

SHARE OPTIONS

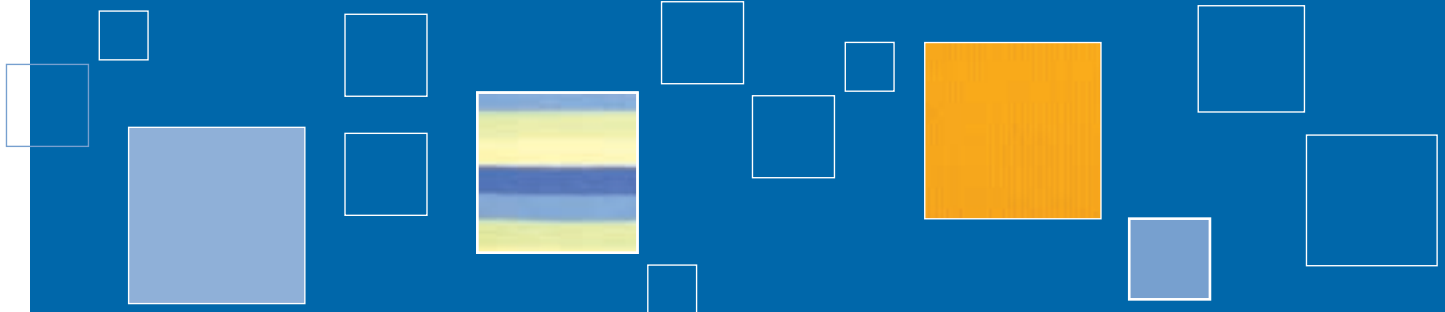
Pursuant to ordinary resolutions passed at the special general meeting of the Company held on 30 November 2001, the share option scheme adopted by the Company pursuant to an ordinary resolution passed at the special general meeting held on 22 April 1996 was terminated and the existing share option scheme (“Scheme”) of the Company was adopted.

Details of the options to subscribe for shares of the Company granted under the Scheme for the period under review are as follows:

Class of grantee	Date of grant	Granted	Exercised	Lapsed	Number of underlying shares in the Company		Exercise price per share (HK\$)	Exercise period
					Outstanding as at 1 April 2003	Outstanding as at 30 September 2003		
Directors (Note 1)	27/05/2003	6,300,000	–	–	–	6,300,000	2.35 (Note 3)	27/05/2003 to 29/11/2011
Other employees (Note 2)	04/12/2001	26,355,200	26,355,200 (Note 4)	–	26,355,200	–	0.275 (Note 5)	04/12/2001 to 29/11/2011
	27/05/2003	23,100,000	–	–	–	23,100,000	2.35 (Note 3)	27/05/2003 to 29/11/2011

Notes:

1. Details of options granted to each of the Directors are set out in the paragraph headed “Directors’ interest in shares, underlying shares and debentures of the Company and its associated corporations” in this report above.



2. Other employees include employees of the Group (other than the Directors) working under employment contracts with the Group which are regarded as "continuous contracts" for the purpose of the Employment Ordinance (Cap.57 of the Laws of Hong Kong).
3. The closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on 26 May 2003, being the trading day immediately preceding the date of grant of the options, was HK\$2.300 per Share.
4. These options were exercised on 23 May 2003. The weighted average closing price of the Shares immediately before 23 May 2003 was HK\$2.230 per Share.
5. The closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on 3 December 2001, being the trading day immediately preceding the date of grant of the options, was HK\$0.360 per Share.

The options granted are not recognised in the financial statements until they are exercised, no charge is recorded in the income statement or balance sheet for their cost. Upon the exercise of the options, the resulting Shares to be issued will be 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 will be recorded by the Company in the share premium account. As at 1 April 2003, there were outstanding options carrying rights to subscribe for a total of 26,355,200 Shares. Options which have lapsed or been cancelled will be deducted from the outstanding options. No option has lapsed or been cancelled during the six months ended 30 September 2003. As at 30 September 2003, options carrying rights to subscribe for 29,400,000 Shares were outstanding.

The Directors consider that it is not appropriate to state the value of the share options granted to the eligible participants during the period under review on the ground that there are serious limitations in the application of the Black-Scholes Model and the Binominal Model in the valuation of share options, especially there are a number of variables which are crucial to the calculation of the options value thus rendering such value not being able to be reasonably determined. Accordingly, the Directors believe that any valuation of the share options based on a great number of speculative assumptions would not be meaningful and may be misleading to the shareholders.

