

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES OF THE COMPANY

During the period, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance, Chapter 571 under the Laws of Hong Kong (the "SFO")) as recorded in the register of directors' and chief executives' interests and short positions required to be maintained under section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange are as follows:

### Interests in the shares of the Company

| Name of Director | Personal interests | Number of shares held |                       |                         | Total       | Approximate % of total issued shares (if 0.01% or more) |
|------------------|--------------------|-----------------------|-----------------------|-------------------------|-------------|---|
|                  |                    | Family interests      | Corporate interests   | Other interests         |             |   |
| Tang To          | 2,700,000          | –                     | 3,145,824<br>(Note 1) | –                       | 5,845,824   | 0.91  |
| Wong Yiu Ming    | 8,814,611          | –                     | –                     | –                       | 8,814,611   | 1.37  |
| Zhou Junqing     | –                  | 20,000<br>(Note 2)    | –                     | –                       | 20,000      | –   |
| Tang Kwan        | –                  | –                     | –                     | 270,086,411<br>(Note 3) | 270,086,411 | 42.07   |
| Kan Wai Wah      | 124,000            | –                     | –                     | –                       | 124,000     | 0.02  |

Notes:

- As at 30th June, 2004, 3,145,824 shares were held by Ginta Company Limited ("Ginta") which is wholly owned by a company which in turn is owned as to 50% by Mr. Tang To and 50% by his spouse.
- As at 30th June, 2004, 20,000 shares were held by the spouse of Ms. Zhou Junqing. Ms. Zhou Junqing has resigned as Director with effect from 22nd March, 2004.
- As at 30th June, 2004, Mr. Tang Kwan was deemed to be interested in the block of 270,086,411 shares under the SFO through his deemed interests in Codo Development Limited ("Codo"). As at 30th June, 2004, Codo through its wholly owned subsidiaries, Cosmos Machinery (Holdings) Limited ("Cosmos Holdings") and Tai Shing Agencies Limited ("Tai Shing") was deemed to be interested in 270,086,411 shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited, a Hong Kong company controlled by The Saniwell Trust, a trust established for the benefit of Mr. Tang Kwan's family, of which the spouse of Mr. Tang Kwan is one of the beneficiaries; (ii) 8.37% by Elegant Power Enterprises Limited ("Elegant Power"); (iii) 30.25% by Friendchain Investments Limited, a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by The Saniwell Trust and as to 2.58% by Fullwin Limited; (iv) 16.09% by Yik Wan Company Limited; and (v) 20.23% by 7 individuals.

## OTHER INFORMATION

The percentage shown was calculated based on the number of issued shares of the Company as at 30th June, 2004.

As at 30th June, 2004, other than as disclosed above and certain nominee shares held in trust for the Group, none of the Directors, chief executives of the Company or their associates had any interests and short positions in the shares, underlying shares of the Company and its associated corporations (within the meaning of the SFO) to be notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO, to be entered in the register referred to therein.

Save as disclosed herein, none of the Directors is materially interested in any contract or arrangement subsisting as at 30th June, 2004 which is significant in relation to the business of the Company and its subsidiaries.

As at 30th June, 2004, none of the Directors had any direct interests or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group.

### SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, the following interests in 5% or more in the shares of the Company have been notified to the Company and recorded in the register of substantial shareholders' interests and short positions required to be kept under Section 336 of Part XV of the SFO:

#### Interests in the shares of the Company

| Name of substantial shareholder            | Number of shares held |                         |             | Approximate % of interests |
|--|-----------------------|-------------------------|-------------|----------------------------|
|  | Direct interests      | Deemed interests        | Total       |                            |
| Cosmos Holdings                            | 115,446,000           | 154,640,411<br>(Note 1) | 270,086,411 | 42.07                      |
| Law Kit Fong                               | –                     | 270,086,411<br>(Note 2) | 270,086,411 | 42.07                      |
| Tai Shing                                  | 154,640,411           | –                       | 154,640,411 | 24.09                      |
| China Resources (Holdings) Company Limited | 154,226,406           | –                       | 154,226,406 | 24.02                      |

Notes:

1. Cosmos Holdings is interested in 154,640,411 shares through its subsidiary, Tai Shing.
2. Ms. Law Kit Fong is deemed to be interested in the block of 270,086,411 shares through her indirect interests in Codo. As at 30th June, 2004, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 270,086,411 shares.

The percentage shown was calculated based on the number of issued shares of the Company as at 30th June, 2004.

Save as disclosed above, as at 30th June, 2004, the Directors are not aware of any other persons who have interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

### **DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Other than as disclosed above, at no time during the period was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares or any underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of SFO); and none of the Directors, their spouses or children under the age of 18, had any right to subscribe for the shares or any underlying shares of the Company, or had exercised any such rights.

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

During the six months ended 30th June, 2004, there has been no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

### **AUDIT COMMITTEE**

The audit committee (the "Committee") of the Company comprises three independent non-executive Directors. The Group's unaudited condensed consolidated financial statements for the period ended 30th June, 2004 have been reviewed by the Committee which is of the opinion that such financial statements comply with the applicable accounting standards and requirements of the Stock Exchange and that, adequate disclosures have been made.

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30th June, 2004, the Group has approximately 6,000 employees (2003: approximately 6,000), remunerations were formulated in accordance with performance of employees, business development and prevailing market conditions. Apart from in-house training programs, benefits also include schemes of insurance, retirement and so on.

## OTHER INFORMATION

### CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company had not been for any part of the six months ended 30th June, 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive Directors and independent non-executive Directors are not appointed for specific terms but are subject to retirement by rotation and re-election in accordance with Article 103 of the Company's Articles of Association.

### DIRECTORS

As at the date hereof, the Board is comprised of eleven Directors, of which five are executive Directors, namely Mr. Tang To, Mr. Zhao Zhuoying, Mr. Wong Yiu Ming, Mr. Yan Wing Fai Richard and Mr. Li Tin Loi, and three are non-executive Directors, namely Mr. Tang Kwan, Mr. He Zhiqi and Mr. Kan Wai Wah and three are independent non-executive directors, namely Mr. Liang Shangli, Mr. Yip Jeffery and Ms. Yeung Shuk Fan.

### APPRECIATION

On behalf of the Board, I would like to express appreciation to the shareholders of the Company for continuing support, all our management and staff members for their ongoing contribution.

On behalf of the Board  
**TANG To**  
Chairman

Hong Kong, 23rd September, 2004