

SHARE OPTION SCHEME

The Company has terminated its share option scheme adopted on 15 June 1993 (the “1993 Scheme”) and adopted a new share option scheme (the “2002 Scheme”) on its 2002 Annual General Meeting held on 21 August 2002.

Subsequent to the termination of the 1993 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 1993 Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

Details of the movement of the share options granted to the Directors and employees of the Company under the 1993 Scheme during the six months ended 30 September 2006 are as follows:

	Date of Grant	At 1 April 2006	Lapsed during the period	Number of share options Granted/ Exercised/ Cancelled during the period	At 30 September 2006	Exercise price per share <i>HK\$</i>	Exercisable Period
(a) Directors							
Mr. Cheung Wai Tung	3 March 2000	4,565,000	–	–	4,565,000	1.680	3 March 2000 to 2 March 2010
Mr. Chu Bong Foo	(i) 27 August 1999	10,000,000	–	–	10,000,000	0.264	27 August 1999 to 26 August 2009
	(ii) 3 March 2000	2,000,000	–	–	2,000,000	1.680	3 March 2000 to 2 March 2010
Mr. Henry Chang Manayan	(i) 27 August 1999	1,000,000	–	–	1,000,000	0.264	27 August 1999 to 26 August 2009
	(ii) 3 March 2000	500,000	–	–	500,000	1.680	3 March 2000 to 2 March 2010
Mr. Wan Xiaolin	3 March 2000	1,000,000	–	–	1,000,000	1.680	3 March 2000 to 2 March 2010
(b) Employees	3 March 2000	25,035,000	(7,370,000)	–	17,665,000	1.680	3 March 2000 to 2 March 2010

SHARE OPTION SCHEME (CONTINUED)

Details of the movement of the share options granted under the 2002 Scheme during the six months ended 30 September 2006 are as follows:

	Date of Grant	Number of share options					At 30 September 2006	Exercise price per share	Exercisable Period	Price of the Company's shares at immediately preceding the grant date of share options (note)
		At 1 April 2006	Granted during the period	Lapsed during the period	Exercised/Cancelled during the period					
							HK\$		HK\$	
(a) Directors										
	Mr. Cheung Wai Tung	19 December 2003	4,000,000	-	-	-	4,000,000	0.265	19 December 2003 to 18 December 2013	N/A
	Mr. Henry Chang Manayan	19 December 2003	1,000,000	-	-	-	1,000,000	0.265	19 December 2003 to 18 December 2013	N/A
	Mr. Wan Xiaolin	19 December 2003	3,000,000	-	-	-	3,000,000	0.265	19 December 2003 to 18 December 2013	N/A
(b) Employees										
	(i)	19 December 2003	37,700,000	-	(6,300,000)	-	31,400,000	0.265	19 December 2003 to 18 December 2013	N/A
	(ii)	24 March 2005	71,000,000	-	(3,500,000)	-	67,500,000	0.295	24 March 2005 to 23 March 2015	N/A
	(iii)	7 July 2006	-	46,600,000	-	-	46,600,000	0.101	7 July 2006 to 6 July 2016	0.099
(c) Others										
	(i)	19 December 2003	20,000,000	-	-	-	20,000,000	0.265	19 December 2003 to 18 December 2013	N/A
	(ii)	24 March 2005	202,000,000	-	-	-	202,000,000	0.295	24 March 2005 to 23 March 2015	N/A
	(iii)	3 October 2005	30,000,000	-	-	-	30,000,000	0.212	3 October 2005 to 2 October 2015	N/A
	(iv)	7 July 2006	-	296,400,000	-	-	296,400,000	0.101	7 July 2006 to 6 July 2016	0.099

Note: The price of the Company's share disclosed as at immediately preceding the date of the grant of the share options is The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price on the trading day immediately prior to the date of the grant of the share options.

SHARE OPTION SCHEME (CONTINUED)

During the period, 343,000,000 share options were granted on 7 July 2006. The fair value of the share options determined at the date of grant using the Black-Scholes Option Pricing Model was HK\$11,748,987.

The following assumptions were used to calculate the fair value of share options:

Weighted average share price	HK\$0.101
Exercise price	HK\$0.101
Expected volatility	55.81%
Expected life	2 years
Risk-free rate	4.587
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of the Company's share price over one year. The expected life used in the Model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised the total expenses of approximately HK\$11,748,987 for the period ended 30 September 2006 in relation to share options granted by the Company.