

EMPLOYEES

As at 30 June 2003, the total number of employees of the Group in Hong Kong and the PRC was 85. For the six months ended 30 June 2003, staff costs amounted to HK\$1,415,000 (2002: HK\$1,500,000). Other staff benefits include the Hong Kong Mandatory Provident Fund, insurance, professional training subsidies and share option scheme.

The share option scheme of the Company provided that the Board may grant to any full-time employee (including executive director) of the Group to subscribe for the shares of the Company pursuant to the provisions of the scheme.

The Company also engaged into Directors Insurance for directors to protect the Group from any contingent liability that might arise in the course of normal business operations.

CONTINGENT LIABILITIES

As at 30 June 2003, the Group is not aware of any major contingent liabilities that will cause substantial change to the Group's operations, except for corporate guarantees of HK\$12,147,000 granted to a former subsidiary for its banking facilities.

DIRECTORS' INTERESTS IN SHARES

As at 30 June 2003, the directors and their associates have the following interests or short positions in shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") :

Long positions in ordinary shares of the Company

Name of directors	Nature of interest	Number of shares held
Hon Fong Ming, Perry	Corporate (<i>Note (i)</i>)	515,126,000
Shing Fong	Personal (<i>Note (ii)</i>)	28,032,000

Notes :

- (i) The interest disclosed represents the corporate interest of Dr. Hon Fong Ming, Perry in 515,126,000 ordinary shares in the Company held by Dragon Delta Limited, which is wholly and beneficially owned by Dr. Hon Fong Ming, Perry through Dragoncom Group Limited (formerly known as Dragoncom China Investment Ltd.) and Dragoncom (Hong Kong) Limited.
- (ii) Ms. Shing Fong held 28,032,000 ordinary shares in the Company in which 1,620,000 ordinary shares were jointly held by Ms. Shing Fong and Wu Guang Ning.

Long positions in underlying shares of the Company

Name of directors	Date of grant of share options	Exercise price per share HK\$	Number of share options outstanding as at 30 June 2003
Hon Fong Ming, Perry	26 June 2002	0.1312	900,000
	30 July 2002	0.2360	8,000,000
Qian Keming	26 June 2002	0.1312	864,000
Zhang Jiebin	26 June 2002	0.1312	900,000
Shang Qingling	26 June 2002	0.1312	864,000
Ke Yinbin	26 June 2002	0.1312	900,000
Yu Enguang	26 June 2002	0.1312	864,000
Ma Qingguo	26 June 2002	0.1312	864,000
Lang Hsien Ping	30 July 2002	0.2360	1,000,000

Save as disclosed herein, none of the directors or their associates held any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code.