

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 30th June 2005, the interests of the Directors and chief executives in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Number of ordinary shares of HK\$0.2 each in the Company:

| <b>Directors</b> | <b>Personal Interests</b> | <b>Family Interests</b> | <b>Corporate Interests</b> | <b>Total</b> | <b>Percentage</b> |
|------------------|---------------------------|-------------------------|----------------------------|--------------|-------------------|
| Lao Yuan Yi      | 44,532,000                | –                       | 72,952,000                 | 117,484,000  | 10%               |
| Woo Chia Wei     | –                         | 72,000                  | –                          | 72,000       | 0.006%            |

No Directors and chief executives has any interest of short positions in the shares or underlying shares of the Company. Arrangement on share options granted to Directors is set out in a separate section of this report.

Apart from the share option scheme stated below, at no time during the period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the Directors of the Company to hold any interests in the shares or debentures of the Company or any of its associated corporations.

## SHARE OPTIONS

On 24th May 2002, the shareholders of the Company approved the termination of the 1994 Share Option Scheme and the adoption of a new scheme (the “Scheme”) to comply with the new requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The purpose of the Scheme is to assist in recruiting, retaining and motivating key staff. Under the terms of the Scheme, the Directors have the discretion to grant to employees and Directors of any member of the Group to subscribe for shares in the Company.

Details of share options granted under the Scheme and remain outstanding as at 30th June 2005 are as follows:

|                   | Options held at<br>1st January 2005 | Options lapsed<br>during the period | Options held at<br>30th June 2005 | Exercise<br>price<br>HK\$ | Date of<br>grant | Exercise period         |
|-------------------|-------------------------------------|-------------------------------------|-----------------------------------|---------------------------|------------------|-------------------------|
| Directors:        |                                     |                                     |                                   |                           |                  |                         |
| Lao Yuan Yi       | 7,338,100                           | -                                   | 7,338,100                         | 0.342                     | 26/09/1995       | 26/03/1996 – 07/10/2005 |
|                   | 5,503,900                           | -                                   | 5,503,900                         | 0.318                     | 11/07/1996       | 11/01/1997 – 15/07/2006 |
|                   | 10,000,000                          | -                                   | 10,000,000                        | 0.816                     | 01/11/1997       | 01/05/1998 – 12/11/2007 |
| Xin Shulin, Steve | 2,534,980                           | (2,534,980)                         | -                                 | 0.453                     | 26/01/1995       | 26/07/1995 – 09/02/2005 |
|                   | 838,640                             | -                                   | 838,640                           | 0.318                     | 11/07/1996       | 11/01/1997 – 15/07/2006 |
|                   | 2,500,000                           | -                                   | 2,500,000                         | 0.816                     | 01/11/1997       | 01/05/1998 – 12/11/2007 |
|                   | 4,464,000                           | -                                   | 4,464,000                         | 0.283                     | 08/07/1998       | 08/01/1999 – 15/07/2008 |
| Yeung Wai Kin     | 2,401,560                           | (2,401,560)                         | -                                 | 0.453                     | 26/01/1995       | 26/07/1995 – 09/02/2005 |
|                   | 1,494,304                           | -                                   | 1,494,304                         | 0.318                     | 11/07/1996       | 11/01/1997 – 15/07/2006 |
|                   | 2,500,000                           | -                                   | 2,500,000                         | 0.816                     | 01/11/1997       | 01/05/1998 – 12/11/2007 |
|                   | 6,980,000                           | -                                   | 6,980,000                         | 0.283                     | 08/07/1998       | 08/01/1999 – 15/07/2008 |
| Hu Yi Ming        | 1,000,000                           | -                                   | 1,000,000                         | 0.816                     | 01/11/1997       | 01/05/1998 – 12/11/2007 |
|                   | 2,300,000                           | -                                   | 2,300,000                         | 0.283                     | 08/07/1998       | 08/01/1999 – 15/07/2008 |
| Employees         | 1,952                               | (1,952)                             | -                                 | 0.453                     | 26/01/1995       | 26/07/1995 – 09/02/2005 |
|                   | 4,002,600                           | -                                   | 4,002,600                         | 0.318                     | 11/07/1996       | 11/01/1997 – 15/07/2006 |
|                   | 950,000                             | -                                   | 950,000                           | 0.816                     | 01/11/1997       | 01/05/1998 – 12/11/2007 |
|                   | 1,804,000                           | -                                   | 1,804,000                         | 0.283                     | 08/07/1998       | 08/01/1999 – 15/07/2008 |
|                   | <u>56,614,036</u>                   | <u>(4,938,492)</u>                  | <u>51,675,544</u>                 |                           |                  |                         |

*Notes:*

The above options granted are not recognised in the accounts until they are exercised. Rule 17.08 of the Listing Rules stipulates that the listed issuer is encouraged to disclose in its annual report and interim report the value of share options granted to participants. The Directors consider it inappropriate to value the share options as a number of factors critical for the valuation cannot be determined accurately. Any valuation of the share option based on various speculative assumptions would be meaningless and could be misleading to the shareholders.

### Options in respect of shares in an associated corporation

|               | Associated corporation          | Options held at 1st January 2005 | Options exercised during the period | Options held at 30th June 2005 | Exercise price<br>HK\$ | Exercise period         |
|---------------|---------------------------------|----------------------------------|-------------------------------------|--------------------------------|------------------------|-------------------------|
| Directors:    |                                 |                                  |                                     |                                |                        |                         |
| Lao Yuan Yi   | China Assets (Holdings) Limited | 740,000                          | (15,000)                            | 725,000                        | 2.65                   | 25/05/2004 – 23/05/2014 |
| Yeung Wai Kin | China Assets (Holdings) Limited | 700,000                          | -                                   | 700,000                        | 2.65                   | 25/05/2004 – 23/05/2014 |

The above share options were granted under the share option scheme of China Assets (Holdings) Limited adopted on 19th May 2004.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30th June 2005, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors.

Ordinary shares of HK\$0.2 each in the Company:

|  |               | Corporate Interests | Percentage |
|--|---------------|---------------------|------------|
| China Assets (Holdings) Limited ("China Assets") | Long position | 238,032,000         | 20.28%     |

China Assets is a Hong Kong listed company, which is also an associated company of the Group. Apart from the above, so far as the Directors are aware, there are no parties which were, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital of the Company as at 30th June 2005.