

# GENERAL INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2005, the directors and the chief executive of the Company and their associates had the following interests and short positions 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 (the "SFO")) which (a) were 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 interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

### 1. The Company

None of the directors or the chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company as at June 30, 2005.

### 2. Associated Corporations of the Company

#### A. Interests in PCCW Limited ("PCCW")

The table below sets out the aggregate long positions of the directors and the chief executive of the Company in the shares and underlying shares of PCCW, the ultimate holding company of the Company, as at June 30, 2005.

Name of director/ chief executive	Number of ordinary shares				Number of underlying shares held under equity derivatives	Total	Percentage of issued share capital
	Personal interests	Family interests	Corporate interests	Other interests			
Li Tzar Kai, Richard	—	—	38,456,600 <i>(Note 1(a))</i>	1,746,122,668 <i>(Note 1(b))</i>	3,490,018 <i>(Note 1(c))</i>	1,788,069,286	26.61%
Yuen Tin Fan, Francis	—	—	—	—	20,068,000 <i>(Note 2)</i>	20,068,000	0.30%
Lee Chi Hong, Robert	992,600 <i>(Note 3(a))</i>	511 <i>(Note 3(b))</i>	—	—	6,000,000 <i>(Note 2)</i>	6,993,111	0.10%
Alexander Anthony Arena	760,000	—	—	—	15,800,200 <i>(Note 4)</i>	16,560,200	0.25%
Hubert Chak	—	—	—	—	2,840,000 <i>(Note 2)</i>	2,840,000	0.04%

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## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES - CONTINUED

## 2. Associated Corporations of the Company - Continued

*Notes:*

1. (a) Of these shares of PCCW, Pacific Century Diversified Limited ("PCD"), a wholly-owned subsidiary of Chiltonlink Limited, held 4,709,600 shares and Eisner Investments Limited held 33,747,000 shares. Li Tzar Kai, Richard owns 100 percent of Chiltonlink Limited and Eisner Investments Limited.
- (b) These interests represented:
  - (i) a deemed interest in 36,726,857 shares held by Yue Shun Limited, a subsidiary of Hutchison Whampoa Limited ("HWL"). Cheung Kong (Holdings) Limited ("Cheung Kong") through certain subsidiaries held more than one-third of the issued share capital of HWL. Li Tzar Kai, Richard was a beneficiary of certain discretionary trusts which held interests in Cheung Kong and HWL. Li Tzar Kai, Richard was also interested in one-third of the issued share capital of two companies, which owned all the shares in the trustee companies which acted as trustees of such discretionary trusts. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 36,726,857 shares of PCCW held by Yue Shun Limited;
  - (ii) a deemed interest in 20,354,286 shares of PCCW held by Pacific Century Group Holdings Limited ("PCGH"). Li Tzar Kai, Richard was the founder of certain trusts which held 100 percent interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 20,354,286 shares of PCCW;
  - (iii) a deemed interest in 1,526,094,301 shares of PCCW held by Pacific Century Regional Developments Limited ("PCRD"), a company in which PCGH had, through certain wholly-owned subsidiaries including Anglang Investments Limited, Pacific Century Group (Cayman Islands) Limited, Pacific Century International Limited and Borsington Limited, an aggregate 75.33 percent interest. Li Tzar Kai, Richard was the founder of certain trusts which held 100 percent interests in PCGH. Accordingly, Li Tzar Kai, Richard was deemed, under the SFO, to have an interest in the 1,526,094,301 shares of PCCW; and
  - (iv) a deemed interest in 162,947,224 shares of PCCW held by a collective investment scheme in which PCD (a corporation 100 percent controlled by Li Tzar Kai, Richard – see above) was a holder.
- (c) This number represented interests under listed equity derivatives arising through corporations controlled by PCGH, in which Li Tzar Kai, Richard was deemed interested as the founder of certain trusts which held 100 percent of PCGH, and comprised:
  - (i) an interest in 679,000 underlying shares held by PCRD in the form of 67,900 American depositary receipts ("ADRs"), each representing 10 shares of PCCW; and
  - (ii) an interest in respect of 2,811,018 underlying shares arising as a result of the holding of an aggregate of US\$14,000,000 of convertible bonds issued by a wholly-owned subsidiary of PCCW which were held by PCGH and a wholly-owned subsidiary of Pacific Century Insurance Holdings Limited ("PCIHL") (a company in which PCRD had a 46.73 percent interest) and were convertible into 2,811,018 shares of PCCW.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES - CONTINUED

### 2. Associated Corporations of the Company - Continued

2. These interests represented the interests in underlying shares in respect of share options granted by PCCW to the directors and the chief executive as beneficial owners as at June 30, 2005, details of which are set out as follows:

Name of director/ chief executive	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of options	
					Outstanding at 01.01.2005	Outstanding at 06.30.2005
Yuen Tin Fan, Francis	08.28.1999	08.17.2000 to 08.17.2004	08.17.2003 to 08.17.2009	11.78	2,134,000	2,134,000
	08.26.2000	08.26.2001 to 08.26.2005	08.26.2001 to 08.26.2010	60.12	3,200,000	3,200,000
	02.20.2001	08.26.2001 to 08.26.2005	08.26.2001 to 01.22.2011	16.84	3,200,000	3,200,000
	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	8,534,000	8,534,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	—	3,000,000
Lee Chi Hong, Robert	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	5,000,000	5,000,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	—	1,000,000
Alexander Anthony Arena	08.28.1999	08.17.2000 to 08.17.2004	08.17.2000 to 08.17.2009	11.78	3,200,000	3,200,000
	08.26.2000	08.26.2001 to 08.26.2005	08.26.2001 to 08.26.2010	60.12	1,600,000	1,600,000
	02.20.2001	08.26.2001 to 08.26.2005	08.26.2001 to 01.22.2011	16.84	1,600,000	1,600,000
	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	6,400,000	6,400,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	—	3,000,000
Hubert Chak	11.06.1999	10.25.2000 to 10.25.2002	10.25.2000 to 10.25.2009	22.76	300,000	300,000
	02.20.2001	01.22.2002 to 01.22.2006	01.22.2002 to 01.22.2011	16.84	300,000	300,000
	07.25.2003	07.25.2004 to 07.25.2006	07.25.2004 to 07.23.2013	4.35	240,000	240,000
	02.08.2005	02.08.2006 to 02.08.2007	02.08.2006 to 02.07.2009	4.475	—	2,000,000

Note: All dates are shown month/day/year.

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**DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES - CONTINUED****2. Associated Corporations of the Company - Continued**

3. (a) These shares were held jointly by Lee Chi Hong, Robert and his spouse.  
(b) These shares were held by the spouse of Lee Chi Hong, Robert.
4. These interests represented Alexander Anthony Arena's beneficial interest in: (i) 200 underlying shares held in the form of 20 ADRs which constituted listed equity derivatives; and (ii) 15,800,000 underlying shares in respect of share options granted by PCCW to Alexander Anthony Arena as beneficial owner, the details of which are set out in Note 2 above.

**B. Short Positions in the Shares and Underlying Shares of PCCW**

Under the SFO, Li Tzar Kai, Richard was taken as at June 30, 2005 to have short positions held pursuant to equity derivatives in respect of an aggregate of 390,720,763 underlying shares, representing 5.82 percent of the total issued share capital of PCCW. Details of the short positions are as follows:

- (a) a short position in respect of 386,398,763 underlying shares in PCCW (such shares being beneficially held by PCRCD) which arose under certain unlisted physically settled equity derivatives issued by PCRCD pursuant to which the derivative holders have the right to call for the delivery of 386,398,763 shares in PCCW. Li Tzar Kai, Richard's deemed short position arose as the founder of certain trusts which held 100 percent of PCGH of which PCRCD is a controlled corporation under the SFO; and
- (b) through PCD (a corporation 100 percent controlled by Li Tzar Kai, Richard - see above) a short position in respect of 4,322,000 underlying shares in PCCW which arose under an agreement entered into with So Chak Kwong, Jack, a director of PCCW, such interest constituted, for the purposes of the SFO, a short position of a corporation controlled by Li Tzar Kai, Richard under an unlisted physically settled equity derivative pursuant to which such shares in PCCW will be transferred to So Chak Kwong, Jack in two equal annual installments commencing from the second anniversary of his employment with PCCW.

**C. Interests in PCCW Capital Limited**

PCGH and a subsidiary of PCIHL held US\$4,000,000 and US\$10,000,000 respectively of convertible bonds issued by PCCW Capital Limited, a wholly-owned subsidiary of PCCW and an associated corporation of the Company. Accordingly, Li Tzar Kai, Richard was deemed to have an aggregate interest in US\$14,000,000 of convertible bonds issued by PCCW Capital Limited by virtue of being the founder of certain trusts which held 100 percent of PCGH.

Save as disclosed above, none of the directors, the chief executive of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## INTERESTS AND SHORT POSITIONS IN SHARES OF SUBSTANTIAL SHAREHOLDERS

As at June 30, 2005 the following shareholder (other than directors or the chief executive of the Company) had an interest in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### 1. Interests in the Company

Name of shareholder	Number of shares/ underlying shares held	Percentage of issued share capital
PCCW	2,153,555,555 ( <i>Note</i> )	89.64%

*Note:*

These interests represented:

- i. an interest in 1,481,333,333 shares in the Company held by Asian Motion Limited, a wholly-owned subsidiary of PCCW; and
- ii. an interest in respect of 672,222,222 underlying shares in the Company held by PCCW-HKT Partners Limited, a wholly-owned subsidiary of PCCW, arising as a result of the holding of HK\$2,420 million of tranche B convertible note issued by the Company.

### 2. Short Positions in the Shares and Underlying Shares of the Company

As at June 30, 2005, the Company had not been notified of any person who had a short position in the shares and underlying shares of the Company.

Save as disclosed above, the Company had not been notified of any other person (other than directors or the chief executive of the Company) who had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at June 30, 2005.

## GENERAL INFORMATION

## SHARE OPTION SCHEME

The Company adopted a share option scheme (“2003 Scheme”) on March 17, 2003. In order to align the terms of the Company’s share option scheme with those of PCCW and in view of the limited number of shares capable of being issued under the 2003 Scheme relative to the current capital base of the Company, at the Company’s annual general meeting held on May 13, 2005 shareholders approved the termination of the 2003 Scheme and the adoption of a new share option scheme (“2005 Scheme”). The 2005 Scheme was adopted on May 23, 2005 following its approval by the shareholders of PCCW. No further share options will be granted under the 2003 Scheme following its termination, but the provisions of such scheme will remain in full force and effect with respect to options granted prior to its termination. The board of directors (the “Board”) of the Company may, at its discretion, grant share options to any eligible person to subscribe for shares in the Company subject to the terms and conditions stipulated in the 2005 Scheme. No share options have been granted under the 2005 Scheme during the six months ended June 30, 2005.

Details of the options which have been granted under the 2003 Scheme and remain outstanding are as follows:

**1. Outstanding options at January 1, 2005 and at June 30, 2005**

Category of participant	Date of grant	Vesting period	Exercisable period	Exercise price HK\$	Number of options	
					Outstanding at 01.01.2005	Outstanding at 06.30.2005
Directors of the Company’s subsidiary	12.20.2004	Fully vested on 12.20.2004	12.20.2004 to 12.19.2014	2.375	10,000,000	10,000,000

*Note:* All dates are shown month/day/year.

**2. Options granted during the six months ended June 30, 2005**

During the six months ended June 30, 2005, no share options were granted.

**3. Options exercised during the six months ended June 30, 2005**

During the six months ended June 30, 2005, no share options were exercised.

## SHARE OPTION SCHEME - CONTINUED

### 4. Options cancelled or lapsed during the six months ended June 30, 2005

During the six months ended June 30, 2005, no share options were cancelled or lapsed.

Save as disclosed above, at no time during the six months ended June 30, 2005, was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the directors or the 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.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2005, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

## CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules for the six months ended June 30, 2005, except that the Chairman of the Board was unable to attend the Company's annual general meeting held on May 13, 2005 (which was required under the code provision E.1.2) as he had another engagement that was important to the Company's business.

## AUDIT COMMITTEE

The Company's Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended June 30, 2005 and holds regular meeting throughout the period under review.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its Code of Conduct for Securities Transactions by Directors and Senior Management ("PCPD Code") on terms no less exacting than the required standard in the Model Code set out in Appendix 10 to the Listing Rules. All the directors confirmed that they have complied with the required standard set out in the Model Code and the PCPD Code for the six months ended June 30, 2005.