

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

- (a) On April 9, 1999 the Company adopted a share option scheme. There were no outstanding share options which remained exercisable by the directors as at June 30, 2001.
- (b) Under a share option scheme of Yugang, share options may be granted to directors and employees of Yugang or its subsidiaries to subscribe for shares in Yugang. The following directors of the Company have personal interests in share options to subscribe for shares in Yugang as follows:

<b>Name of Directors</b>	<b>Number of share options as at June 30, 2001</b>
Mr. Cheung Chung Kiu	10,000,000
Mr. Lam Hiu Lo	10,000,000
Mr. Leung Wai Fai	10,000,000

The above share options were granted on March 24, 2000 with an exercise price of HK\$0.144 per share, exercisable from September 24, 2000 to October 18, 2003.

None of the options granted to the above directors were exercised during the six months ended June 30, 2001.

- (c) On June 22, 2000, the Company issued a convertible note to a wholly-owned subsidiary of Yugang with a principal amount of HK\$150 million, details of which were set out in the circular to shareholders dated May 26, 2000. The conversion price of the convertible note during the period under review was HK\$0.081 (from January 1, 2001 to June 22, 2001) and HK\$0.088 (from June 23, 2001 to June 30, 2001) per share respectively. No conversion rights attaching to the note had been exercised during the period. Mr. Cheung Chung Kiu was taken to be interested in the said convertible note by virtue of his deemed corporate interests in Yugang.

Save as disclosed above, at no time during the period was the Company, any of its subsidiaries or its holding company 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 any of their associates, had any right to subscribe for the shares of the Company, or had exercised any such right during the period.