

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%

*Note:* Jumbo Easy Limited is a wholly owned company of Mr Dennis Lo Hoi Yeung and a discretionary object of the trust which beneficially owns Neblett. By virtue of its interests as described herein, Jumbo Easy Limited is deemed to be interested in the shares held by Neblett.

For the avoidance of doubt and double counting, it should be noted that 51,984,279 shares of the shareholdings stated against (i) above are entirely duplicated or included in the shareholdings stated against party (ii) and repeated in party (iii) and party (iv) above.

All the interests stated above represent long positions.

Save as disclosed above, the Company had not been notified of any other person as having an interest in 5% or more of the issued share capital of the Company at 30 September 2003.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 September 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE CODE OF BEST PRACTICE**

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2003, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

## **AUDIT COMMITTEE**

The audit committee has reviewed with 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 interim financial report. All the three members of the committee are independent non-executive directors.

## **APPRECIATION**

I would like to thank all our staff once again for their dedication and support in helping the Company ride through the difficult time during the outbreak of SARS and also their hard work in making the launch of the re-branding campaign such a success. I would also like to thank our Board of Directors for their support and advice during the year.

By Order of the Board  
**Dennis Lo Hoi Yeung**  
*Chairman and Chief Executive*