

## SHARE OPTION SCHEME

Details of the directors' interest in the Scheme are set out under the section Directors' Disclosure of Interests under the heading "Long Position in Shares".

### Outstanding Share Options

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 22 October 2001, a new share option scheme (the "2001 Scheme") was adopted by the Company. The 2001 Scheme replaced the share option scheme adopted on 9 February 1995 (as amended on 9 December 1997) (the "1997 Scheme"). After the adoption of the 2001 Scheme, no further options can be granted under the 1997 Scheme. No share option of the 1997 Scheme was outstanding as at 31 December 2003. There was no option granted under the 2001 Scheme since its adoption.

The Company operates the 2001 Scheme for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the board of directors, have contributed or will contribute to the Group are eligible to participate in the 2001 Scheme.

Shares which may be issued upon exercise of all options to be granted under the 2001 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

The Company may renew this 10% limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholder's approval.

The total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2001 Scheme or any other share option scheme adopted by the Company must not exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the 2001 Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within 14 days from the date on which the letter containing the offer is delivered to that participant and the amount payable on acceptance of an option is HK\$1.00.

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be established by the board of directors at the time the option is offered to the participants.

No option may be granted under the 2001 Scheme after the date of the tenth anniversary of the adoption of the 2001 Scheme.

At 31st December, 2003, no share option of the 1997 Scheme and 2001 Scheme was outstanding. During the year ended 31st December, 2003, there was no option granted under the 1997 Scheme and the 2001 Scheme.

On 12 May 2004, the exercise price of the outstanding options and the number of shares subject to the outstanding options were adjusted from HK\$2.10 each to HK\$1.91 each and 68,928,000 shares to 75,820,042.

As at 30 June 2004, options to subscribe for an aggregate of 75,820,042 shares of the Company granted pursuant to the Scheme were outstanding.

Details are as follows :

<b>Number of share options</b>	<b>Number of offeree</b>	<b>Subscription price per share (HK\$)</b>	<b>Option period</b>
75,820,042	43	1.91	7 February 2004 to 6 February 2006

Generally, the options may be exercised in different tranches within the option period.