

## SHARE OPTION SCHEME

The following Share Options were outstanding under the 1995 scheme and 2003 scheme during the period commencing from 1st January to 30th June 2004:–

Name or category of participant	At 1st January 2004	Granted during the period	Lapsed/ cancelled during the period	At 30th June 2004	Date of Grant	Exercise Price	Exercise Period
<b>Directors:</b>							
Yung Yeung	10,000,000	–	–	10,000,000	Note 1	Note 1	Note 1
	21,570,000	–	–	21,570,000	Note 2	Note 2	Note 2
Jun Li	5,400,000	–	–	5,400,000	Note 2	Note 2	Note 2
	–	13,540,000	–	13,540,000	Note 3	Note 3	Note 3
Chunhua Huang	5,400,000	–	–	5,400,000	Note 2	Note 2	Note 2
	–	13,540,000	–	13,540,000	Note 3	Note 3	Note 3
Yuwen Sun	–	18,940,000	–	18,940,000	Note 3	Note 3	Note 3
Chizuko Kubo	–	5,000,000	–	5,000,000	Note 3	Note 3	Note 3
<b>Sub-total</b>	<b>42,370,000</b>	<b>51,020,000</b>	<b>–</b>	<b>93,390,000</b>			
<b>Employees:</b>							
(in aggregate)	4,800,000	–	–	4,800,000	Note 1	Note 1	Note 1
	9,400,000	–	–	9,400,000	Note 2	Note 2	Note 2
	–	37,800,000	19,028,000	18,772,000	Note 3	Note 3	Note 3
<b>Sub-total</b>	<b>14,200,000</b>	<b>37,800,000</b>	<b>19,028,000</b>	<b>32,972,000</b>			
<b>Other eligible persons:</b> (in aggregate)	–	44,000,000	44,000,000	–	Note 3	Note 3	Note 3
<b>Total:</b>	<b>56,570,000</b>	<b>132,820,000</b>	<b>63,028,000</b>	<b>126,362,000</b>			

### Notes:

- These Share Options were granted on 16th February 2000 and are exercisable at a subscription price of HK\$0.69 per Share at any time during the period of 10 years from 16th February 2000 to 15th February 2010.
- These Share Options were granted on 2nd November 2000 are exercisable at a subscription price of HK\$0.382 per Share at any time during the period of 10 years from 2nd November 2000 to 1st November 2010.
- These Share Options were granted on 26th January 2004 are exercisable at a subscription price of HK\$0.160 per Share at any time during the period of 10 years from 26th January 2004 to 25th January 2014.

The Board does not consider it appropriate to disclose a theoretical value of the Share Options granted to the directors and employees of the Company in the previous years because a number of factors crucial for valuation cannot be determined; such factors include the exercise period and the conditions that a share option is subject to. Accordingly, any valuation of the share options based on the various speculative assumptions would not be meaningful and could be misleading to the shareholders.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the period six months ended 30th June 2004.

## **CORPORATE GOVERNANCE**

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30th June 2004, in compliance with the Code of Best Practice contained in Appendix 14 to the Listing Rules, except that the non-executive directors of the Company are not appointed for any specific terms but are subject to retirement by rotation in accordance with the Bye-laws of the Company.

For the six months ended 30th June 2004, the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors during this reporting period, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee and has adopted the terms of reference governing the authority and duties of Audit Committee. The Audit Committee has reviewed and discussed with management of the Company the accounting principles and practices adopted by the Group, internal controls and financial reporting matter, including a review of the unaudited condensed consolidated financial statements for the six months ended 30th June 2004.

On behalf of the Board

**Jun Li**

*Director*

Hong Kong, 27th September 2004