

**SUBSTANTIAL SHAREHOLDERS**

As at 30 June 2003, according to the register kept by the Company under Section 336 of the SFO, the following persons and companies had long positions of 5% or more in the shares or underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the shares or underlying shares of the Company

Name of shareholder	Capacity in which interests are held	Number of shares held in the Company		Total interests as to % to the issued share capital as at 30.6.2003	Notes
		Interests in shares (other than equity derivatives)	Interests under cash settled unlisted equity derivatives		
Shougang Holding (Hong Kong) Limited ("Shougang HK")	Beneficial owner, interest of controlled corporations	900,821,925	571,428,571	64.14%	1
Grand Invest International Limited ("Grand Invest")	Beneficial owner	568,340,765	–	24.76%	1
China Gate Investments Limited ("China Gate")	Beneficial owner	–	571,428,571	24.89%	1
Cheung Kong (Holdings) Limited ("Cheung Kong")	Interest of controlled corporations	255,401,955	–	11.13%	2, 3
Max Same Investment Limited ("Max Same")	Beneficial owner	223,054,586	–	9.71%	2
Li Ka-Shing	Interest of controlled corporations, founder of discretionary trusts	255,401,955	–	11.13%	3
Li Ka-Shing Unity Trustcorp Limited	Trustee, beneficiary of a trust	255,401,955	–	11.13%	3
Li Ka-Shing Unity Trustee Company Limited	Trustee	255,401,955	–	11.13%	3
Li Ka-Shing Unity Trustee Corporation Limited	Trustee, beneficiary of a trust	255,401,955	–	11.13%	3

**SUBSTANTIAL SHAREHOLDERS (continued)****Long positions in the shares or underlying shares of the Company (continued)**

Notes:

1. Both Grand Invest and China Gate were wholly-owned subsidiaries of Shougang HK and their respective interests are included in the interests held by Shougang HK.
2. Max Same was a wholly-owned subsidiary of Cheung Kong and its interests were included in the interests held by Cheung Kong.
3. By virtue of their interests in Cheung Kong, the following person and companies were taken to have a duty of disclosure in the interests held by Cheung Kong:

Mr. Li Ka-Shing

Li Ka-Shing Unity Trustcorp Limited as trustee of a discretionary trust holding units in
The Li Ka-Shing Unity Trust

Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust

Li Ka-Shing Unity Trustee Corporation Limited as trustee of The Li Ka-Shing Unity
Discretionary Trust

Save as disclosed above, as at 30 June 2003, the Company has not been notified of any other person who had an interest or short position of 5% or more in the shares and underlying shares of the Company which fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

**SHARE OPTIONS**

Details of the share options granted under the Scheme during the six months ended 30 June 2003 were as follows:

Grantees	Options to subscribe for shares of the Company			Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Granted during the period	At the end of the period			
Directors of the Company	114,000,000	–	114,000,000	23.8.2002	23.8.2002 – 22.8.2012	HK\$0.295
	–	18,360,000	18,360,000	12.3.2003	12.3.2003 – 11.3.2013	HK\$0.280
	<u>114,000,000</u>	<u>18,360,000</u>	<u>132,360,000</u>			
Employees of the Group	3,900,000	–	3,900,000	23.8.2002	23.8.2002 – 22.8.2012	HK\$0.295
Other participants	31,100,000	–	31,100,000	23.8.2002	23.8.2002 – 22.8.2012	HK\$0.295
	–	61,960,000	61,960,000	12.3.2003	12.3.2003 – 11.3.2013	HK\$0.280
	<u>31,100,000</u>	<u>61,960,000</u>	<u>93,060,000</u>			
	<u>149,000,000</u>	<u>80,320,000</u>	<u>229,320,000</u>			



SHARE OPTIONS (continued)

Notes:

1. Details of the share options granted to each director of the Company are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
2. No share option granted under the Scheme was exercised, cancelled and lapsed during the six months ended 30 June 2003. Since there was no share option exercised during the period, no weighted average closing price of shares of the Company in respect thereof is required to be disclosed.
3. The closing market prices of the shares of the Company immediately before 23 August 2002 and 12 March 2003 at which dates the share options were granted were HK\$0.285 and HK\$0.27 per share respectively.
4. The directors consider that it is not appropriate to state herein the value of the share options granted during the six months ended 30 June 2003. Any such valuation will be made on the basis of certain options pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. The directors believe that any calculation of the value of the share options as at 30 June 2003 based on a number of speculative assumptions would not be meaningful and would be misleading to the shareholders of the Company.
5. The share options granted under the Scheme are not recognised in the financial statements until they are exercised.

AUDIT COMMITTEE

The Company has engaged the Auditors to assist the Audit Committee to review the 2003 interim results of the Group. A meeting of the Audit Committee was held with the Auditors and the management of the Company on 16 September 2003 for, amongst other things, reviewing the interim results of the Group for the period ended 30 June 2003.



COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors of the Company is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 June 2003, in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Company's articles of association.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By Order of the Board

Cao Zhong

Managing Director

Hong Kong, 26 September 2003