

SHARE OPTIONS

Share Options of the Company

On 7 June 2002, the Scheme which complies with the requirements of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited was adopted by the shareholders of the Company. Details of movement in the share options under the Scheme during the six months ended 30 June 2004 were as follows:

Name or category of grantees	Options to subscribe for shares of the Company				Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Granted during the period ⁵	Exercised during the period ⁶	At the end of the period			
Directors of the Company							
Cao Zhong	8,026,000	-	-	8,026,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	32,106,000 ³	-	-	32,106,000 ³	13.10.2003	13.10.2003 – 12.10.2013	HK\$0.700
	<u>40,132,000</u>	<u>-</u>	<u>-</u>	<u>40,132,000</u>			
Luo Zhenyu	6,043,000	-	-	6,043,000	14.3.2003	14.3.2003 – 13.3.2013	HK\$0.495
	12,040,000 ³	-	-	12,040,000 ³	13.10.2003	13.10.2003 – 12.10.2013	HK\$0.700
	<u>18,083,000</u>	<u>-</u>	<u>-</u>	<u>18,083,000</u>			
Tzu San Te	9,632,000 ³	-	-	9,632,000 ³	13.10.2003	13.10.2003 – 12.10.2013	HK\$0.700
Yuan Wenxin	-	11,982,000	-	11,982,000	18.3.2004	18.3.2004 – 17.3.2014	HK\$1.200
Tse Chun Sing	4,000,000	-	(3,000,000)	1,000,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	10,434,000 ³	-	-	10,434,000 ³	13.10.2003	13.10.2003 – 12.10.2013	HK\$0.700
	<u>14,434,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>11,434,000</u>			



SHARE OPTIONS (continued)**Share Options of the Company (continued)**

Name or category of grantees	Options to subscribe for shares of the Company				Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Granted during the period ⁵	Exercised during the period ⁶	At the end of the period			
Directors of the Company (continued)							
Leung Shun Sang, Tony	4,816,000	-	-	4,816,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	3,200,000	-	-	3,200,000	14.3.2003	14.3.2003 – 13.3.2013	HK\$0.495
	<u>8,016,000</u>	<u>-</u>	<u>-</u>	<u>8,016,000</u>			
Chan Wah Tip, Michael	400,000	-	-	400,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
Liu Wei	400,000	-	(400,000)	-	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
Choy Hok Man, Constance	400,000	-	(400,000)	-	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
Yu Jian ¹	8,026,000	-	-	8,026,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	16,052,000 ³	-	-	16,052,000 ³	13.10.2003	13.10.2003 – 12.10.2013	HK\$0.700
	<u>24,078,000</u>	<u>-</u>	<u>-</u>	<u>24,078,000</u>			
Xu Xianghua ²	8,026,000	-	-	8,026,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	<u>123,601,000</u>	<u>11,982,000</u>	<u>(3,800,000)</u>	<u>131,783,000</u>			



SHARE OPTIONS (continued)**Share Options of the Company (continued)**

Name or category of grantees	Options to subscribe for shares of the Company				Date of grant	Exercise period	Exercise price per share
	At the beginning of the period	Granted during the period ⁵	Exercised during the period ⁶	At the end of the period			
Other employees of the Group	4,824,000 ⁴	-	(1,500,000)	3,324,000 ⁴	15.11.2002	15.11.2002 – 14.11.2012 ⁴	HK\$0.580
	2,000	-	-	2,000	14.3.2003	14.3.2003 – 13.3.2013	HK\$0.495
	<u>4,826,000</u>	<u>-</u>	<u>(1,500,000)</u>	<u>3,326,000</u>			
Other participants	24,078,000	-	-	24,078,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	8,026,000	-	-	8,026,000	14.3.2003	14.3.2003 – 13.3.2013	HK\$0.495
	-	4,000,000	-	4,000,000	18.3.2004	18.3.2004 – 17.3.2014	HK\$1.200
	<u>32,104,000</u>	<u>4,000,000</u>	<u>-</u>	<u>36,104,000</u>			
	<u>160,531,000</u>	<u>15,982,000</u>	<u>(5,300,000)</u>	<u>171,213,000</u>			

Notes:

1. Mr. Yu Jian resigned as a director of the Company on 9 June 2004. The share options granted to Mr. Yu remain exercisable up to the original respective expiry dates.
2. Ms. Xu Xianghua resigned as a director of the Company on 13 April 2004. The share options granted to Ms. Xu remain exercisable up to the original expiry date.
3. The number of share options granted to Mr. Cao Zhong, Mr. Luo Zhenyu, Mr. Tzu San Te, Mr. Tse Chun Sing and Mr. Yu Jian on 13 October 2003 each exceeded the individual limit of 1% of the shares of the Company then in issue and were approved by the shareholders of the Company on 13 October 2003.



SHARE OPTIONS (continued)

Share Options of the Company (continued)

Notes: (continued)

4. Included in the balances at the beginning and the end of the period are 802,000 and 402,000 share options respectively held by a grantee who ceased to be an employee of the Company during the period. The share options granted to this grantee remain exercisable up to 24 December 2004.
5.
 - (a) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK\$ 1.160 per share.
 - (b) The directors consider that it is not appropriate to state herein the value of the share options granted during the period. Any such valuation will be made on the basis of certain options pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. The directors believe that any calculation of the value of the share options as at 30 June 2004 based on a number of speculative assumptions would not be meaningful and would be misleading to the shareholders of the Company.
6. The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$1.295 per share.
7. No share option granted under the Scheme was cancelled or lapsed during the period.
8. The share options granted on 13 October 2003 are exercisable subject to a vesting scale which shall commence on the date of grant in tranches of 25% each year reaching 100% from 13 October 2006. All other share options granted were vested in full at the date of grant.
9. The share options granted under the Scheme are not recognised in the financial statements until they are exercised.

Share Options of a Subsidiary of the Company – Remarkable Limited

Remarkable Limited (“Remarkable”), an indirect wholly-owned subsidiary of the Company, by a shareholder’s resolution passed on 10 May 2004, has approved a share option scheme (the “Remarkable Scheme”) which was subject to the approval of the shareholders of the Company. Remarkable Scheme has become effective on 8 June 2004 as a result of the passing of an ordinary resolution approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day. No share option to subscribe for shares of Remarkable was granted by virtue of the Remarkable Scheme during the period.

