

• CHARGES ON THE GROUP'S ASSETS

As at 31 December 2002, none of the Group's assets was pledged as security for liability.

• EMPLOYEES

As at 31 December 2002, the Group had 2,606 employees, of which 2,600 were based in the PRC and 6 stationed in Hong Kong.

The remuneration policy and package of the Group's employees are reviewed and approved by the Board on a periodical basis. Besides provident funds and double pay, discretionary bonuses and share options may be rewarded to employees based on individual performance as recognition of and reward for their contribution.

• SHARE OPTION SCHEME

At the Company's annual general meeting held on 29 November 2001, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 26 July 2000 (the "Original Share Option Scheme") and the adoption of a new share option scheme (the "New Share Option Scheme") so as to comply with the new Chapter 17 of the Listing Rules. The New Share Option Scheme is designed for the purpose of providing incentives or rewards to eligible participants who contribute to the success of the Group's operations and to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any invested entity in which the Group holds any equity interest. Eligible participants of the New Share Option Scheme include the directors of the Company, including non-executive directors, other employees of the Group and other categories as set out in the New Share Option Scheme.

All options granted under the Original Share Option Scheme and outstanding prior to the termination of the Original Share Option Scheme shall continue to be valid and exercisable in accordance therewith.

• SHARE OPTION SCHEME (Continued)

Details of the movements of the outstanding share options granted under the Original Share Option Scheme during the period under review are summarised as follows:

Name of category of participant	Date of grant	Exercise period (dd/mm/yy)	Exercise price per share HK\$	Balance at 1/7/2002	Granted during the period	Exercised during the period	Number of share options lapsed/cancelled during the period	Balance at 31/12/2002
Director								
Mr. Cai Cong Yi	19/1/2001	19/1/2001 to 18/1/2011	0.652	1,000,000	-	-	-	1,000,000
	27/3/2001	27/3/2001 to 26/3/2011	0.7696	7,500,000	-	-	-	7,500,000
Mr. Cai Chong Zhen	19/1/2001	19/1/2001 to 18/1/2011	0.652	3,000,000	-	-	-	3,000,000
	27/3/2001	27/3/2001 to 26/3/2011	0.7696	5,500,000	-	-	-	5,500,000
Mr. Wong Sui Kwong	27/3/2001	27/3/2001 to 26/3/2011	0.7696	8,000,000	-	-	-	8,000,000
				<u>25,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000,000</u>

Details of the movements of outstanding share options granted under the New Share Option Scheme during the period under review are summarised as follows:

Name of category of participant	Date of grant	Exercise period (dd/mm/yy)	Exercise price per share HK\$	Balance at 1/7/2002	Granted during the period	Exercised during the period	Number of share options lapsed/cancelled during the period	Balance at 31/12/2002
Employees*	21/1/2002	9/1/2002 to 8/1/2012	2.185	27,000,000	-	-	-	27,000,000

* Employees working under employment contracts that were regarded as "continuous contracts" for the purpose of the Hong Kong Employment Ordinance.