Industrial Group Company	Domestic shares	1,160,000,000	100.00%	62.131%

Interests of Directors and Supervisors of the Company

As at 30th June, 2001, none of the directors, chief executives, supervisors or their associates or their spouse and children under 18 years of age had any beneficial interests in the registered capital of the Company or any of its associated companies as defined in the Securities (Disclosure of Interests) Ordinance and to be recorded in the register required to be maintained pursuant to Section 29 thereof or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the period was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors, chief executives or supervisors of the Company to acquire benefits by means of acquisitions of shares in or debentures of the Company or any other body corporate. No rights to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any person during the six months ended 30th June, 2001 and up to the date of this report.

Code of Best Practice

The Directors has not established an audit committee (the "Audit Committee") to review and supervise the Company's financial reporting process and internal controls pursuant to paragraph 14 of the Code of Best Practice set out in Appendix 14 to the Listing Rules (the "Code of Best Practice"). However, the Company has set up, in lieu thereof, a Supervisory Committee which carries out functions similar to that of an Audit Committee. The differences are that the Company's Supervisory Committee comprises three representatives of whom two are elected and removed in the general meeting of shareholders and one is elected and removed by the staff and workers of the Company through democratic election, and reports to the shareholders in the general meeting instead of to the Board of Directors, whereas an Audit Committee comprises the non-executive directors of a company. Apart from this, none of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2001 in compliance with the Code of Best Practice.

Repurchase, Sale or Redemption of Securities

The Company did not redeem any of its shares during the period. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's issued shares during the period.

Designated Deposit and Due Fixed Deposit

As at 30th June, 2001, the Group had no designated deposits that are placed with financial institutions in the PRC. All of the Group's cash deposits are placed with commercial banks in the PRC and are in compliance with relevant laws and regulations. The Group has not experienced any incidents of not being able to withdraw bank deposits when due.

Staff Quarters

During the period under review, the Company did not provide any staff quarters to its staff.

Publication of Financial Information

The Company's 2001 interim report which set out all the information required by paragraphs 46(1) to 46(6) inclusive in Appendix 16 to the Listing Rules will be available for publication in the website of the Stock Exchange of Hong Kong Limited (<http://www.hkex.com.hk>) within 21 days from the date of this announcement.

The original copy of the 2001 interim report, signed by the Chairman is available for inspection at the Board of Directors' Secretariat, the address of which is:

Beijing North Star Company Limited
8 Bei Si Huan Zhong Road
Chaoyang District
Beijing, the PRC

By Order of the Board

Li Yan-Ling Chairman
Beijing, the PRC
15th August, 2001