

SHARE OPTIONS

The Company adopted a share option scheme (the “Scheme”) on 21st August, 2001 (the “Adoption Date”) and pursuant to the shareholders’ resolutions passed on 27th May, 2004, the board of directors may grant options to eligible employees, including directors of the Company and its subsidiaries and other eligible persons as defined in the Scheme, to subscribe for shares of the Company, up to a maximum of 33,000,000 shares (subject to renewal with shareholders’ prior approval) at the subscription price which shall not be less than the higher of (i) the closing price of the Company’s shares as stated in the daily quotation sheet of the Stock Exchange on the date of offer, which must be a business day and (ii) the average closing price of the Company’s shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of offer.

The Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date but subject to the early termination of the Scheme.

There was no movement under the Scheme during the period under review. As at 30th June, 2005, there was no outstanding option under the Scheme.

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30th June, 2005, the register of substantial shareholders maintained by the Company under Section 336 of SFO showed that the following person had interests in 5% or more of the nominal value of the issued ordinary shares of the Company that carry a right to vote in all circumstances at general meetings of the Company:-

Name	Type of interest	Number of shares	Approximate percentage of shareholding of the issued share capital of the Company
Mr. WONG	Corporate (<i>Note 1 and 3</i>)	152,200,000 (Long position)	46.1%
	Family (<i>Note 2</i>)	1,200,000 (Long position)	0.4%
	Personal (<i>Note 3</i>)	1,992,000 (Long position)	0.6%
	Total:	155,392,000 (Long position)	47.1%
Mr. ZHANG Yun	Personal	34,936,000 (Long position)	10.6%

Note:

- These shares are held as to 30,000,000 shares by Capeland Holdings Limited and as to 122,200,000 shares by Idea Storm Holdings Limited, both of which are incorporated in the British Virgin Islands and are wholly-owned by Mr. WONG.
- These shares are held by Mr. Wong’s wife in which Mr. Wong is also deemed to be interested.
- Accordance to SFO, Mr. WONG’s spouse is also deemed to be interested in these 152,200,000 shares and 1,992,000 shares of the Company.