

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Company or its subsidiaries, as at 30th September, 2003, none of the directors, nor their associates, had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporation, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company has two share option schemes which were adopted on 5th March, 1996 (the "1996 Scheme") and 18th March, 2002 (the "2002 Scheme") and the 1996 Scheme was terminated on 18th March, 2002.

The following table discloses movements in the share options which have been granted under the share option schemes of the Company during the period:

(1) 1996 Scheme

	Date of grant	Exercisable period	Exercise price HK\$	Number of share options				
				At 1.4.2003	Granted during the period	Exercised during the period	Surrendered/ lapsed during the period	At 30.9.2003
Director								
Mr. Pak Chung	17.11.2000	17.5.2001 to 17.11.2005	0.144	2,000,000	-	-	-	2,000,000
Other employees								
	7.3.2000	7.9.2000 to 7.3.2005	0.250	700,000	-	-	-	700,000
	11.4.2000	11.10.2000 to 11.4.2005	0.295	3,498,000	-	-	-	3,498,000
	17.11.2000	17.5.2001 to 17.11.2005	0.144	450,000	-	-	-	450,000
Sub-total				4,648,000	-	-	-	4,648,000
				6,648,000	-	-	-	6,648,000

At the date of this report, the number of shares in respect of which options could be exercisable under the 1996 Scheme was 6,648,000 representing approximately 0.15% of the shares of the Company in issue at the date.

(2) 2002 Scheme

	Date of grant	Exercisable period	Exercise price	Number of share options				
				Outstanding at 1.4.2003	Granted during the period	Exercised during the period	Surrendered/lapsed during the period	Outstanding at 30.9.2003
			HK\$					
Director								
Mr. Wang Jian Hua (Note)	8.11.2002	8.11.2002 to 8.11.2005	0.119	351,900,000	-	-	-	351,900,000
Mr. Ng Tang, David	8.11.2002	8.11.2002 to 8.11.2005	0.119	10,000,000	-	-	-	10,000,000
Mr. Bao Wen Bin	8.11.2002	8.11.2002 to 8.11.2005	0.119	12,000,000	-	-	-	12,000,000
Mr. Pak Chung	19.9.2002	19.9.2002 to 19.9.2005	0.119	3,000,000	-	-	-	3,000,000
Mr. Ren Zheng	19.9.2002	19.9.2002 to 19.9.2005	0.119	6,000,000	-	-	-	6,000,000
Sub-total				<u>382,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>382,900,000</u>
Other employees	19.9.2002	19.9.2002 to 19.9.2005	0.119	49,800,000	-	-	-	49,800,000
				<u>432,700,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>432,700,000</u>

Note: Of the share options granted to Mr. Wang Jian Hua, 12,000,000 share options were held by Mr. Wang Jian Hua's wife, Ms. Ma Jun Li, and Mr. Wang Jian Hua is therefore deemed to have an interest in those options.

At the date of this report, the number of shares in respect of which options could be exercisable under the 2002 Scheme was 432,700,000 representing approximately 9.83% of the shares of the Company in issue at the date.

The closing prices of the Company's shares immediately before 19th September, 2002 and 8th November, 2002, the dates of grant of options, were HK\$0.119 and HK\$0.13 respectively.

The fair value of the options granted in the current year measured at the dates of grant on 19th September, 2002 and 8th November, 2002 were approximately HK\$2,645,000 and HK\$20,732,000 respectively. The following significant assumptions were used to derive the fair values, using the Black Scholes option pricing model:

	Date of grant	
	19th September, 2002	8th November, 2002
Expected life of the options granted	3 years	3 years
Expected volatility based on historical volatility	53%	53%
Expected annual dividend yield	Nil	Nil
Hong Kong Exchange Fund Notes interest rate at the date the options were granted	2.47%	2.70%

For the purposes of the calculation of fair value, no adjustment has been made in respect of options expected to be forfeited due to lack of historical data.

The Black Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price. Because changes in subjective input assumptions can materially affect the fair value estimate, in the opinion of directors, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures, of the Company or any other body corporate, and none of the directors or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right.

SHARE OPTION SCHEMES

(a) *The 1996 Scheme*

Pursuant to the share option scheme adopted on 5th March, 1996 (the "1996 Scheme") and effective for a period of ten years after the date of adoption of the scheme, the Company granted options to directors and employees of the Company and its subsidiaries to subscribe for shares in the Company for the primary purpose of providing incentives to directors and eligible employees. Options granted must be taken up within 28 days from the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 to the Company by way of consideration for the grant. The subscription price, subject to adjustment, shall not be less than 80% of the average of the closing prices of the shares of the Company on the five trading days immediately before the options were offered. Options granted are exercisable for a period of four and a half years commencing on the expiry of six months after the date on which the options are granted. The total number of shares in respect of which options may be granted and had already been granted under the 1996 Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The total number of shares in respect of which options may be granted and had already been granted to any individual is not permitted to exceed 25% of the maximum aggregate number of shares in the capital of the Company in respect of which options may at that time be granted under the 1996 Scheme.

Pursuant to the special resolution passed by shareholders of the Company on 18th March, 2002, the Company adopted a new share option scheme (the "2002 Scheme") and terminated the 1996 Scheme. Upon termination of the 1996 Scheme, no further options will be granted thereafter, but in all other respects, the provisions of the 1996 Scheme shall remain in force and all outstanding options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.