

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES

At 30 June 2004, the interests and short positions of the Directors and the chief executive of the Company in the shares and debentures of the Company or the shares and debentures of any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

(a) Long positions in shares of the Company

Name of director	Capacity	Number of shares held	Interest in underlying shares pursuant to share options	Aggregate interest	Percentage of the issued share capital of the Company
Ou Yaping	Held by controlled corporation and beneficial owner	849,038,775 (Note)	2,288,000	851,326,775	37.20%

Note: This number of shares represents the shares in the existing share capital of the Company in which Sinolink is interested (Mr Ou Yaping, through his wholly-owned company, Asia Pacific Promotion Limited ("Asia Pacific"), holds approximately 64.46% of the issued share capital of Sinolink and is therefore deemed to be interested in all the shares in which Sinolink is interested).



(b) Interest in share option to subscribe for shares of the Company

Name of directors	Date of grant	Exercise period	Exercise price HK\$	Number of	Number of	Percentage of the issued share capital of the Company
				shares subject to outstanding options as at 1.1.2004	shares subject to outstanding options as at 30.6.2004	
Leng Xuesong	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	5,000,000	0.22%
Lu Yungang	09.06.2004	09.06.2005 – 08.06.2014	0.44	–	2,288,000	0.10%
Lu Zhi Fang	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	2,288,000	0.10%
Ou Yaping	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	2,288,000	0.10%
Sun Qiang Chang	24.05.2000	24.05.2000 – 23.05.2010	0.55	8,750,000	26,250,000	1.15%
Tang Yui Man Francis	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	22,880,000	1.00%
Xiang Ya Bo	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	22,880,000	1.00%
Xin Luo Lin	09.06.2004	09.06.2004 – 08.06.2014	0.44	–	2,288,000	0.10%
Xu Xinghai	09.06.2004	09.06.2005 – 08.06.2014	0.44	–	666,666	0.03%
	09.06.2004	09.06.2006 – 08.06.2014	0.44	–	666,666	0.03%
	09.06.2004	09.12.2006 – 08.06.2014	0.44	–	666,668	0.03%

Notes:

1. No share option was exercised by the above directors to subscribe for shares in the Company during the period.
2. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
3. These options represent personal interest held by the directors as beneficial owner.

(c) Interests and short position in shares of associated corporations

Name of directors	Associated corporations	Capacity	Number of shares Long positions/ (Short position)	Approximate percentage of the issued share of associated corporations
Ou Yaping	Sinolink	Beneficial owner and interest of controlled corporation	1,500,697,920 (Note 1)	64.74%
	Panva Gas Holdings Limited	Interest of controlled corporation	608,471,587 (Note 2) (38,461,538)	64.58% (4.08%)
Tang Yui Man Francis	Panva Gas Holdings Limited	Beneficial owner	6,400,000	0.68%



Notes:

1. This number of shares represents: (i) Mr. Ou Yaping and his family's interests of 6,475,920 shares; and (ii) corporate interest of 1,494,222,000 shares held by Asia Pacific.
2. This number of shares represents: (i) 3,600,000 share options held by Mr. Ou Yaping; and (ii) 604,871,587 shares beneficially owned by Asia Pacific.
3. This number of shares represents: (i) 960,000 shares options held by Mr. Tang Yui Man, Francis; and (ii) 5,440,000 shares beneficially owned by Mr Tang.

Save as disclosed above, at no time during the period, the directors, chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for Shares (or warrants or debentures, if applicable) of the Company or any of its associated corporations required to be disclosed pursuant to the SFO.

SHARE OPTION

The following table discloses details of options outstanding under the Company's share option schemes and movements during the six months ended 30 June 2004:

	Option type	Outstanding at 1.1.2004	Granted during the period	Exercised during the period	Lapsed during the period	Adjusted after open offer during the period	Outstanding at 30.6.2004
Directors							
Leng Xuesong	2001 Scheme	-	5,000,000	-	-	-	5,000,000
Lu Yungang	2001 Scheme	-	2,288,000	-	-	-	2,288,000
Lu Zhi Fang	2001 Scheme	-	2,288,000	-	-	-	2,288,000
Ou Yaping	2001 Scheme	-	2,288,000	-	-	-	2,288,000
Sun Qiang Chang	1993 Scheme	8,750,000	-	-	-	17,500,000	26,250,000
Tang Yui Man Francis	2001 Scheme	-	22,880,000	-	-	-	22,880,000
Xiang Ya Bo	2001 Scheme	-	22,880,000	-	-	-	22,880,000
Xin Luo Lin	2001 Scheme	-	2,288,000	-	-	-	2,288,000
Xu Xinghai	2001 Scheme	-	2,000,000	-	-	-	2,000,000
Total Directors		8,750,000	61,912,000	-	-	17,500,000	88,162,000
Employees							
	1993 Scheme	294,000	-	-	-	588,000	882,000
	2001 Scheme	-	30,150,000	-	-	-	30,150,000
Total Employees		294,000	30,150,000	-	-	588,000	31,032,000
All categories		9,044,000	92,062,000	-	-	18,088,000	119,194,000



Details of specific category of options granted are as follows:

Option type	Date of grant	Exercise period	Exercise price	Exercise price
			before adjustment	after adjustment
			HK\$	HK\$
				(Note 1)
1993 Scheme	24.05.2000	24.05.2000 – 23.05.2010	1.66	0.55
	26.06.2000	26.06.2000 – 25.06.2010	2.23	0.74
	26.03.2001	26.03.2001 – 25.03.2011	1.20	0.40
2001 Scheme	09.06.2004	09.06.2004 – 08.06.2014	N/A	0.44
	09.06.2004	09.06.2005 – 08.06.2014	N/A	0.44
	09.06.2004	09.06.2006 – 08.06.2014	N/A	0.44
	09.06.2004	09.12.2006 – 08.06.2014	N/A	0.44

Notes:

1. The exercise price is adjusted for the open offer during the period.
2. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
3. The closing price of the Company's shares immediately before 9 June 2004, the date of grant of options under 2001 Scheme, was HK\$0.445.
4. During the period, no options were exercised, cancelled or lapsed under the share option schemes.

The directors believe that any statement regarding the value of options granted during the period will not be meaningful to shareholders, taking into account the unique business nature of the Group and its potential for future expansion and that comparable data required for calculation of the value of the options will not be representative of the Group.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders (other than the directors or chief executives of the Company as disclosed above) had notified the Company of relevant interests in the issued capital of the Company.

Name of shareholders	Capacity	Aggregate interest	Approximate percentage of the issued share capital
Smart Orient Investments Limited	Beneficial owner	277,150,809	12.11%
Sinolink	Beneficial owner and interest of controlled corporation	849,038,775 <i>(Note 1)</i>	37.10%
Asia Pacific	Interest of controlled corporation	849,038,775	37.10%
Altantic Cay International Limited	Beneficial owner	404,548,779	17.68%
Warburg Pincus Ventures International, L.P.	Interest of controlled corporation	404,548,779	17.68%
Warburg Pincus Equity Partners, L.P.	Interest of controlled corporation	404,548,779	17.68%
Warburg Pincus & Co.	Interest of controlled corporation	515,524,377	22.53%



Notes:

1. This number of shares represents the aggregate of: (a) 571,887,966 shares held directly by Sinolink; and (b) the number of shares in which Smart Orient is interested as disclosed above.
2. Asia Pacific is interested in approximately 64.46% in Sinolink and it is deemed to be interested in all the shares held by Sinolink.
3. Warburg Pincus Ventures International, L.P. ("WPV") is interested in 50% of issued share capital of Atlantic Cay and it is deemed to be interested in all the shares held by Atlantic Cay.
4. Warburg Pincus Equity Partners, L.P. ("WPE") is interested in 50% of the issued share capital of Atlantic Cay and is deemed to be interested in all the shares held by Atlantic Cay.
5. Warburg Pincus & Co. ("WP") is the general partner of the limited partnerships WPE and WPV, and is deemed to have an interest in all the shares held by these companies. These shares represent the aggregate of the shares held by the funds managed by WP and all the shares held by Atlantic Cay.

Save as disclosed above, no person had registered an interest in the share capital of the Company that was required to be disclosed under Divisions 2 and 3 of Part XV of the SFO and the Listing Rules.

Save for the shareholders as disclosed herein, the directors are not aware of any persons who, as at 30 June 2004, were entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of the Company and were also, as a practicable matter, able to direct or influence the management of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2004.

AUDIT COMMITTEE

The Group has established an audit committee comprising Messrs. Xin Luo Lin, Lu Zhi Fang, Lu Yungang and Davin A. Mackenzie being independent non-executive directors of the Company.

The audit committee has reviewed the unaudited interim report for the period, and discussed with management the accounting principles and practices and internal controls of the Group.

The interim results of the Group for the six months ended 30 June 2004 had not been audited, but had been reviewed by the Company's auditors, Deloitte Touche Tohmatsu and the Audit Committee.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not at any time during the period, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive directors are not appointed for specific terms, but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Company's bye-laws.

By Order of the Board
SUN Qiang Chang
Chairman

Hong Kong, 17 September 2004