

SUBSTANTIAL SHAREHOLDERS

As at 31 October 2004, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

Long position

Ordinary share of HK\$0.01 each of the Company

Name	Nature of interest	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Invest Gain Limited	Beneficial owner	1,200,000,000	57.81
Wealth Bonus Limited	Beneficial owner	240,591,000	11.59
Mr. Li Song Xiao	Held by controlled corporation (<i>note a</i>)	1,200,000,000	57.81
Ms. Liu Hui	Spouse interest (<i>note b</i>)	1,200,000,000	57.81
Mr. Lai Leong	Held by controlled corporation (<i>note c</i>)	240,591,000	11.59

Notes:

- (a) These shares are held by Invest Gain Limited, which is beneficially wholly owned by Mr. Li Song Xiao. This interest has also been disclosed in the above paragraph of Directors' Interest in Shares of this report.
- (b) Ms. Liu Hui is the spouse of Mr. Li Song Xiao. Accordingly, Ms. Liu Hui was deemed to be interested in the shares owned by Mr. Li Song Xiao.
- (c) Mr. Lai Leong was deemed to be interested in 240,591,000 shares in the Company by virtue of his 90% interest in Wealth Bonus Limited which held such shares. The other 10% interest is held by Mr. Zhang Yao Hui, the executive director of the Company.

Other than as disclosed above, the Company has not been notified of any other interests or short positions in the issued share capital of the Company as at 31 October 2004.

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

Save as disclosed, during this six months ended 31 October 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the financial reporting matters and internal control procedures of the Group. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial statements. The Audit Committee comprises Ms. Nie Mei Sheng, Mr. Zhen Kuan and Mr. Wang Shiyong, three independent non-executive directors of the Company.

CODE OF BEST PRACTICE

Except that the independent non-executive directors were not appointed for any specific terms as they would be subject to retirement by rotation in accordance with the Bye-laws of the Company, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

By Order of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 18 January 2005