

DISCLOSURE OF INTERESTS

(A) Interests and short positions of the directors and the chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations

At 30 June 2004, no directors or chief executive of the Company, save as disclosed below, has an interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies which are to be notified to the Company and the Stock Exchange:

Long position in issued shares and underlying shares :

Name of director	Capacity	Nature of interests	Number of shares held	Number of underlying shares held	% of total issued shares
Leung Chung Shan ("Mr. Leung")	Interests of a controlled corporation	Corporate	924,000,000 (Note 1)	-	47.68%
Mr. Leung	Beneficial owner	Personal	58,212,000 (Note 1)	-	3.01%

DISCLOSURE OF INTERESTS (Continued)

Note:

- 1) The 924,000,000 shares are held by Tees Corporation ("Tees"), a Company incorporated in the British Virgin Islands and is wholly-owned by Mr. Leung. Together with Mr. Leung's personal interest in 58,212,000 shares, Mr. Leung is deemed to be interested in an aggregate of 982,212,000 shares.
- 2) The Company received a letter on 24 June 2004 from Mr. J R Lees informing the Company that he had been appointed as provisional liquidator of TKR Finance Limited ("TKR Finance"). Thereafter, the Company was informed that out of 982,212,000 shares, representing 50.69% of the entire issued shares of the Company in aggregate held by Mr. Leung and Tees, 882,212,000 shares, representing 45.53% of the entire issued shares of the Company were pledged to TKR Finance for personal reasons.

(B) Share options

There are no changes in any terms of the share options scheme during the six months ended 30 June 2004. The detailed terms of the share options scheme were disclosed in the Company's 2003 annual reports.

Details of the share options outstanding at 30 June 2004 which have been granted under the scheme whereas follows:

	Date of grant	Exercise price per share	Options (note)			
			Number of options			
			Outstanding at 1 January 2004	Lapsed/Cancelled during the period	Exercised during the period	Outstanding at 30 June 2004
Directors	-	-	-	-	-	-
Employees	10 July 2000	HK\$0.392	36,180,000	5,400,000	-	30,780,000

DISCLOSURE OF INTERESTS *(Continued)*

(B) Share options *(Continued)*

Note:

The options were granted under the share option scheme adopted by the Company on 2 June 1997. The options are exercisable subject to the terms and conditions stipulated each time options are granted. All the options granted will expire at the end of ten years from the date of grant.

Save as disclosed above, none of the directors or chief executive of the Company or their spouses or children under 18 years of age, had any right to subscribe for equity or debt securities of the Company, or had exercised any such right during the period.

Apart from the foregoing, at no time during the period was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company or any of their spouses or children under 18 years of age to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

DISCLOSURE OF INTERESTS *(Continued)*

(C) Interests and short positions of shareholders discloseable under the SFO

So far as is known to any director or chief executive of the Company, at 30 June 2004, shareholders (other than directors or chief executives of the Company) who had interests or short positions in the share or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(i) Long positions of substantial shareholders in the shares and underlying shares of the Company

Name of Shareholder	Capacity	Number of shares held	Number of underlying shares held	% of total issued shares
Tees Corporation ("Tees")	Beneficial Owner	924,000,000 <i>(Note 1 & 3)</i>	–	47.68%
Leung Chung Shan ("Mr. Leung")	Interest of a controlled corporation/ beneficial owner	982,212,000 <i>(Note 2 & 3)</i>	–	50.69%
TKR Finance Limited ("TKR Finance")	Interest of a controlled corporation/ beneficial owner	909,690,144 <i>(Note 4)</i>	–	46.94%

DISCLOSURE OF INTERESTS (Continued)

(C) Interests and short positions of shareholders discloseable under the SFO

(Continued)

(ii) Long positions of other persons in the shares of the Company

Name of Shareholder	Capacity	Number of shares held	Number of underlying shares held	% of total issued shares
Winway H.K. Investments Limited ("Winway")	Beneficial Owner	153,000,000 (Note 5)		7.90%
Chan How Chung, Victor ("Mr. Chan")	Interests of controlled corporations	74,134,000 (Note 6)	58,960,000	6.87%

Notes:

- 1) Tees is a company incorporated in the British Virgin Islands and wholly owned by Mr. Leung.
- 2) In view of note 1 above, by virtue of Tees's interest in 924,000,000 shares and Mr. Leung's personal interests in 58,212,000 shares, Mr. Leung is deemed to be interested in an aggregate of 982,212,000 shares of the Company. For the avoidance of doubt, the same interests have been disclosed by Mr. Leung under the heading "Interests and short positions of the directors and the chief executives of the Company in shares, underlying shares and debentures of the Company and its associated corporations" above.
- 3) The Company received a letter on 24 June 2004 from Mr. J R Lees informing the Company that he had been appointed as provisional liquidator of TKR Finance. Thereafter, the Company was informed that out of 982,212,000 shares, representing 50.69% of the entire issued share of the Company in aggregate held by Mr. Leung and Tees, 882,212,000 shares, representing 45.53% of the entire issued shares of the Company were pledged to TKR Finance for personal reasons.

DISCLOSURE OF INTERESTS (Continued)

Notes: (Continued)

- 4) The Company received a copy of the disclosure of interests form filed pursuant to the SFO by the provisional liquidator of TKR Finance claiming its securities interests in 909,690,144 shares.
- 5) Winway is a wholly-owned subsidiary of Culturecom Investments Limited ("CIL"), which in turn is a wholly-owned subsidiary of Culturecom Holdings (BVI) Limited ("CHBVIL"), and CHBVIL is a wholly owned subsidiary of Culturecom Holdings Limited ("CHL"). By virtue of the SFO, CIL, CHBVIL and CHL were deemed to be interested in 153,000,000 shares of the Company held by Winway.
- 6) 10,240,000 and 7,630,000 shares are held by REXCAPITAL International Limited and TKR Finance respectively, of which Mr. Chan is indirectly interested in 75% and approximately 39% of each of the entire issued share capital of these companies respectively.

In addition, 51,300,000 and 63,924,000 shares are held by Eminent Power Limited ("EPL") and Sino Success Development Corp., both of which Mr. Chan are wholly-owned by Mr. Chan.

By virtue of the SFO, Mr. Chan is deemed to be interested in an aggregate of 133,094,000 shares of the Company.

Save as disclosed above, at 30 June 2004, the Company had not been notified by any persons (other than directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.