

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the Board, as at 30 June 2004, the interests and short positions of shareholders, other than the directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

1. YY Holdings Limited, the entire issued share capital of which is held by YYT Limited, the trustee of YY Trust, the discretionary object of which is a company wholly owned by Ms. Qian Yuanying, the spouse of Mr. Jiang Quanlong, and her children, was holding 592,550,000 shares of the Company, representing approximately 60.04% of the issued share capital of the Company as beneficial owner.
2. YYT Limited, the trustee of YY Trust, was deemed to be interested in 592,550,000 shares of the Company held by YY Holdings Limited the entire issued share capital of which is held by YYT Limited.
3. Martin Currie China Hedge Fund Limited was holding 56,778,000 shares of the Company, representing approximately 5.75% of the issued share capital of the Company as investment manager.

Save as disclosed above, no other party, other than the directors or chief executive of the Company, had notified the Company that he had any interest or short position in the shares or underlying shares of the Company as recorded in the register kept under Section 336 of the SFO as at 30 June 2004.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There has been no purchase, sale or redemption of any of the Company's listed securities by the Group during the six months ended 30 June 2004.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the interim financial statements for the six months ended 30 June 2004 which have not been audited.