

DIRECTORS' INTERESTS IN SHARES

As at 30th June 2004, the directors and their associates had the following interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”) as recorded in the register required to be kept under 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 Issuers (“Model Code”):

Interest in the Company

Directors	Personal interests in shares	Number of underlying shares held pursuant to share options	Number of share options expired during this period	Total interests	Percentage of the Company's issued share capital
Wang Guanghao	—	8,504,000	(5,004,000)#	3,500,000*	0.51%
Yu Rumin	—	2,000,000	—	2,000,000*	0.29%
He Xiuheng	—	2,000,000	—	2,000,000*	0.29%
Yang Liheng	—	2,000,000	—	2,000,000*	0.29%
Wang Jiandong	450,000	—	—	450,000*	0.07%

* These interests are held in the capacity as a beneficial owner.

These share options were expired and cancelled on 17th March 2004.

Details of the Directors' interests in share options granted by the Company are set out under the section “Share Options”.

Save as disclosed above, none of the directors and their associates has any interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Pursuant to the Company's share option scheme, the Company has granted options in the Company's ordinary shares in favour of certain directors and employees, the details of which are as follows:

	Number of options				Exercise price	Grant date	Exercisable from	Exercisable until
	Held at 1st January 2004	Granted during the period	Expired during the period	Held at 30th June 2004				
<i>HK\$</i>								
Directors								
Wang Guanghao	3,500,000	—	—	3,500,000	6.136	17th April 1998	10th June 1998	21st November 2007
	5,004,000	—	(5,004,000)	—	3.34	13th April 1999	18th September 1999	17th March 2004
Yu Rumin	2,000,000	—	—	2,000,000	6.136	17th April 1998	10th June 1998	21st November 2007
He Xiuheng	2,000,000	—	—	2,000,000	6.136	17th April 1998	10th June 1998	21st November 2007
Yang Liheng	2,000,000	—	—	2,000,000	6.136	17th April 1998	10th June 1998	21st November 2007
Continuous contract employees	200,000	—	—	200,000	2.204	23rd May 2001	1st July 2002	21st November 2007
	—	500,000	—	500,000	3.66	30th December 2003	2nd January 2004	21st November 2007

During the period under review, none of the directors had exercised any share options in the Company.

Save as disclosed above, none of the directors of the Company or their spouses or children under the age of 18 had any rights to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2004, the following persons or corporations, other than the directors or chief executives of the Company as disclosed above, had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity	Number of shares/ underlying shares held	Percentages to the Company's issued share capital
Tsinlien Group Company Limited (<i>Note 2</i>)	Interest of controlled corporation	360,482,000 (L) (<i>Note 2, 4</i>)	52.41%
	Option seller	40,000,000 (S) (<i>Note 3, 4</i>)	5.82%
Credit Suisse Group	Option buyer	40,000,000 (L) (<i>Note 3, 4</i>)	5.82%

Note:

- The letter "L" stands for the shareholder's long position (within the meaning of the SFO) in shares of the Company. The letter "S" stands for the shareholder's short position (within the meaning of the SFO) in shares of the Company.
- As at 30th June 2004, Tianjin Investment Holdings Limited and Tsinlien Property Services Limited, both being wholly owned subsidiaries of Tsinlien Group Company Limited, held 358,459,990 shares and 2,022,000 shares of the Company respectively. Mr Wang Guanghao acted as trustee of Tianjin Investment Holdings Limited to hold 10 shares of the Company. The corporate interest disclosed under Tsinlien Group Company Limited represents its deemed interests in the shares of the Company by virtue of its interests in Tianjin Investment Holdings Limited and Tsinlien Property Services Limited.
- These shares are subject to call options sold by Tsinlien Group Company Limited to Credit Suisse Group.
- Credit Suisse Group exercised 25,000,000 call options in January 2004.

Save as disclosed herein, the Company has not been notified by any other person or corporation, other than the directors or chief executives of the Company, who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 30th June 2004.

AUDIT COMMITTEE

At the request of the Audit Committee of the Company, the Group's auditors have carried out a review of the unaudited financial statements in accordance with the Statement of Auditing Standards SAS700 issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim financial statements.

CODE OF BEST PRACTICE

The non-executive directors of the Company have no set term of office and retire from office on a rotational basis. Save and except as aforementioned, none of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with Appendix 14 to the Listing Rules.

MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules in respect of directors' securities transactions in relation to the accounting period covered by the interim report. The directors of the Company have complied with, and there has been no non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions, as supported by specific enquiry made of all directors of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the period.

By Order of the Board

Wang Guanghao

Chairman

Hong Kong SAR, 16th September 2004