

OTHER INFORMATION

Substantial shareholders

As at 30th June, 2004, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance (“SFO”) showed that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long position

Ordinary share of US\$0.02 each of the Company

	Capacity	Number of Shares			Percentage of issued share capital	Note
		Direct interest	Deemed interest	Total interest		
Velocity International Limited (the “Velocity”)	Beneficial owner	136,761,600	–	136,761,600	49.3%	a
Chan Yeung Nam	Beneficial owner and interest of a controlled operation	–	136,761,600 (through 100% direct interest in Velocity)	136,761,000	49.3%	a
Wealthy Gain Limited (the “Wealthy”)	Beneficial owner	16,079,000	–	16,079,000	5.8%	b
Ruby Enterprises Limited (the “Ruby”)	Interest of a controlled operation	–	16,079,000 (through 100% direct interest in Wealthy)	16,079,000	5.8%	b
Golden Flower Limited (the “Golden”)	Beneficial owner	20,742,000	–	20,742,000	7.5%	c
Expert Commerce Limited (the “Expert”)	Beneficial owner	15,000,000	–	15,000,000	5.4%	c
China WTO.com Limited (the “CWTO”)	Beneficial owner and interest of controlled corporations	11,000,662	35,742,000 (through 100% direct interest in Golden and Expert)	46,742,662	16.8%	c
China Strategic Holdings Limited (the “China Strategic”)	Interest of controlled corporations	–	62,821,662 (through 100% direct interest in Ruby and CWTO)	62,821,662	22.6%	d
Wing On Travel (Holdings) Limited (the “Wing On”)	Security interest	136,666,666	–	136,666,666	49.3%	e

Notes:

- (a) Mr. Chan Yeung Nam holds the entire beneficial interest in Velocity and Mr. Yeung Nam is accordingly deemed to be interested in 136,761,600 shares in the Company.
- (b) Ruby directly holds the entire beneficial interest in Wealthy which in turn beneficially owns 16,079,000 shares in the Company. Accordingly, Ruby is deemed to be interested in the same 16,079,000 shares in the Company.
- (c) CWTO beneficially owns 11,000,662 shares in the Company and directly holds the entire beneficial interest in Golden and Expert. Golden and Expert beneficially own 20,742,000 and 15,000,000 shares in the Company respectively. Accordingly, CWTO is totally interested in 46,742,662 shares in the Company.
- (d) China Strategic directly holds the entire beneficial interest in Ruby and CWTO. Ruby and CWTO are deemed to be interested in 16,079,000 and 46,742,662 shares in the Company respectively. Accordingly, China Strategic is deemed to be interested in 62,821,662 shares in the Company.
- (e) These shares were pledged to Wing On pursuant to a loan agreement and share mortgage agreement both dated 16th December, 2003.

Save as disclosed above, the Company had not notified of any other interests representing 5% or more of the Company's issued share capital as at 30th June, 2004.

Directors' interests in securities

Other than as disclosed in the section "Substantial shareholders", none of the directors, chief executives, nor their associates, had any interests or short positions in any shares or debentures of the Company or any of its associated corporation at 30th June, 2004, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Companies.

Share options scheme

On 4th June, 2002, the Company adopted a new share option scheme (the "Scheme") for the primary purpose of providing incentives and/or rewards to employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers of the Company or any of its subsidiaries for their contribution to the Group.

No share options under the Scheme were outstanding at the beginning and at the end of the six months ended 30th June, 2004 and no share options were granted, exercised, cancelled or lapsed during the financial period.

Purchase, sale or redemption of listed shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 30th June, 2004.

Corporate governance

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30th June, 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange except in relation to Guideline 1 as certain directors frequently traveled abroad for overseas business trips and were unable to attend the board meetings when convened and held and Guideline 7 as non-executive directors are not appointed for a specific term but are subject to rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

Review by audit committee

The Group's interim financial report for the six months ended 30th June, 2004 have been reviewed by the audit committee which comprises two independent non-executive directors of the Company and by the Company's auditors, Deloitte Touche Tohmatsu.

Appreciations

The Board would like to take this opportunity to thank the Company's shareholders for their continual support and wish to extend its sincere appreciation for the efforts and loyalty of our staff.

By Order of the Board
China Velocity Group Limited
Chan Yeung Nam
Chairman

Hong Kong, 24th September, 2004.