

## SHARE OPTION SCHEME

As at 30 September 2004, the Directors and employees of the Company had the following options to subscribe for shares of the Company pursuant to the share option scheme of the Company:

|                 | No. of<br>options<br>outstanding<br>at 1 April<br>2004 | No. of<br>options<br>granted<br>during the<br>period | Date<br>granted    | Exercisable<br>period                                   | No. of<br>options<br>cancelled<br>during<br>the period | No. of<br>options<br>exercised<br>during<br>the period | No. of<br>options<br>outstanding<br>at 30<br>September<br>2004 | Exercise<br>price per<br>share<br>HK\$ | Closing<br>price per<br>share<br>immediately<br>before date<br>of grant<br>of options<br>HK\$ | Closing<br>price per<br>share<br>immediately<br>before date<br>of exercise<br>of options<br>HK\$ |
|-----------------|--|--|--------------------|---|--|--|--|--|---|--|
| Ng Chi Keung    | 750,000  | -  | 7 February<br>2003 | 1 January<br>2004 to<br>31 December<br>2008<br>(Note 1) | -  | -  | 750,000  | 1.00                                   | 0.75  | -  |
| Chan Chee Shing | 900,000  | -  | 7 February<br>2003 | 1 January<br>2004 to<br>31 December<br>2008<br>(Note 1) | -  | -  | 900,000  | 1.00                                   | 0.75  | -  |
| Employees       | 2,542,500  | -  | 7 February<br>2003 | 1 January<br>2004 to<br>31 December<br>2008<br>(Note 1) | 258,500  | 96,250   | 2,187,750  | 1.00                                   | 0.75  | * 2.22   |



|          | No. of<br>options<br>outstanding<br>at 1 April<br>2004 | No. of<br>options<br>granted<br>during<br>the period | Date<br>granted     | Exercisable<br>period                                       | No. of<br>options<br>cancelled<br>during<br>the period | No. of<br>options<br>exercised<br>during<br>the period | No. of<br>options<br>outstanding<br>at 30<br>September<br>2004 | Exercise<br>price per<br>share<br>HK\$ | Closing<br>price per<br>share<br>immediately<br>before date<br>of grant<br>of options<br>HK\$ | Closing<br>price per<br>share<br>immediately<br>before date<br>of exercise<br>of options<br>HK\$ |
|----------|--|--|---------------------|---|--|--|--|--|---|--|
| Employee | 200,000  | –  | 4 August<br>2003    | 1 July<br>2004 to<br>30 June<br>2009<br>(Note 2)            | –  | 50,000   | 150,000  | 1.00                                   | 0.97  | 2.70   |
| Employee | 1,000,000  | –  | 6 January<br>2004   | 1 January<br>2005 to<br>30 June<br>2005                     | 1,000,000  | –  | –  | 1.184                                  | 1.21  | –  |
| Employee | –  | 1,200,000  | 2 August<br>2004    | 1 January<br>2006 to<br>31 December<br>2008<br>(Note 3)     | –  | –  | 1,200,000  | 2.075                                  | 2.10  | –  |
| Employee | –  | 1,000,000  | 2 August<br>2004    | 1 April<br>2006 to<br>31 March<br>2010<br>(Note 4)          | –  | –  | 1,000,000  | 2.075                                  | 2.10  | –  |
| Employee | –  | 800,000  | 1 September<br>2004 | 23 September<br>2005 to<br>22 September<br>2009<br>(Note 5) | –  | –  | 800,000  | 2.325                                  | 2.35  | –  |

\* being the weighted average closing price of the Company's ordinary shares immediately before the dates on which the options were exercised.

*Note 1:* The share options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 1 January 2004 to 31 December 2008;
- (ii) One-fourth of the options is exercisable during the period from 1 January 2005 to 31 December 2008;
- (iii) One-fourth of the options is exercisable during the period from 1 January 2006 to 31 December 2008;
- (iv) One-fourth of the options is exercisable during the period from 1 January 2007 to 31 December 2008.

*Note 2:* The share options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 1 July 2004 to 30 June 2009;
- (ii) One-fourth of the options is exercisable during the period from 1 July 2005 to 30 June 2009;
- (iii) One-fourth of the options is exercisable during the period from 1 July 2006 to 30 June 2009;
- (iv) One-fourth of the options is exercisable during the period from 1 July 2007 to 30 June 2009.

*Note 3:* The share options shall be exercisable in the following three batches:

- (i) 500,000 options are exercisable during the period from 1 January 2006 to 31 December 2008;
- (ii) 500,000 options are exercisable during the period from 1 January 2007 to 31 December 2008;
- (iii) 200,000 options are exercisable during the period from 1 January 2008 to 31 December 2008;



Note 4: The share options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 1 April 2006 to 31 March 2007;
- (ii) One-fourth of the options is exercisable during the period from 1 April 2007 to 31 March 2008;
- (iii) One-fourth of the options is exercisable during the period from 1 April 2008 to 31 March 2009;
- (iv) One-fourth of the options is exercisable during the period from 1 April 2009 to 31 March 2010.

Note 5: The share options shall be exercisable in the following four batches:

- (i) One-fourth of the options is exercisable during the period from 23 September 2005 to 22 September 2006;
- (ii) One-fourth of the options is exercisable during the period from 23 September 2006 to 22 September 2007;
- (iii) One-fourth of the options is exercisable during the period from 23 September 2007 to 22 September 2008;
- (iv) One-fourth of the options is exercisable during the period from 23 September 2008 to 22 September 2009;

The share options granted are not recognized in the financial statements until they are exercised. The weighted average value per option granted during the six months ended 30 September 2004 estimated at the date of grant using the Black-Scholes pricing model was HK\$1.49 (2003: HK\$0.53). The calculation of the weighted average value per option granted during the period does not take into account options granted and forfeited during the period. The weighted average assumptions used are as follows:

|  | <b>2004</b>   | 2003   |
|--|---------------|--------|
| Risk-free interest rate                                    | <b>3.19%</b>  | 3.14%  |
| Expected life (in years)                                   | <b>5.00</b>   | 5.92   |
| Volatility   | <b>62.05%</b> | 57.47% |
| Expected dividend per share (based on historical dividend) | <b>Nil</b>    | Nil    |

The Black-Scholes option pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, such option pricing model requires input of highly subjective assumptions, including the expected stock price volatility. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes option pricing model does not necessarily provide a reliable measure of the fair value of the share options.

Apart from the foregoing, at no time during the six months ended 30 September 2004 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or Chief Executives of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any of its associated corporations within the meaning of the SFO.

## SUBSTANTIAL INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 30 September 2004, the interests or short positions of every person, other than the Directors or Chief Executives of the Company, in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO and information received by the Company were as follows:

|        |                                      |     | <b>Shares<br/>directly and/or<br/>indirectly held</b> | <b>Percentage<br/>of total<br/>issued shares</b> |
|--------|--------------------------------------|-----|---|--|
| (i)    | Neblett                              | (1) | 51,984,279  | 42.06%   |
| (ii)   | Jumbo Easy Limited                   | (1) | 51,984,279  | 42.06%   |
| (iii)  | Winning Spirit International Corp    | (1) | 51,984,279  | 42.06%   |
| (iv)   | HSBC International Trustee Limited   | (2) | 51,988,779  | 42.06%   |
| (v)    | Arisaig Greater China Fund Limited   | (3) | 11,398,000  | 9.22%  |
| (vi)   | Arisaig Partners (Mauritius) Limited | (3) | 11,398,000  | 9.22%  |
| (vii)  | Lindsay William Ernest Cooper        | (3) | 11,398,000  | 9.22%  |
| (viii) | Lu Wing Yee, Wayne                   | (4) | 6,272,000   | 5.07%  |
| (ix)   | Yuen Tsui Ying                       | (4) | 6,272,000   | 5.07%  |

Notes:

- (1) These interests were held by Neblett and represent the same block of shares. Neblett is a company wholly-owned by Winning Spirit International Corp, which in turn is a company wholly-owned by HSBC International Trustee Limited in the capacity of trustee. Jumbo Easy Limited was deemed to be interested in these shares in the capacity of a discretionary object of the trust which beneficially owns Neblett and as a wholly-owned company of Mr Dennis Lo Hoi Yeung.