

Director's Interests in Share Capital

At 30 June 2002, the interests of the Directors and their associates in the share capital and share options of the Company and its subsidiaries as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of interests) Ordinance ("SDI Ordinance") were as follows:

Name of director	Number of shares held and nature of interest		Total
	Personal interest	Corporate interest	
Cheung Siu Lam	171,210,000	57,600,000 (Note)	228,810,000
Lo Wan	-	57,600,000 (Note)	57,600,000

Note: Arbalice Holdings Limited, a company controlled by Cheung Siu Lam and his wife, Lo Wan, held 57,600,000 shares in the Company.

Save as disclosed above, as at 30 June 2002, none of the Directors or their associate had any interest in the equity or debt securities or rights in the share capital of either the Company or any of its associated corporations as defined in the SDI Ordinance.

Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the employees of the Company or its wholly-owned subsidiaries (including the executive directors of the Company or its wholly-owned subsidiaries). The Scheme became effective on 19 March 1993 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. As at 30 June 2002, the number of shares issuable under share options granted under the Scheme was 41,500,000, which represented approximately 7.4% of the Company's shares in issue as at the date. The maximum number of shares issuable under share options to each eligible participant in the Scheme is limited to 25% of the maximum aggregate number of shares in respect of which options may at that time be granted under the Scheme.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences on the expiry of 6 months after the offer date and ends on a date which is not later than five years from the date of the offer of the share options.

The exercise price shall be 80% of the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the offer date on which there were dealings in the shares of the Company on the Stock Exchange or the nominal value of a share (whichever is the greater).

Details of the share options granted under the Scheme and remain outstanding as at 30 June 2002 are as follows:

	Options held at 1 January 2002	Options granted during the period	Options exercised during the period	Options held at 30 June 2002	Exercise Price (Note 1) HK\$	Grant date	Exercisable from	Exercisable until
Cheung Siu Lam	13,900,000	-	-	13,900,000	0.163	18 May 1999	18 Nov 1999	17 May 2004
Chan Yuk Ming	10,200,000	-	-	10,200,000	0.163	18 May 1999	18 Nov 1999	17 May 2004
Lo Wan	13,900,000	-	-	13,900,000	0.163	18 May 1999	18 Nov 1999	17 May 2004
Cheung Siu Yan	2,500,000	-	-	2,500,000	0.163	18 May 1999	18 Nov 1999	17 May 2004
Continuous contract employees	1,000,000	-	-	1,000,000	0.218	8 July 1999	8 Jan 2000	7 July 2004

Notes:

1. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
2. 3,100,000 share options of the Company granted to Mr. Zhang Wei were lapsed on 22 April 2002 pursuant to the Scheme due to his resignation as director of the Company.

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 prior to their exercise date are deleted from the register of outstanding options.

Substantial Shareholders

At 30 June 2002, according to the register required to be kept under Section 16(1) of the SDI Ordinance, the following shareholder was interested in 10% or more of the issued share capital of the Company.

Name of shareholder	Number of shares held
Arbalice Holdings Limited	57,600,000

Except as referred to above, no person, other than Cheung Siu Lam and Lo Wan whose interests are set out above, had registered an interest in 10% or more of the issued share capital of the Company that was recorded in the register required to be maintained under section 16(1) of the SDI Ordinance.

Audit Committee

The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed interim financial statements for the six months ended 30 June 2002.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Code of Best Practice

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the accounting period covered by this interim report, except the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the provisions of the Company's Articles of Association.

On behalf of the Board
Cheung Siu Lam
Chairman

Hong Kong, 9 September 2002