

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

As at 30 September 2005, 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 Issuers 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	89,302,000 Shares (L) (Note 2)	15.74%
	the Company	Beneficial owner	10,212,000 Shares (L) (Notes 3, 16 & 17)	1.8%
	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	89,300,000 Shares (L) (Note 4)	15.74%
	the Company	Beneficial owner	10,813,706 Shares (L) (Notes 5, 16 & 17)	1.9%
	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	11,462,000 Shares (L) (Notes 6, 15, 16 & 17)	2.02%
	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%

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
	CSG Fashion Inc.	Interest of controlled corporation	1,000 common stocks of US\$0.01 each (L) (Notes 7 & 9)	100%
	Ford Glory International Limited	Interest of controlled corporation	5,000,000 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 (L) (Notes 7 & 12)	70%
	Silver Success Limited	Interest of controlled corporation	90 ordinary shares of HK\$1.00 each (L) (Notes 7 & 12)	90%

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
Lee Yuen Chiu, Andy	the Company	Beneficial owner	9,000,000 Shares (L) (Notes 13, 15, 16 & 17)	1.58%
So Kam Wah	the Company	Beneficial owner	9,000,000 Shares (L) (Notes 14, 15, 16 & 17)	1.58%
Phaisalakani Vichai	the Company	Beneficial owner	250,000 Shares (L)	0.04%

## Notes:

- The letter "L" represents the Director's interests in the share and underlying shares of the Company or its associated corporations.
- 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.
- 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.
- 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.
- 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 2005, 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 Issuers 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 2005, 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	89,302,000 (L)	Beneficial owner (Note 2)	15.74%
Cornice Worldwide Limited	89,302,000 (L)	Interest of controlled corporation (Note 2)	15.74%

Name of person	Number of Shares (Note 1)	Capacity	Approximate percentage of interest
Madian Star Limited	89,300,000 (L)	Beneficial owner (Note 3)	15.74%
Yonice Limited	89,300,000 (L)	Interest of controlled corporation (Note 3)	15.74%
Trustcorp Limited	178,602,000 (L)	Trustee (Notes 2 & 3)	31.48%
Ho Yuen Mui, Shirley	99,514,000 (L)	Interest of spouse (Note 4)	17.54%
Or Kwai Ying	100,113,706 (L)	Interest of spouse (Note 5)	17.65%
Morgan Stanley	51,140,000 (L)	Interest of controlled corporation (Note 6)	9.02%
	6,904,000 (S)	Interest of controlled corporation (Notes 6 & 7)	1.22%

## Notes:

- The letters "L" and "S" represent the person's interests and short position respectively in the Shares and/or underlying Shares.
- 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, 43,328,000, 298,000, 4,008,000 and 3,506,000 Shares were held by Morgan Stanley Investment Management Company, Morgan Stanley & Co. International Limited, Morgan Stanley Asset & Investment Trust Management Co., Limited and MSDW Equity Finance Services I (Cayman) Limited respectively.

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

Morgan Stanley & Co. International Limited was wholly owned by Morgan Stanley UK Group which was in turn wholly owned by Morgan Stanley Group (Europe). Morgan Stanley Group (Europe) was wholly owned by Morgan Stanley International Limited, a company wholly owned by Morgan Stanley International Holdings Inc.

Morgan Stanley Asset & Investment Trust Management Co., Limited was wholly owned by Morgan Stanley International Incorporated.

MSDW Equity Finance Services I (Cayman) Limited was wholly owned by MSDW Offshore Equity Services Inc., a company wholly owned by Morgan Stanley.

7. Of these Shares, 3,398,000 and 3,506,000 Shares represented the short position of Morgan Stanley & Co. International Limited and MSDW Equity Finance Services I (Cayman) Limited respectively in the Shares.

Save as disclosed above, so far as is known to the Directors, as at 30 September 2005, there was no person (other than a Director or chief executive of the Company) who had an interest or a 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	Number of underlying shares in the Company			Exercise price per share (HK\$)	Exercise period
					Lapsed	Outstanding as at 1 April 2005	Outstanding as at 30 September 2005		
Directors (Note 1)	27/05/2003	-	-	-	-	6,300,000	6,300,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	-	-	-	-	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	07/06/2004 to 29/11/2011
Other employees (Note 2)	27/05/2003	-	-	-	-	23,100,000	23,100,000	2.35	27/05/2003 to 29/11/2011
	20/10/2003	-	-	-	100,000	40,100,000	40,000,000	3.04	09/10/2004 to 29/11/2011
	07/06/2004	-	-	-	100,000	40,800,000	40,700,000	3.15	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).

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

During the six months ended 30 September 2005, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company had complied throughout the six months ended 30 September 2005 with the code provisions set out in the Code ("Corporate Governance Code") on Corporate Governance Practices contained in Appendix 14 to the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for (i) code provision A.2.1 which stipulates that the roles of the chairman of the board of Directors and the chief executive officer of the Group should be separate and should not be performed by the same individual, (ii) B.1.1 which stipulates that the Company should establish a remuneration committee with specific written terms of reference, and (iii) C.3.3. which stipulates certain duties that should be included in the terms of reference of the audit committee of the Company. As at 30 September 2005, the above code provisions had been complied with by the Company.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted a code of conduct ("Code of Conduct") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standard set out in the Code of Conduct during the six months ended 30 September 2005.

### **AUDIT COMMITTEE**

The board of directors of the Company has established an audit committee ("Committee") with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Committee are to review the Group's financial reporting process, internal control system and the Group's financial statements.

The Committee comprises the three independent non-executive directors of the Company in compliance with the Listing Rules.

The Committee has reviewed the unaudited financial statements of the Group for the six months ended 30 September 2005 and is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and the requirements of applicable laws, codes and regulations and that adequate disclosure pursuant thereto have been made.

By Order of the Board of Directors of  
**Victory City International Holdings Limited**

**Li Ming Hung**

*Chairman*

Hong Kong, 16 December 2005