

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. DIRECTORS

Mr. Yue Huafeng, born in November 1961, is the Chairman of the Group and President of Xian Jiaotong University Industrial (Group) Incorporation. Mr. Yue has been engaged in the management of industry in an institution of higher learning. He had been Committee Secretary to Electric Engineering Faculty and Social Science Faculty of Xian Jiaotong University and Deputy Committee Secretary and Committee Secretary to Xian Jiaotong University. He was Head of Industry Division of Xian Jiaotong University in 1992; the President of Xian Jiaotong University Industrial (Group) Incorporation in 1994; Assistant to Chancellor of Xian Jiaotong University and Deputy Secretary General of China Higher Learning Industrial Association in 1997. He was named as an outstanding young entrepreneur in Shaanxi Province in 1999. Mr. Yue graduated from Electrical Engineering Faculty of Xian Jiaotong University in 1983 and attained a bachelor degree in engineering. He also graduated from Social Science Faculty of Xian Jiaotong University in 1986 and obtained a bachelor's degree in law. He is a member of the Chinese Communist Party and an associate researcher. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Cheng Yunchuan, born in July 1962, is a Deputy General Manager of the Group. He has held the positions of Factory Heads of Dali Battery Factory, Dalian Wool Spinning Factory and Dali Paper Manufacturing Factory; Party Secretary, the Chairman and General Manager of Dali Paper Manufacturing Company Limited and the Vice-chairman and General Manager of Yunnan New Concept Bonded Science and Technology Company Limited. Mr. Cheng is a university graduate and holds the titles of engineers and senior political work engineer. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Wang Shangjin, born in September 1942, is an Executive Director of the Group and is also a Director of Xian Jiaoda Siyuan Science and Technology Company Limited, and the General Manager of Xian Serturbo Machinery Equipment Whole-set Equipment Company Limited. Mr. Wang has been engaged in the scientific research, development and management for a long period of time. After graduation from the university, he had been a technician of the Compression Machinery Institute under the Industry Department of No.1 Machinery and an engineer at the Military Zone 214 in Fuzhou. He had worked in turbo-compressor teaching and research section of Power Faculty of Xian Jiaotong University since 1972. He organized to set up Serturbo - Machinery Equipment Engineering Research Centre of Xian Jiaotong University in 1993 and was a Director of the center. Mr. Wang graduated from Xian Jiaotong University specializing in compression machinery in 1965 and holds a university qualification. He is a professor, tutor to doctorate students and a chief member of Minmeng Xian Jiaotong University. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Wu Ketian, born in October 1948, is an Executive Director of the Group. He joined Kunming Machine Tool Plant in 1969 and has extensive experience in production, planning and management. He has held the positions of Deputy Head and then Head of Workshops, Deputy Director and then Director of Production Section of Kunming Machine Tool Plant, and Head of Production Department of the Company and the Assistant General Manager and Head of Production Department of the Company. Mr. Wu is a high school graduate and holds the title of economist. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Zhang Hanrong, born in October 1964, is an Executive Director. Mr. Zhang has been engaged in the research and management of corporate strategies, financial control and investment decisions for a long period of time. He was a visiting scholar of University of Alberta in Canada from 1993 to 1994; Head of Finance Faculty of Management College of Xian Jiaotong University from 1995 to 1996; and Chief Economist and Deputy General Manager of Nanjiang Zhongda Moulding (Group) Company Limited from 1997 to 2000. He was the Deputy General Manager and Secretary to the Board of Directors of Xian Jiaoda Siyuan Science and Technology Company Limited from 2000 to 2001. Mr. Zhang graduated from Xian Jiaotong University and attained a bachelor degree in management engineering in 1987. He obtained master degree in Technology, Economics and Business Administration in 1990. He is a member of the Chinese Communist Party. The appointment is from 1st November, 2002 to 31st October, 2005.

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Mr. Zhang Chao, born in July 1972, is the Manager of Xian Jiaoda Siyuan Investment Consultant Company Limited. Mr. Zhang has been engaged in assets management and investment banking for a long period of time. He worked in Hainan Beihai Investment Group and Hainan, Hong Kong and Macau International Trust Investment Company from 1993 to 1998. He set up Xian Jiaoda Siyuan Investment Consultant Company Limited in 1998 and became its General Manager. Mr. Zhang graduated from Mathematics Faculty of Xian Jiaotong University and holds a university qualification. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Guo Shangwu, born in October 1946, is an Executive Director of the Group. He joined Kunming Machine Tool Plant in 1970 and has extensive experience in workshop production techniques and management. He has held the positions of Deputy Head and then Head of workshops of Kunming Machine Tool Plant, Factory Director of Bulk Product Plant, Assistant General Manager, Head of Sales Department and the Deputy Chairman of the Second Supervisory Committee of the Company. Mr. Guo graduated from Kunming Institute of Engineering specialised in casting and is a university graduate holding the title of senior engineer. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Jiang Zhuangde, born in August 1955, is Head of Science and Technology Division of Xian Jiaotong University. Mr. Jiang has been engaged in teaching, scientific research and management for a long period of time. He had been a Chief of Teaching and Research of Precision Technology Section of Xian Jiaotong University; Head of Precision Engineering Research Institute; Vice-president of Machinery College; and Head of Science and Technology Division. Mr. Jiang graduated from Xian Jiaotong University majoring in mechanical engineering in 1989 and attained a master degree in engineering. He is a professor and tutor to doctorate students. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Yu Chengting, born in January 1940, is a senior consultant and Chairman of China Machine Tool Union. Since 1962, Mr. Yu had worked in Beijing No.1 Machine Tool Plant, U.S. Howduo Company, Machine Tool Company of Machinery Committee, Machine Tool Company of Mechanical Electronics Division, Basic Mechanical Equipment Company of Mechanical Division of the State. He has held the positions of Head of Mechanical and Design Division, Deputy Head of Plant, Head of Plant, General Manager, Deputy Head and Head of Company. Mr. Yu graduated from Beijing Mechanical College and holds the title of senior engineer. The appointment is from 1st November, 2002 to 31st October 2005.

Mr. Tong Yunhuan, born in November 1950, is a professor of the Faculty of Economic Management and the Faculty of Public Administration of Qinghua University, member and Chief Secretary of the Education Guidance Committee of master program of Business Administration of the State. As a leader and major researcher, Mr. Tong has completed 10 scientific research projects of provincial and departmental levels or above. With regards to his accomplishment in scientific research, Mr. Tong has received the first prize for advancement in science and technology awarded by the Education Department and the second prize for advancement in science and technology of Yunnan Province. Mr. Tong graduated from the Faculty of Machinery of Huazhong Polytechnic University in 1982 with a bachelor degree. Mr. Tong graduated from Qinghua University in 1986 specialising in management engineering with a postgraduate's degree. He has been a visiting scholar, professor and tutor to doctorate students of Waterloo University in Canada. The appointment is from 1st November, 2002 to 31st October, 2005.

Ms. Dong Juan, born in May 1952, is the Chairman and Chief Executive of Zhong Tian Hong International Consultant Company Limited. Since 1978, Ms. Dong has worked in the Ministry of Finance, China Export Bank and the State-owned Assets Management Bureau of the State. She has held the positions of Deputy Chief of the Trade Department under the Ministry of Finance, the Chief of the Corporate Department of the state-owned Assets Management Bureau of the state, the Chief of the Valuation Department of the Ministry of Finance. She has been member of the Audit Committee of Issue of Shares under China Securities Regulatory Commission for two sessions and member of Chinese Experts Group of Independent Accounting and Auditing Standards for three sessions. She is an experienced Chinese expert in finance, economy and corporate management. Ms. Dong graduated from Shaanxi Financial and Economic College in 1978 with specialising in economics, and graduated from Northeast Financial and Economic University in 1997 majoring in money banking. She holds the title of registered accountant. The appointment is from 1st November, 2002 to 31st October, 2005.

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2. SUPERVISORS:

Mr. Liu Gang, born in July 1967, graduated with bachelor degree. He is an economist and a member of the Communist Party. He is qualified as a legal advisor to corporate law. He was a legal advisor to the office, Deputy Head, the General Manager of the Office of Yunnan Natural Gas Chemical Factory. He is Assistant to the General Manager, Company Secretary of the Board of Directors of Yunnan Yun Tian Chemical Co., Ltd. and the Deputy General Manager of Yunnan Province State-Owned Assets Operation Co., Ltd. The appointment is from 23rd December, 2002 to 31st December, 2005.

Mr. Sun Xingduo, born in October 1954, is Chairman of the Supervisory Committee of Xian Jiaotong University Industrial (Group) Incorporation. Mr. Sun has extensive experience in administration and financial management. Since 1979, Mr. Sun has been working in Shaanxi Financial and Economic College and held the positions of Deputy Director of the General Affairs Office, Secretary of the General Departmental Branch, Head of Financial Department, Assistant to Chancellor of College, member of the Party Committee of Shaanxi Financial and Economic College. In June 2000, Mr. Sun held the positions of Chairman of the Supervisory Committee, member of the Chinese Communist Party and associate researcher of Xian Jiaotong University Industrial (Group) Incorporation. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Shen Guorong, born in October 1948, is the Director of the Organization Department and the Director of the Labour and Personnel Section of the Party Committee of Kunming Kun Ji Group Company. Mr. Shen joined Kunming Machine Tool Plant in 1968 and has extensive experience in labour management. Since 1995 up till now, he has held the positions of Deputy Director and Director of the Organization Department and Deputy Director and Director of the Labour and Personnel Section of the Party Committee. Mr. Shen graduated from Economic Management Correspondence Union University in 1988 majoring in corporate management with professional qualification and holds the title of economist. The appointment is from 1st November, 2002 to 31st October, 2005.

Ms. Guo Junyu, born in May 1956, is the Director of the Financial Department of Xian Jiaotong University Industrial (Group) Incorporation. Ms. Guo has extensive experience in financial management. From 1983 to 1991, she had worked in the Light Industry Department of Shaanxi Province (during which she was studying in the Faculty of Economics of Anhui University in 1986). Since 1991 and up till now she has been working in Xian Jiaotong University. She was the financial executive of Xian Jiaotong Industrial (Group) Incorporation and a member of the Chinese Communist Party in 1994. She is a college graduate and an accountant. The appointment is from 1st November, 2002 to 31st October, 2005.

Mr. Huang Xiaopu, born in June 1950, is the Head of the Logistic Department of the Company and member of the second Disciplinary Examination Committee of Kunming Kunji Group Company. Mr. Huang joined Kunming Machine Tool Plant in 1976 and had been Deputy Head of the Security Division of Kunming Machine Tool Plant, Deputy Director of the Security Department of Kunming Kunji Group Company and Head of the Personnel Department of the Company. He was a graduate of secondary school and had served as assistant political work engineer and member of the Chinese Communist Party. The appointment is from 1st November, 2002 to 31st October, 2005.

3. SENIOR MANAGEMENT:

Mr. Liu Jian, born in March 1966, has been engaged in accounting and financial management for several years and has broad professional experience. From 1987 to 1998, he has served in the finance department of Beijing Xu Da Elevator Company, and was an accountant, supervising accountant and deputy general manager there. In 1994, he went to Singapore for training in MRP/BPCS System organised by the USA SSA Asian Pacific Training Center. From 1998 to 2000, he served as the financial controller of Beijing Lian Di Information System Company (a Hong Kong venture in IT industry). He is the Director of the finance department of Si Yuan Science and Technology Company of the Xian Jiaotong University from 2000 to 2001. Mr. Liu was a student in the industry management and engineering program of the Xian Jiaotong University from 1983 to 1987 and graduated with a bachelor's degree. He is a Chinese Communist Party member.

Mr. Qin Jianzhong, born in September 1954, is a Deputy General Manager of the Company. He joined Kunming Machine Tool Plant in 1982 and has extensive experience in the technical area and management. He has held the position of Technician, Deputy Director and the Director of Workshop, Deputy Head of the Labour and Personnel Section, Supervisor of the First Supervisory Committee of the Company and Deputy Head, Head of the Labour and Personnel Department, Executive Director and Financial Manager of the Company. Mr. Qin graduated from Neinenggu Institute of Engineering in 1982, obtained a master degree from Xian Jiaotong University in 1991 and holds the titles of engineer and senior economist. He is a Chinese Communist Party Member.

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Mr. Mu Yongping, born in July 1964 is currently the assistant general manager of Jiangsu Da Ya New Packaging Material Company assisting the general manager with marketing. He was once the managing deputy general manager of Dan Yang Xing Lian Aluminium Foil Product Company, a Chinese enterprise. Mr. Mu has been engaged in enterprise production management and marketing management for several years and has broad experience in the enterprise human resources development and comprehensive management. From 1987 to 1998, he was successively the plant office manager, the Director of the enterprise management office and the vice Director of the Inn Mongolia Enamel-insulated Wire Plant. From 1995 to 1998, he studied the MBA program of the People's University of China and obtained a master degree. Mr. Mu graduated from Xian Jiaotong University and obtained a bachelor's degree in industry and enterprise management in 1987. He is a Chinese Communist Party member.

Mr. Zhang Xiaoyi, born in April 1964 is the Chief engineer of the Company. Mr. Zhang joined the Company in 1985 and has been engaged in the machinery design and technical management. In 1996, he became the vice Director of the technical center and was awarded the Third Prize for Professionals with Outstanding Contribution of the Yunnan Province. In 1998 he was elected the Backup of Young and Middle-aged Technical Leaders of Yunnan Province. Mr. Zhang graduated from the machinery manufacturing technique department of Harbin Science and Technology University in 1985 with a bachelor's degree and he is a senior engineer.

Mr. Feng Sizhong, born in October 1946, is an university graduate and holds the title of senior economist. He is the Company Secretary to the Board of Directors and he also acts as the Company's Head of Corporate Management Department. He joined Kunming Machine Tool Plant in 1978 and has extensive technical and management experience. He has held the positions of Deputy Head and then Head of Chief Engineer Office, Deputy Chief Economist and Head of Planning Department and Corporate Management Department. The appointment is from 1st November, 1999 to 31st October, 2003.

(2) FEES AND OTHER EMOLUMENTS

During the year, the Company paid fees and other emoluments amounting to RMB955,000 to the above Directors, supervisors and senior management. The remuneration for the three highest paid directors totally amounted to RMB243,000 and the emoluments for the three highest paid senior management staffs totally amounted to RMB239,000.

During the year, there are 3 Directors entitled to the directors' emoluments paid by the Company within the range from RMB70,000 to RMB100,000 and 1 Director entitled to the director emolument paid by the Company within the range from RMB50,000 to RMB70,000. Also there are 4 Directors entitled to the director emoluments within the range from RMB30,000 to RMB50,000 and 3 Directors entitled to the directors' emoluments within the range from RMB10,000 to RMB30,000.

During the year, there are 2 supervisors entitled to the supervisor fees paid by the Company within the range from RMB30,000 to RMB50,000, 3 supervisors entitled to the supervisor fees paid by the Company within the range from RMB10,000 to RMB30,000.

Further, during the year, there are 5 senior management staffs entitled to emoluments paid by the Company within the range from RMB70,000 to RMB100,000 and there are 3 senior management staffs entitled to emoluments paid by the Company within the range from RMB50,000 to RMB70,000.

The following Directors of the Company, Mr. Yue Huafeng, Mr. Wang Shangjin, Mr. Zhang Chao, Mr. Jiang Zhuangde, Mr. Yu Chengting, Mr. Tong Inhuman and Ms Dong Juan, do not entitle to emoluments granted by the Company but for those independent Directors of the Company, they are entitled to a monthly allowance of RMB3,000 paid by the Company.

Mr. Shen Guorong, Mr. Sun Xingduo and Ms. Guo Junyu are not entitled to emolument granted by the Company but they are entitled to an allowance granted by the Company.

The Directors of the Company, Mr. Yue Huafeng is entitled to emolument granted by its substantial shareholder, Jiaotong Group. Also, Mr. Shen Guorong, Mr. Sun Xingduo and Ms Guo Junyu, the supervisors of the Company, are entitled to emoluments granted by Jiaotong Group.

The Director of the Company, Mr. Guo Shangwu and the supervisor of the Company, Mr. Shen Guorong received emolument from one of the Company shareholder of the Company, Kunji Group Company, during the year. Mr. Shen Guorong received his emoluments from the Company from January 2002 to August 2002 while he received his emoluments from Kunji Group Company from September 2002 to December 2002.

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(3) CHANGE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD AND REASONS THEREOF:

During the year, the Directors of the Company Messrs. Gao Yangren, Li Wenrong and Wen Peixiong, the supervisors of the Company, Messrs. Li Xuqiao and Li Yuen and the top management of the Company Messrs. Ma Weiguo and Xhao Naibin ceased their positions. These seven persons contributed their great efforts to the development for the Company during their terms of office. The Company expressed its gratitude to them.

(4) APPOINTMENT OR CESSATION OF DIRECTORS, ASSISTANT MANAGER, FINANCIAL MANGER, COMPANY SECRETARY TO THE BOARD OF DIRECTORS AND OTHER SENIOR MANAGEMENT

At the twenty-ninth Meeting of the Board of Directors of the Company held in June 2002, a resolution has passed to resolve that Mr. Guo Yangren was resigned as the General Manger of the Company. It also resolved that Mr. Zhang Hanrong was appointed as the Company's General Manger.

Pursuant to the fourth Meetings of the Board of Directors held by the Company at 31st October, 2002, it was resolved that Mr. Zhang Hanrong was appointed as the General Manager of the Company, Mr. Cheng Yunchuan was appointed as the Assistant Deputy Manager, Mr Liu Jian was appointed as the Assistant General Manager and the Chief Financial Officer, Messrs. Qin Jianzhong and Mu Yongping were appointed as the Assistant General Manger. Mr. Zhang Xiaoyi was appointed as the Chief Engineer. Mr. Feng Sizhong was appointed as the Company Secretary of the Board of Directors. Ms. Qu Xinye was appointed as the Securities Affairs Representative.

Mr. Zhang Hangrong has resigned as the Company's Chief Financial Office. Mr. Liu Jian has resigned as the Company's Financial Controller. Mr. Ma Weiguo has resigned as the Assistant General Manager of the Company and Mr. Zhao Naibin also has resigned as the Chief Economist of the Company.

(5) COMPANY STAFF

As at 31st December, 2002, the Company had a total of 2,407 employees, 1,778 staffs work on the production line, 49 salemen, 401 technical staffs (included of 160 technical staffs work in the management level), 26 staffs work in the financial department, 116 management staffs and 37 staffs work in other departments.

The Company has 478 staffs graduated from the university and 259 staffs completed their secondary education.

During the year, there are 67 staffs retired.

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(6) DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SHARES

As at 31st December, 2002, the interests of the Directors, supervisors, senior management and their associates in the share capital of the Company recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance of Hong Kong ("SDI Ordinance") were as follows:

Name	Position	Identity card number	Shareholdings at beginning of the year		Shareholdings at end of the year	
			Personal interests	Family interests	Personal interests	Family interests
Yue Huafeng	Chairman	610103611123243	-	-	-	-
Cheng Yunchuan	Vice Chairman	530901620722033	-	-	-	-
Wang Shangjin	Non Executive Director	610103420929241	-	-	-	-
Wu Ketian	Executive Director	530111481013003	-	-	-	-
Zhang Hanrong	Executive Director	610103641028245	-	-	-	-
Zhang Chao	Non Executive Director	610103720711241	-	-	-	-
Guo Shangwu	Executive Director	530111461005003	-	-	-	-
Jiang Zhuangde	Non Executive Director	610103550804241	-	-	-	-
Yu Chengting	Independent Non-executive	110105400124081	-	-	-	-
Tong Yunhuan	Independent Non-executive	110108501108893	-	-	-	-
Dong Juan	Independent Non-executive	110102520503238	-	-	-	-
Liu Gang	Supervisor	532131196707140019	-	-	-	-
Sun Xingduo	Supervisor	610113541020001	-	-	-	-
Shen Guorong	Supervisor	530111481014001	-	-	1,000	-
Guo Junyu	Supervisor	610103560517244	-	-	-	-
Huang Xiaopu	Supervisor	530111500601007	-	-	-	-
Liu Jian	Chief Financial Officer	110106660320151	-	-	-	-
Qia Jian Zhong	Deputy General Manager	530111540918003	-	-	-	-
Mu Yongping	Assistant General manager	610103640730245	-	-	-	-
Zhang Xiaoyi	Chief Engineer	530111640419005	-	-	-	-
Feng Sizhong	Secretary to the Board of Directors	530111451228005	-	-	-	-

Other than as disclosed above, at 31st December, 2002, none of the Directors, supervisors, senior management or their associates had interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

(7) DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors, supervisors or members of senior management or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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(8) CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS

Details of the discloseable connected transactions for the year are set out in note 36(I) to the financial statements. In the opinion of the independent non-executive Directors of the Company, the transactions were entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms that are fair and reasonable so far as the shareholders of the Company are concerned;
- (iii) in accordance with the terms of the agreements governing such transactions or on terms no less favourable than terms available to or from independent third parties; and
- (iv) within the relevant cap amounts as agreed by The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

During the year, the Company advanced approximately RMB25.7 million to certain non wholly-owned subsidiaries. In the opinion of the Directors, an amount of approximately RMB13.0 million advanced were for the purpose of additional capital contribution to two non wholly-owned subsidiaries which are in the process of applying to the relevant PRC authorities to increase their registered capital as approved by the Company's Board of Directors on 8th August, 2002. The other advances of approximately RMB12.7 million were advanced in proportion to the Group's interests in these subsidiaries and were for the purpose of financing the operations of the non-wholly subsidiaries. These advances are unsecured and have no fixed repayment terms. Other than an amount of RMB6.0 million which carries interest at prevailing market rates, the balances are interest-free.

In addition, during the year, the Company disposed its intangible assets which included the technical knowhow of developing intelligent computerized coloured embroidery machines and intelligent electrical appliances to certain non wholly-owned subsidiaries at their net book value of approximately RMB11.8 million.

Save as disclosed above:

- (i) no contracts of significance subsisted at any time during the year to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly; and
- (ii) there were no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").