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## SUBSTANTIAL SHAREHOLDERS

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So far as the Directors are aware, immediately following completion of the Share Offer (assuming the Over-allotment Option is not exercised), the following persons will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings or any other members of the Group:

Name of shareholders	Number of Shares	Approximate percentage of Shares held
Xinghang Investment ( <i>notes 1 &amp; 2</i> )	425,643,587	33.61%
Xinhuadu Industrial ( <i>notes 3 &amp; 4</i> )	255,768,500	20.19%
Chen Fashu ( <i>notes 3, 5 &amp; 6</i> )	255,768,500	20.19%
Jinshan Trading ( <i>note 7</i> )	171,095,000	13.51%

*Notes:*

- (1) Pursuant to the “Provisional method for the administration of social protection funds raised from the reduction of State-owned Shares” promulgated by the State Council on 12th June, 2001, Xinghang Investment, Fujian Gold Group and Minxi Geologist will convert their Domestic Shares representing 10% of the H Shares under the Share Offer (not including the Domestic Shares to be converted into H Shares) into H Shares. Upon the conversion of 31,663,636 Domestic Shares into 31,663,636 Sale H Shares for sale by state-owned shareholders, the number of Domestic Shares held by Xinghang Investment upon completion of the Share Offer will accordingly be reduced.
- (2) In the event the Over-allotment Option is exercised in full, State-owned shareholders will be required to convert up to 36,413,181 Domestic Shares into 36,413,181 additional H Shares. Upon completion of the Share Offer (assuming the Over-allotment Option is exercised in full), Xinghang Investment will hold 421,090,125 Domestic Shares, representing approximately 32.04% of the registered share capital in the Company.
- (3) Xinhuadu Engineering owns 5.25% interests in the issued Shares of the Company. Xinhuadu Department Store owns 1.29% interest in the issued share capital of the Company. Xinhuadu Industrial owns 51% and 64.54% interests in the issued share capital of Xinhuadu Engineering and Xinhuadu Department Store respectively. Therefore, pursuant to section 316 of the SFO, Xinhuadu Industrial is deemed to be interested in such Shares.
- (4) Once the Over-allotment Option is exercised in full, the proportion of the direct/indirect interests of Xinhuadu Industrial in the issued share capital of the Company will be reduced to approximately 19.47%.
- (5) Pursuant to section 316 of the SFO, Xinhuadu Industrial is deemed to have 20.19% interests in the issued share capital in the Company. Mr. Chen Fashu owns 73.56% interest in the issued share capital in Xinhuadu Industrial. Therefore, pursuant to section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in such Shares.

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- (6) Once the Over-allotment Option is exercised in full, the proportion of the direct/indirect interests of Mr. Chen Fashu in the issued share capital of the Company will be reduced to approximately 19.47%.
  
- (7) Once the Over-allotment Option is exercised in full, the proportion of the direct/indirect interests of Jinshan Trading in the issued share capital of the Company will be reduced to approximately 13.02%.

Save as disclosed in this prospectus, but without taking into account of the H Shares which may fall to be subscribed under the Share Offer, so far as the Directors are aware, no person will be directly or indirectly interested in 10% or more of the issued Shares or equity rights of the Company immediately after the completion of the Share Offer.