



## 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 sub-section "Share options" under "DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES", the share options granted to other eligible participants are set out as below:

Category of participant	Options to subscribe for shares of the Company							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	Date of exercise	Outstanding options at the end of the period	*Date of grant	Exercise period	
Employees working under "continuous contracts" other than the directors	27,500,000	-	-	-	27,500,000	25/8/2003	25/8/2003 to 24/8/2013	0.740
All other eligible participants	7,652,000	-	-	-	7,652,000	23/8/2002	23/8/2002 to 12/4/2006	0.295
	9,948,000	-	-	-	9,948,000	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
	38,260,000	-	-	-	38,260,000			

Note:

- \* The vesting period of the share option 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 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 was formed on 30 December 1998 and is currently composed of three independent non-executive directors. They are Mr. Yip Kin Man, Raymond (“Mr. Yip”), Mr. Hui Hung, Stephen and Mr. Law Yui Lun. Mr. Yip is the chairman of such committee and one of the independent non-executive directors is experienced professional in the accounting, corporate taxation, company liquidation and insolvency, financial advisory and management. The terms of reference of the Audit Committee are based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants and the requirements as set out in Code Provision C.3.3 of Appendix 14 – Code on Corporate Governance Practices of the Listing Rules (the “CG Code”). The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting including a review of this interim results for the six months ended 30 June 2005. The Audit 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 system.