

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

1. TABLE OF CHANGES IN SHARE CAPITAL OF THE COMPANY

Unit: Shares

	Beginning of the year	Increase/ (decrease) during the year	End of the year
I. Non-circulating shares			
1. Promoter's shares			
Comprising:			
Stated-owned shares	31,345,554	—	31,345,554
Domestic legal person shares	—	—	—
Overseas legal persons	—	—	—
2. Domestic legal person shares	71,052,146	—	71,052,146
3. Legal person shares	17,609,700	—	17,609,700
4. Internal employees shares	—	—	—
5. Preference shares	—	—	—
Comprising: Convertible shares	—	—	—
Total non-circulating shares	120,007,400	—	120,007,400
II. Circulating shares			
1. Renminbi ordinary shares	60,000,000	—	60,000,000
2. Domestic listed foreign shares	—	—	—
3. Overseas listed foreign shares	65,000,000	—	65,000,000
4. Others	—	—	—
Total circulating shares	125,000,000	—	125,000,000
III. Total	245,007,400	—	245,007,400

2. ISSUED SHARE CAPITAL

Types of Shares	A Share	H Share
Date of issue	3rd December, 1993 to 18th December, 1993	26th November, 1993
Place of Listing	Shanghai Securities Exchange	The Stock Exchange of Hong Kong Limited
Issue price	RMB4.43 per share	RMB2.2 per share (payable in HK\$1.98 per share)
Number of shares issued	60,000,000 shares	65,000,000 shares
Date of Listing	3rd January, 1994	7th December, 1993
Number of shares approved for listing	60,000,000 shares	65,000,000 shares

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3. SHAREHOLDING OF THE COMPANY

(1) As at 31st December, 2003, the Company has 28,893 shareholders. Including were 28,748 shareholders of A shares and 145 shareholders of H shares.

(2) The top ten shareholders of the Company:

Name of shareholders	Number of shares held at the end of the year (shares)	Number of shares held at the beginning of year (shares)	Type of shareholders (State or foreign shareholders)	Proportion (%)
Xian Jiaotong University Industrial (Group) Incorporation	71,052,146	71,052,146	A Shares (State owned legal person shares)	29.00
HKSCC Nominees Limited	63,621,998	63,197,999	H shares (Social public shares)	25.97
Yunnan Provincial People's Government	31,345,554	31,345,554	A shares (State owned shares)	12.80
Kunming Jinghua Company	17,609,700	17,609,700	A shares (Social legal person shares)	7.19
Tian Yunhua	441,000	441,000	A shares (Social public shares)	0.18
Tian Jing Xiang	278,400	Unknown	A shares (Social public shares)	0.11
Wu Shao Xian	208,000	Unknown	A shares (Social public shares)	0.08
Yang Shi	190,000	256,605	A shares (Social public shares)	0.08
Zhou Ren Xiang	187,256	Unknown	A shares (Social public shares)	0.08
Xiao Feng Tao	170,500	Unknown	A shares (Social public shares)	0.08

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(3) The top ten shareholders of circulating shares of the Company:

Name of shareholders (full name)	Number of shares held at the end of the year (shares)	Proportion (%)	Type of circulating shares
HKSCC Nominees Limited	63,621,998	25.97	H shares
Tian Yunhua	441,000	0.18	A shares
Tian Jing Xiang	278,400	0.11	A shares
Wu Shao Xian	208,000	0.08	A shares
Yang Shi	190,000	0.08	A shares
Zhou Ren Xiang	187,256	0.08	A shares
Xiao Feng Tao	170,500	0.08	A shares
Liu Bang Fu	160,310	0.07	A shares
Sun Jing Jing	153,900	0.06	A shares
Zhang Ling Yan	143,699	0.06	A shares

Details of the connected relationship among the top ten shareholders of circulating shares of the Company and consistent action.

The Company was not notified of any connected relationship and consistent action among the top ten shareholders of circulating shares of the Company.

Other than the substantial shareholders disclosed above as at 31st December, 2003, there were no other shareholders whose shareholdings exceeded the amount required to be disclosed under Article 60 of "Administration of the Issuing and Trading of Shares Provisional Regulations" of the PRC and Issue No. 2 of "The Content and Format of Disclosure of information of Annual Report of the Listed Companies" (Amended in 2003) and the register of substantial shareholders maintained under Section 16(1) of the Securities (Disclosure Interests) Ordinance of Hong Kong ("SDI Ordinance") showed that the Group was not notified of any interests representing 5% or more of the issued share capital of the Company.

There are 4 top 10 largest shareholders holding 5% or more of the Company's shares. They are the Xian Jiaotong University Industrial (Group) Incorporation ("Jiaotong Group") which holds the State owned legal person shares; Yunnan Provincial People's Government ("Yunnan Government") which holds the State owned shares; Kunming Jinghua Company which holds the legal person shares. All of the shares held by these shareholders are non-circulating and are not pledged, frozen, mortgaged nor designated. The overseas listed shares (H shares) of the Company were held by the HKSCC Nominees Limited.

None of the top ten largest shareholders of the Company have relationship with each other and the Company was not notified by its shareholders that there is any relationship between the shareholders of non-circulating shares, the shareholders of the state owned shares and the public shareholders.

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(4) Substantial shareholders

The largest shareholder of the Company, Jiaotong Group, has held approximately 29% of the total number of issued share capital of the Company.

Jiaotong Group is a wholly owned subsidiary of Xian Jiaotong University. Jiaotong Group was incorporated in 1994. The legal representative of Jiaotong Group is Zhang Xiao Lan. The registered capital of Jiaotong Group is RMB30 million. The registered address of Jiaotong Group is 28 Western Xianning Road, Xian City. Jiaotong Group is engaged in the electricity, energy electronic, resources, production of embroidery machines, electromechanical products, medical equipment, biochemical, raw materials, and environment industries. It is also engaged in network construction, production and sales of product and technology services.

(5) Other shareholders who hold 10% or more of the total number of the issued share capital of the Company is the Yunnan Government which holds 12.8% of the total number of the issued share capital of the Company.

(6) No other person was recorded in the register of substantial shareholders maintained under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital (H Shares) of the Company as at 31st December, 2003.