

SHARE OPTION SCHEME

On 29th August, 2002, the Company adopted 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. Under the Scheme the directors may, at their discretion, offer any eligible participant (including any director of the Company or any of its subsidiaries) options to subscribe for shares in the Company subject to the terms and conditions stipulated in the Scheme. As at 1st April, 2003, there were no outstanding options under the Scheme. During the period, 152,300,000 options were granted under the Scheme. The Directors considered that it is not appropriate to value options granted under the Scheme during the period as a number of factors critical for the valuation of the options granted cannot be determined accurately. In the absence of a readily available market value of the options under the Scheme, any valuation of the options granted based on various speculative assumptions would be meaningless and could be misleading to the shareholders.

The financial impact of 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 income statement or balance sheet for their costs. Upon the exercise of the 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.

Details of the options which have been granted under the Scheme during the period are as follows:

Name or category of participant	Date of grant (Notes 1&2)	Exercise period (Note 1)	Exercise price per share (Note 3) HK\$	Number of options			Outstanding at 30.09.03	Weighted average closing price (Note 4) HK\$
				Granted during the period	Exercised during the period	Lapsed during the period		
Directors								
Kan Shiu Cheong, Frederick	03.04.03	03.04.03 to 02.04.06	0.018	30,000,000	(30,000,000)	-	-	0.0180
Chan Hoi Lam	03.04.03	03.04.03 to 02.04.06	0.018	28,000,000	-	-	28,000,000	-
Yau Kang Nam	03.04.03	03.04.03 to 02.04.06	0.018	16,000,000	(10,000,000)	-	6,000,000	0.0180
Jiang Hai Qing	03.04.03	03.04.03 to 02.04.06	0.018	10,000,000	-	-	10,000,000	-
				<u>84,000,000</u>	<u>(40,000,000)</u>	<u>-</u>	<u>44,000,000</u>	
Employees/Consultants								
In aggregate	03.04.03	03.04.03 to 02.04.06	0.018	<u>68,300,000</u>	<u>(2,050,000)</u>	<u>(600,000)</u>	<u>65,650,000</u>	0.0185
				<u>68,300,000</u>	<u>(2,050,000)</u>	<u>(600,000)</u>	<u>65,650,000</u>	
Total				<u>152,300,000</u>	<u>(42,050,000)</u>	<u>(600,000)</u>	<u>109,650,000</u>	

The Company had also adopted a share option scheme (the “Old Scheme”) on 19th February, 1992. The Old Scheme expired on 18th February, 2002 and no further options could be granted under the Old Scheme thereafter. However, the options granted under the Old Scheme which have not been fully exercised remain valid until such time when such options are fully exercised or have lapsed and will continue to be administered under the rules of the Old Scheme. No options were exercised nor lapsed under the Old Scheme during the period.

Details of the options outstanding as at 1st April, 2003 and 30th September, 2003 under the Old Scheme were as follows:

Name or category of participant	Date of grant (Notes 1&2)	Exercise period (Note 1)	Exercise price per share HK\$	Number of options outstanding at 01.04.03 and 30.09.03
Directors				
Kan Shiu Cheong, Frederick	31.08.01	31.08.01 to 30.08.04	0.01344	–
Chan Hoi Lam	31.08.01	31.08.01 to 30.08.04	0.01344	11,182,000
Yau Kang Nam	31.08.01	31.08.01 to 30.08.04	0.01344	–
Jiang Hai Qing	18.02.02	18.02.02 to 17.02.05	0.02400	10,000,000
				<u>21,182,000</u>
Employees				
In aggregate	31.08.01	31.08.01 to 30.08.04	0.01344	10,000,000
	31.08.01	01.03.02 to 28.02.05	0.01344	–
	31.08.01	01.06.02 to 31.05.05	0.01344	3,000,000
	31.08.01	15.06.02 to 14.06.05	0.01344	–
	18.02.02	01.06.02 to 31.05.05	0.02400	4,000,000
				<u>17,000,000</u>
Total				<u>38,182,000</u>

Notes:

1. All dates are shown day/month/year.
2. The vesting period of the options is from the date of grant until the commencement of the exercise period.
3. The closing price of the Company’s shares immediately before the date on which the options were granted was HK\$0.018.
4. The weighted average closing price of the Company’s shares immediately before the dates on which the options were exercised.

Save as disclosed above, none of the directors or their spouses and children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.