

OTHER INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2002, the interests of the Directors and their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) in the share capital of the Company or any of its associated corporations, within the meaning of the Securities (Disclosure of Interests) Ordinance of Hong Kong (the "SDI Ordinance"), which had been notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 or part I of the Schedule to the SDI Ordinance) or which were required to be recorded in the register referred to therein pursuant to section 29 of the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

Share capital of the Company

Name of Director	Number of shares		Percentage of shareholding
	Personal interest	Corporate interest	
Mr SZE Wai, Marco	—	132,434,953 (note 1)	30.05%
Mr YE Long	4,981,000	—	1.13%

Note:

1. These shares are beneficially owned by Leading Value Industrial Limited, the entire issued share capital of which is owned as to 50% by Mr SZE Wai, Marco.

Save as disclosed above, none of the Directors or their associates had any personal, family, corporate or other beneficial interests in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance.

SHARE OPTION SCHEMES

Prior to 23 May 2002, the Company operated an option scheme whereby the Board of Directors could, at their absolute discretion, grant options to employees and Executive Directors of the Company and any of its subsidiaries to subscribe for shares in the Company (the “Old Scheme”). On 23 May 2002, the Old Scheme was terminated and a new share option scheme (the “New Scheme”) was adopted, whereby the Board of Directors may, at their absolute discretion, grant options to any eligible employees and non-executive directors of the Company or any of its subsidiaries or any invested entity, any suppliers of goods or services to any member of the Group or any invested entity, and any customers of the Group or any invested entity to subscribe for shares in the Company. For options granted before 1 September 2001, the exercise price of options was determined by the Board and was the higher of the nominal value of the shares and 80% of the average closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. For options to be granted after 1 September 2001, the exercise price of the options will be the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer of the options and the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of offer of the options. The options do not have a vest period and are exercisable for a period of ten years commencing from the date of grant.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Group may not in aggregate exceed 44,064,400, being 10% of the shares in issue of the Company as at 23 May 2002, the date of adoption of the New Scheme.

SHARE OPTION SCHEMES (Continued)

At 30 June 2002, the Directors and employees of the Company had the following interests in options to subscribe for shares of the Company (market value per share was HK\$0.52 at the balance sheet date) granted at nominal consideration under the share option schemes operated by the Company, each option gives the holder the right to subscribe for one share:

	Date of grant	Period during which options exercisable	Exercise price (HK\$)	Outstanding at 1.1.2002	Number of options Granted during the period	Lapsed during the period	Outstanding at 30.6.2002	Market value per share at date of grant (HK\$)
Old Scheme								
Directors								
Mr YE Long	06.07.1999	02.10.1999 – 05.07.2009	1.08	3,000,000	–	–	3,000,000	1.42
Mr CHU Chi Shing	06.07.1999	02.10.1999 – 05.07.2009	1.08	2,100,000	–	–	2,100,000	1.42
	17.01.2000	02.01.2001 – 16.01.2010	1.32	200,000	–	–	200,000	1.77
	04.06.2001	01.10.2001 – 03.06.2011	0.58	200,000	–	–	200,000	0.88
Mr SZE Wai, Marco	04.06.2001	01.10.2001 – 03.06.2011	0.58	3,500,000	–	–	3,500,000	0.88
Mr CHIU Chi Shun, Clarence	04.06.2001	01.10.2001 – 03.06.2011	0.58	3,500,000	–	–	3,500,000	0.88
Employees								
	06.07.1999	02.10.1999 – 05.07.2009	1.08	6,467,000	–	(1,880,000)	4,587,000	1.42
	06.07.1999	02.10.1999 – 05.07.2009	1.21	700,000	–	–	700,000	1.42
	30.12.1999	02.01.2001 – 29.12.2009	1.13	600,000	–	(100,000)	500,000	1.88
	17.01.2000	02.01.2001 – 16.01.2010	1.32	2,260,000	–	(1,160,000)	1,100,000	1.77
	21.01.2000	02.01.2001 – 20.01.2010	1.44	1,230,000	–	(140,000)	1,090,000	2.33
	07.03.2000	02.01.2001 – 06.03.2010	2.06	40,000	–	–	40,000	3.58
	10.08.2000	02.01.2001 – 09.08.2010	1.14	1,350,000	–	(350,000)	1,000,000	1.36
	04.06.2001	01.10.2001 – 03.06.2011	0.58	10,050,000	–	–	10,050,000	0.88
				22,697,000	–	(3,630,000)	19,067,000	
New Scheme								
Director								
Mr. YE Long	28.05.2002	28.05.2002 – 27.05.2012	0.67	–	1,000,000	–	1,000,000	0.68
Employees								
	28.05.2002	28.05.2002 – 27.05.2012	0.67	–	1,000,000	–	1,000,000	0.68

SHARE OPTION SCHEMES *(Continued)*

The share options are not recognised in the financial report until they are exercised. The weighted average value per option granted during the period ended 30 June 2002 and year ended 31 December 2001 estimated at the date of grant using the Black-Scholes pricing model was HK\$0.23 and HK\$0.58 respectively. The weighted average assumptions used are as follows:

	Period ended 30 June 2002	Year ended 31 December 2001
Risk-free interest rate	3.97%	4.81%
Expected life (in years)	10	10
Volatility	0.08	0.33
Expected dividend per share	—	—

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 Company's share options 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.

Apart from the foregoing, at no time during the period was the Company, its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Company's Directors or chief executive or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2002, according to the register kept by the Company under section 16(1) of the SDI Ordinance and so far as was known to the Directors and the chief executive of the Company, the following persons other than the Directors, directly or indirectly, were interested or taken or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

Name of shareholder	Number of shares	Approximate percentage
		of issued shares held
Leading Value Industrial Limited	132,434,953 (note 1)	30.05%

Note:

1. Mr SZE Wai, Marco's interest in Leading Value Industrial Limited is also disclosed in the section headed "Directors' Interests in Shares".

Apart from the foregoing, the Directors and other executives of the Company were not aware of any person, other than the Directors, who held or was beneficially interested in 10% or more of the issued share capital of the Company.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2002.

CODE OF BEST PRACTICE

In the opinion of the Directors, except that the Independent Non-executive Directors have not been appointed for specific terms, the Company has complied throughout the six months ended 30 June 2002 with paragraphs 1 to 13 of the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

In accordance with the Code of Best Practice set out in Appendix 14 of the Listing Rules, the Board of Directors established an audit committee comprising the two Independent Non-executive Directors of the Company. The audit committee is delegated with the responsibility of reviewing the Company's financial reporting and internal control systems including the review of the unaudited interim financial report.

By order of the Board

Sze Wai, Marco

Chairman

Hong Kong, 16 September 2002