

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September 2001, the interests of the directors, chief executives of the Company in the shares in the Company or any associated corporations as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Type of interest	Number of ordinary shares held
Mr. YUEN Wai	Personal Corporate (<i>Note 1</i>)	6,500,000
Mr. Mongkon CHERLOEMCHOEDCHOO	Corporate (<i>Note 1</i>)	512,663,500
Mrs. CHEN CHOU Mei Mei, Vivien	Personal (<i>Note 2</i>)	8,635,000

Note:

- The shares are held by Pan Pacific Traders Limited which is 70% and 30% owned by Magnificent Fortune Limited and Newfound Wealth Limited respectively, and which in turn are wholly-owned by Mr. YUEN Wai and Mr. Mongkon CHERLOEMCHOEDCHOO respectively.
- Mrs. CHEN CHOU Mei Mei, Vivien has resigned on 17th January 2002.
- The Company has been informed on 28th May 2002 that the ABN AMRO Bank N.V. Bank ("the Bank"), as mortgagee, has entered into two agreements on 24th May 2002 and 27th May 2002 with two independent parties for the sale of 413,000,000 and 95,201,500 shares of the Company. The two agreements are not inter-conditional on each other and each of them are subject to the Bank obtaining a waiver from the Executive Directors of the Corporate Finance Division of the Securities and Futures Commission and any delegate of the Executive Director. The Company has been informed on 2nd September 2002 that a termination agreement was executed on 30th August 2002 to terminate the agreements for the sale and purchase of shares of the Company made between the Bank and Pacific Will Holdings Limited and Run Fung International Limited dated 27th May 2002 and 24th May 2002 respectively.
- Pan Pacific Traders Limited is the controlling shareholder of the Company, which owns 512,663,500 Shares, all of which are pledged to the Bank.
- The Board received notification from China Huatong Distribution & Industry Development Corporation ("China Huatong") on 26th July 2002 claiming that China Huatong is the ultimate beneficial owner of all the shares held by Pan Pacific Traders Ltd., the controlling shareholder of the Company, which owns 512,663,500 of shares.

6. The Company has accepted the resignation from Mr. Yuen Wai on 28th May 2002 as Executive Director and Chairman of the Company.

DIRECTORS' RIGHT TO ACQUIRE SECURITIES

The following directors were granted share options to subscribe for the following number of shares in the Company under the Company's share option scheme:

Name of director	Granted on 15th July 1999	Granted on 30th March 2001
Mr. YUEN Wai	22,000,000	13,000,000
Mr. Mongkon CHERLOEMCHOEDCHOO	4,000,000	4,000,000
Mr. CHUNG Ho	6,000,000	8,000,000
Mrs. CHEN CHOU Mei Mei, Vivien (Note 1)	4,000,000	4,000,000
Mr. WU Yuehua	–	4,000,000

The share options granted on 15th July 1999 are exercisable from 16th January 2000 to 15th January 2002 at the subscription price of HK\$0.8432 per share and hence are now lapsed.

The following share options granted on 30th March 2001 and outstanding as at 30th September 2001 are exercisable at the subscription price of HK\$0.1491 per share and for a period of three years commencing from the following dates:

Name of director	1st July 2001	1st October 2001	31st March 2002
Mr. YUEN Wai	–	6,500,000	–
Mr. Mongkon CHERLOEMCHOEDCHOO	2,000,000	2,000,000	–
Mr. CHUNG Ho	4,000,000	4,000,000	–
Mrs. CHEN CHOU Mei Mei, Vivien (Note 1)	2,000,000	2,000,000	–
Mr. WU Yuehua (Note 2)	–	2,000,000	2,000,000

Note:

1. Mrs. CHEN CHOU Mei Mei, Vivien has resigned on 17th January 2002. All outstanding options held by her shall lapse on 17th February 2002.
2. Mr. WU Yuehua has resigned on 27th August 2002. All outstanding options held by Mr. WU lapsed on 27th September 2002.

During the period and up to the date of this report, no share option had been exercised by the directors except that Mr. Yuen Wai had exercised 6,500,000 shares at the subscription price of HK\$0.1491 per share. Save as disclosed above, at no time during the period was the Company, its fellow subsidiaries or its holding companies a party to any arrangements to enable the directors of the Company to acquire benefit by means of the acquisition of shares in, or debt securities of, the Company or any other body corporate.

Save as disclosed herein, at no time during the period, the directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted or exercised, any rights to subscribe for shares or debt securities of the Company and its associate corporations within the meaning of the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN THE SHARE CAPITAL OF THE COMPANY

At 30th September 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that the following shareholders had an interest of 10% or more in the issued share capital of the Company:

Name of shareholder	Number of shares	% interest in total issued shares
Mr. YUEN Wai	6,500,000	0.44%
Mr. YUEN Wai	512,663,500 (<i>Note</i>)	35.03%
Magnificent Fortune Limited	512,663,500 (<i>Note</i>)	35.03%
Pan Pacific Traders Limited	512,663,500 (<i>Note</i>)	35.03%

Note : The 512,663,500 shares are held by Pan Pacific Traders Limited. According to the shareholding position as disclosed in the note to the paragraph headed "DIRECTORS' INTERESTS IN SECURITIES", Magnificent Fortune Limited and Mr. Yuen Wai are deemed to be interested in the 512,663,500 shares pursuant to the SDI Ordinance.