

## SHARE OPTION SCHEME

During the period under review, no share option had been granted to subscribe for shares in the capital of the Company. Save as disclosed in the above subsection "Share options" under "DIRECTORS' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS RESPECTIVE ASSOCIATED CORPORATIONS", the share options granted to other eligible participants are set out as below:

Name or category of participant	Options to subscribe for shares of the Company				Date of exercise	Outstanding options at the end of the period	*Date of grant	Exercise period	Exercise price per share HK\$
	Outstanding options at the beginning of the period	Number of options granted during the period	Number of options exercised during the period						
<b>Employees working under "continuous contracts" other than the directors</b>									
In aggregate	766,000	-	766,000	5/2/2004	-	23/8/2002	23/8/2002 to 22/8/2012	0.295	
	1,098,000	-	84,000 332,000	5/2/2004 31/5/2004	682,000	12/3/2003	12/3/2003 to 11/3/2013	0.325	
	27,500,000	-	-	-	27,500,000	25/8/2003	25/8/2003 to 24/8/2013	0.740	
	<u>29,364,000</u>	<u>-</u>	<u>1,182,000</u>		<u>28,182,000</u>				
<b>All other eligible participants</b>									
In aggregate	17,600,000	-	-	-	17,600,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	
	20,660,000	-	-	-	20,660,000	12/3/2003	12/3/2003 to 11/3/2013	0.325	
	<u>38,260,000</u>	<u>-</u>	<u>-</u>		<u>38,260,000</u>				

\* The vesting period of the share options is from the date of grant to the end of the exercise period.



### **SHARE OPTION SCHEME (continued)**

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During the period, save as disclosed above there were no options being exercised, cancelled or lapsed.

The weighted average closing price of the shares immediately before the dates on which the share options were exercised by a director, Mr. Tang and the employees was HK\$1.056.

The directors do not consider that it is appropriate to disclose a theoretical value of the options granted, because a number of factors crucial for the valuation are subjective and uncertain. In addition, the market value of the share options on the shares of the Company is not readily available. Accordingly, any valuation of the share options based on various speculative assumptions may not be meaningful and could be misleading.

### **AUDIT COMMITTEE**

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The Audit Committee of the Company is composed of three independent non-executive directors. One of the independent non-executive director is experienced professional in the accounting, finance, corporate management and development, and corporate and investment banking. The Audit Committee reports directly to the Board and review matters within the scope of audit, such as financial statements and internal controls, to protect the interests of the Company's shareholders. The Audit Committee had met on 13 September 2004 with the Company's external auditors to discuss the Company's financial reporting matters (including interim financial statements for the six months ended 30 June 2004 before the Board's approval) and review the effectiveness of internal control of the Company. The Committee will have occasional meetings informally meet with the management to discuss matters in relation to financial reporting quality and reliability of the internal control systems.

