

Save as disclosed above, none of the Directors and chief executives, or their associates, had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

Save as aforesaid, at no time during the year was the Company or any of its subsidiaries or its holding companies a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### Substantial shareholders

At 31st March, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the Company had been notified of the following substantial shareholders' interests, being 10% or more of the Company's issued share capital.

Name of shareholder	Number of ordinary shares
Uni-Tech International Group Limited <i>(note (a))</i>	1,885,027,200
21CN Corporation <i>(note (a))</i>	1,885,027,200
Pollon Internet Corporation <i>(note (a))</i>	1,885,027,200
Ms. Chen Xiao Ying <i>(note (a))</i>	1,885,027,200
Touch Profits Limited <i>(note (b))</i>	405,965,700

*Notes:*

- (a) Uni-Tech International Group Limited is a wholly owned subsidiary of 21CN Corporation, a subsidiary of Pollon Internet Corporation which is the ultimate holding company of the Company. Ms Chen Xiao Ying has beneficial interests in these companies.
- (b) Touch Profits Limited is a wholly owned subsidiary of Easyknit International Holding Limited, the former ultimate holding company of the Company.

### Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

### Connected transactions

During the year, the Group entered into certain connected transactions, as defined in Chapter 14 of the Listing Rules which are also related party transactions, details of which are set out in note 32 to the accounts.

### Major customers and suppliers

During the year, the Group purchased less than 30% of its goods and services from its five largest suppliers and sold less than 30% of its goods and services to its five largest customers.

### Retirement scheme

Details of the Group's retirement scheme are set out in note 11 to the accounts.

### Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Society of Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the group audit. It also reviews the effectiveness of the external and internal audit and of internal controls and risk evaluation. The Committee comprises two independent non-executive directors, namely Mr. Tsui Yiu Wa, Alec and Mr. Herbert Chang Yu Pang. Mr. Stephen Edward Clark resigned from the Audit Committee on 7th June, 2001. Two meetings were held during the current financial year. During the recent meeting, it reviewed the annual financial statements of the Group and discussed with Independent Auditors the result of their audit, prior to recommending them to the Board for approval.

### Compliance with the Code of Best Practice of the Listing Rules

Throughout the year, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that the Independent Non-executive Directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company's Bye-laws.

### Directors' interests in competing business

None of the directors have any beneficial interest in other businesses which constitute a competing business to the Group.

### Purchase, sale and redemption of the Company's shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

### Auditors

On 10th April, 2000, Deloitte Touche Tohmatsu resigned as auditors of the Company. PricewaterhouseCoopers were appointed as auditors of the Company on 11th April, 2000 and have remained as the Company's auditors from that date.

The accounts have been audited by PricewaterhouseCoopers, who retire and, being eligible offer themselves for re-appointment.

On behalf of the Board

**Chen Xiao Ying**  
*Executive Chairman*

Hong Kong, 19th July, 2001