

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Apart from the foregoing, at no time during the six months ended 30 September 2004 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any of its associated corporations within the meaning of the SFO.

SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2004, the interests or short positions of every person, other than the Directors or Chief Executives of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO and information received by the Company were as follows:

			Shares directly and/or indirectly held	Percentage of total issued shares
(i)	Neblett	(1)	51,984,279	42.06%
(ii)	Jumbo Easy Limited	(1)	51,984,279	42.06%
(iii)	Winning Spirit International Corp	(1)	51,984,279	42.06%
(iv)	HSBC International Trustee Limited	(2)	51,988,779	42.06%
(v)	Arisaig Greater China Fund Limited	(3)	11,398,000	9.22%
(vi)	Arisaig Partners (Mauritius) Limited	(3)	11,398,000	9.22%
(vii)	Lindsay William Ernest Cooper	(3)	11,398,000	9.22%
(viii)	Lu Wing Yee, Wayne	(4)	6,272,000	5.07%
(ix)	Yuen Tsui Ying	(4)	6,272,000	5.07%

Notes:

- (1) These interests were held by Neblett and represent the same block of shares. Neblett is a company wholly-owned by Winning Spirit International Corp, which in turn is a company wholly-owned by HSBC International Trustee Limited in the capacity of trustee. Jumbo Easy Limited was deemed to be interested in these shares in the capacity of a discretionary object of the trust which beneficially owns Neblett and as a wholly-owned company of Mr Dennis Lo Hoi Yeung.



- (2) 51,984,279 shares of these interests were duplicated in the interests disclosed in Note (1) above. HSBC International Trustee Limited was deemed to be interested in those shares held by Neblett in the capacity of trustee of the trust which beneficially owns Neblett.
- (3) These interests represent the same block of shares and are beneficially owned by Arisaig Greater China Fund Limited. Arisaig Partners (Mauritius) Limited is the investment manager of Arisaig Greater China Fund Limited and was thereby deemed to have an interest in the shares in which Arisaig Greater China Fund Limited is interested.
- Lindsay William Ernest Cooper has an indirect beneficial interest of 33 per cent in Arisaig Partners (Mauritius) Limited and was thereby deemed to have an interest in the shares in which Arisaig Partners (Mauritius) Limited is interested.
- (4) These interests represent the same block of shares. Ms Yuen Tsui Ying was deemed to be interested in these shares through the interests of her spouse, Mr Lu Wing Yee, Wayne.

All the interests stated above represent long positions.

Save as disclosed above, at 30 September 2004, the Company had not been notified of any other person who had interests or short positions in the shares or underlying shares of the Company which would be required to be disclosed to the Company pursuant to 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.

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

Save the repurchase of shares by the Company as disclosed in note 11(b) on page 12, there were no other purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2004, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.