

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

During the period, the interests and short positions of the Directors and the chief executive of the Company (the "Chief Executive") 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 of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), to be notified to the Company and the Stock Exchange are as follows:

Interests in the Shares

Name of Directors	Personal interests	Number of shares held			Total	Approximate % of total issued shares of the Company
		Family interests	Corporate interests	Other interests		
Tang To	4,970,000	2,000 (Note 2)	300,617,458 (Note 1)	224,000 (Note 3)	305,813,458	42.66
Wong Yiu Ming	10,832,072	-	-	-	10,832,072	1.51
Kan Wai Wah	136,400	-	-	-	136,400	0.02
Cheng Tak Yin	1,406,000	-	-	4,400	1,410,400	0.20

Notes:

- As at 30th June, 2013, 3,460,406 Shares of those 300,617,458 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 and 50% by his spouse. Mr. Tang was deemed to be interested in the remaining 297,157,052 Shares of those 300,617,458 Shares under the SFO through his deemed interests in Codo Development Limited ("Codo").

As at 30th June, 2013, 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 297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited ("Keepsound"), a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust, (ii) 8.37% by Elegant Power Enterprises Limited ("Elegant Power"); (iii) 30.25% by Friendchain Investments Limited ("Friendchain"), a Hong Kong company controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin Limited ("Fullwin"); (iv) 16.09% by Yik Wan Company Limited ("Yik Wan"); and (v) 20.23% collectively held by 5 individuals and 2 limited companies.

- As at 30th June, 2013, 2,000 Shares were held by the spouse of Mr. Tang.
- As at 30th June, 2013, 224,000 Shares were jointly held by Mr. Tang and his spouse.

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The percentage shown was calculated based on the number of issued shares of the Company as at 30th June, 2013.

As at 30th June, 2013, other than as disclosed above and certain nominee shares held in trust for the Group, none of the Directors or Chief Executive 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, 2013 which is significant in relation to the business of the Company and its subsidiaries.

As at 30th June, 2013, 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.

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SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2013, the following interests in 5% or more in the shares and underlying 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

Name of Substantial Shareholders	Direct Interests	Number of shares held		Approximate % of total issued shares of the Company
		Deemed interests	Total	
Law Kit Fong	–	297,157,052 (Note 1)	297,157,052	41.45
Codo	–	297,157,052 (Note 2)	297,157,052	41.45
Cosmos Holdings	127,052,600	170,104,452 (Note 3)	297,157,052	41.45
Tai Shing	170,104,452	–	170,104,452	23.73
Saniwell Holding Inc.	–	297,157,052 (Note 4)	297,157,052	41.45
China Resources (Holdings) Company Limited	169,649,046 (Note 5)	–	169,649,046	23.66

Notes:

- Ms. Law Kit Fong is deemed to be interested in the block of 297,157,052 Shares through her direct and indirect interests in Elegant Power and Codo. As at 30th June, 2013, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 Shares. As at 30th June, 2013, Codo is owned as to 30.25% by Friendchain (which is owned as to 40% by Elegant Power) and 8.37% by Elegant Power (which is wholly owned by Ms. Law Kit Fong).
- As at 30th June, 2013, Codo is interested in 297,157,052 Shares through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing. As at 30th June, 2013, Codo is owned as to (i) 25.06% by Keepsound, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power, which is wholly-owned by Ms. Law Kit Fong; (iii) 30.25% by Friendchain, which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% collectively held by 5 individuals and 2 limited companies.
- Cosmos Holdings was deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
- As at 30th June, 2013, Saniwell Holding Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its deemed interests in Codo. Codo is owned as to (i) 25.06% by Keepsound, a Hong Kong company controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% collectively held by 5 individuals and 2 limited companies.
- As shown by the latest interest disclosure information maintained pursuant to Part XV of the SFO provided to the Company by China Resources Corporation, China Resources Co., Limited and CRC Bluesky Limited, the above three companies were deemed to be interested in shares owned by China Resources (Holdings) Company Limited.

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The percentage shown was calculated based on the number of issued shares of the Company as at 30th June, 2013.

Save as disclosed above, as at 30th June, 2013, 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.

SHARE OPTION SCHEME

In order to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants for their contributions and/or potential contributions to the Group and for such other purposes as the Board may approve from time to time, the Company has adopted the share option scheme at the Annual General Meeting of the Company held on 30th May, 2005, and unless otherwise terminated or amended, this scheme will remain in force for 10 years from that date.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange's daily quotation sheets on the date of offer of the share options; and (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer; (iii) the nominal value of the Company's shares.

The offer of the grant of option may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The option period of the share options is determined by the directors at their absolute discretion and notified by them to each grantee as being the period during which an option may be exercised and in any event, such period shall not be longer than 10 years from the date of offer. Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

The following table disclosed movements in the Company's share options during the period:

Grantee(s)	Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options				
				Outstanding at 1.1.2013	Granted during the period	Exercised during the period	Cancelled/Lapsed during the period	Outstanding at 30.6.2013
Director								
Wong Yiu Ming	24.5.2010	15.6.2010 to 14.6.2013	0.66	6,000,000	-	-	6,000,000	-
Employees (in aggregate)								
(in aggregate)	24.5.2010	25.5.2010 to 19.6.2013	0.66	8,000,000	-	-	8,000,000	-
Total				14,000,000	-	-	14,000,000	-

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

Save 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 to acquire benefits by means of the acquisition of shares of 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 of the Company, or had exercised any such rights.

VERY SUBSTANTIAL DISPOSAL

On 9th April, 2013, the wholly-owned subsidiary of the Company Fair Friend (Hong Kong) Enterprise Co., Limited entered into sale and purchase agreements with Beijing Sunbeway Investment Co., Ltd. and Beijing Jin Yuan Yi Tong Trading Co., Ltd. respectively to dispose 4,700 and 121 shares of Hon Kiu Machine Factory Limited, an associate owned 49.4% by the Company ("Hon Kiu") at consideration of RMB455,430,000 (equiv. to HK\$570,653,790) and RMB11,724,900 (equiv. to HK\$14,691,300) respectively. Hon Kiu holds 51,000,000 shares (representing 63.75%) of Shenzhen Haoningda Meters Co., Ltd, which is a joint stock limited company in the PRC and whose shares are listed on the Shenzhen Stock Exchange. The disposal constituted a very substantial disposal for the Company. A circular carrying all information regarding the disposal had been sent to shareholders of the Company on 10th May, 2013 and an extraordinary general meeting was convened on 29th May 2013 to approve the sale and purchase agreements. The disposal was completed on 5th July, 2013.

POST BALANCE SHEET EVENT

On 14th August, 2013, a 52% owned subsidiary of the Company, Gainbase Industrial (Holding) Limited ("Gainbase") entered into sale and purchase agreement with MA International Co., Limited, Gainbase purchased the entire issued share capital of KFE Hong Kong Co., Limited ("KFE HK") at a consideration of USD2,400,000 (equivalent to approximately HK\$18,720,000), which will be satisfied in cash. KFE HK is principally engaged in trading of laminates and printed circuit boards. KFE HK has two wholly-owned subsidiaries established in the PRC, namely KFE (Shenzhen) Co., Limited which is a back office providing quality checking and assurance services to the customers; and KFE (Suzhou) Co., Limited which is a sale office to serve customers in Northern China. The acquisition constituted a discloseable transaction for the Company, the Company has made an announcement on 14th August, 2013 in accordance with the requirements of the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company comprises three Independent Non-Executive Directors. The unaudited financial statements of the Company for the six months ended 30th June, 2013 have been reviewed by the audit committee who is of the opinion that such statements comply with the applicable accounting standards, legal requirements and the Listing Rules, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company comprises three Independent Non-Executive Directors and the Chairman of the Board of the Company. The duties of the remuneration committee include reviewing and evaluating the remuneration packages of Executive Directors and senior management and making recommendations to the Board in respect of the remuneration packages from time to time.

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NOMINATION COMMITTEE

The nomination committee of the Company comprises three Independent Non-Executive Directors, the Chairman and the Chief Executive Officer of the Board. The main functions of the nomination committee are to make recommendations to the Board on the appointment or re-appointment of directors based on their skill, knowledge and experiences. Furthermore, the nomination committee will review the structure, size and diversity (including but not limited to gender, age, cultural and educational background) of the Board at least annually to complement the Company's corporate strategy.

COMMITTEE OF EXECUTIVE DIRECTORS

The Company has established the Committee of Executive Directors which includes all the four Executive Directors which meets frequently as when necessary and is responsible for the management and day-to-day operations of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 30th June, 2013, the Group has approximately 6,000 employees (2012: approximately 6,000). The remuneration policy of the Group was formulated in accordance with market trends and performance of employees. Benefits plans have included schemes of insurance, retirement, share option and so on.

The remunerations of the Directors are decided by the Remuneration Committee, having regard to the Company's operating result and comparable market statistics.

The remuneration policy of the Company for non-executive directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company and that for the employees, including the executive directors and senior management is to ensure that the remuneration offered is appropriate for the duties and in line with market practice. The remuneration policy is to ensure that the pay levels are competitive and effective in attracting, retaining and motivating employees. No director, or any of his associates and executive, is involved in deciding his own remuneration.

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

During the six months ended 30th June, 2013, there has been no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

CORPORATE GOVERNANCE

The directors consider that the Company has adopted and complied with the code provisions of the Corporate Governance Code during the six months ended 30th June, 2013 as contained in Appendix 14 of the Listing Rules except for the deviation from code provision A.6.7 as mentioned below.

Code provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend the issuer's general meetings and develop a balanced understanding of the views of shareholders. Some independent non-executive directors and non-executive directors were unable to attend the 2013 annual general meeting of the Company held on 28th May, 2013 and the extraordinary general meeting held on 29th May, 2013 due to their other business engagements. However, the Board believes that the presence of independent non-executive directors at the said general meetings allowed the Board to develop a balanced understanding of the views of shareholders.

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COMPLIANCE WITH MODEL CODE

Throughout the six months ended 30th June, 2013, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules and all Directors have confirmed that they have been fully complied with the required standard as set out in the Model Code based on the enquiry of all the directors of the Company.

PUBLICATION OF THE INTERIM REPORT

This interim report is published on the Company's website at www.cosmel.com and the web site of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

On behalf of the Board

TANG To
Chairman

Hong Kong, 28th August, 2013