

## Prospects

As the existing businesses of the Group continued to be operated at a loss, the Board has been considering expanding its presence in the fast-growing automotive market in the PRC, the feasibility of expanding the Group's operations into other areas, such as biotechnological field and seeking investment opportunity in capital markets.

In exploring the future development of the Group's business operations, the Board is preliminarily considering and exploring the feasibility of establishing an automobile distribution network of the Group with about 15 distribution outlets in certain larger cities in PRC. The possibility of establishing of such a network is still at an initial stage of review by the Board and no binding agreement has been entered into by the Group in relation to such a network.

Certain directors have been devoting substantial time and efforts in the USA to spearhead the implementation of the Company's proposed diversification of investment and business activities into the USA markets, including investments in biotechnological and related areas.

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## SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

As at 30th June 2003, according to the register kept by the Company pursuant to section 336 of the Securities and Futures Ordinance ("SFO") and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons had an interest or short position in the shares and underlying shares of the Company ("Shares") which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Note	Number of Shares	Percentage
Sun East LLC	1	630,304,400	49.88%
Pure Shine Limited ("PSL")		162,951,000	12.90%
Brilliance China Automotive Holdings Limited ("BCA")	2	162,951,000	12.90%
Success Well International Group Limited		73,438,000	5.81%

*Note:*

1. Sun East LLC is a company owned as to 35% by Mr Yung Yeung and as to 65% by Mr Chunhua Huang and Mr Yuwen Sun as trustee for certain trusts established for the benefit of the children of Mr Yung Yeung. According to the Company's records, the 630,304,400 Shares presently held by Sun East LLC were previously registered in the name of Daiweldo Group Limited ("DGL") which is a wholly owned subsidiary of Daiweldo Foundation Limited ("DFL"). DFL was, in turn, owned as to 80% by Mr. Yung Yeung and 5% by each of the four other individuals who are former directors of the Company. On 22nd May 2003, DGL transferred the 630,304,000 shares to Sun East LLC
2. PSL is a wholly-owned subsidiary of BCA. By virtue of BCA's interest in PSL, BCA is deemed to be interested in the Shares held by PSL.

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests in shares" below, had registered an interest in the share capital of the Company that was required to be recorded under Section 336 of the SFO.