

As at 30 September 2004, Sinochem Hong Kong (Holdings) Company Limited was interested in 103 convertible redeemable non-voting preference shares. Subject to the bye-laws of the Company, the Companies Act 1981 of Bermuda and other applicable laws and regulations from time to time, the convertible redeemable non-voting preference shares are convertible into ordinary shares of the Company at an initial conversion price per ordinary share equal to the lower of (i) HK\$0.40 and (ii) the average of the 10 lowest daily closing prices per ordinary share on the Stock Exchange during the 30 days immediately prior to the date of issue of the conversion notice (subject to adjustment).

Save as disclosed above, as at 30 September 2004, no other person (other than a director or chief executive of the Company) had notified to the Company any interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO or which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## SHARE OPTION SCHEME

The share option scheme adopted by the Company on 11 September 1996 (“Old Share Option Scheme”) was terminated on 26 August 2002. Under the Old Share Option Scheme, apart from share options granted to the directors of the Company as mentioned in the section headed “DIRECTORS’ INTERESTS IN SHARES” above, the following share options were also granted to certain employees of the Company:

Date of grant	Exercisable period	Exercise price HK\$	Number of share options outstanding	
			At the beginning of the period	At the end of the period
01.08.2001	01.02.2002 to 31.01.2005	0.255	3,400,000	1,400,000
08.12.2001	08.06.2002 to 07.06.2005	0.378	4,000,000	2,000,000

No options have been granted under the Old Share Option Scheme since its termination. During the financial period, 2,000,000 share options have been exercised into 2,000,000 ordinary shares of the Company and 2,000,000 share options have been lapsed under the Old Share Option Scheme.

On 26 August 2002, a new share option scheme (“New Share Option Scheme”) was adopted by the Company in place of the Old Share Option Scheme. The purpose of the New Share Option Scheme is to provide incentives or rewards to the eligible persons as defined in the scheme for their contribution or would-be contribution to the Group and/or to enable the Group to recruit and retain high-calibre employee and attract human resources that are valuable to the Group. No options have been granted under the New Share Option Scheme since its adoption.

The Directors consider it inappropriate to value the options that could be granted under the New Share Option as a number of factors that are crucial for the valuation cannot be determined accurately. Accordingly, such information is not disclosed in the interim report.

#### **STAFF**

As at 30 September 2004, the Group’s operations engaged approximately 6 staff.

The remuneration policy of the Group’s employees are reviewed and approved by the executive directors. Benefits such as medical schemes, provident fund and discretionary bonus are provided.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES**

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed shares.

#### **AUDIT COMMITTEE**

The unaudited interim financial statements of the Group for the six months ended 30 September 2004 have been reviewed by audit committee of the Company.