

**SHARE OPTIONS****Share Options of the Company**

On 7 June 2002, the Scheme which complies with the requirements of Chapter 17 of the Listing Rules was adopted by the shareholders of the Company. No share option was granted, exercised, cancelled or lapsed in accordance with the terms of the Scheme during the six months ended 30 June 2006 and the details of the outstanding share options (which was granted under the Scheme) as at 30 June 2006 were as follows:

<b>Category or name of grantees</b>	<b>Options to subscribe for shares of the Company at the beginning and at the end of the period</b>	<b>Date of grant</b>	<b>Exercise period</b>	<b>Exercise price per share</b>
<b>Directors of the Company</b>				
Cao Zhong	8,026,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
Tse Chun Sing	1,000,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
Leung Shun Sang, Tony	4,816,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	3,200,000	14.03.2003	14.03.2003 – 13.03.2013	HK\$0.495
	8,016,000			
Chan Wah Tip, Michael	400,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	17,442,000			
<b>Other individuals with options granted in excess of limit</b>				
Luo Zhenyu	6,043,000	14.03.2003	14.03.2003 – 13.03.2013	HK\$0.495
Yu Jian	8,026,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	14,069,000			
<b>Other employees of the Group</b>				
	2,922,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	2,000	14.03.2003	14.03.2003 – 13.03.2013	HK\$0.495
	2,924,000			
<b>Other participants</b>				
	32,104,000	15.11.2002	15.11.2002 – 14.11.2012	HK\$0.580
	8,026,000	14.03.2003	14.03.2003 – 13.03.2013	HK\$0.495
	15,982,000	18.03.2004	18.03.2004 – 17.03.2014	HK\$1.200
	56,112,000			
	90,547,000			

## **SHARE OPTIONS (continued)**

### **Share options of a subsidiary of the Company – Remarkable Mask Technology Company Limited**

Remarkable Mask Technology Company Limited (“Remarkable”), an indirect wholly-owned subsidiary of the Company, has approved a share option scheme (the “Remarkable Scheme”) by a shareholder’s resolution passed on 10 May 2004. The Remarkable Scheme was subject to the approval of the shareholders of the Company and has become effective on 8 June 2004 as a result of the passing of an ordinary resolution approving the same by the shareholders of the Company at its extraordinary general meeting held on the same day. No share option to subscribe for shares of Remarkable was granted pursuant to the Remarkable Scheme since the adoption of the Remarkable Scheme.

## **AUDIT COMMITTEE**

The Company has engaged the Auditors to assist the Audit Committee to review the 2006 interim results of the Group. A meeting of the Audit Committee was held with the Auditors and the management of the Company on 18 September 2006 for, amongst other things, reviewing the interim results of the Group for the period ended 30 June 2006.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2006, except that under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors of the Company is appointed for a specific term. However, non-executive Directors of the Company are subject to retirement by rotation and re-election at annual general meetings at least once every three years in accordance with the provisions of the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

