

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2004, the interests of a director of the Company in share capital of the Company or associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(I) SHARES

Name of director	Number of shares held through controlled corporation	Percentage of the Company's issued share capital
Mr. Zhou Chu Jian He (<i>Note</i>)	215,416,500	51.05

Note: 215,416,500 shares are held by Prime Century Investments Limited which is a wholly-owned subsidiary of Junefield (Holdings) Limited which is in turn beneficially owned by Mr. Zhou Chu Jian He, the Chairman of the Company.

Subsequent to the six months period ended 30 June 2004, on 8 July 2004, Ms. An Liyan appointed as non-executive director of the Company, who has deemed interest in 215,186,500 shares of the Company as she is the director of ICEA Financial Services Limited (See "Substantial Shareholders and Other Persons' Interests"). On 24 August 2004, Ms. An Liyan resigned as non-executive director of the Company.

(II) SHARE OPTIONS

As at 30 June 2004, the Directors and certain employees of the Company had the following interests in rights to subscribe for shares of the Company granted under the share option scheme. Each option gives the holder the right to subscribe for one share of par value HK\$0.1 each of the Company.

Category or Name	Date of share options granted#	Number of share options		Exercisable period of share options	Total consideration paid for	Price per share to be paid on				Number of share options held on 30 June 2004	Share price (**)	
		Held on 1 January 2004	Granted during the period		share options granted	exercise of share option	During the period number of share options				At grant date of options during the period	At exercise date of options during the period
							Exercised	Lapsed	Cancelled			
		'000	'000		HK\$	HK\$	'000	'000	'000		HK\$	HK\$
Directors												
Zhou Chu Jian He	12/03/2004	-	4,218	12/09/2004 to 11/09/2006*	1	0.13	-	-	-	4,218	0.13	-
Yiu Yu Keung, George	12/03/2004	-	4,218	12/09/2004 to 11/09/2006*	1	0.13	-	-	-	4,218	0.13	-
Li Jong Tong, Timothy	12/03/2004	-	4,218	12/09/2004 to 11/09/2006*	1	0.13	-	-	-	4,218	0.13	-
Zhang Xiao Bing, Adam	12/03/2004	-	4,218	12/09/2004 to 11/09/2006*	1	0.13	-	-	-	4,218	0.13	-
Employees	12/03/2004	-	10,544	12/09/2004 to 11/09/2006*	3	0.13	-	-	-	10,544	0.13	-

The vesting period of the share options is from the date of grant until the commencement of the exercise period.

* If 11 September 2006 is not a business day in Hong Kong, the exercisable period shall end at the close of business on the last business day preceding that day.

** The share price disclosed as at the date of grant of share options is the Hong Kong Stock Exchange closing price of the shares of the Company on the trading day immediately prior to the date of grant of the share options.

The directors of the Company do not consider it appropriate to disclose a theoretical value of the share options granted during the period because a number of factors crucial for the valuation cannot be determined. Accordingly, any valuation of the options based on various speculative assumptions would not be meaningful but would be misleading to the shareholders of the Company.

Save as disclosed above, as at 30 June 2004, none of the Directors and chief executive of the Company had or was deemed to have any interest in the equity or debt securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) which requires notification pursuant to section 28 of the SDI Ordinance (including interests which any such Director is deemed or taken to have under section 31 or part 1 of the schedule to the SDI Ordinance) or which is required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, and none of the Directors and chief executives of the Company, or their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

As at 30 June 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

25

Name	Notes	Capacity and nature of interest	Number of ordinary shares	Percentage of the Company's issued share capital
Prime Century Investments Limited	(1)	Directly beneficially owned	215,416,500	51.05
Junefield (Holdings) Limited	(1)	Through a controlled corporation	215,416,500	51.05
Mr. Zhou Chu Jian He	(1)	Through a controlled corporation	215,416,500	51.05
ICEA Financial Services Limited	(2)	See note (2) below	215,186,500	51
ICEA Finance Holdings Limited	(2)	See note (2) below	215,186,500	51
Industrial and Commercial Bank of China	(2)	See note (2) below	215,186,500	51
Liu Xiao Fang		Directly beneficially owned	38,236,000	9.06
Yuan Ling		Directly beneficially owned	25,490,000	6.04

Notes:

- (1) 215,416,500 shares are held by Prime Century Investments Limited, a wholly-owned subsidiary of Junefield (Holdings) Limited which is in turn beneficially owned by Mr. Zhou Chu Jian He, the Chairman of the Company.
- (2) Prime Century Investments Limited executed a charge under which 215,186,500 shares of the Company held by Prime Century Investments Limited were charged in favour of ICEA Financial Services Limited as security for the performance of obligations of Prime Century Investments Limited with ICEA Financial Services Limited under loan agreements dated 2 October 2003 and 2 April 2004 entered into between Prime Century Investments Limited and ICEA Financial Services Limited. ICEA Financial Services Limited is a wholly-owned subsidiary of ICEA Finance Holdings Limited which is in turn owned as to 75% by Industrial and Commercial Bank of China.

Subsequent to the six months period ended 30 June 2004, on 23 August 2004, the outstanding amount of loan due to ICEA Financial Services Limited has been repaid by Prime Century Investments Limited. The charge under which 215,186,500 shares of the Company held by Prime Century Investments Limited pledged to ICEA Financial Services Limited has been released. ICEA Financial Services Limited ceased to have substantial shareholder's interest in the Company on 25 August 2004.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

AUDIT COMMITTEE

The members of the audit committee of the Company comprise Mr. Leung Man Kit, Mr. Chan Kwok Wai and Mr. Lam Man Sum, Albert, all being independent non-executive directors, of the Company.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group, discussed internal control and financial reporting matters, and reviewed the unaudited consolidated interim financial statements for the six months ended 30 June 2004.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the period ended 30 June 2004, except that the independent non-executive directors of the Company are not appointed for specific terms as they are subject to retirement by rotation at the annual general meeting in accordance with bye-laws 87(1) and (2) of the Company.

By Order of the Board

Zhou Chu Jian He

Chairman