

SHARE OPTION SCHEME

On 7 August 2002, a new share option scheme (the “Share Option Scheme”) was adopted by the Company to comply with the new amendments of the Listing Rules regarding share option schemes of a company.

The purpose of the Share Option Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Share Option Scheme include any employee (whether full time or part time), executive or officer of the Company or any of its subsidiaries (including executive and non-executive directors of the Company or any of its subsidiaries) and any business consultants, agents and legal or financial advisers, who, in the sole discretion of the board of directors of the Company, will contribute or have contributed to the Company and/or any of its subsidiaries. The Share Option Scheme became effective on 7 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The following share options were outstanding under the Share Option Scheme during the period:

Name or category of participant	Number of share options		Date of grant of share options*	Exercise period of share options	Exercise price of share options**
	At 1 January and 30 June 2005				
Directors					
CHU Chun Man, Augustine	3,000,000		24 December 2003	29 December 2003 to 31 December 2006	1.51
CHU Yuk Man, Simon	3,000,000		24 December 2003	29 December 2003 to 31 December 2006	1.51
MATSUURA Takanori	3,000,000		24 December 2003	29 December 2003 to 31 December 2006	1.51
Others					
In aggregate	8,280,000		24 December 2003	29 December 2003 to 31 December 2006	1.51
	17,280,000				

SHARE OPTION SCHEME *(Continued)*

- * *The vesting period of the share options is from the date of grant until the commencement of the exercise period.*

- ** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

At the balance sheet date, the Company had 17,280,000 share options outstanding under the Share Option Scheme, which represented approximately 5.7% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 17,280,000 additional ordinary shares of the Company and additional share capital of HK\$1,728,000 and share premium of HK\$24,365,000 (before issue expenses).

No expense relating to the share option scheme has been recognised in the condensed consolidated income statement for the period under the transitional provisions of HKFRS 2 Share-based Payment.