

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 30 June 2006, the following substantial shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

Long Position in Shares

Ordinary shares of HK\$0.25 each of the Company:

Name of shareholder	Notes	Capacity	Number of issued ordinary shares held			Percentage of the issued share capital of the Company
			Direct interests	Deemed interests	Total interests	
Well Success	1	Beneficial owner	841,101,000	–	841,101,000	50.53%
First Dynamic	1	Held by controlled corporation	–	841,101,000	841,101,000	50.53%
Alexon	1	Held by controlled corporation	–	841,101,000	841,101,000	50.53%
Royal Pacific	1	Beneficial owner and held by controlled corporation	33,599,772	841,101,000	874,700,772	52.54%
Frensham Investments Limited ("Frensham")	2	Beneficial owner and held by controlled corporation	83,999,430	841,101,000	925,100,430	55.57%
Pou Yuen Industrial (Holdings) Limited ("Pou Yuen")	2	Held by controlled corporation	–	925,100,430	925,100,430	55.57%
Yue Yuen Industrial Limited ("Yue Yuen Industrial")	2	Held by controlled corporation	–	925,100,430	925,100,430	55.57%
Pou Hing Industrial Company Limited ("Pou Hing")	2	Held by controlled corporation	–	925,100,430	925,100,430	55.57%

SUBSTANTIAL SHAREHOLDERS (continued)**Long Position in Shares** (continued)

Name of shareholder	Notes	Capacity	Number of issued ordinary shares held			Percentage of the issued share capital of the Company
			Direct interests	Deemed interests	Total interests	
Yue Yuen Industrial (Holdings) Limited ("Yue Yuen")	2	Held by controlled corporation	-	925,100,430	925,100,430	55.57%
Wealthplus Holdings Limited ("Wealthplus")	2	Held by controlled corporation	-	925,100,430	925,100,430	55.57%
Pou Chen Corporation ("Pou Chen")	2	Held by controlled corporation	-	925,100,430	925,100,430	55.57%
Madam Lau Yuk Wah	3	Held by spouse	-	841,101,000	841,101,000	50.53%
Madam Ng Shuk Fong	3	Held by spouse	-	874,700,772	874,700,772	52.54%

Short Positions in Shares

Save as disclosed above, the Company has not been notified of any other relevant interest or short position in the issued share capital of the Company as at 30 June 2006.

Notes:

- Well Success was directly interested in 841,101,000 shares of the Company.

First Dynamic held more than one-third of the issued share capital of Well Success. Royal Pacific and Alexon each held more than one-third of the issued share capital of First Dynamic.

Accordingly, Well Success, First Dynamic, Royal Pacific and Alexon were deemed to be interested in 841,101,000 shares of the Company.

SUBSTANTIAL SHAREHOLDERS (continued)

Notes: (continued)

2. Frensham had a direct interest in 83,999,430 shares of the Company and held more than one-third of the issued share capital of Well Success. Frensham was a wholly-owned subsidiary of Pou Yuen which in turn was a wholly-owned subsidiary of Yue Yuen Industrial. Yue Yuen Industrial was a wholly-owned subsidiary of Pou Hing which in turn was a wholly-owned subsidiary of Yue Yuen. Wealthplus, a wholly-owned subsidiary of Pou Chen, held over one-third of the interests in Yue Yuen.

Accordingly, Frensham was deemed to be interested in 841,101,000 shares of the Company and Pou Yuen, Yue Yuen Industrial, Pou Hing, Yue Yuen, Wealthplus and Pou Chen (collectively "Pou Chen Group") were deemed to be interested in 841,101,000 shares of the Company. The Pou Chen Group was therefore interested in an aggregate 925,100,430 shares of the Company.

3. Madam Lau Yuk Wah is the wife of Mr. Sze Sun Sun Tony and was deemed to be interested in 841,101,000 shares of the Company. Madam Ng Shuk Fong is the wife of Mr. Chan Ting Chuen and was deemed to be interested in 874,700,772 shares of the Company.

SHARE OPTION SCHEME

Details of the directors' interests in the Share Option Scheme are set out on page 27.

Outstanding Share Options

Pursuant to an ordinary resolution passed at a special general meeting of the Company on 22 October 2001, the 2001 Scheme was adopted by the Company. The 2001 Scheme replaced the share option scheme adopted on 9 February 1995 (as amended on 9 December 1997) (the "1997 Scheme"). After the adoption of the 2001 Scheme, no further option can be granted under the 1997 Scheme. No share option of the 1997 Scheme was outstanding as at 31 December 2003.

The Company operates the 2001 Scheme for the purpose of providing eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other persons who, in the sole discretion of the board of directors, have contributed or will contribute to the Group are eligible to participate in the 2001 Scheme.

SHARE OPTION SCHEME (continued)**Outstanding Share Options** (continued)

Shares which may be issued upon exercise of all options to be granted under the 2001 Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption.

The Company may renew this 10% limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares in the Company in issue as at the date of the shareholders' approval.

The total number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2001 Scheme or any other share option scheme adopted by the Company must not exceed 30% of the shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the 2001 Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date of grant of the options. At the time of grant of the options, the Company may specify a minimum period for which an option must be held before it can be exercised. The offer of a grant of share options may be accepted within 14 days from the date on which the letter containing the offer is delivered to that participant and the amount payable on acceptance of an option is HK\$1.00.

SHARE OPTION SCHEME (continued)

Outstanding Share Options (continued)

The subscription price for the shares of the Company to be issued upon exercise of the options shall be no less than the higher of (i) the closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company on the date of grant. The subscription price will be established by the Board at the time the option is offered to the participants.

No option may be granted under the 2001 Scheme after the date of the tenth anniversary of the adoption of the 2001 Scheme.

As at 31 December 2003, no share option of the 1997 Scheme and 2001 Scheme was outstanding. During the year ended 31 December 2003, there was no option granted under the 1997 Scheme and the 2001 Scheme.

On 12 May 2004, the shareholders of the Company approved the bonus issue of one share for every ten shares held. As a result, the exercise price of the outstanding options and the number of shares subject to the outstanding options were adjusted from HK\$2.10 each to HK\$1.91 each and 68,928,000 shares to 75,820,042 shares.

As at 31 December 2004, an aggregate of 549,994 share options lapsed and the total number of outstanding options became 75,270,048 shares. On 2 February 2006, options to subscribe for an aggregate of 75,270,048 shares of the Company granted pursuant to the 2001 Scheme lapsed.

On 2 August 2006, the Company granted 166,050,000 share options to eligible participants at an exercise price of HK\$1.032 pursuant to the 2001 Scheme.

SHARE OPTION SCHEME (continued)**Outstanding Share Options** (continued)

Details are as follows:

Category	Date of grant	Exercisable period	Exercise price per share	Outstanding at 01.01.2006	Outstanding at 30.06.2006	Outstanding at 18.09.2006
<i>Category I:</i>						
<i>Directors</i>						
Chan Lu Min	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	10,449,896	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	5,000,000
Chan Ting Chuen	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	5,000,000
Chang Tsung Yuan	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	9,679,903	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	16,500,000
Cheng Kar Shing	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	329,997	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	500,000
Feng Lei Ming	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	329,997	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	600,000
Ho Shing Chak	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	500,000
Ho Ting Seng	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	10,000,000
Ku Edward Y	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	16,500,000
Li I Nan	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	16,500,000
Li Kwok Lung Alfred Ronald	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	5,499,945	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	10,000,000
Sze Sun Sun Tony	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	6,599,934	-	-
	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	16,500,000
				<u>32,889,672</u>	<u>-</u>	<u>97,600,000</u>
<i>Category II:</i>						
<i>Employees</i>						
	9 January 2004	7 February 2004 – 6 February 2006	HK\$1.910	42,380,376	-	-
<i>Employees & Consultants</i>	2 August 2006	1 September 2006 – 31 August 2009	HK\$1.032	-	-	68,450,000
				<u>42,380,376</u>	<u>-</u>	<u>68,450,000</u>

Generally, the options may be exercised in different tranches within the exercisable period.