

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the Period (2003: Nil).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30 June 2004, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong ("SFO")) which had been notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 & 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/ Nature of Interest	Number of Shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Tam Jin Rong	Corporate and personal <i>(Note)</i>	410,935,123	–	51.70%
Mr. Tao Ke Wei	Personal	1,917,095	–	0.24%
Mr. Tam Kai On	Personal	1,875,191	–	0.24%
Mr. Ko Chung Ting, Peter	Personal	1,791,383	–	0.23%

Note: Out of the interest, 407,123,869 shares were beneficially owned by and registered in the name of Main Faith Limited, a company incorporated in the British Virgin Islands, and is wholly and beneficially owned by Mr. Tam Jin Rong.

Save as disclosed herein, as at 30 June 2004, none of the Directors or chief executives of the Company had any interest or short positions in the shares, underlying shares and debentures or other securities of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") pursuant to Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

At no time during the Period was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Company's directors or members of its management to acquire benefits by means of the acquisition of shares in or debt securities (including debentures) of, the Company or any other body corporates.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, so far as is known to, or could be ascertained after reasonable enquiry by the Directors or chief executive of the Company, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, deemed to be interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interests in such securities, together with particulars of any options in respect of such capital were as follow:

Name of Shareholders	Capacity/ Nature of Interest	Number of Shares		Approximate percentage of shareholding in the Company
		Long position	Short position	
Mr. Tam Jin Rong	Corporate and personal (Note)	410,935,123	–	51.70%
Main Faith Limited	Beneficial	407,123,869	–	51.23%

Note: Out of the interest, 407,123,869 shares were beneficially owned by and registered in the name of Main Faith Limited, a company incorporated in the British Virgin Islands, and is wholly and beneficially owned by Mr. Tam Jin Rong

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the Period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the Period.

CODE OF BEST PRACTICE AND MODEL CODE

Throughout the Period, the Company was in compliance with the Code of Best Practice as set out in the Listing Rules, save that non-executive directors have not been appointed for a specific term but are subject to retirement by rotation at the Annual General Meeting of the Company in accordance with the Bye-laws of the Company.

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as code of conduct regarding Director's securities transactions. The Company had made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code during the Period and all Directors confirmed that they have complied with the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee comprising two independent non-executive directors, Mr. Choy Sai Man and Mr. Lau Kwok Wah. The condensed interim financial statements have been reviewed by the Company's audit committee.

By Order of the Board
China Nan Feng Group Limited
Tam Kai On
Executive Director

Hong Kong, 16 September 2004