

## SHARE OPTIONS

The following shows the particulars of share options of the Company granted to directors of the Company and employees of the Group, pursuant to a Share Option Plan (“Plan”) and a Share Option Scheme (“Scheme”) adopted on 4 May 1998 and 28 June 2002 respectively, that are required to be disclosed under Rule 17.07 of Chapter 17 and Rule 41(2) of Appendix 16 of the Listing Rules:

Participant	Date of grant	Exercise price HK\$	Number of share options				Balance at 30 June 2003
			Balance at 1 January 2003	Granted during the period	Exercised during the period (Note (1) & Note (2))	Lapsed during the period	
<b>Plan</b>							
To Shu Sing, Sidney <i>Director</i>	26 August 1998	0.532	529,000	–	–	–	529,000
	27 May 1999	0.506	529,000	–	–	–	529,000
	20 October 1999	0.434	660,000	–	–	–	660,000
	22 July 2000	0.626	551,000	–	–	–	551,000
	21 May 2001	0.297	1,024,000	–	–	–	1,024,000
Lam Yin Shing, Donald <i>Director (Resigned)</i>	21 May 2001	0.297	1,024,000	–	408,000	616,000	–
<i>Continuous Contract Employees, excluding Directors</i>	15 May 1998	0.532	5,464,000	–	497,100	793,000	4,173,900
	27 May 1999	0.506	1,569,000	–	139,300	265,000	1,164,700
	17 August 1999	0.419	1,764,000	–	–	–	1,764,000
	22 July 2000	0.626	2,879,000	–	66,000	331,000	2,482,000
	21 May 2001	0.297	8,057,000	–	2,359,600	224,000	5,473,400
	28 August 2001	0.294	8,163,000	–	–	–	8,163,000
<b>Scheme</b>							
To Shu Sing, Sidney <i>Director</i>	9 August 2002	0.199	1,200,000	–	–	–	1,200,000
	10 March 2003	0.550	–	1,200,000	–	–	1,200,000
Lee Peng Fei, Allen <i>Director</i>	9 August 2002	0.199	1,000,000	–	–	–	1,000,000
Lo Kai Yiu, Anthony <i>Director</i>	9 August 2002	0.199	1,000,000	–	–	–	1,000,000
Tsim Tak Lung <i>Director</i>	9 August 2002	0.199	1,000,000	–	–	–	1,000,000
Yu Hon To, David <i>Director</i>	9 August 2002	0.199	1,000,000	–	–	–	1,000,000
Lam Yin Shing, Donald <i>Director (Resigned)</i>	9 August 2002	0.199	1,000,000	–	250,000	750,000	–
<i>Continuous Contract Employees, excluding Directors</i>	9 August 2002	0.199	13,240,000	–	1,207,000	575,000	11,458,000
	10 March 2003	0.550	–	12,572,000	123,000	–	12,449,000

*Notes:*

- (1) The closing price of the ordinary shares of the Company immediately before the date on which the options were exercised by Mr. Lam Yin Shing, Donald during the period was HK\$0.590.
- (2) The weighted average closing price of the ordinary shares of the Company immediately before the dates on which the options were exercised by continuous contract employees, excluding directors, during the period was HK\$0.635.

The closing price of the ordinary shares of the Company on 7 March 2003, being the trading day immediately before the date on which the share options were granted during the period, was HK\$0.590.

The above share options are exercisable in stages in accordance with the terms of the Plan and the Scheme within ten years after the date of grant. No options were cancelled during the period.

The share options granted under the Plan and the Scheme are not recognised in the financial statements until they are exercised. The weighted average value per option granted during the period estimated at the date of grant using the Black-Scholes pricing model was HK\$0.407. The calculation of the weighted average value per option granted during the period does not take into account options granted and forfeited during the period. The weighted average assumptions used are as follows:

Risk-free interest rate	4.39%
Expected life (in years)	10
Volatility	0.727
Expected dividend yield	1.39%

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Apart from the aforesaid and other than the warrants mentioned in the section headed "Directors' and Chief Executive's Interests", at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.