

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30th June 2003, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, are set out below:

1. Aggregate long position in the shares and underlying shares of the Company

Name of shareholder	Capacity	Number of ordinary shares held	Percentage of shareholding
Ms. Zhang Yunxia (Note)	Interest of controlled corporation	22,760,000	21.59
Profitone Company Limited (Note)	Beneficial owner	22,760,000	21.59

Note: By virtue of the SFO, Ms. Zhang Yunxia is deemed to be interested in 22,760,000 shares in the Company. These shares are held by Profitone Company Limited, a company incorporated in the BVI with limited liability and is beneficially owned by Ms. Zhang Yunxia.

2. Aggregate short position in the shares and underlying shares of the Company

As at 30th June 2003, the Company had not been notified of any short positions being held by any substantial shareholders in the shares or underlying shares of the Company.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period under review, the Company has not redeemed any of its securities and neither the Company nor any of its subsidiary has purchased or sold any of the Company's securities.

AUDIT COMMITTEE

The Company established an Audit Committee on 7th October 2002 in accordance with the requirements of Code of Best Practice as set out in Appendix 14 of the Listing Rules (the "Code") for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The interim report has been reviewed by the Audit Committee which comprises two independent non-executive Directors of the Company.