

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2004, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)("SFO")) which had been 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 in which they were deemed or taken 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 referred to therein or which 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:

Name of Director	The Company/name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of interest in the relevant class of securities
Li Ming Hung	the Company	Founder of a trust	83,962,594 Shares (L) (Note 2)	15.04%
	the Company	Beneficial owner	10,211,926 Shares (L) (Notes 3, 16 & 17)	1.83%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	50%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	39.39%



Name of Director	The Company/name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of interest in the relevant class of securities
Chen Tien Tui	the Company	Founder of a trust	83,962,594 Shares (L) (Note 4)	15.04%
	the Company	Beneficial owner	10,801,795 Shares (L) (Notes 5, 16 & 17)	1.94%
	Victory City Company Limited	Beneficial owner	4,000,000 non-voting deferred shares of HK\$1.00 each (L)	50%
	Victory City Overseas Limited	Beneficial owner	1,300 redeemable non-voting preference shares of US\$1.00 each (L)	39.39%
Choi Lin Hung	the Company	Beneficial owner	9,628,000 Shares (L) (Notes 6, 15, 16 & 17)	1.72%
	Victory City Overseas Limited	Beneficial owner	700 redeemable non-voting preference shares of US\$1.00 each (L)	21.21%
	Ford Glory Holdings Limited	Interest of controlled corporation	49 shares of US\$1.00 each (L) (Note 7)	49%
	CSG Apparel Inc.	Interest of controlled corporation	one common stock of CAD1.00 (L) (Notes 7 & 8)	100%
	CSG Fashion Inc.	Interest of controlled corporation	1,000 common stocks of US\$0.01 each (L) (Notes 7 & 9)	100%



Name of Director	The Company/name of associated corporation	Capacity	Number and class of securities (Note 1)	Approximate percentage of interest in the relevant class of securities
	Ford Glory International Limited	Interest of controlled corporation	5,000,000 ordinary shares of HK\$1.00 each (L) (Notes 7 & 10)	100%
	Ford Glory Family Stores Limited	Interest of controlled corporation	10,000 ordinary shares of HK\$1.00 each (L) (Notes 7 & 10)	100%
	Top Star Limited	Interest of controlled corporation	2 ordinary shares of HK\$1.00 each (L) (Notes 7 & 10)	100%
	Value Plus (Macao Commercial Offshore) Limited	Interest of controlled corporation	Quota at MOP100,000 (L) (Notes 7 & 11)	100%
	Glory Time Limited	Interest of controlled corporation	70 ordinary shares of HK\$1.00 each (Notes 7 & 12)	70%
	Silver Success Limited	Interest of controlled corporation	90 ordinary shares of HK\$1.00 each (Notes 7 & 12)	90%
Lee Yuen Chiu, Andy	the Company	Beneficial owner	9,000,000 Shares (L) (Notes 13, 15, 16 & 17)	1.61%
So Kam Wah	the Company	Beneficial owner	9,000,000 Shares (L) (Notes 14, 15, 16 & 17)	1.61%
Phaisalakani Vichai	the Company	Beneficial owner	320,000 Shares (L)	0.06%

Notes:

1. The letter "L" represents the Director's interests in the share and underlying shares of the Company or its associated corporations.
2. These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Li Ming Hung's family.
3. Of these Shares, (i) 500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Li Ming Hung on 20 October 2003, and (ii) 1,000,000 Shares represent the number of Shares to be allotted and issued upon exercise in full of option conditionally granted to Li Ming Hung on 7 June 2004, the particulars of which are set out in notes 16 and 17 below respectively.
4. These Shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Chen Tien Tui's family.
5. Of these Shares, (i) 500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Chen Tien Tui on 20 October 2003, and (ii) 1,000,000 Shares represent the number of Shares to be allotted and issued upon exercise in full of option conditionally granted to Chen Tien Tui on 7 June 2004, the particulars of which are set out in notes 16 and 17 below respectively.
6. Of these Shares, (i) 1,500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Choi Lin Hung on 27 May 2003, (ii) 3,500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Choi Lin Hung on 20 October 2003, and (iii) 4,000,000 Shares represent the number of Shares to be allotted and issued upon exercise in full of option conditionally granted to Choi Lin Hung on 7 June 2004, the particulars of which are set out in notes 15, 16 and 17 below respectively.
7. These shares, representing 49% of the issued share capital of Ford Glory Holdings Limited, were held by Merlotte Enterprise Limited which is wholly owned by Choi Lin Hung.
8. This common stock was beneficially owned by Ford Glory International Limited which is a wholly owned subsidiary of Ford Glory Holdings Limited.
9. These common stocks were beneficially owned by Ford Glory Holdings Limited.





10. These shares were beneficially owned by Ford Glory Holdings Limited.
11. This quota was beneficially owned by Ford Glory Holdings Limited.
12. Silver Success Limited is 90% owned by Glory Time Limited which is in turn 70% owned by Ford Glory Holdings Limited.
13. Of these Shares, (i) 1,500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Lee Yuen Chiu, Andy on 27 May 2003, (ii) 3,500,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to Lee Yuen Chiu, Andy on 20 October 2003, and (iii) 4,000,000 Shares represent the number of Shares to be allotted and issued upon exercise in full of option conditionally granted to Lee Yuen Chiu, Andy on 7 June 2004, the particulars of which are set out in notes 15, 16 and 17 below respectively.
14. Of these Shares, (i) 3,300,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to So Kam Wah on 27 May 2003, (ii) 1,700,000 Shares represent the number Shares to be allotted and issued upon exercise in full of option granted to So Kam Wah on 20 October 2003, and (iii) 4,000,000 Shares represent the number of Shares to be allotted and issued upon exercise in full of option conditionally granted to So Kam Wah on 7 June 2004, the particulars of which are set out in notes 15, 16 and 17 below respectively.
15. On 27 May 2003, Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 1,500,000 Shares, 1,500,000 Shares and 3,300,000 Shares respectively, exercisable at a price of HK\$2.35 per Share during a period from 27 May 2003 to 29 November 2011.
16. On 20 October 2003, Li Ming Hung, Chen Tien Tui, Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 500,000 Shares, 500,000 Shares, 3,500,000 Shares, 3,500,000 Shares and 1,700,000 Shares respectively, exercisable at a price of HK\$3.04 per Share during a period from 9 October 2004 to 29 November 2011.
17. On 7 June 2004, Li Ming Hung, Chen Tien Tui, Choi Lin Hung, Lee Yuen Chiu, Andy and So Kam Wah were granted options under the share option scheme of the Company to subscribe for 1,000,000 Shares, 1,000,000 Shares, 4,000,000 Shares, 4,000,000 Shares and 4,000,000 Shares respectively, exercisable at a price of HK\$3.15 per Share during a period from 7 June 2004 to 29 November 2011.

Save as disclosed above in this report, as at 30 September 2004, none of the Directors and chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (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 the interests and short positions in which they were deemed or taken 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

DISCLOSEABLE INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2004, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons (other than Directors and chief executive of the Company) had an interest or short position in the Shares and/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:

Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Pearl Garden Pacific Limited	83,962,594 (L)	Beneficial owner (Note 2)	15.04%
Cornice Worldwide Limited	83,962,594 (L)	Interest of controlled corporation (Note 2)	15.04%
Madian Star Limited	83,962,594 (L)	Beneficial owner (Note 3)	15.04%
Yonice Limited	83,962,594 (L)	Interest of controlled corporation (Note 3)	15.04%
Trustcorp Limited	167,925,188 (L)	Trustee (Notes 2 & 3)	30.08%
Ho Yuen Mui, Shirley	94,174,520 (L)	Interest of spouse (Note 4)	16.87%



Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Or Kwai Ying	94,764,389 (L)	Interest of spouse (Note 5)	16.98%
Value Partners Limited	33,350,000 (L)	Beneficial owner	5.97%
Morgan Stanley	42,712,000 (L) (Note 6)	Interest of controlled corporation	7.65%
	602,000 (S) (Notes 6 & 7)	Interest of controlled corporation	0.11%

Notes:

1. The letters "L" and "S" represent the person's interests and short position respectively in the Share and/or underlying Shares.
2. These Shares were held by Pearl Garden Pacific Limited. Pearl Garden Pacific Limited is wholly owned by Cornice Worldwide Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Li Ming Hung's family.
3. These Shares were held by Madian Star Limited. Madian Star Limited is wholly owned by Yonice Limited, the entire issued share capital of which is held by Trustcorp Limited as discretionary trustee for Chen Tien Tui's family.
4. Ho Yuen Mui, Shirley is the wife of Li Ming Hung.
5. Or Kwai Ying is the wife of Chen Tien Tui.

6. Of these Shares, 42,110,000 and 602,000 Shares were held by Morgan Stanley Investment Management Company and MSDW Equity Finance Services I (Cayman) Limited respectively.

Morgan Stanley Investment Management Company is wholly owned by Morgan Stanley Dean Witter (Singapore) Holdings Pte Ltd, a company wholly owned by Morgan Stanley Asia Regional (Holdings) III LLC which is in turn wholly owned by Morgan Stanley Asia Pacific (Holdings) Limited. Morgan Stanley Asia Pacific (Holdings) Limited is 90% owned by Morgan Stanley International Incorporated which is in turn 80% owned by Morgan Stanley.

MSDW Equity Finance Services I (Cayman) Limited is wholly owned by MSDW Offshore Equity Services Inc. which is in turn wholly owned by Morgan Stanley.

7. These Shares represent the short position of MSDW Equity Finance Services I (Cayman) Limited in the Shares or underlying Shares.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2004, there was no person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares and/or underlying Shares in the Company (including interest in options, if any) which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTIONS

Pursuant to ordinary resolutions passed at the special general meeting of the Company held on 30 November 2001, the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the special general meeting held on 22 April 1996 was terminated and the existing share option scheme ("Scheme") of the Company was adopted.



Details of the options to subscribe for shares of the Company granted under the Scheme for the period under review are as follows:

Class of grantee	Date of grant	Granted	Exercised	Cancelled	Lapsed	Number of underlying shares in the Company		Exercise price per share (HK\$)	Exercise period
						Outstanding as at 1 April 2004	Outstanding as at 30 September 2004		
Directors (Note 1)	27/05/2003	6,300,000	-	-	-	6,300,000	6,300,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	9,700,000	-	-	-	9,700,000	9,700,000	3.04	09/10/2004 to 29/11/2011
	07/06/2004	14,000,000	-	-	-	-	14,000,000	3.15 (Note 3)	07/06/2004 to 29/11/2011
Other employees (Note 2)	27/05/2003	23,100,000	-	-	-	23,100,000	23,100,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	40,300,000	-	-	100,000	40,300,000	40,200,000	3.04	09/10/2004 to 29/11/2011
	07/06/2004	41,000,000	-	-	100,000	-	40,900,000	3.15 (Note 3)	07/06/2004 to 29/11/2011

Notes:

1. Details of options granted to each of the Directors are set out in the paragraph headed "Directors' interests in shares, underlying shares and debentures of the Company and its associated corporations" in this report above.
2. Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Cap.57 of the Laws of Hong Kong).
3. The closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on 4 June 2004, being the trading day immediately preceding the date of grant of the options, was HK\$3.15 per Share.

The options granted are not recognised in the financial statements until they are exercised, no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of the options, the resulting Shares to be issued will be recorded by the Company as additional share capital at the nominal value of the Shares, and the excess of the exercise price per Share over the nominal value of the Shares will be recorded by the Company in the share premium account. As at 1 April 2004, there were outstanding options carrying rights to subscribe for a total of 79,400,000 Shares. Options which have lapsed or been cancelled will be deducted from the outstanding options. Options carrying the rights to subscribe for 200,000 Shares lapsed during the six month ended 30 September 2004; whereas no option was cancelled during the same period. As at 30 September 2004, options carrying rights to subscribe for 134,200,000 Shares were outstanding.

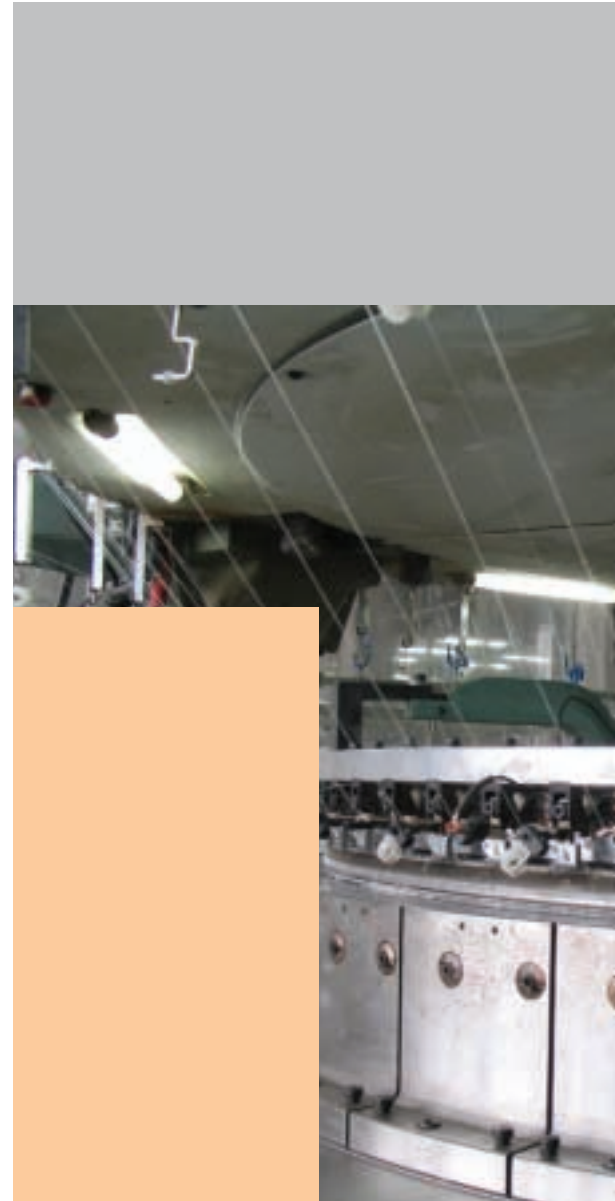
The Directors consider that it is not appropriate to state the value of the share options granted to the eligible participants during the period under review on the ground that there are serious limitations in the application of the Black-Scholes Model and the Binominal Model in the valuation of share options, especially there are a number of variables which are crucial to the calculation of the options value thus rendering such value not being able to be reasonably determined. Accordingly, the Directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

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

During the six months ended 30 September 2004, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE

None of the Directors 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 of the Listing Rules.



As at the date of this report, the board of directors of the Company comprises the following members:

Executive Directors:

Li Ming Hung (*Chairman*)
Chen Tien Tui (*Managing Director*)
So Kam Wah
Lee Yuen Chiu, Andy
Choi Lin Hung

Independent Non-Executive Directors:

Kan Ka Hon
Phaisalakani Vichai
Lau Chung Kwan

By Order of the Board of Directors of
Victory City International Holdings Limited
Li Ming Hung
Chairman

Hong Kong, 8 December 2004