

SHARE OPTIONS

The followings show the particulars of the share options of the Company granted to directors of the Company and employees of the Group, pursuant to the Share Option Plan (“Plan”) and the Share Option Scheme (“Scheme”) adopted on 4 May 1998 and 28 June 2002 respectively, that are required to be disclosed under Rule 17.07 of Chapter 17 and Rule 41(2) of Appendix 16 of the Listing Rules:

Participant	Date of grant	Exercise price HK\$	Number of share options				Balance at 30 June 2004
			Balance at 1 January 2004	Granted during the period	Exercised during the period <i>(Note (1) & Note (2))</i>	Lapsed during the period	
Plan							
Sidney TO Shu Sing <i>Director</i>	26 August 1998	0.532	529,000	–	–	–	529,000
	27 May 1999	0.506	529,000	–	–	–	529,000
	20 October 1999	0.434	660,000	–	–	–	660,000
	22 July 2000	0.626	551,000	–	–	–	551,000
	21 May 2001	0.297	1,024,000	–	–	–	1,024,000
<i>Continuous Contract Employees, excluding Directors</i>	15 May 1998	0.532	2,618,800	–	246,200	–	2,372,600
	27 May 1999	0.506	962,700	–	450,000	–	512,700
	22 July 2000	0.626	1,579,800	–	–	27,000	1,552,800
	21 May 2001	0.297	4,158,200	–	505,800	74,000	3,578,400
	28 August 2001	0.294	8,163,000	–	–	–	8,163,000
Scheme							
Sidney TO Shu Sing <i>Director</i>	9 August 2002	0.199	1,200,000	–	–	–	1,200,000
	10 March 2003	0.550	1,200,000	–	–	–	1,200,000
	7 January 2004	1.360	–	1,200,000	–	–	1,200,000
Allen LEE Peng Fei <i>Director</i>	9 August 2002	0.199	500,000	–	–	–	500,000
Anthony LO Kai Yiu <i>Director</i>	9 August 2002	0.199	1,000,000	–	–	–	1,000,000
TSIM Tak Lung <i>Director</i>	9 August 2002	0.199	500,000	–	–	–	500,000
David YU Hon To <i>Director</i>	9 August 2002	0.199	1,000,000	–	500,000	–	500,000
<i>Continuous Contract Employees, excluding Directors</i>	9 August 2002	0.199	8,977,500	–	99,000	109,000	8,769,500
	10 March 2003	0.550	11,071,000	–	915,600	393,000	9,762,400
	7 January 2004	1.360	–	14,382,000	400	202,000	14,179,600
	19 March 2004	1.240	–	11,000,000	–	–	11,000,000

Notes:

- (1) The closing price of the ordinary shares of the Company immediately before the date on which the options were exercised by Mr. David Yu Hon To during the period was HK\$1.240.
- (2) The weighted average closing price of the ordinary shares of the Company immediately before the dates on which the options were exercised by continuous contract employees, excluding directors, during the period was HK\$1.205.

The closing prices of the ordinary shares of the Company on 6 January 2004 and 18 March 2004, being the trading days immediately before the dates on which the share options were granted during the period, were HK\$1.330 and HK\$1.250 respectively.

The above share options are exercisable in stages in accordance with the terms of the Plan and the Scheme within ten years after the date of grant. No options were cancelled during the period.

Share options granted are not recognised in the accounts until they are exercised. The weighted average value per option granted during the period estimated at the date of grant using the Black-Scholes option pricing model was HK\$0.812. 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:

Risk-free interest rate	3.94%
Expected life (in years)	10
Volatility	0.573
Expected dividend yield	1.02%

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. As the Company's share options have characteristics significantly different from those of traded options and 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.