

SUBSTANTIAL SHAREHOLDER

As at 30 September 2002, according to the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance, VSC had been notified of the following interest (other than those interests of Directors disclosed above), being 10% or more of the issued share capital of VSC:

Name	Number of issued Shares	Shareholding percentage	Number of Warrants
Huge Top Industrial Ltd.	204,624,000	57.64%	–

Save as disclosed above, VSC had no notice of any interests required to be recorded under Section 16(1) of the SDI Ordinance as at 30 September 2002.

CODE OF BEST PRACTICE

None of the directors of VSC is aware of any information which would indicate that the VSC Group is not, or was not, in compliance with the Code of Best Practice (the "Code") as set out in Appendix 14 to the Listing Rules at any time during the six months ended 30 September 2002, except that the non-executive directors of VSC are not appointed for specific terms. However, the non-executive directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with VSC's Bye-laws. In the opinion of the directors, this meets the objective of the Code.

AUDIT COMMITTEE

In compliance with the requirements set by the Stock Exchange, the VSC Group set up its Audit Committee in December 1998. The Committee consists of three non-executive directors, Mr. Ting Woo Shou, Kenneth as Chairman and Dr. Chow Yei Ching and Dr. Shao You Bao as members. Scope of the work of the Audit Committee is defined and approved by the Board in relation to various internal control and audit issues with a view to further improving our corporate governance. These unaudited condensed interim accounts for the six months ended 30 September 2002 of VSC now reported on have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF SHARES AND WARRANTS

Neither VSC nor any of its subsidiaries has purchased, sold or redeemed any of VSC's listed securities during the six months ended 30 September 2002.

On behalf of the Board of Directors,
Yao Cho Fai, Andrew
Chairman

Hong Kong, 11 December 2002

<http://www.vschk.com>

<http://www.isteelasia.com>