

Disclosure of Additional Information

INTERIM DIVIDENDS

The Board has proposed an interim dividend of HK2.5 cents per ordinary share (2003: HK2.0 cents) in respect of the Period. The Board expects that the proposed interim dividend will be paid on or around 5 November 2004.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2004, the interests and short positions of the Directors in the share capital of the Company or its associated corporations (within the meaning at Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Long positions in ordinary shares of the Company:

Name of Director	Notes	Number of Shares held, capacity and nature of interest		Total	Percentage of the Company's issued shares capital
		Directly beneficially owned	Through controlled corporation		
Liu Xiaoming	1	18,890,400	345,600,000	364,490,400	17.45%
Xu Zhouwen	2	10,000,000	211,040,000	221,040,000	10.59%
Kong Zhanpeng	3	18,294,400	172,800,000	191,094,400	9.15%
Wang Tieguang	4	14,147,200	172,800,000	186,947,200	8.95%
		61,332,000	902,240,000	963,572,000	46.14%

Notes:

- 345,600,000 shares are owned by LXM Limited, a company incorporated in the British Virgin Islands (the "BVI"). The entire issued share capital of LXM Limited is beneficially owned by Liu Xiaoming.
- 211,040,000 shares are owned by Crown Asia Profits Limited, a company incorporated in the BVI. The entire issued share capital of Crown Asia Profits Limited is beneficially owned by Xu Zhouwen.

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3. 172,800,000 shares are owned by Hartington Profits Limited, a company incorporated in the BVI. The entire issued share capital of Hartington Profits Limited is beneficially owned by Kong Zhanpeng.
4. 172,800,000 shares are owned by Rich Mark Profits Limited, a company incorporated in the BVI. The entire issued share capital of Rich Mark Profits Limited is beneficially owned by Wang Tieguang.

None of the directors of the Company had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Share Options

During the Period, the following share options were outstanding under the share option scheme, became effective on 12 March 2001 and will remain in force for 10 years from that date:

Category or name of participant	Number of share options*			Price of the company's share At exercise date of options** HK\$
	At 1 January 2004	Exercised during the Period	At 30 June 2004	
Directors				
Liu Xiaoming	14,745,600	(10,000,000)	4,745,600	7.0
Xu Zhouwen	23,040,000	(10,000,000)	13,040,000	7.0
Kong Zhanpeng	14,745,600	(10,000,000)	4,745,600	7.0
Wang Tieguang	14,745,600	(10,000,000)	4,745,600	7.0
	<u>67,276,800</u>	<u>(40,000,000)</u>	<u>33,428,800</u>	
Other employees				
In aggregate	<u>7,152,000</u>	<u>(1,000,000)</u>	<u>6,152,000</u>	5.3
	<u>74,428,800</u>	<u>(41,000,000)</u>	<u>33,428,800</u>	

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

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The options were granted on 21 August 2001 and are exercisable from 21 August 2001 to 20 August 2011. The aggregate number of shares to be subscribed for was adjusted for the bonus issue made by the Company on 23 April 2002 and the exercise price of the share options was adjusted from HK\$1.58 to HK\$1.316 accordingly.

** The price of the Company's share disclosed at the date of exercise of the share options is closing price at the Stock Exchange on the date of exercise.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors interest and short positions in shares and underlying shares" above, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or to any person in whose shares and debentures any Directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, at 30 June 2004, the following persons (other than the Directors) had an interest or short position in the shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Notes	Number of Shares held	Percentage of the Company's issued shares capital
LXM Limited	1	345,600,000	16.55%
Crown Asia Profits Limited	2	211,040,000	10.11%
Hartington Profits Limited	3	172,800,000	8.28%
Rich Mark Profits Limited	4	172,800,000	8.28%
FMR Corp.		161,472,100	7.73%
J.P. Morgan Chase & Co.		149,016,611	7.14%
J.P. Morgan Fleming Asset Management Holdings Inc.		115,264,800	5.52%
J.P. Morgan Fleming Asset Management (Asia) Inc.		115,264,800	5.52%

Notes:

1. The entire issued capital of LXM Limited is beneficially owned by Liu Xiaoming, an executive Director.
2. The entire issued capital of Crown Asia Profits Limited is beneficially owned by Xu Zhouwen, an executive Director.
3. The entire issued capital of Hartington Profits Limited is beneficially owned by Kong Zhanpeng, an executive Director.
4. The entire issued capital of Rich Mark Profits Limited is beneficially owned by Wang Tieguaang, an executive Director.

Save as disclosed above, no person, other than the Directors, had registered an interest or short position in the shares or underlying shares of the Company that was required to be disclosed pursuant to Section 336 of the SFO.

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

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

CODE OF BEST PRACTICE

In the opinion of the Director, the Company complied with the Code of Best Practice (the "Code"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the Period.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises two independent non-executive Directors. The Chairman of the Audit Committee is Lee Yuen Kwong, who is a Certified Public Accountant and has been practising since 1990. The other member of the Audit Committee is Chan Man Hon, Eric, who is a solicitor and has been practising in Hong Kong for over 20 years.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to consider the Company's financial reporting process, the effectiveness of internal controls, the audit process and risk management.

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The interim results of the Group for the Period had not been audited, but had been reviewed by the Company's auditors, Ernst & Young. This interim report had been reviewed by the Audit Committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 30 September 2004 to 4 October 2004, both days inclusive, during which period no transfer of shares of the Company will be registered and no shares of the Company will be issued upon exercise of any subscription rights attaching to the outstanding warrants issued by the Company. In order to qualify for entitlement to the proposed interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms and, in the case of warrant holders, all duly completed subscription forms accompanied by the relevant warrant certificates and the appropriate subscription monies must be lodged with the Company's Share Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 28 September 2004.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All information required by paragraph 46(1) to 46(2) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

By order of the Board of
Liu Xiaoming **Xu Zhouwen**
Co-Chairman *Co-Chairman*

Hong Kong, 1 September 2004