

## Other Information

### REVIEW OF THE INTERIM REPORT

The Group's interim report for the six months ended 30 June 2005 has not been audited but has been reviewed by the Audit Committee and auditors of the Company, Messrs. Deloitte Touche Tohmatsu.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2005, the interests and short positions of directors and the chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept 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 Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### Ordinary shares of HK\$0.10 each of the Company

Name of director	Nature of interest	Number of shares		Approximate percentage to the issued share capital of the Company	
		Long positions	Short positions	Long positions	Short positions
Mr. David An	Corporate	1,639,773,980 (note 1)	59,450,000 (note 2)	62.59%	2.27%
	Corporate	1,270,000,000 (note 3)	Nil	48.47%	Nil

#### Notes:

- The shares are held directly as to 209,773,980 shares by Extreme Wise Investments Limited ("Extreme Wise") and 1,430,000,000 shares by Vand Petro-Chemicals (BVI) Company Ltd ("Vand Petro-Chemicals"), both companies are wholly-owned by Mr. David An. By virtue of the SFO, Mr. David An is deemed to have corporate interests in the 1,639,773,980 shares.
- Under an agreement dated 24 February 2005 entered into between Vand Petro-Chemicals and Glencore Finance (Bermuda) Ltd ("Glencore") (the "Agreement"), Vand Petro-Chemicals has granted two options to Glencore to acquire further shares of the Company from it. The first option was expired on 31 May 2005. Under the second

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option, Glencore has a right to acquire additional 59,450,000 shares of the Company from Vand Petro-Chemicals at any time on or before 31 August 2005. By virtue of the SFO, Mr. David An is deemed to have short positions in the 59,450,000 shares.

- 1,270,000,000 shares (subject to adjustment) will be issued to Vand Petro-Chemicals upon its exercise of the conversion rights under the convertible note held by it. By virtue of the SFO, Mr. David An is deemed to have corporate interests in the 1,270,000,000 shares.

Save as disclosed above, as at 30 June 2005, none of the directors and the chief executive of the Company and their associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV 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, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 June 2005, shareholders (other than directors or the chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

#### Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Number of shares		Approximate percentage to the issued share capital of the Company	
	Long positions	Short positions	Long positions	Short positions
Extreme Wise	209,773,980	Nil	8.01%	Nil
Vand Petro-Chemicals	1,430,000,000	59,450,000 (note 1)	54.58%	2.27%
	1,270,000,000 (note 2)	Nil	48.47%	Nil
Glencore	159,450,000 (note 3)	Nil	6.09%	Nil

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### Notes:

1. Under the second option of the Agreement, Glencore has a right to acquire additional 59,450,000 shares of the Company from Vand Petro-Chemicals at any time on or before 31 August 2005. By virtue of the SFO, Vand Petro-Chemicals is deemed to have short positions in the 59,450,000 shares.
2. 1,270,000,000 shares (subject to adjustment) will be issued to Vand Petro-Chemicals upon its exercise of the conversion rights under the convertible note held by it. By virtue of the SFO, Vand Petro-Chemicals is deemed to have interests in the 1,270,000,000 shares.
3. Pursuant to the Agreement, Glencore's acquisition of 100,000,000 shares of the Company from Vand Petro-Chemicals was completed on 8 March 2005 and its second option to acquire additional 59,450,000 shares of the Company from Vand Petro-Chemicals is exercisable at any time on or before 31 August 2005. By virtue of the SFO, Glencore is deemed to have interests in the 159,450,000 shares.

Save as disclosed above, as at 30 June 2005, the Company has not been notified by any persons (other than directors or the chief executive of the Company) who had interests or short positions in the shares or 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, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 16 December 2002, the Company adopted a share option scheme for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The scheme will remain in force for a period of 10 years from adoption of such scheme and will expire on 15 December 2012. Detailed terms of the scheme were disclosed in the Company's 2004 annual report. As at the date of this report, no option has been granted by the Company under the scheme.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2005.

### AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2005.

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### CORPORATE GOVERNANCE

#### (a) Compliance with the Code on Corporate Governance Practices

In the opinion of the directors, save as disclosed below, the Company has complied with the code provisions (the "Code Provisions") set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2005.

Under the Code Provisions A.4.1 and A.4.2, non-executive directors should be appointed for a specific term and every director should be subject to retirement by rotation at least once every three years. The existing non-executive directors of the Company were not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's current Articles of Association (the "Articles of Association"). Moreover, according to the Articles of Association, a number not exceeding one-third of the directors for the time being shall retire from office by rotation at each annual general meeting and the directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. The appointment of non-executive directors and the Articles of Association do not comply fully with the Code Provisions. The directors will review the appointment of non-executive directors and the relevant articles of the Articles of Association this year and propose ratifications and amendments, if necessary, to ensure compliance with the Code.

Under Code Provisions B.1.4 and C.3.4, the Company should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on its website. Since the Company has yet established its own website, the above requirement regard to provide such information on website cannot be met accordingly. However, the terms of reference of the two committees are available on request. Furthermore, the Company has let a contract to construct its website and will endeavour to fully comply with the Code in this regard this year.

#### (b) Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, all directors have complied with the required standard set out in the Model Code for the six months ended 30 June 2005.

On behalf of the Board  
**David An**  
*Chairman*

Hong Kong, 24 August 2005