



Employees and Remuneration Policy

At 30 June 2004, the Group had a total number of 360 full time employees of which 15 are based in Hong Kong and 345 are based in the PRC.

The employees are remunerated based on their job performance and experience and their remuneration package will be reviewed periodically by the management. In addition to basic salaries, the Group provides other staff benefits which include medical insurances, retirement scheme contributions and on-the-job training programmes.

The Company has adopted a new share option scheme on 17 May 2002 under which the directors of the Company are authorized to grant share options to eligible persons as an incentive. Pursuant to an ordinary resolution passed at a special general meeting of the Company on 24 August 2004, the mandate limit of the share option scheme was refreshed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND EQUITY DERIVATIVES

At 30 June 2004, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions of which they are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register referred to therein pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

The Company

Long positions or short positions in the underlying shares of the Company

Name of director	Nature of interests	Number of shares held		Approximate percentage of interest in the Company
		Long position	Short position	
Ms. Lo	Corporate (Note 1)	130,004,818	–	47.05%

Note:

- The 130,004,818 shares are held by Vision Ocean, a company incorporated in the British Virgin Islands, with limited liability and beneficially owned by Ms. Lo.

Long position or short positions in equity derivatives in, or in respect of, underlying shares

Name of directors	Number and description of equity derivatives	Number of underlying shares	Nature of interest	Exercise period	Approximate percentage in the then issued share capital of the Company immediately after conversion of the convertible notes/exercise of the options, as the case may be
Ms. Lo	conversion rights attached to convertible notes for the principal amount of HK\$50,000,000.00 at the conversion price of HK\$0.605 per share	82,608,690	Corporate (Note 2)	10.12.2003 – 9.12.2006	23.02%
	326,000 options granted under the share option scheme at the exercise price of HK\$0.790 per share	326,000	Personal	21.1.2003 – 20.1.2005	0.12%
Prof. Zang Jing Wu (Note 3)	1,476,000 options granted under the share option scheme at the exercise price of HK\$0.700 per share	1,476,000	Personal	18.2.2003 – 17.2.2005	0.53%
Dr. Cao Wu	1,956,000 options granted under the share option scheme at the exercise price of HK\$0.790 per share	1,956,000	Personal	21.1.2003 – 20.1.2005	0.70%

Notes:

- The conversion rights were granted to Payton Place, a company incorporated in the British Virgin Islands with limited liability and beneficially owned by Ms. Lo.
- Prof. Zang Jing Wu resigned effective from 16 August 2004 and his holding of options lapsed accordingly.

Save as disclosed above, at 30 June 2004, none of the directors or the chief executive of the Company had interests or short positions in the shares and debentures or other securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") to be notified to the Company and the Stock Exchange.