

Save as disclosed above, at 30th September, 2004, none of the directors nor their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the six months ended 30th September, 2004 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate, and none of the directors, or their spouses or children under the age of eighteen, had any right to subscribe for the securities of the Company, or had exercised any such rights during the period.

## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 30th September, 2004, the register of shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

| <b>Name of shareholder</b>        | <b>Capacity</b>                    | <b>Number of ordinary shares held</b> | <b>Percentage of the Company's issued share capital</b> |
|-----------------------------------|------------------------------------|---------------------------------------|---|
| Mainland Talent                   | Interest of controlled corporation | 726,918,000<br>(Notes 1 & 2)          | 19.53%  |
| Capital Sun                       | Interest of controlled corporation | 726,918,000<br>(Notes 1 & 2)          | 19.53%  |
| Red China                         | Interest of controlled corporation | 726,918,000<br>(Notes 1 & 2)          | 19.53%  |
| Yau Shum Tek, Cindy               | Interest of controlled corporation | 726,918,000<br>(Notes 1 & 2)          | 19.53%  |
| Poly Investments Holdings Limited | Beneficial owner                   | 176,840,000                           | 5.08%<br>(Note 3)                                       |

Notes:

1. At 30th September, 2004, Multiple Wealth and Pacific Rim held 192,318,000 and 534,600,000 ordinary shares of the Company, representing approximately 5.16% and 14.37% of the issued share capital of the Company at that date, respectively. Multiple Wealth and Pacific Rim are wholly-owned subsidiaries of Hastings Gold, which in turn, is a wholly-owned subsidiary of Mainland Talent.
2. Ms. Yau Shum Tek, Cindy wholly owns and controls Red China and Capital Sun. Capital Sun wholly owns Future Star. Each of Red China and Future Star is interested in 50% of the issued share capital of Mainland Talent. Ms. Yau Shum Tek, Cindy is deemed to be interested in a total of 726,918,000 ordinary shares of the Company held by Multiple Wealth and Pacific Rim.
3. The percentage to the issued share capital of the Company which the shares represented as of the date on which the Company was notified pursuant to the SFO.

Save as disclosed above, at 30th September, 2004, the Company had not been notified by any persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

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

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited interim financial report of the Group for the six months ended 30th September, 2004. In carrying out the review, the Audit committee has relied on the review of the Group's external auditors on the interim financial report as well as obtaining explanations from management.