

SHARE OPTION SCHEME

The following share options were outstanding under the 1995 scheme and 2003 scheme during the period commencing from 1 January to 30 June 2006:

Name or Category of Participant	As at 1 January 2006	Shares granted during the period	Shares lapsed/ cancelled during the period	As at 30 June 2006	Date of Grant	Exercise Price	Exercise Period
Directors:							
Yung Yeung	10,000,000	–	–	10,000,000	Note 1	Note 1	Note 1
	21,570,000	–	–	21,570,000	Note 2	Note 2	Note 2
	10,000,000	–	–	10,000,000	Note 4	Note 4	Note 4
Jun Li	5,400,000	–	–	5,400,000	Note 2	Note 2	Note 2
	13,540,000	–	–	13,540,000	Note 3	Note 3	Note 3
	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Chunhua Huang	5,400,000	–	–	5,400,000	Note 2	Note 2	Note 2
	13,540,000	–	–	13,540,000	Note 3	Note 3	Note 3
	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Yuwen Sun	18,940,000	–	–	18,940,000	Note 3	Note 3	Note 3
	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Chizuko Kubo	5,000,000	–	–	5,000,000	Note 3	Note 3	Note 3
	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Wing Tak Law	15,500,000	–	–	15,500,000	Note 4	Note 4	Note 4
Jian Wang	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Ho Yip Lee	5,000,000	–	–	5,000,000	Note 4	Note 4	Note 4
Sub-total	148,890,000	–	–	148,890,000			
Employees:							
(in aggregate)	4,800,000	–	–	4,800,000	Note 1	Note 1	Note 1
	9,400,000	–	–	9,400,000	Note 2	Note 2	Note 2
	18,772,000	–	–	18,772,000	Note 3	Note 3	Note 3
	113,900,000	–	–	113,900,000	Note 4	Note 4	Note 4
Sub-total	146,872,000	–	–	146,872,000			
Other eligible persons: (in aggregate)	20,000,000	–	–	20,000,000	Note 4	Note 4	Note 4
Total:	<u>315,762,000</u>	<u>–</u>	<u>–</u>	<u>315,762,000</u>			

Notes:

1. These share options were granted on 16 February, 2000 and are exercisable at a subscription price of HK\$0.69 per Share at any time during the period of 10 years from 16 February, 2000 to 15 February, 2010.
2. These share options were granted on 2 November, 2000 and are exercisable at a subscription price of HK\$0.382 per Share at any time during the period of 10 years from 2 November, 2000 to 1 November, 2010.
3. These share options were granted on 5 January, 2004 and are exercisable at a subscription price of HK\$0.160 per Share at any time during the period of 10 years from 26 January 2004 to 4 January, 2014.
4. These share options were granted on 9 August, 2005 and are exercisable at a subscription price of HK\$0.114 per Share at any time during the period of 10 years from 29 January 2005 to 8 August, 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the period six months ended 30 June 2006.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2006.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors during this reporting period, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

AUDIT COMMITTEE

The Company has established an Audit Committee and has adopted the terms of reference governing the authority and duties of Audit Committee. The Audit Committee has reviewed and discussed with management of the Company the accounting principles and practices adopted by the Group, internal controls and financial reporting matter, including a review of the unaudited condensed consolidated financial statements for the six months ended 30 June 2006.

On behalf of the Board

Jun Li
Director

Hong Kong, 28 September 2006