CYBER ON-AIR GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

THIRD QUARTERLY REPORT 2002

for the period from 1 April 2002 to 31 December 2002

CYBER ON-AIR
創博數碼科技

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Cyber On-Air Group Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to Cyber On-Air Group Company Limited. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in his report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

1.

	Nine months ended 31 December 2002 HK$'000	2001 HK$'000	Variance
Turnover	**32,737**	2,021	1,519.5%
Gross Profit	**15,166**	2,021	650.3%
Operating Costs	**(24,803)**	(57,011)	(56.5)%
Loss attributable to Shareholders	**(15,701)**	(55,588)	(71.8)%
Loss per share	**HK$(0.19)**	HK$(0.67)	

Cyber On-Air Group Company Limited (the "Company") and its subsidiaries (collectively the "Group") registered increased turnover of approximately HK$30.7 million for the nine months ended 31 December 2002 compared to the corresponding period last year (31 December 2001: HK$2 million), representing an increase of 1,519.5%.

2. As a result of effective cost-savings measures, operating costs reduced from HK$57 million to HK$24.8 million, representing an almost 56.5% improvement compared with the corresponding period last year. Loss attributable to shareholders decreased by 71.8% to HK$15.7 million.

3. EBITDA* loss decreased 83.9% from HK$41.3 million to HK$6.6 million.

   * EBITDA is defined as earnings before interest expense, tax, depreciation and amortization.

MESSAGE FROM THE CHIEF EXECUTIVE

In a time of adverse market conditions, the Group made great strides toward sales, increased business opportunity, refined corporate structure and enhanced core competence in the marketplace. In the third quarter, the Group has succeeded in achieving a turnover of HK$9.7 million, a significant improvement compared to the corresponding period last year.

Hong Kong is still recovering from a recession. The Group anticipates that the IT market will be full of challenges in the fourth quarter. In the midst of these situations, the Group continues to follow a proactive, cost-effective policy to optimise the cost structure of the Group, reinforce the sales team and maintain high-skilled and experienced staff.

Our marketing strategies in China remain unchanged. The export data shows that Hong Kong is playing a key role in the China trade. With sustained, rapid and healthy economic growth, China is opening up further business opportunities to technology industries. The Group emphasizes adherence to the principle of expanding the China market, offering advanced and comprehensive wireless applications and solutions and maintaining direct and interactive customer relationships.

Over the past few months, the Group has signed distribution agreements with some of the world's leading brands, including ECtel and 3M. The Group will take responsibility for the commercial, distribution and marketing of ECtel's Xellence, a modular platform, introducing the first overseas software application for revenue assurance, fraud protection and billing optimisation for Internet Protocol ("IP") and voice communications networks in China. And the Group has successfully started the first trial system with one of the largest telecom operators in China. It is expected that these products will strengthen our existing services to customers.

In view of the evolution of 2.5G into 3G technologies, the Group believes that the future lies in wireless and multimedia technologies. The Group has striven to develop new products, solutions and markets for Multimedia Messaging Services ("MMS") in China. And the Group has the roadmap, a plan to launch a large MMS application in mid 2003. In this quarter, the Group has formed a significant partnership with the Shanghai Bank of Communications to extend "Banking On-Air" in OAXIS platforms, one of the successful launched wireless applications of the Group, to the bank's branches in China's large cities.

The Group anticipates positive business growth for our integrated broadband and multimedia solution. The I-Estate project for Government housing estates is progressing steadily. Assuming successful completion of this project as the first multimedia application in Hong Kong, we will move quickly to compile a case for the China market, with the focus on intelligent buildings, residential estates and hospitality sectors in 2003.

The Group remains committed to invest more direct efforts to develop the recruitment and corporate services of Guangdong An Bo Information Services Limited 【廣東安博信息服務有限公司】("An Bo"), the first Sino-HK legal entity running this kind of business in China. The Group is investing to develop the on-line multimedia recruitment services, the cross-border executive search business and the international professional corporate services in the coming months. An Bo has had steady financial performance over these months. The Group is carefully reviewing the market opportunities, especially the high potential areas like Shanghai, Beijing and Hong Kong.

Prospects for the fourth quarter

The Group is optimistic about the fourth quarter of the year, with anticipated positive growth in business due to the recovery of the economic and business environment in Hong Kong, together with economic reform in China.

Moving forward, the Group needs an effective cost structure and flexibility to do everything necessary to build our pipeline and to increase the gains that the Group has made on the operational side.

The markets that we serve are changing very rapidly. However, the Group's expectations remain high. The Group looks forward to meeting the new challenges by being alert to all opportunities for business growth, being innovative, and providing a full range of value-added products and services.

In closing, I would like to thank all our employees for their continued excellent performance and our business partners for all their support. I also want to thank our customers, our suppliers and our shareholders and analysts who have supported and continue to support the Group.

Choi Wing Kin
Chief Executive Officer

Hong Kong, 7 February 2003

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the three months ended 31 December 2002, the Group's turnover was HK$9.7 million, up 104.1% from HK$4.7 million, and the gross profit was HK$2.7 million, an increase of 174.5%, compared with the last quarter. Operating expenses dropped 43.3% to HK$6 million from HK$10.6 million. The finance costs dipped by 81.4% to HK$0.2 million for the three months ended 31 December 2002 from HK$1.3 million in the previous quarter was the result of the waiver of the entire interests in respect of the HK$80 million loan notes granted by the ex-Vendors of Cyber On-Air Group Limited ("COA") on 1 October 2002 for the period of one year to 30 September 2003. The Group posted a loss attributable to shareholders of HK$5.1 million, equivalent to a loss of HK$0.06 per share. The EBITDA loss narrowed to HK$2.4 million from HK$9 million, down 73.4% over the previous quarter. Apart from the effect of the An Bo result being consolidated into the Group's result, the increase in turnover was mainly due to the overall improvement in sales performance from the Hong Kong, Shanghai and Chengdu regions during this quarter. Although the China and Hong Kong IT sectors remained stagnant in 2002, the Shanghai and Chengdu offices were able to record satisfactory results. In particular, the Shanghai office quadrupled its sales turnover and the Chengdu office had recorded turnaround result in December 2002 and it is now a profit-making company. With all the positive indications, the Group is confident that the EBITDA loss will be reduced steadily with a view to recording positive EBITDA in the coming months.

Comparing the financial performance for the nine months ended 31 December 2002 with the corresponding period last year, the Group registered an increased turnover of HK$30.7 million, (nine months ended 31 December 2001: HK$2 million), representing an increase of 1,519.5%. The operating costs were reduced from HK$57 million to HK$24.8 million, representing an almost 56.5% improvement compared with the corresponding period last year. Loss attributable to shareholders decreased by 71.8% to HK$15.7 million for the nine months ended 31 December 2002. The substantial increase in revenue compared to the corresponding period last year was mainly attributable to the new revenue stream derived from sales of project services; network solutions; application solutions, technology products and multimedia services after the acquisition of COA in May 2002.

Business review

1. *Application products (wireless) and solutions*

During the period under review, the wireless application industry has stepped into another epoch. With the launch of General Packet Radio Services ("GPRS") throughout China, GPRS provides a faster and convenient channel for wireless applications. This implies that GPRS Wireless Application Protocol ("WAP") banking is definitely the trend in 2003.

The Group continued to lead the wireless application solution market in the FSI (Finance, Securities & Insurance) segment. GPRS upgrade had been completed for our current clients using OAXIS "Banking On-Air" product. Following the successful business concluded with the Bank of Communications in Shanghai last year, the Group was invited to form an alliance with Bank of Communications to promote our "Banking On-Air" to the bank's other branches in China. This project will certainly raise the Group's industry profile.

Taking full advantage of the Short Messaging Services ("SMS") consumer campaign completed for Carlsburg and Watson's, the Group will strive to participate actively in the SMS consumer promotion campaign for Fast Moving Consumer Goods ("FMCG") industry. In line with the above strategies, the Group has signed some partnership agreements with advertising agencies to bundle the Group's SMS solution into clients' advertising campaign.

2. *Network solutions*

Following the success of signing a reseller agreement with a US based supplier on a bandwidth management system, the Group recorded encouraging progress in product development, including the acquisition of the distributorship of a series of networks integration products from Axerra Networks. This distributorship allows the Group to distribute its multi-service concentrator equipment for fixed and mobile network operators. Different from products offered by other competitors in the market, through the Axerra Networks system equipment, they provide features of aggregating all different type of networks such as Asynchronous Transfer Mode ("ATM") network, Frame Relay network and Lease Line network onto an IP backbone, with which, the network operator is able to save cost and to manage its network effectively. Recently, Axerra products have received a lot of attention from local network operators in the market.

3. Project and engineering services

During the period under review, the Group undertook a key project for the installation of Local Multipoint Distribution System ("LMDS"), this project further strengthen the position of the Group, opening up opportunities to secure project service business in Hong Kong. Recently, the Group is negotiating with a 3G operator for 3G base station installation services.

4. Wireless broadband

With the increased usage and popularity of wireless local area network ("WLAN") equipment, WLAN users are becoming aware of the security issues such as unauthorized wireless access in their networks. To prepare for this, the Group is planning to acquire a distributionship from a vendor in WLAN security control to cope with the needs of the market. The Group is confident that the success of this acquisition will provide the WLAN security control solution services to all of our WLAN system users.

5. Joint venture business

Since the official launch of recruitment and corporate services business, An Bo has already achieved an encouraging performance. During the period under review, An Bo has built its databases with over 35,000 jobseeker profiles and over 30,000 registered corporate members. To strengthen our business supports, An Bo has successfully built up a solid relationship with the relevant local government authorities. With their approvals, An Bo had further diversified its businesses to provide Human Resources, Employee Leasing and Personal Files Registration services in China. To enhance our branding in the market, An Bo will launch a new promotion campaign at the Guangzhou MTR, buses and in the local newspaper after Chinese New Year.

The Group believes that the prevalent trend of "Go North" by Hong Kong jobseekers and enterprises as well as the increasing investments in Hong Kong by China enterprises are the predominant factor of An Bo's success. The Group has full confidence in An Bo's future performance in the recruitment, consultancy services and professional corporate services field in Hong Kong and China.

RESULTS

The Board of Directors (the "Board") of the Company hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months (the "Quarterly Period") and nine months ended 31 December 2002 (the "Nine Month Period"), together with the comparative unaudited figures for the corresponding period in 2001 are as follows:

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the three months and nine months ended 31 December 2002

		Three months ended 31 December		Nine months ended 31 December	
	Notes	**2002 HK$'000**	2001 HK$'000	**2002 HK$'000**	2001 HK$'000
Turnover	2	**9,688**	599	**32,737**	2,021
Cost of sales		**(6,988)**	–	**(17,571)**	–
Gross profit		**2,700**	599	**15,166**	2,021
Interest income		**5**	–	**22**	237
Other revenue		**127**	304	**1,065**	537
Website development expenses		**–**	(4,394)	**–**	(27,581)
Depreciation and amortisation		**(618)**	(4,667)	**(1,760)**	(14,164)
Advertising and promotion expenses		**(89)**	(861)	**(233)**	(1,164)
General and administrative expenses		**(5,279)**	(6,430)	**(22,809)**	(14,101)
Amortisation of goodwill		**(1,851)**	–	**(4,948)**	–
Loss from operations		**(5,005)**	(15,449)	**(13,497)**	(54,215)
Finance costs		**(236)**	(92)	**(2,344)**	(102)
Loss after finance costs		**(5,241)**	(15,541)	**(15,841)**	(54,317)
Share of loss of an associate		**–**	(1,271)	**–**	(1,271)
Loss before taxation		**(5,241)**	(16,812)	**(15,841)**	(55,588)
Taxation	3	**–**	–	**–**	–
Loss before minority interest		**(5,241)**	(16,812)	**(15,841)**	(55,588)
Minority interest		**140**	–	**140**	–
Loss attributable to shareholders		**(5,101)**	(16,812)	**(15,701)**	(55,588)
Loss per share	5	**HK$(0.06)**	HK$(0.2)	**HK$(0.19)**	HK$(0.67)

Notes:

1. **Basis of preparation of the accounts**

   The unaudited combined results for the period have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong as comply with accounting standards issued by the Hong Kong Society of Accountants. The principal accounting policies adopted are set out below.

2. **Turnover**

   Turnover represents income of goods sold, contract sums from short-term contracts, content licensing, IT services and services income during the period.

3. **Taxation**

   Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong for the nine months ended 31 December 2002 and the corresponding period in 2001.

   Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operated, based on the existing legislation, interpretations and practices in respect thereof.

   No deferred tax has been provided (31 December 2001: Nil) because the Group had no significant timing differences at 31 December 2002.

4. **Interim dividend**

   The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2002 (nine months ended 31 December 2001: Nil).

5. **Loss per share**

   The calculation of the basic loss per share for the three months and nine months ended 31 December 2002 is based on the respective unaudited net loss attributable to shareholders of HK$5.1 million and HK$15.7 million (three months and nine months ended 31 December 2001: net loss of HK$16.8 million and HK$55.6 million) and the weighted average number of 83,144,786 (three months and nine months ended 31 December 2001: 83,144,786 and 83,139,942) ordinary shares outstanding. Loss per share for the three months and nine months ended 31 December 2002 and the corresponding period in 2001 have been adjusted for the share consolidation on 6 May 2002, details of which are set out in the notes to the financial statements in the Annual Report of 2002.

   The computation of diluted earnings per share has not assumed the exercise of the potential ordinary shares as their exercise would not have a dilutive effect on the loss per share.

6. Share premium and reserves

	Share Premium HK$'000	Merger Reserve HK$'000	Share of loss of an associate HK$'000	Accumulated loss HK$'000	Total HK$'000
At 1 April 2001	74,623	53,022	–	(107,893)	19,752
Loss for the nine months ended 31 December 2001	–	–	–	(54,317)	(54,317)
Share of loss of an associate	–	–	(1,271)	–	(1,271)
At 31 December 2001	74,623	53,022	(1,271)	(162,210)	(35,836)
At 1 April 2002	74,623	53,022	–	(224,890)	(97,245)
Credit arising from capital reduction transferred to share premium and reserve account	82,313	–	–	–	82,313
Share premium applied towards the partial elimination of accumulated loss	(156,936)	–	–	156,936	–
Loss for the nine months ended 31 December 2002	–	–	–	(15,701)	(15,701)
At 31 December 2002	–	53,022	–	(83,655)	(30,633)

7. Contingent liabilities

As at 31 December 2002, the Company had provided a corporate guarantee to Cyber Network Technology Limited, a wholly owned subsidiary of New World CyberBase Limited, for a HK$2 million short term loan granted to a wholly-owned subsidiary of the Company.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2002, the interests of the directors and the chief executive in the loan notes (the "Notes") (Note 1) of the Company or any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")), which are required, pursuant to Section 29 of the SDI Ordinance to be recorded in the register referred to therein or which are required, pursuant to Rules

5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Personal Interest HK$	Family Interest HK$	Corporate Interest HK$	Other Interest HK$	Total HK$
Lo Lin Shing, Simon *(Note 2)*	–	–	7,296,000	–	7,296,000
Choi Wing Kin	26,592,000	–	–	–	26,592,000
So Kam Wing	1,824,000	–	–	–	1,824,000

Notes:

1. The Notes were issued by the Company to each of the ex-Vendors of COA pursuant to a resolution passed on 21 January 2002. The Notes are charged at the interest rate of the best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time to its customers for advances in Hong Kong dollars (the entire interests of the Notes had been waived by the ex-Vendors of COA on 1 October 2002 for the period of one year to 30 September 2003) and the payment obligations of the Company under the Notes issued to each of the ex-Vendors of COA is secured by a charge over the shares in COA sold by that ex-Vendor of COA, details of which are set out in the Company's circular dated 28 December 2001.

2. These Notes with the principal amount of HK$7,296,000 are owned by Wellington Equities Inc., a company incorporated in Republic of Panama with limited liability, wholly owned by Mr. Lo Lin Shing, Simon.

Save as disclosed above, none of the directors or their associates had, as at 31 December 2002, any interests in the equity or other debt securities of the Company and its associated corporations as recorded in the register required to be kept under Section 29 of the SDI Ordinance.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Share Options", at no time during the Nine Month Period was the Company, or any of its subsidiaries a party to any arrangements to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other corporate, and none of the directors, or their spouses or children under eighteen years of age, had any right to subscribe for the shares of the Company, or had exercised any such right during the Nine Month Period.

SHARE OPTIONS

Pre-IPO Share Option Scheme

A pre-IPO share option scheme ("Pre-IPO Scheme") was adopted pursuant to a resolution passed on 17 July 2000 to recognize the contribution of certain directors, employees and consultants of the Group to the growth of the Group and/or the listing of the Company's shares on the GEM of the Stock Exchange, and will expire on 16 July 2010. Under the Pre-IPO Scheme, the Board may, at its discretion, grant options to employees, directors and consultants of the Group to subscribe for shares in the Company.

As at 31 December 2002, there was no share in respect of which options had been granted under the Pre-IPO Scheme. No option may be granted to any one person exceeding 25% of the aggregate number of shares issued and issuable under the Pre-IPO Scheme.

Options granted must be taken up within 3 days of the date of grant upon payment of HK$10 as consideration for the grant. The exercise price is HK$0.05 representing a discount of 92.6% of the IPO offer price. The options may be exercised at any time during the period from 1 February 2001 to 30 July 2003 in accordance with the following schedule:

Period	Percentage of options granted to an individual that can be exercised
Date of grant to six-month period after the listing of the Company on GEM	Zero
Six- to twelve-month period after the listing of the Company on GEM	Up to one-third
Six- to eighteen-month period after the listing of the Company on GEM	Up to two-thirds
Thereafter	All options which have not been previously exercised

Post-IPO Share Options Scheme

A post-IPO share option scheme ("Post-IPO Scheme") was adopted pursuant to a resolution passed on 17 July 2000 to recognize the contribution of eligible employees to the growth of the Group and will expire on 16 July 2010. Under the Post-IPO Scheme, the Board may, at its discretion, grant options to full-time employees, including executive directors of the Company and its subsidiaries to subscribe for shares in the Company.

As at 31 December 2002, there was no share in respect of which options had been granted under the Post-IPO Scheme.

The total number of shares in respect of which options may be granted under the Post-IPO Scheme and any other schemes including the Pre-IPO Scheme is not permitted to exceed 30% of the issued share capital of the Company from time to time. Subject to the above rule, the total number of shares in respect of which options may be granted under the Post-IPO Scheme and other scheme must not in aggregate, exceed 10% of the issued share capital of the Company from time to time unless further shareholders' approval has been obtained. Options granted to connected person must be approved by the independent non-executive directors. Options granted to connected person, who is also a substantial shareholder, in excess of 0.1% of the issued shares of the Company or with a value in excess of HK$5 million must be approved by the Company's shareholders in general meetings. No option may be granted to any one person exceeding 25% of the aggregate number of shares issued and issuable under the Post-IPO Scheme.

Options granted must be taken up within 3 days of the date of grant upon payment of HK$10 as consideration for the grant. Option period to be determined and notified by the board of directors to each grantee during which an option may be exercised, is any period from three years to ten years from the date of grant or the tenth anniversary of the adoption date of the Post-IPO Scheme, 16 July 2010, whichever is earlier.

The exercise price is determined by the Board, and will not be less than the average of the closing prices of the Company's shares for the five trading days immediately preceding the date of grant or the closing price of the shares on the date of grant, whichever is the higher, provided that the exercise price should not be lower than the par or nominal value of the shares.

No charge is recognised in the income statement in respect of the value of options granted in the period.

Subsequent to the reduction in capital and the consolidation of the issued shares of the Company, adjustment is made to the exercise price of the outstanding options is HK$0.01 for Pre-IPO Option and HK$0.0168 for Post-IPO Option.

The following table discloses the movements in the Company's share options during the Nine Month Period:

Directors	Option type	Outstanding as at 1 April 2002	Granted as at 31 December 2002	Exercised as at 31 December 2002	Cancelled as at 31 December 2002	Outstanding as at 31 December 2002
Mr. Lai King Yan, Anthony *(Note 1)*	Pre-IPO	416,666	–	–	(416,666)	–
Mr. Lo Sui Sing *(Note 2)*	Pre-IPO	64,278	–	–	(64,278)	–
Mr. Lo Sui Sing	Post-IPO	400,000	–	–	(400,000)	–
Total directors		880,944	–	–	(880,944)	–
Total employees	Pre-IPO	141,835	–	–	(141,835)	–
Total		1,022,779	–	–	(1,022,779)	–

Notes:

1. Mr. Lai King Yan, Anthony resigned as executive director on 31 January 2002.

2. Mr. Lo Sui Sing was appointed as executive director on 23 August 2001 and resigned as executive director on 1 October 2002.

Details of specific categories of options are as follows:

Option type	Date of grant	Vesting period	Exercise period	Exercise price HK$	Exercise price after capital reorganisation HK$
Pre-IPO	18.7.2000	18.7.2000 – 31.1.2001	1.2.2001 – 30.7.2003	0.050	0.0100
Post IPO	17.8.2001	–	17.8.2001 – 16.8.2004	0.084	0.0168

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, according to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance, and so far as is known to the directors, the persons (other than a director of chief executive of the Company) who were, directly or indirectly, beneficially interested in 10 per cent. or more in the issued share capital of the Company were as below.

Name	Number of shares
Qantex Limited ("Qantex")	22,868,656
Skynet Limited ("Skynet")	22,868,656
Gold Cloud Agents Limited ("Gold Cloud")	22,868,656
Companion Marble (BVI) Limited	22,868,656
Skynet (International Group) Holdings Limited ("SIGHL")	22,868,656
Companion Building Material (Holdings) Limited ("CBMHL")	22,868,656
Companion Building Material (BVI) Limited	22,868,656
Dong Fang Gas Holdings Limited	22,868,656

Note: These 22,868,656 shares of the Company are owned by Qantex. Qantex is a wholly-owned subsidiary of Skynet of which Gold Cloud owns more than one-third of the issued share capital. Companion Marble (BVI) Limited owns more than one-third of the issued share capital of Gold Cloud and is a wholly-owned subsidiary of SIGHL. CBMHL owns more than one-third of the issued share capital of SIGHL. Companion Building Material (BVI) Limited owns the entire share capital of CBMHL and is a wholly-owned subsidiary of Dong Fang Gas Holdings Limited.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31 December 2002.

COMPETING INTERESTS

None of the directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) had any interests in a business which competes or may compete with the business of the Group or has any other conflicts of interest with the Group.

SPONSOR'S INTERESTS

Core Pacific-Yamaichi Capital Limited ("CPY Capital") entered into a sponsorship agreement with the Company on 3 August 2001 whereby, for a fee, CPY Capital acted as the Company's continuing sponsor from 3 August 2001 to 31 March 2003 or until the sponsor agreement is terminated upon the terms and conditions set out therein.

As at 31 December 2002, neither CPY Capital nor its directors, employees or associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) had any interest in the share capital of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

AUDIT COMMITTEE

The Company established an audit committee in July 2000 with written terms of reference in compliance with the requirements as set out in Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee has two members comprising two independent non-executive directors, Mr. Cheung Hon Kit and Mr. Ng Wai Hung. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee has reviewed the draft of this report and has provided advice and comments thereon.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the nine months ended 31 December 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
CHOI WING KIN
Executive Director

Hong Kong, 7 February 2003