

SHARE CAPITAL, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' AND SUPERVISORS' INTERESTS IN SECURITIES

Share Capital

	As at 30 June 2002	As at 1 January 2002
	Number of shares	Number of shares
State-owned legal person shares	743,870,000	743,870,000
Overseas listed foreign shares (H shares)	453,872,000	453,872,000
Total	1,197,742,000	1,197,742,000

Note: There was no change in share capital of the Company during the six months ended 30 June 2002 and during the period from 30 June 2002 to the reporting date.

Substantial Shareholders

As at 30 June 2002, the following parties held an interest of 10% or more in the issued share capital of the Company or its subsidiaries according to the Company's records.

(a) The Company

Name of shareholder	Class of shares	Number of shares held		Shareholding percentage	
		Direct interest	Deemed interest*	Direct interest	Deemed interest*
China Great Wall	State-owned legal person shares	743,870,000	—	62.11%	—

(b) China Great Wall Computer Shenzhen Company Limited ("CGC")

Name of shareholder	Class of shares	Number of shares held		Shareholding percentage	
		Direct interest	Deemed interest*	Direct interest	Deemed interest*
China Great Wall	State-owned legal person shares	–	277,231,500 (Note 1)	–	60.47% (Note 1)
Company	State-owned legal person shares	277,231,500	–	60.47%	–

(c) Shenzhen Kaifa Technology Company Limited ("Kaifa")

Name of shareholder	Class of shares	Number of shares held		Shareholding percentage	
		Direct interest	Deemed interest*	Direct interest	Deemed interest*
China Great Wall	State-owned legal person shares	–	410,163,000 (Note 1)	–	55.96% (Note 1)
Company	State-owned legal person shares	410,163,000	–	55.96%	–

(d) *Great Wall Broadband Network Service Company Limited ("GWBNS")*

Name of shareholders	Percentage holding in registered capital	
	Direct interest	Deemed interest*
China Great Wall	—	100% (Note 2)
Company	35%	15% (Note 2)
CGC	7.5%	—
Kaifa	7.5%	—

(e) *Shenzhen Kaifa Magnetics Recording Company Limited ("Kaifa Magnetics")*

Name of shareholders	Percentage holding in registered capital	
	Direct interest	Deemed interest*
China Great Wall	—	100% (Note 3)
Company	51%	49% (Note 3)
Kaifa	49%	—

* *Exclusive of direct interest*

Notes:

1. China Great Wall controlled over 1/3 of the rights to vote in the Company. As such, China Great Wall was (according to the Securities (Disclosure of Interests) Ordinance ('SDI' Ordinance')) deemed to be interested in the relevant shares held by the Company.

2. China Great Wall controlled over 1/3 of the rights to vote in the Company and the Company controlled over 1/3 of the rights to vote in each of CGC and Kaifa. As such, China Great Wall and the Company (according to the SDI Ordinance) were deemed to be interested in the relevant registered capital held by CGC and Kaifa, and China Great Wall (according to the SDI Ordinance) was deemed to be interested in the relevant shares held by the Company. GWBNS' registered capital was RMB300,000,000.
3. China Great Wall controlled over 1/3 of the rights to vote in the Company and the Company controlled over 1/3 of the rights to vote in Kaifa. As such, China Great Wall and the Company (according to the SDI Ordinance) were deemed to be interested in the relevant registered capital held by Kaifa, and China Great Wall (according to the SDI Ordinance) was deemed to be interested in the relevant shares held by the Company. Kaifa Magnetics' registered capital was RMB224,033,300.

Save as disclosed, no other parties were recorded as having an interest of 10% or more of the issued share capital of the Company or its subsidiaries in the register of interests required to be kept by the Company under Section 16(1) of the SDI Ordinance.

Directors' and Supervisors' Interests in Securities

As at 30 June 2002, the Company's directors and supervisors, (as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ('Stock Exchange') pursuant to the Model Code for Securities Transactions by Directors of Listed

Companies ('Model Code') of the Rules Governing the Listing of Securities on the Stock Exchange) held the following interests in the equity or debt securities in the Company and/or its associated corporations (as defined in SDI Ordinance):

Securities

(a) The Company

Name/position	Personal interest	Family interest	Corporate interest	Total
Tam Man Chi (Director)	—	—	44,988,000 H shares	44,988,000 H Shares

(b) CGC

Name/position	Personal interest	Family interest	Corporate interest	Total
Wang Zhi (Chairman)	95,400 CGC employee shares	—	—	95,400 CGC employee shares
Wang Zhirong (Director)	63,600 CGC employee shares	—	—	63,600 CGC employee shares
Lu Ming (Director)	63,600 CGC employee shares	—	—	63,600 CGC employee shares
Huang Rongfang (Director)	63,600 CGC employee shares	—	—	63,600 CGC employee shares

(c) Kaifa

Name/position	Personal interest	Family interest	Corporate interest	Total
Wang Zhi (Chairman)	214,207 Kaifa employee shares	–	–	214,207 Kaifa employee shares
Wang Zhirong (Director)	35,699 Kaifa employee shares	–	–	35,699 Kaifa employee shares
Tam Man Chi (Director)	714,025 Kaifa employee shares	–	68,952,000 Kaifa legal person shares	69,666,025 shares
Huang Rongfang (Director)	278,512 Kaifa designated legal person shares	–	–	278,512 Kaifa designated legal person shares

Save as disclosed above, as at 30 June 2002, none of the Directors or supervisors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as recorded in the register maintained pursuant to Section 29 of the SDI Ordinance or which was notified to the Company and the Stock Exchange according to the Model Code.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY AND/OR ITS SUBSIDIARIES

During the Period, the Company or its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company and/or its subsidiaries.

CHANGE OF BOARD OF DIRECTORS AND MEMBERS OF SUPERVISORY COMMITTEE

On 20 June 2002, the Annual General Meeting was convened and resolutions on electing Messrs. Wu Qi Ren (吳奇仁) and Gao Ke Qin (高克勤) as Non-Executive Director and Executive Director respectively were passed. Also, resolutions on Messrs. Wang Zhi Rong (王志榮) and Lu Ming (盧明)'s resignation as the Company's Vice Presidents and Ms. Wu Ai Ping (吳愛萍)'s resignation as a member to the Supervisory Committee of the Company were passed.

CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that the Company is not or was not, for the six months ended 30 June 2002, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Hong Kong Stock Exchange.

AUDIT COMMITTEE

The audit committee has reviewed with management, the Group's accounting principles and practices and discussed auditing, internal controls and financial reporting matters, including this unaudited interim results. In addition, the Group's external auditors have reviewed this unaudited interim results in accordance with Statement of Auditing Standards 700 issued by the Hong Kong Society of Accountants.

By Order of the Board

Wang Zhi

Chairman

13 August 2002

This report has been prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.