



■ DIRECTORS' INTERESTS IN SHARES

As at 30th June 2002, the interests of the directors and chief executives in the share capital of the Company and its subsidiaries as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

1. The Company

Director	Nature of interests	Number of shares held
Qian Yuanying	Corporate interests (Note 1)	420,050,000
Huang Chunhua	Personal interests	2,868,000

2. Subsidiaries

- (a) Xinwei Rare Earth Group (Hong Kong) Limited

Director	Nature of interests	Number of non-voting deferred shares held
Jiang Quanlong	Personal interests	7,000,000
Qian Yuanying	Personal interests	3,000,000

- (b) Yixing Xinwei Leeshing Rare Earth Company Limited

Director	Nature of interests	Equity interests
Jiang Quanlong	Corporate interests (Note 2)	5%

Notes:

- These shares are held through YY Holdings Limited, the entire issued share capital of which is held by the trustee of the Jiang family trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying and her children.
- The equity interest is held by Xinwei Group Limited, a domestic enterprise 5% owned by Mr. Jiang Quanlong with remaining 95% owned by a brother of Ms. Qian Yuanying. Mr. Jiang is also the legal representative of the enterprise.



■ DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

There was a Share Option Scheme which was approved by the shareholders of the Company, under which the directors may, at the discretion, invite any full time employee or executive director of the Company or its subsidiaries to take up options at HK\$1 each as a consideration for option to subscribe for shares in the Company.

As at 30th June 2002, no such options had been granted to the directors.

At no time during the six months ended 30th June 2002 was the Company or any of its subsidiaries a party to any arrangement, which enable any of the directors or chief executives of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

■ SUBSTANTIAL SHAREHOLDERS

As at 30th June 2002, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that, other than the interests disclosed in "Directors' interests in shares" above in respect of Ms. Qian Yuanying's interest in the Company through YY Holdings Limited, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital.

■ PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the six months ended 30th June 2002.

■ AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the interim financial statements which has not been audited.



■ CODE OF BEST PRACTICE

None of the directors 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 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

By order of the Board
Jiang Quanlong
Chairman

Hong Kong, 19th September 2002