

- (d) Significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

		Six months ended	
		30th June 2004	30th June 2003
		HK\$'000	HK\$'000
	<i>Note</i>		
Catering income earned from directors and related companies	(i)	1,414	679
Insurance premiums charged by a related company	(ii)	796	453
Property management fees charged by a related company	(iii)	250	204
Brokerage commission income earned from certain directors of the Group or their relatives	(iv)	160	–
Sales of computer hardware and software to related companies	(v)	89,935	–

Notes:

- (i) The Group earned catering income in respect of restaurant operations from certain directors and related companies for services provided at a discount ranging between 15% and 40%.
- (ii) The Group paid insurance premiums to Jardine Shun Tak Insurance Brokers Limited, an associate of Shun Tak Holdings Limited ("STHL"), to insure the properties and employees of the Group under the terms and conditions applicable to customers of comparable standing. Dr. Stanley Ho, a director of the Company, is also a director and has direct and indirect beneficial interests in STHL.
- (iii) The Group paid management fees to Shun Tak Property Management Limited ("STPML"), a subsidiary of STHL, on a reimbursement basis for building management expenditure paid by STPML on behalf of the Group.
- (iv) Brokerage commission income earned from transactions with related parties was at prices and terms no less than those transacted with other third party customers of the Group.
- (v) Service fees charged and computer hardware and software sold to related companies were conducted in the normal course of business at prices and terms no less than those charged to and contracted with other third party customers of the Group.

16. Events subsequent to the balance sheet date

Please refer to page 5 of this report for the details of significant events subsequent to 30th June 2004.

DISCLOSURE OF INTERESTS

Directors' interests

As at 30th June 2004, the interests and short positions of each director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be

notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

(i) *Interests in shares and underlying shares of the Company*

Name of Director	Nature of interest	Number of issued shares of the Company interested	Number of underlying shares of the Company interested	Approximate percentage of the total number of issued shares <i>(Note 1)</i>
Dr. Stanley Ho	Corporate	2,377,500 <i>(Note 2)</i>	–	0.63%
	Personal	12,646,367	–	3.35%
Mr. Lawrence Ho	Corporate	182,455,599 <i>(Note 3)</i>	–	48.35%
	Corporate	–	19,565,216 <i>(Note 4)</i>	5.18%
	Personal	1,816,306	–	0.48%

Notes:

- As at 30th June 2004, the total number of issued shares of the Company is 377,366,574.
- Dr. Stanley Ho is taken to be interested in 2,377,500 shares of the Company as a result of him being beneficially interested in the entire issued share capital of each of Sharikat Investments Ltd. and Dareset Ltd. which in turn hold an aggregate of approximately 0.63% of the issued share capital of the Company. Apart from that, Dr. Stanley Ho personally holds 12,646,367 shares of the Company.
- Mr. Lawrence Ho is taken to be interested in 57,754,512 shares of the Company as a result of him being beneficially interested in the entire issued share capital of Lasting Legend Ltd. which in turn holds approximately 15.30% of the issued share capital of the Company. He is also taken to be interested in 124,701,087 shares of the Company as a result of him being interested in 77% of issued share capital of Better Joy Overseas Ltd. (“Better Joy”) which in turn holds approximately 33.05% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy respectively. If their indirect shareholding interests in the Company's shares through Better Joy are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 11.58% and 41.23% of the Company's shares.

4. Two convertible notes respectively due 2005 and 2006 were issued by the Company to Better Joy on 9 June 2004 pursuant to the Mocha Acquisition Agreements as disclosed in the announcement and the circular of the Company respectively dated 19th March 2004 and 23rd April 2004. As at 30th June 2004, the total outstanding principal amount of the said convertible notes is HK\$45 million. If Better Joy exercises the conversion rights attached to the said convertible notes in full at the conversion price of HK\$2.30 per share, a total of 19,565,216 shares of the Company will be issued to Better Joy. As Mr. Lawrence Ho is beneficially interested in 77% of issued share capital of Better Joy, he is deemed to be interested in these 19,565,216 underlying shares.

As mentioned above, Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy respectively. If this is taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 4,500,000 underlying shares and 15,065,216 underlying shares of the Company.

(ii) *Interests in equity derivatives of the Company*

Name of director	Date of grant	Expiry date	Exercise price (HK\$)	Number of underlying shares comprised in the options outstanding
Mr. Lawrence Ho	19th February 2004	7th March 2012	2.405	1,800,000
Mr. Frank Tsui	8th March 2002	7th March 2012	1.00	1,816,306
	19th February 2004	7th March 2012	2.405	1,800,000
Mr. Ho Cheuk Yuet	8th March 2002	7th March 2012	1.00	1,816,306

(iii) *Interests in shares of Value Convergence*

Name of director	Nature of interest	Number of issued shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence
Dr. Stanley Ho	Corporate	7,384,651 (Note 1)	3.10%
Mr. Lawrence Ho	Corporate	4,232,627 (Note 2)	1.78%

Notes:

1. Dr. Stanley Ho is taken to be interested in 7,384,651 shares of Value Convergence as a result of him being beneficially interested in 65% of the issued share capital of Bailey Development Limited which in turn holds approximately 3.10% of the issued share capital of Value Convergence.
2. Mr. Lawrence Ho is taken to be interested in 4,232,627 shares of Value Convergence as a result of him being beneficially interested in the entire issued share capital of Golden Mate Co., Ltd. which in turn holds approximately 1.78% of the issued share capital of Value Convergence.

(iv) *Interests in equity derivatives of Value Convergence*

Name of director	Nature of interest	Number of underlying shares of Value Convergence interested	Approximate percentage of the total number of issued shares of Value Convergence
Dr. Stanley Ho	Personal	735,000 (Note 1)	0.31%
Mr. Lawrence Ho	Personal	1,226,057 (Note 2)	0.51%

Notes:

1. The personal interest of Dr. Stanley Ho represents his derivative interest in Value Convergence comprising the physically settled options which were granted on 6th April 2001 and may be exercised during the period from 6th April 2001 to 8th October 2005 at an exercise price of HK\$3.60 per Value Convergence's share.
2. The personal interest of Mr. Lawrence Ho represents his derivative interest in Value Convergence comprising the physically settled options as follows:
 - (i) 735,000 physically settled options which were granted on 6th April 2001 and may be exercised during the period from 6th April 2001 to 8th October 2005 at an exercise price of HK\$3.60 per Value Convergence's share; and
 - (ii) 491,057 physically settled options which were granted on 9th July 2002 and may be exercised during the period from 9th July 2002 to 8th July 2012 at an exercise price of HK\$1.00 per Value Convergence's share.

Save as disclosed above, as at 30th June 2004, none of the directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Main Board Listing Rules to be notified to the Company and the Stock Exchange.

Shareholders with Notifiable Interests

As at 30th June 2004, the interests and short positions of substantial shareholders of the Company and other persons in the shares, underlying shares and debentures of the Company which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO; or (b) were required, pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) were directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Nature of interest	Number of issued shares interested	Number of underlying shares interested	Approximate percentage of the total number of issued shares <i>(Note 1)</i>
Better Joy Overseas Ltd.	Corporate	124,701,087 <i>(Note 2)</i>	–	33.05%
	Corporate	–	19,565,216 <i>(Note 2 & 4)</i>	5.18%
Lasting Legend Ltd.	Corporate	57,754,512 <i>(Note 2)</i>	–	15.30%
Mr. Lawrence Ho	Corporate	182,455,599 <i>(Note 3)</i>	–	48.35%
	Corporate	–	19,565,216 <i>(Note 4)</i>	5.18%
	Personal	1,816,306	–	0.48%
Shun Tak Shipping Company Limited	Corporate	39,083,147	–	10.36%

Notes:

1. As at 30th June 2004, the total number of issued shares of the Company is 377,366,574 Shares
2. The shares (and underlying shares) held by Better Joy and Lasting Legend Ltd. also represent the corporate interest of Mr. Lawrence Ho in the Company.
3. Mr. Lawrence Ho is taken to be interested in 57,754,512 shares of the Company as a result of him being beneficially interested in the entire issued share capital of Lasting Legend Ltd. which in turn holds approximately 15.30% of the issued share capital of the Company. Mr. Lawrence Ho is also taken to be interested in 124,701,087 shares of the Company as a result of him being beneficially interested in 77% of issued share capital of Better Joy which in turn holds approximately 33.05% of the issued share capital of the Company.

Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy respectively. If their indirect shareholding interests in the shares of the Company through Better Joy are taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 11.58% and 41.23% of the Shares.

4. Two convertible notes respectively due 2005 and 2006 were issued by the Company to Better Joy on 9th June 2004 pursuant to the Mocha Acquisition Agreements as disclosed in the announcement and the circular of the Company respectively dated 19th March 2004 and 23rd April 2004. As at 30th June 2004, the total outstanding principal amount of the said convertible notes is HK\$45 million. If Better Joy exercises the conversion rights attached to the said convertible notes in full at the conversion price of HK\$2.30 per share, a total of 19,565,216 shares of the Company will be issued to Better Joy. As Mr. Lawrence Ho is beneficially interested in 77% of issued share capital of Better Joy, he is deemed to be interested in these 19,565,216 underlying shares.

As mentioned above, Dr. Stanley Ho and Mr. Lawrence Ho are beneficially interested in 23% and 77% of issued share capital of Better Joy respectively. If this is taken into account, Dr. Stanley Ho and Mr. Lawrence Ho are effectively interested in 4,500,000 underlying shares and 15,065,216 underlying shares of the Company.

Save as disclosed herein, so far as the directors were aware, as at 30th June 2004, no other persons had interests or short positions in the shares, underlying shares and debentures of the Company which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, nor were there any other persons required, pursuant to section 336 of the SFO, to be entered in the register referred to therein, or directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.