

## SHARE OPTION SCHEME

As at 30 September 2003, the undernamed Directors and employees of the Company held options to subscribe for shares of the Company pursuant to the Share Option Scheme of the Company as follows:

	No. of options held at 1 April 2003	No. of options granted during the period	No. of options cancelled during the period	No. of options held at 30 September 2003	Exercise price per share HK\$	Date granted	Period during which options exercisable	Closing price per share immediately before date of grant of options HK\$
Ng Chi Keung	1,000,000	-	-	1,000,000	1.00	7 February 2003	1 January 2004 to 31 December 2008 <i>(Note 1)</i>	0.75
Chan Chee Shing	1,000,000	-	-	1,000,000	1.00	7 February 2003	1 January 2004 to 31 December 2008 <i>(Note 1)</i>	0.75
Employees	3,360,000	-	310,000	3,050,000	1.00	7 February 2003	1 January 2004 to 31 December 2008 <i>(Note 1)</i>	0.75
Employees	-	200,000	-	200,000	1.00	4 August 2003	1 July 2004 to 30 June 2009 <i>(Note 2)</i>	0.99

*Note 1:* The options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 1 January 2004 to 31 December 2008;
- (ii) One-fourth of the options is exercisable during the period from 1 January 2005 to 31 December 2008;
- (iii) One-fourth of the options is exercisable during the period from 1 January 2006 to 31 December 2008;
- (iv) One-fourth of the options is exercisable during the period from 1 January 2007 to 31 December 2008.

*Note 2:* The options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 1 July 2004 to 30 June 2009;
- (ii) One-fourth of the options is exercisable during the period from 1 July 2005 to 30 June 2009;
- (iii) One-fourth of the options is exercisable during the period from 1 July 2006 to 30 June 2009;
- (iv) One-fourth of the options is exercisable during the period from 1 July 2007 to 30 June 2009.

The share options granted are not recognised in the financial statements until they are exercised. The weighted average value per option granted during the six months ended 30 September 2003 estimated at the date of grant using the Black-Scholes pricing model was HK\$0.53. 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:

	<b>2003</b>
Risk-free interest rate	3.14%
Expected life (in years)	5.92
Volatility	57.47%
Expected dividend per share	Nil

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.

Save as disclosed herein and the interests disclosed above in respect of the Directors, at no time during the six months ended 30 September 2003 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## **SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY**

As at 30 September 2003, the following companies and person were interested in 5% or more of the issued share capital of the Company according to the register kept by the Company pursuant to section 336 of the SFO and information received by the Company:

	<b>Shares directly and/or indirectly held</b>	<b>Percentage of total issued shares</b>
(i) Jumbo Easy Limited	51,984,279	42.14%
(ii) Neblett	51,984,279	42.14%
(iii) Winning Spirit International Corp	51,984,279	42.14%
(iv) HSBC International Trustee Limited	51,988,779	42.14%
(v) Lee Kwok Yin Simon	8,556,000	6.94%