

SHARE OPTION SCHEME

As at 31 December 2002, the Company had the following outstanding share options granted to directors and employees of the Group:

Name or category of participant	Date of grant of share options	Exercise price of share options HK\$	Exercise period of share options	Notes	Closing price before date of grant HK\$	Number of share options		
						At 1 July 2002	Granted/ (Lapsed) during the period	At 31 December 2002
<i>Directors</i>								
Phoon Chiong Kit	25/7/2000	0.78	25/7/2000 to 24/7/2010	1 & 3	0.96	4,600,000	–	4,600,000
	31/10/2001	0.62	31/10/2001 to 30/10/2011	2 & 3	0.62	10,000,000 #	–	10,000,000
Chu Siu Tsun, Stephen	31/10/2001	0.62	31/10/2001 to 30/10/2011	2 & 3	0.62	8,000,000	–	8,000,000
Chan Sik Hong, David	31/10/2001	0.62	31/10/2001 to 30/10/2011	2 & 3	0.62	5,000,000	–	5,000,000
<i>Other employees</i>								
In aggregate	31/10/2001	0.62	31/10/2001 to 30/10/2011	2 & 3	0.62	2,500,000	(1,000,000)	1,500,000
						30,100,000	(1,000,000)	29,100,000

The number of share options granted to Phoon Chiong Kit, a director of the Company, exceeded the individual limit of 1% of the shares of the Company then in issue during a 12-month period as disclosed above. The excess number of 1,991,125 share options over the limit was approved by the shareholders of the Company at the Special General Meeting held on 28 November 2001.

Notes:

- 50%, 25% and 25% of the share options granted are exercisable during the periods from 25 July 2000 to 24 July 2010, 25 July 2001 to 24 July 2010 and 25 July 2002 to 24 July 2010, respectively.
- 30%, 30% and 40% of the share options granted are exercisable during the periods from 31 October 2001 to 30 October 2011, 1 August 2002 to 30 October 2011 and 1 August 2003 to 30 October 2011, respectively.
- There is no general requirement that a share option must be held for any minimum period before it can be exercised.

No share options were exercised or cancelled during the period.

A total of 1,000,000 share options granted to an employee with an exercise price of HK\$0.62 per share lapsed during the period.

SHARE OPTION SCHEME (CONTINUED)

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of the share options, the resulting shares issued are 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 is recorded by the Company in the share premium account. Options which are cancelled or lapsed prior to their exercise date are deleted from the register of outstanding options.

The Board of Directors (the "Board") considers that it is not appropriate to state the theoretical value of the options granted during the period under the Company's share option scheme; the Board believes that any calculation of the value of share options may not be meaningful as the exercise price is subject to adjustment in the case of rights or bonus issues or other similar changes in the Company's issued share capital, and as the volume of trading in the Company's shares has been relatively low and the Company has not paid dividends on its shares in recent years.

Apart from the above, at no time during the six months ended 31 December 2002 was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2002, the following shareholders had an interest in 10 percent or more of the issued share capital of the Company, that was required to be recorded under Section 16(1) of the SDI Ordinance:

Name	Notes	Number of shares	Percentage
Chow Ting Hsing, Raymond	1	250,537,223	31.28
Planet Gold Associates Limited	1	146,568,473	18.30
Net City Limited	1	103,968,750	12.98
Acer Incorporated	2	150,414,000	18.78
Acer SoftCapital Incorporated	2	82,044,000	10.24
PAMA Group Inc.		123,284,027	15.39

Notes:

1. Chow Ting Hsing, Raymond was interested in 250,537,223 shares of the Company by virtue of his beneficial shareholdings in Planet Gold Associates Limited and Net City Limited, which held 146,568,473 shares and 103,968,750 shares of the Company, respectively.
2. Acer Incorporated was (or was deemed to be) interested in the shares of the Company by virtue of its 100 percent shareholding in Acer SoftCapital Incorporated, which held 82,044,000 shares of the Company, and by virtue of its 90.7 percent indirect shareholding in Acer Digital Services (Cayman Islands) Corp. which in turn, held 68,370,000 shares of the Company.

Save as disclosed above, no other person had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

CODE OF BEST PRACTICE

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period for the six months ended 31 December 2002 in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, except that the independent non-executive directors of the Company were not appointed for a specific term because they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's bye-laws.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including the review of these interim results.

On behalf of the Board
Chow Ting Hsing, Raymond
Chairman

Hong Kong, 18 March 2003