

## Interim Report

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, the following parties were interested in 10% or more in the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name	Notes	Number of ordinary shares of the Company held	
		Direct interests	Deemed interests
Alexon International	1	–	160,297,682
Royal Pacific	1	–	160,297,682
First Dynamic	1	–	160,297,682
Pou Chen Corporation	2	–	160,297,682
Wealthplus Holdings Limited	2	–	160,297,682
Yue Yuen Industrial (Holdings) Limited	2	–	160,297,682
Pou Hing Industrial Company Limited	2	–	160,297,682
Yue Yuen Industrial Limited	2	–	160,297,682
Pou Yuen Industrial (Holdings) Limited	2	–	160,297,682
Frensham Investments Limited	2	–	160,297,682
Well Success		160,297,682	–

Notes:

1. First Dynamic holds more than one-third of the issued share capital of Well Success. Royal Pacific and Alexon International each held more than one-third of the issued share capital of First Dynamic.

Accordingly, Royal Pacific and Alexon International were deemed to be interested in the 160,297,682 ordinary shares in the Company held by Well Success.

These interests have also been disclosed as corporate interests of Chan Ting Chuen and Sze Sun Sun, Tony respectively in the directors' interests above.

## **SUBSTANTIAL SHAREHOLDERS** (continued)

2. Frensham Investments Limited ("Frensham") holds more than one-third of the issued share capital of Well Success. Frensham was a wholly-owned subsidiary of Pou Yuen Industrial (Holdings) Limited ("Pou Yuen (Holdings)") which in turn was a wholly-owned subsidiary of Yue Yuen Industrial Limited ("Yue Yuen Industrial"). Yue Yuen Industrial was a wholly-owned subsidiary of Pou Hing Industrial Company Limited ("Pou Hing Company") which in turn was a wholly-owned subsidiary of Yue Yuen Industrial (Holdings) Limited ("Yue Yuen"). Wealthplus Holdings Limited ("Wealthplus"), a wholly-owned subsidiary of Pou Chen Corporation ("Pou Chen"), held approximately 37.38% interests in Yue Yuen.

Accordingly, Frensham, Pou Yuen (Holdings), Yue Yuen Industrial, Pou Hing Company, Yue Yuen, Wealthplus and Pou Chen were deemed to be interested in the 160,297,682 ordinary shares of the Company held by Well Success.

Save as disclosed above, as at 30 June 2002, no person, other than the directors of the Company whose interests are set out under the section headed "Directors'/chief executive's interests in securities", had registered as having an interest of 10% or more in the share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance.

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

None of the directors is aware of any information that would reasonably indicate that the Company had not been for any part of the accounting period for the six months ended 30 June 2002 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## **AUDIT COMMITTEE**

The Audit Committee comprises of two independent non-executive directors of the Company as members. It was established in December 1998 to assist the board of directors in fulfilling its duties in providing review and supervision of the Company's financial reporting process and internal controls. The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2002.

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### **PURCHASE, SALE OR REDEMPTION OF SHARES**

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

On Behalf of the Board  
**Li Kwok Lung, Alfred Ronald**  
*Chairman*

Hong Kong, 17 September 2002