

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 30 September 2004, so far as is known to the directors and the chief executive of the Company, the interests and short positions of the substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name	Capacity	Long position/ short position	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate % of the existing issued share capital of the Company
PCCW Limited ("PCCW")	Interest held by controlled corporation ( <i>Note 1</i> )	Long position	1,020,036,735	-	1,020,036,735	22.63%
Asian Motion Limited ("Asian Motion")	Interest held by controlled corporation ( <i>Note 1</i> )	Long position	1,020,036,735	-	1,020,036,735	22.63%
Pacific Century Premium Developments Limited ("PCPD")	Interest held by controlled corporation ( <i>Note 1</i> )	Long position	1,020,036,735	-	1,020,036,735	22.63%
Companion Building Material (BVI) Limited ("CBM(BVI)")	Interest held by controlled corporation ( <i>Note 1</i> )	Long position	1,020,036,735	-	1,020,036,735	22.63%
Companion Building Material (Holdings) Limited ("CBM")	Beneficial owner ( <i>Note 2</i> )	Long position	1,020,036,735	-	1,020,036,735	22.63%
Chan Kwok Keung Charles	Interest held by controlled corporation ( <i>Note 3</i> )	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
Ng Yuen Lan Macy	Interest held by spouse ( <i>Note 3</i> )	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
Chinaview International Limited	Interest held by controlled corporation ( <i>Note 3</i> )	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%



## Skynet (International Group) Holdings Limited

Name	Capacity	Long position/ short position	Number of shares of the Company held	Number of underlying shares of the Company held	Total	Approximate % of the existing issued share capital of the Company
Galaxyway Investments Limited	Interest held by controlled corporation (Note 3)	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
ITC Corporation Limited	Interest held by controlled corporation (Note 3)	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
ITC Investment Holdings Limited	Interest held by controlled corporation (Note 3)	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
Hollyfield Group Limited	Interest held by controlled corporation (Note 3)	Long position	139,667,749,935	25,000,000,000	164,667,749,935	3653.52%
Paul Y	Beneficial owner (Note 3)	Long position	139,667,749,850	25,000,000,000 )	)	
	Interest held by controlled corporation (Note 3)	Long position	85	– )	) 164,667,749,935	3653.52%
Lo Lin Shing Simon	Interest held by controlled corporation (Note 4)	Long position	5,000,000,000	–	5,000,000,000	110.94%
Ku Ming Mei Rouisa	Interest held by spouse (Note 4)	Long position	5,000,000,000	–	5,000,000,000	110.94%
Wellington Equities Inc.	Beneficial owner (Note 4)	Long position	5,000,000,000	–	5,000,000,000	110.94%

*Notes:*

1. CBM was a wholly owned subsidiary of CBM(BVI), which was in turn a wholly-owned subsidiary of PCPD. Asian Motion, a wholly-owned subsidiary of PCCW, owned 93.42% of the issued share capital of PCPD. Accordingly, each of CBM(BVI), PCPD, Asian Motion and PCCW was deemed to be interested in 1,020,036,735 shares of HK\$0.02 each in the capital of the Company held by CBM.
2. The Company had received corporate substantial shareholder notice from Tai Fook Securities Group Limited in respect of its interest in 1,018,836,735 shares of HK\$0.02 each in the capital of the Company. Such shares were kept in the margin account of CBM maintained with Tai Fook Securities Company Limited. Tai Fook Securities Company Limited was a wholly-owned subsidiary of Tai Fook Finance Company Limited, which was in turn a wholly-owned subsidiary of Tai Fook (BVI) Limited, and Tai Fook (BVI) Limited was a wholly-owned subsidiary of Tai Fook Securities Group Limited.
3. On 1 April 2004, the Company received corporate or individual substantial shareholder notices from Dr. Chan Kwok Keung Charles, Ms. Ng Yuen Lan Macy, Chinaview International Limited, Galaxyway Investments Limited, ITC Corporation Limited, ITC Investment Holdings Limited, Hollyfield Group Limited and Paul Y in respect of their interest in the Company on 29 March 2004. As reported in the notices, Nation Cheer Investment Limited owned 85 shares of the Company; and Paul Y, in its capacity as beneficial owner, was interested in 139,667,749,850 shares of the Company, which would be the aggregate number of shares (being the shares of HK\$0.02 prior to the capital reorganisation as mentioned in the Circular) that would be issued to Paul Y upon completion of the Underwriting Agreement, the Acquisition Agreement and the Hidden Agreement (assuming no subscription of Offer Shares by the shareholders of the Company and before transferring shares of the Company to Wellington Equities Inc. pursuant to the Paul Y Hidden Agreement) and 25,000,000,000 underlying shares of the Company, which would be the aggregate number of shares (being the shares of HK\$0.02 prior to the capital reorganisation as mentioned in the Circular) that would be issued to Paul Y upon full conversion of the Facility Convertible Note. Completion of the Underwriting Agreement, the Acquisition Agreement, the Hidden Agreement and the issue of the Facility Convertible Note are subject to a number of conditions. Details of the aforesaid transactions are set out in the Circular. Terms used in this paragraph, unless otherwise defined, have the same meaning as defined in the Circular.

Nation Cheer Investment Limited was a wholly-owned subsidiary of Paul Y. - ITC Investments Group Limited, which was in turn a wholly-owned subsidiary of Paul Y. - ITC Construction Holdings (B.V.I.) Limited. Paul Y. - ITC Construction Holdings (B.V.I.) Limited was a wholly-owned subsidiary of Paul Y, which was owned as to approximately 55.06% by Hollyfield Group Limited. Hollyfield Group Limited was a wholly-owned subsidiary of ITC Investment Holdings Limited, which was in turn a wholly-owned subsidiary of ITC Corporation Limited. ITC Corporation Limited was owned as to approximately 33.58% by Galaxyway Investments Limited. Galaxyway Investments Limited was a wholly-owned subsidiary of Chinaview International Limited, which was in turn wholly owned by Dr. Chan Kwok Keung Charles. Accordingly, each of Hollyfield Group Limited, ITC Investment Holdings Limited, ITC Corporation Limited, Galaxyway Investments Limited, Chinaview International Limited, Dr. Chan Kwok Keung Charles and Ms. Ng Yuen Lan Macy (the spouse of Dr. Chan Kwok Keung Charles) was deemed to be interested in the shares and underlying shares of the Company in which Paul Y or Nation Cheer Investment Limited was interested, and Paul Y was deemed to be interested in the shares of the Company owned by Nation Cheer Investment Limited.

4. Wellington Equities Inc. was interested in 5,000,000,000 shares of the Company, which would be the aggregate number of shares (being the shares of HK\$0.02 prior to the capital reorganisation as mentioned in the Circular) that would be issued/transferred to Wellington Equities Inc. upon completion of the Paul Y Hidden Agreement. Completion of the Paul Y Hidden Agreement is subject to a number of conditions. Details of the aforesaid transaction are set out in the Circular. Terms used in this paragraph, unless otherwise defined, have the same meaning as defined in the Circular.

Wellington Equities Inc. was wholly owned by Mr. Lo Lin Shing Simon and Ms. Ku Ming Mei Rouisa was the spouse of Mr. Lo Lin Shing Simon.



Save as disclosed above, as at 30 September 2004, the Company has not been notified of any interest or short position in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO.

## **CODE OF BEST PRACTICE**

As announced by the Company on 8 October 2004, the Board consists of three executive Directors, one non-executive Director and two independent non-executive Directors and the audit committee consists of these two independent non-executive Directors. None of the two independent non-executive Directors has the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Accordingly, the Company fails to meet the requirements under Rule 3.10 and Rule 3.21 of the Listing Rules.

Save as disclosed above, none of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2004, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

## **APPRECIATION**

On behalf of the Board, I would like to extend my sincere thanks and appreciation to all our staff for their hard work and commitment and to our bankers, customers, suppliers and shareholders for their continued support.

## **GENERAL**

At the date of this report, the Board comprised three executive directors, namely Mr. Choi Wing Kin, Mr. Wu Wing Kin and Mr. To Chi, one non-executive director, namely Mr. Lo Chi Ho, William, and two independent non-executive directors, namely Mr. Cheung Hon Kit and Mr. Ng Wai Hung.

By Order of the Board  
**To Chi**  
*Executive Director*

Hong Kong, 17 December 2004