



2004

First Quarter Report 第一季度報告

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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.

香港聯合交易所有限公司（「聯交所」）創業板市場（「創業板」）的特色

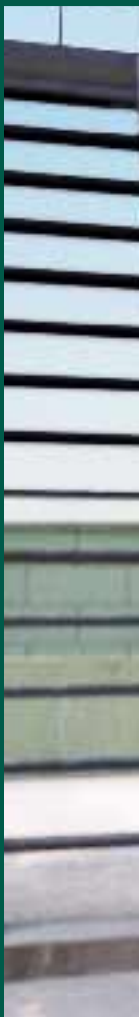
創業板乃為帶有高投資風險之公司提供一個上市之市場。尤其在創業板上市之公司毋須有過往溢利記錄，亦毋須預測未來溢利。此外，在創業板上市之公司可因其新興性質及該等公司經營業務之行業或國家而帶有風險。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他資深投資者。

由於創業板上市之公司屬新興性質，在創業板買賣之證券可能會較在聯交所主板買賣之證券承受較大之市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。創業板發佈資料之主要方法為在聯交所為創業板而設之互聯網網頁上刊登。上市公司毋須在憲報指定報章刊登付款公佈披露資料。因此，有意投資之人士應注意，彼等須閱覽創業板網頁，方可取得創業板上市發行人之最新資料。

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HIGHLIGHTS

- The unaudited consolidated turnover and profit attributable to shareholders of the Group for the three months ended 30 June 2003 (the "Relevant Period") increased by approximately 33.9% and 3.4% over the same period last year, reaching HK\$231,755,000 and HK\$65,345,000 respectively.
- Basic earnings per share for the Relevant Period amounted to HK3.02 cents, representing approximately 1.7% growth over the same period last year.
- During the Relevant Period, approximately 52,000 households were connected, representing an increase by 2.0% over the same period last year. Total accumulative number of connected households reached approximately 504,000 units.
- Average connection fee before value-added tax ("VAT") and business tax reached approximately RMB2,408 per household, demonstrating a slight increase of 1% over the same period last year.
- Sales volume of piped gas increased by approximately 19.5% over the same period last year, amounted to 553.2×10^6 mega-joules.
- Sales volume of wholesale and retail of liquefied petroleum gas ("LPG") for the Relevant Period reached $1,413.0 \times 10^6$ mega-joules, a substantial growth of 104.2% over the same period last year.
- Exclusive contracts on hand over 70 cities and districts, amounted to approximately 2,680,000 connectable households.
- The directors do not recommend the payment of interim dividend for the Relevant Period.

The unaudited consolidated results for the three months ended 30 June 2003 and comparisons with the results for the same period last year are set out in the accompanying table.

The directors of Wah Sang Gas Holdings Limited (the “Company”) are pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 30 June 2003.

BUSINESS REVIEW

Turnover

The Group is principally engaged in the business of gas fuel supply in the PRC, with its main activities including the following:

- construction of gas pipeline networks;
- provision of piped gas for domestic, industrial and commercial customers;
- wholesale and retail of LPG for domestic, industrial and commercial customers; and
- sale of domestic gas appliances.

Turnover of the Group for the Relevant Period is analysed as follows:

	Unaudited Three months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Gas pipeline construction	126,684	112,458
Sale of piped gas, wholesale and retail of LPG	100,051	57,974
Sale of gas appliances and others	5,020	2,626
	231,755	173,058

Construction of Gas Pipeline Networks

The Group receives connection fee from property developers and property management companies for the construction of gas pipelines that connect each household to the Group's main gas pipeline networks. During the Relevant Period, the Group recorded a 12.7% growth in connection fees income for completing connection for certain industrial customers and approximately 52,000 households (first quarter of FY2003: 51,000). As at 30 June 2003, the accumulated number of connected households reached approximately 504,000 units. This suggests a solid customer base for the Group's future piped gas revenue.

Since April 2003, the Group has successfully secured 6 exclusive contracts from local governments to operate piped gas business. The exclusive contracts are distributed in the following areas:

- Leiyang of Hunan Province, Suizhong of Liaoning Province, and Yingtan of Jiangxi Province, where the gas processing stations were under construction as of 30 June 2003; and
- Nanling and Huangshan of Anhui Province and Guixi of Jiangxi Province, where the gas processing stations are expected to commence construction in the second quarter.

On 11 August 2003, the Group has entered into a conditional agreement with Tsinlien Group Company Limited ("Tsinlien Group") to acquire approximately 89.9% of the equity interest held by Tsinlien Group in Tianjin TEDA Tsinlien Gas Co., Ltd. ("Tianjin TEDA"). Tianjin TEDA is a Sino-foreign equity joint venture established in the PRC and is principally engaged in the provision of gas fuel, installation of gas equipment and the provision of related engineering and technical consultation services in the Tianjin Economic and Technological Development Area, an important industrial development zone in the Municipality of Tianjin. The consideration for the abovementioned acquisition is HK\$70 million. Tsinlien Group is the ultimate controlling shareholder of Santa Resources Limited, a substantial shareholder of the Company.

As of the date of this report, the exclusive contracts on hand, together with the aforementioned new contracts, have covered over 70 cities and districts, accumulating approximately 9,400,000 urban population or 2,680,000 connectable households in total. The geographical coverage of these exclusive contracts includes Tianjin City, Beijing City, Hebei Province, Shandong Province, Jiangsu Province, Zhejiang Province, Hunan Province, Jiangxi Province, Anhui Province and Liaoning Province.

During the Relevant Period, the average connection fee before VAT and business tax per household increased slightly by 1%, reaching approximately HK\$2,269 (RMB2,408) from approximately HK\$2,251 (RMB2,389) in the same period last year.

Pursuant to the "Notice regarding business tax policy issued by the State Tax Bureau and the Ministry of Finance of the PRC" (the "Notice") issued on 15 January 2003, it mentions, inter alia, certain companies, including gas companies, are subject to VAT on the connection fee of gas pipes instead of 3% business tax. However, it does not clearly mention about the applicable rate of the VAT on the connection fee. Based on the existing information, the Company is not able to make a definitive assessment of the impact of the Notice to the Group's future operations. The Company is in the process of obtaining clarification on this matter from the State Tax Bureau of the PRC. For the sake of prudence, a reasonable estimate of VAT payable had been deducted from the connection fees income recognized during the Relevant Period.

Provision of Piped Gas

The Group supplies piped gas to its customers via pipeline networks and gas processing station in each location. Due to continued expansion in the geographical coverage of the Group's business and increasing number of the Group's customers, total length of the main pipeline networks of the Group extended from approximately 1,222 kilometers at the beginning of the period to approximately 1,445 kilometers as at 30 June 2003, representing an increase of 18.2%.

During the Relevant Period, consumption of piped gas by residential and industrial customers recorded a notably increase to approximately 397.3×10^6 mega-joules and 155.9×10^6 mega-joules, a growth of 20.9% and 15.9% respectively over the same period last year. Such increase is attributable to the growing amount of connected households and expanding geographical coverage in last fiscal year.

During the Relevant Period, the Group continued to establish a 24-hour service hotline in each location. With its connection to the central management in Tianjin, the hotline enables the management of the Group to keep informed of those important feedback from local customers. Together with the regular inspection of gas appliances and pipeline networks, the Group strongly believes that these value-added quality services provided to customers will boost up the gas penetration rate in each location, thus resulting in promising growth in piped gas revenue.

Wholesale and Retail of LPG

The Group provides wholesale and retail services to its customers via the following:

- (i) Sale of LPG via gas cylinders to the residential customers where the supply of piped gas has not yet been extended;
- (ii) Delivery of LPG via tank trucks to the storage facilities of local gas distributors, industrial and commercial customers; and
- (iii) Refueling of gas cylinders brought from customers at the gas processing stations and storage depots operated by the Group.

During the Relevant Period, the wholesale and retail of LPG amounted to $1,413.0 \times 10^6$ mega-joules, a substantial growth of 104.2% over the same period last year.

The large volume of wholesale and retail of LPG enables the Group to increase its market share in each location, secure amicable business relationships with LPG suppliers and at the same time, generate a stable cash flow to the Group and provide a huge base of potential customers for piped gas penetration in future.

Sale of Domestic Gas Appliances

In order to provide a comprehensive range of gas-related services for customers, the Group also sells domestic gas appliances, including stoves and water heaters, to local residents. During the three months under review, revenue from the sales of gas appliances grew by 91.2% to HK\$5,020,000. The sale of domestic gas appliances is highly synergetic to the Group's business of providing piped gas and LPG.

Gross Profit and Net Profit

During the Relevant Period, the Group continued to exercise stringent control over subcontracting, raw material, operating, administrative and financial costs in order to maximize returns to the Company's shareholders.

The gross profit and net profit attributable to shareholders of the Group for the Relevant Period reached HK\$98,853,000 and HK\$65,345,000 respectively, a growth of 13.0% and 3.4% respectively from the same period last year.

Basic earnings per share for the Relevant Period reached HK3.02 cents, a growth by 1.7% from HK2.97 cents in the same period last year.

Trade Receivables

Generally, the Group offers credits to customers for a period ranging from one to six months.

The Group maintains stringent credit policy to customers and adopts effective incentive schemes to encourage employees speeding up the collection of connection fee. During the last fiscal year 2003, the Group actively expanded its geographical coverage in the PRC. In order to attract more customers to connect to our pipeline network, more favourable credit terms were offered to new customers during the Relevant Period. Accordingly, the average collection period calculated based on average trade receivables balance for the Relevant Period reached approximately 85 days, an increase by 21% compared with the same period last year. Although longer credit period was offered to new customers, the Group always maintains strict control over its outstanding receivables and overdue balances are reviewed regularly by management. For the sake of prudence, sufficient amount of general provision for doubtful debts calculated based on ageing of trade receivables was recorded in the financial statements.

The Group will continue to maintain strict control over its outstanding receivables and strengthen its credit policy so as to minimize the possibility of bad debts and working capital being tied up in trade receivables.

Liquidity and Financial Resources

During the three months under review, the Group financed its investments and operating activities principally through self-generated working capital and bank borrowings.

During the Relevant Period, the total amount of cash generated from operations reached HK\$96.9 million, an increase by 21.7% compared with the same period last year. In accordance with the existing expansion plan of the Group, the effective combination of internal resources and bank borrowings will be sufficient enough to facilitate its future capital expenditure requirements.

FUTURE PROSPECTS

Looking ahead, small-and medium-sized cities in the PRC will continue to be the target regime of the Group due to their growing prosperity and GDP per capita, which lead to a foreseeable booming demand in both residential and industrial gas consumption. Under the favorable market environment, we strive to explore new markets by means of securing exclusive contracts from local governments.

One of our strategies towards piped gas supplies is to penetrate into the industrial usage which it has gained increasing recognition as a powerful energy source, especially for plants that require steady and large volume of gas consumption. With the growing importance of the PRC as an international industrial hub after its accession into the WTO, the potential of industrial piped gas usage is infinite. In line with such business direction, the Group has been proactively liaising with different corporations and government authorities for potential projects in industrial areas throughout the years. The securing of the Tianjin TEDA project is a significant move for the Group to penetrate its business in industrial usage and establish a stronger foothold in the gas supply industry.

Apart from piped gas supplies, the Group will also pay equal focus on the bottled LPG market. Bottled LPG becomes essential as it takes a transitional role in the process of the energy evolution. In 2001, among the 11% population using LPG, over 90% of them used bottled LPG. This marks a huge market with considerable significance in the LPG in the LPG supply industry.

Currently, the exclusive contracts secured by the group span across over 70 cities and districts with total urban population reaching approximately 9,400,000. By offering flexible gas supply to suit the different market needs, the Group is well positioned to extend its market coverage to other parts of the PRC.

With the unique patented technology, almost a decade's industry experience and a visionary management team, the Group is well equipped to become a strong utility company with healthy expansion capability and stable future income, so as to create highest value to its shareholders.

SHUM Ka Sang
Chairman

UNAUDITED CONSOLIDATED RESULTS*For the three months ended 30 June 2003*

	Notes	Three months ended 30 June	
		2003 HK\$'000	2002 HK\$'000
TURNOVER	2	231,755	173,058
Cost of sales		(132,902)	(85,607)
Gross Profit		98,853	87,451
Other revenue		194	—
Selling and distribution costs		(6,537)	(5,788)
Administrative expenses		(16,213)	(11,168)
PROFIT FROM OPERATING ACTIVITIES		76,297	70,495
Finance costs		(5,154)	(2,382)
PROFIT BEFORE TAX		71,143	68,113
Tax	3	(4,269)	(3,697)
PROFIT BEFORE MINORITY INTERESTS		66,874	64,416
Minority interests		(1,529)	(1,211)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		65,345	63,205
DIVIDENDS		—	—
EARNINGS PER SHARE	4		
Basic		3.02 cents	2.97 cents
Diluted		2.97 cents	2.87 cents

Notes to consolidated results

1. Basis of consolidation and presentation

The consolidated results include the results of the Company and its subsidiaries for the three months ended 30 June 2003 (the "Relevant Period"). The results of the subsidiaries acquired or disposed of during the Relevant Period are consolidated from or up to their effective dates of acquisition or disposal, respectively.

All significant intra-group transactions and balances have been eliminated in the preparation of the consolidated results.

Certain comparative figures have been reclassified to conform with the current period's presentation.

2. Turnover

The Group's turnover represents the invoiced value of construction services performed, and gas and gas appliances sold, net of business tax, value-added tax and government surcharges, and after allowances for goods returned and trade discounts.

Turnover of the Group is analysed as follows:

	Three months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Gas pipeline construction	126,684	112,458
Sale of LPG and piped gas	100,051	57,974
Sale of gas appliances and others	5,020	2,626
	231,755	173,058

Notes to consolidated results (Continued)

3. Tax

	Three months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Group:		
Hong Kong	–	–
Mainland China	4,269	3,697
Tax charge for the Relevant Period	4,269	3,697

The Group did not have assessable profits arising in Hong Kong during the Relevant Period. Taxes on profits assessable elsewhere in the Mainland China have been calculated based on existing legislation, interpretations and practices at the prevailing rates of tax.

The Group did not have any significant unprovided deferred tax liabilities for the Relevant Period (first quarter of FY2003: Nil).

4. Earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the Relevant Period of approximately HK\$65,345,000 (first quarter of FY2003: HK\$63,205,000), and the weighted average of approximately 2,162,124,000 (first quarter of FY2003: 2,130,925,000) ordinary shares in issue during the Relevant Period.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the Relevant Period of approximately HK\$65,345,000 (first quarter of FY2003: HK\$63,205,000). The weighted average number of ordinary shares used in the calculation is approximately 2,162,124,000 (first quarter of FY2003: 2,130,925,000) ordinary shares in issue during the Relevant Period, as used in the basic earnings per share calculation; and the weighted average of approximately 40,355,000 (first quarter of FY2003: 73,606,000) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the Relevant Period.

5. Dividends

No dividend had been paid or declared by the Company during the Relevant Period (first quarter of FY2003: Nil).

Notes to consolidated results (Continued)

6. Reserves

Group

	Share premium account HK\$'000	Contributed surplus HK\$'000 Note (a)	Fixed asset revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve HK\$'000 Note (b)	Enterprise develop- ment fund HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2002	161,139	28,800	6,096	191	4,469	885	197,669	399,249
Issue of shares	6,537	—	—	—	—	—	—	6,537
Exchange realignment	—	—	—	297	—	—	—	297
Net profit for the period	—	—	—	—	—	—	63,205	63,205
At 30 June 2002	167,676	28,800	6,096	488	4,469	885	260,874	469,288
At 1 April 2003	181,502	28,800	5,703	(235)	15,590	885	381,363	613,608
Issue of shares	780	—	—	—	—	—	—	780
Exchange realignment	—	—	—	181	—	—	—	181
Net profit for the period	—	—	—	—	—	—	65,345	65,345
At 30 June 2003	182,282	28,800	5,703	(54)	15,590	885	446,708	679,914

Notes:

- (a) The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation on 26 February 2000 and the nominal value of the Company's shares issued in exchange therefor.
- (b) In accordance with the relevant PRC regulations, the subsidiaries of the Company established in the Mainland China are required to transfer a certain percentage (as determined by the board of directors) of their profits after tax (as determined in accordance with PRC GAAP), if any, to the statutory reserve and the enterprise development fund. Subject to certain restrictions set out in the relevant PRC regulations, the statutory reserve can be used to offset against accumulated losses. The enterprise development fund can be used for the future development of the subsidiaries. Both the statutory reserve and the enterprise development fund are not distributable unless the aforesaid subsidiaries in Mainland China are dissolved.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND IN SHARE OPTIONS

As at 30 June 2003, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in rule 5.40 of the GEM Listing Rules, were as follows:

Name of Director	Capacity	Interests in shares		Total interest in shares	Interests in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the Company's issued share capital
		Personal interest	Corporate interest				
Mr. Shum Ka Sang	Beneficial owner and interest of controlled corporation	45,650,000	819,350,000 (Note)	865,000,000	47,500,000	912,500,000	42.20%
Mr. Wang Guanghao	Beneficial owner	—	—	—	12,000,000	12,000,000	0.55%
Mr. Shen Yi	Beneficial owner	100,000	—	100,000	37,500,000	37,600,000	1.74%
Mr. Kong Siu Keung	Beneficial owner	100,000	—	100,000	10,000,000	10,100,000	0.47%
Ms. Qian Mingjin	Beneficial owner	—	—	—	6,000,000	6,000,000	0.28%
Mr. Zhang Fan	Beneficial owner	—	—	—	3,000,000	3,000,000	0.14%
Mr. Fan Bao Qi	Beneficial owner	—	—	—	1,500,000	1,500,000	0.07%

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND IN SHARE OPTIONS (Continued)

Note: As at 30 June 2003, Wah Sang Gas Development Group (Cayman Islands) Limited ("Wah Sang Gas Development") was wholly-owned by Mr. Shum Ka Sang, which beneficially held 819,350,000 shares representing approximately 37.89% interest in the Company. Therefore, Mr. Shum was deemed to be interested in these shares.

Details of the directors' interests in share options granted by the Company are set out under the heading "DIRECTORS' RIGHTS TO ACQUIRE SHARES".

Save as disclosed above, none of the directors or chief executives or their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporation (with in the meaning of Part XV of the SFO) which (a) were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (b) were otherwise required to be notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in rule 5.40 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Pursuant to the Company's share option scheme, the Company has granted options on the Company's ordinary shares in favour of certain directors, the details of which are as follows:

Name of Directors ⁽³⁾	Date of grant ⁽¹⁾	Number of share options outstanding as at 1 April 2003	Number of share options outstanding as at 30 June 2003	Exercise period of share options	Exercise price of share options HK\$ ⁽²⁾	Approximate percentage of the Company's issued share capital
Mr. Shum Ka Sang	07.04.2000	25,500,000	25,500,000	06.11.2000-05.11.2005	0.610	1.18%
	22.03.2001	10,000,000	10,000,000	12.10.2001-11.10.2006	0.568	0.46%
	27.09.2001	12,000,000	12,000,000	11.04.2002-10.04.2007	0.596	0.55%
Mr. Wang Guanghao	07.04.2000	12,000,000	12,000,000	06.11.2000-05.11.2005	0.610	0.55%
Mr. Shen Yi	07.04.2000	22,000,000	22,000,000	06.11.2000-05.11.2005	0.610	1.02%
	22.03.2001	3,000,000	3,000,000	12.10.2001-11.10.2006	0.568	0.14%
	27.09.2001	2,500,000	2,500,000	11.04.2002-10.04.2007	0.596	0.12%
	09.05.2002	10,000,000	10,000,000	10.11.2002-09.11.2007	1.080	0.46%
Mr. Kong Siu Keung	07.07.2000	5,000,000	5,000,000	09.01.2001-08.01.2006	0.660	0.23%
	22.03.2001	2,000,000	2,000,000	12.10.2001-11.10.2006	0.568	0.09%
	27.09.2001	3,000,000	3,000,000	11.04.2002-10.04.2007	0.596	0.14%
Ms. Qian Mingjin	27.09.2001	6,000,000	6,000,000	11.04.2002-10.04.2007	0.596	0.28%
Mr. Zhang Fan	27.09.2001	3,000,000	3,000,000	11.04.2002-10.04.2007	0.596	0.14%
Mr. Fan Bao Qi	22.03.2001	1,000,000	1,000,000	12.10.2001-11.10.2006	0.568	0.05%
	27.09.2001	500,000	500,000	11.04.2002-10.04.2007	0.596	0.02%

No share option was exercised by the above directors to subscribe for shares in the Company during the Relevant Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES (Continued)

Notes:

1. The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
3. The capacity and nature of interests in share option held by each director are beneficial owner and personal interest respectively.

Save as disclosed above, at no time during the Relevant Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of its directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangements to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors or the management shareholders (as defined in the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM")) of the Company had any interests in a business which competes or may compete with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, the following person(s) or corporations, other than the directors or chief executives of the Company as disclosed above, had an interest in the shares and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long positions in shares and underlying shares in the Company

Name	Capacity	Interests in shares			Total interest in shares	Interests in underlying shares pursuant to share options	Aggregate interest	Approximate percentage of the Company's issued share capital
		Personal interest	Corporate interest	Family interest				
Mr. Shum Ka Sang (Note 1)	Beneficial owner and Interest of controlled corporation	45,650,000	819,350,000	–	865,000,000	47,500,000	912,500,000	42.20%
Santa Resources Limited (Note 2)	Beneficial owner	–	493,600,000	–	493,600,000	–	493,600,000	22.83%
Wah Sang Gas Development (Note 1)	Beneficial owner	–	819,350,000	–	819,350,000	–	819,350,000	37.89%
Mdm. Wu Man Lee (Note 3)	Interest of spouse	–	–	865,000,000	865,000,000	47,500,000	912,500,000	42.20%

Notes:

- As at 30 June 2003, Wah Sang Gas Development was wholly owned by Mr. Shum Ka Sang. The corporate interest disclosed under Mr. Shum Ka Sang represents his deemed interests in the shares in the Company by virtue of his interests in Wah Sang Gas Development. Details of share option granted to Mr. Shum Ka Sang are set out under the heading "DIRECTORS' RIGHTS TO ACQUIRE SHARES".
- Santa Resources Limited is a wholly-owned subsidiary of Tianjin Development Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited.
- Madam Wu Man Lee was deemed to be interested in 865,000,000 shares and 47,500,000 share options in the Company by virtue of the interests in such shares by her spouse, Mr. Shum Ka Sang.

SUBSTANTIAL SHAREHOLDERS (Continued)

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out under the heading "DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES AND IN SHARE OPTIONS" above, had an interest or short positions in the shares or underlying shares of the Company that were required to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the Relevant Period.

COMPLIANCE WITH RULES 5.28 TO 5.39 OF THE GEM LISTING RULES

In the opinions of the directors, the Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules throughout the three months ended 30 June 2003.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting processes and internal control systems of the Group.

The audit committee during the year comprises two members, Mr. Ng Eng Leong and Mr. Cui Shuming, both being independent non-executive directors of the Company. One meeting have been held by the audit committee during the Relevant Period.