

Though a prolonged period of refining disruption and oil price fluctuation could significantly affect business confidence, we remain cautiously optimistic that 2006 will be another reasonable year for the dry bulk market.

In addition, the Board expects that the Group's trading business will continue to contribute steady returns to the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, the Company has repurchased 2,471,000 shares of the Company at an aggregate price of HK\$3,984,734.60 before expenses, which were subsequently cancelled in July 2006. The nominal value of the cancelled shares of HK\$247,100 was credited to capital redemption reserve and the aggregate price was paid out from the retained profits. Details of the repurchase are as follows:

Month of the repurchase	Total number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate price paid (before expenses) <i>HK\$</i>
June 2006	2,471,000	1.64	1.59	3,984,734.60

The Directors considered that the repurchase would increase the net asset value per share of the Company.

Save as disclosed above, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2006.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 November 2004 (the "Share Option Scheme"). Under the Share Option Scheme, the Company may grant share options to acquire shares of the Company to the directors, officers and employees of the Group and other persons selected by the Board who have contributed or will contribute to the Group. The purpose of granting the share options is to provide incentives and/or rewards to eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group.

Details of the grant of share options and a summary of the movements of the outstanding share options including the interests of the directors and chief executives of the Company during the six months ended 30 June 2006 under the Share Option Scheme were as follows:

Name	Date of grant	Closing price per share at date of grant of options HK\$	Exercise price per share HK\$	Period during which options exercisable	Number of options		
					As at 1 January 2006	Granted during the period	As at 30 June 2006
A. Directors							
Ng Siu Fai	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 (Note 2)	31,570,000	–	31,570,000
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	–	3,184,000	3,184,000
Ng Kam Wah Thomas	23 December 2004	1.53	1.60	31 March 2006 to 22 December 2014 (Note 2)	21,050,000	–	21,050,000
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	–	3,184,000	3,184,000
Ng Ki Hung Frankie	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	3,000,000	–	3,000,000
	29 June 2006	1.57	1.57	29 June 2006 to 28 June 2016	–	3,184,000	3,184,000
Ho Suk Lin	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	5,000,000	–	5,000,000
Cui Jianhua	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,000,000	–	1,000,000
Tsui Che Yin Frank	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,000,000	–	1,000,000
William Yau	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	500,000	–	500,000
Sub-total					63,120,000	9,552,000	72,672,000

Name	Date of grant	Closing price per share at date of grant of options HK\$	Exercise price per share HK\$	Period during which options exercisable	Number of options		
					As at 1 January 2006	Granted during the period	As at 30 June 2006
B. Other employees							
With vesting schedules	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009 (Note 3)	4,150,000	-	4,150,000
Without vesting schedule	23 December 2004	1.53	1.60	23 December 2004 to 22 December 2009	1,824,000	-	1,824,000
Sub-total					5,974,000	-	5,974,000
TOTAL					69,094,000	9,552,000	78,646,000

Notes:

1. *During the period ended 30 June 2006, no share option was exercised, cancelled and lapsed.*
2. *The grant of share options to each of Messrs. Ng Siu Fai and Ng Kam Wah Thomas had been approved by the shareholders of the Company at the extraordinary general meeting of the Company on 27 January 2005 and are subject to certain conditions including a performance target, whereby the share options became exercisable upon the Group having recorded an audited consolidated net profit of not less than HK\$400 million for the financial year 2005. These share options may be exercised during the period commencing on 31 March 2006 (the business day immediately after the day of the issue and publication of the audited consolidated results of the Group for the financial year of 2005) to 22 December 2014 or the date on which the share options shall lapse in accordance with the terms of the Share Option Scheme, whichever is the earlier.*
3. *These share options were granted to employees of the Group, other than Directors, under vesting schedules, which began in January 2005 with monthly exercisable limit of about 10% of the share options granted.*
4. *The closing price per share of the Company as at 30 June 2006 was HK\$1.62.*
5. *All the options forfeited before expiry of the Share Option Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Share Option Scheme.*

The weighted average value per option granted during the period ended 30 June 2006 by the Company was approximately HK\$0.36 that are estimated at the date of grant of 29 June 2006 based on Black-Scholes option pricing model using the following assumptions:

Closing price per share at the option grant date	HK\$1.57
Exercise price per share	HK\$1.57
Risk-free interest rate per annum based on Federal Funds Rate	5.25%
Expected stock price volatility	49.656%
Expected option life	1 year

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 share options of the Company 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 of the Company.

The total expense recognized in the Group's consolidated income statement for the period ended 30 June 2006 in respect of the grant of 9,552,000 options during the period is HK\$3,436,000.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND RIGHTS TO ACQUIRE SHARES

As at 30 June 2006, the Directors had the following interests and long positions in shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):