

SUBSTANTIAL SHAREHOLDERS**Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

So far as is known to any Director or chief executive of the Company, as at 30 June 2003, the persons or companies (not being a Director or chief executive of the Company) who have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long Position in Shares

Name	Notes	Number of Shares of the Company held		
		Direct interests	Deemed interests	% of holding
Well Success	1	127,205,282	–	61.11%
First Dynamic	1	–	127,205,282	61.11%
Alexon International	1	–	127,205,282	61.11%
Royal Pacific	1	–	127,205,282	61.11%
Frensham Investments Limited	2	–	127,205,282	61.11%
Pou Yuen Industrial (Holdings) Limited	2	–	127,205,282	61.11%
Yue Yuen Industrial Limited	2	–	127,205,282	61.11%
Pou Hing Industrial Company Limited	2	–	127,205,282	61.11%
Yue Yuen Industrial (Holdings) Limited	2	–	127,205,282	61.11%
Wealthplus Holdings Limited	2	–	127,205,282	61.11%
Pou Chen Corporation	2	–	127,205,282	61.11%
Lau Yuk Wah	3	–	127,205,282	61.11%
Ng Shuk Fong	3	–	127,205,282	61.11%
Chang Tsung Yuan	4	–	41,000,000	19.70%
Chou Mei Yueh	4	–	41,000,000	19.70%
Ko Shing Limited	4	41,000,000	–	19.70%

SUBSTANTIAL SHAREHOLDERS (continued)

Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders (continued)

Short Position in Shares

Name	Notes	Number of Shares of the Company held		
		Direct interests	Deemed interests	% of holding
Alexon International	5	–	41,000,000	19.70%
Royal Pacific	5	–	41,000,000	19.70%
First Dynamic	5	–	41,000,000	19.70%
Pou Chen Corporation	5	–	41,000,000	19.70%
Yue Yuen Industrial (Holdings) Limited	5	–	41,000,000	19.70%
Well Success	5	–	41,000,000	19.70%
Lau Yuk Wah	6	–	41,000,000	19.70%
Ng Shuk Fong	6	–	41,000,000	19.70%

Notes:

- As at 30 June 2003, Well Success owned 127,205,282 Shares, First Dynamic held 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, First Dynamic, Royal Pacific and Alexon International were deemed to be interested in the 127,205,282 Shares held by Well Success.

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

- As at 30 June 2003, Frensham Investments Limited ("Frensham") held 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 over 35% 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 127,205,282 Shares held by Well Success.

SUBSTANTIAL SHAREHOLDERS (continued)**Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders** (continued)

3. Lau Yuk Wah is the wife of Sze Sun Sun, Tony and was deemed to be interested in the 127,205,282 Shares of Sze Sun Sun, Tony.

Ng Shuk Fong is the wife of Chan Ting Chuen and was deemed to be interested in the 127,205,282 Shares of Chan Ting Chuen.

4. As at 30 June 2003, Ko Shing Limited had an interest in 41,000,000 Subscription Shares under the Subscription Agreement.

As at 30 June 2003, Chang Tsung Yuan was interested in the entire issued share capital of Ko Shing Limited and was deemed to be interested in the 41,000,000 Subscription Shares under the Subscription Agreement by virtue of his interests in Ko Shing Limited.

Chou Mei Yueh is the wife of Chang Tsung Yuan and was deemed to be interested in the 41,000,000 Subscription Shares under the Subscription Agreement.

5. Pursuant to the Subscription Agreement, the Company was required to deliver 41,000,000 Shares to the Subscriber.

Well Success holds more than one-third of the issued share capital of the Company and was deemed to be interested in the short position of the Company in the 41,000,000 Shares under the Subscription Agreement.

As at 30 June 2003, each of First Dynamic, Alexon International, Royal Pacific, Pou Chen Corporation and Yue Yuen were deemed to be interested in the short position of Well Success in the 41,000,000 Shares under the Subscription Agreement.

6. Lau Yuk Wah is the wife of Sze Sun Sun, Tony and was deemed to be interested in the short position of Sze Sun Sun, Tony in the 41,000,000 Shares under the Subscription Agreement.

Ng Shuk Fong is the wife of Chan Ting Chuen and was deemed to be interested in the short position of Chan Ting Chuen in the 41,000,000 Shares under the Subscription Agreement.

Save as disclosed above, as at 30 June 2003, the Directors are not aware of any other person who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors are 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 2003 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee currently comprises of two independent non-executive directors and one non-executive director of the Company as members. The function of the Audit Committee is to assist the Board in fulfilling its duties by reviewing and supervising 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 2003.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

APPRECIATION

The Board would like to thank our customers, suppliers and shareholders for their support and confidence in the Group.

On behalf of the Board
Li Kwok Lung, Alfred Ronald
Chairman

Hong Kong, 1 September 2003