



SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, according to the register kept by the Company under Section 16(1) of the SDI Ordinance, the following persons were, directly or indirectly, beneficially interested in 10% or more of the issued share capital of the Company:

Name of shareholder	<i>Notes</i>	Number of ordinary shares held
Shougang Holding (Hong Kong) Limited ("Shougang Holding")	1	371,649,069
Shougang Concord Grand (Group) Limited ("Shougang Grand")	1	371,649,069
SCG Investment (B.V.I.) Limited ("SCGI")	2	371,649,069
Grand Phoenix Limited ("Grand Phoenix")	3	371,649,069
Upper Nice Assets Ltd. ("Upper Nice")	3	240,342,569
Jeckman Holdings Limited ("Jeckman")	3	131,306,500

Notes:

1. Shougang Holding is the holding company of Shougang Grand and the interests held by Shougang Grand are included in the interests held by Shougang Holding. Shougang Grand is deemed to be interested in the shares held by SCGI by virtue of its 100% shareholding in SCGI.
2. SCGI is a wholly-owned subsidiary of Shougang Grand and its interests are included in the interests held by Shougang Grand. SCGI was deemed to be interested in the shares held by Grand Phoenix by virtue of its 100% shareholding in Grand Phoenix.
3. Grand Phoenix is a wholly-owned subsidiary of SCGI and its interests are included in the interests held by SCGI. Grand Phoenix was deemed to be interested in the shares held by Upper Nice and Jeckman by virtue of its 100% shareholding in Upper Nice and Jeckman.



AUDIT COMMITTEE

The Company has engaged the Auditors to assist the Audit Committee to review the 2002 interim results of the Group. A meeting of the Audit Committee was held with the Auditors and the management of the Company on 10 September 2002 for, amongst other things, reviewing the interim results of the Group for the period ended 30 June 2002.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors of the Company is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the six months ended 30 June 2002, in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Company's articles of association.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By Order of the Board

Yu Jian

President

Hong Kong, 25 September 2002

