

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

7. Human Resources

At 30 September 2004, the Group had approximately 4,300 (30 September 2003: approximately 4,100) full-time employees. Most of these employees were employed in the PRC. The Group offers remuneration packages in line with industry practice. Employees' remuneration includes basic salaries and bonuses. As a result of increased manpower to cope with the Group's continuous business growth and developments, the total staff costs incurred by the Group for the six months ended 30 September 2004 increased 7.1% to approximately HK\$183 million as compared with an approximate sum of HK\$171 million for the same period of the last financial year. In order to attract and retain high calibre, capable and motivated staff, the Company offers share options to staff based on the individual performance and the achievement of Company's targets. The Group is committed to providing its staff with various in-house and external training and development programs.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 September 2004, the interests and short positions of the directors of the Company and their associates in the shares and underlying shares of the Company which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

Shares of HK\$0.10 each of the Company

Name of director	Capacity	Interests in shares (Note 1)	Interests in underlying shares (Note 1)	Percentage of aggregate holding (%) (Note 2)
LI Qin	Beneficial owner	1,016,000	2,500,000	0.41
GUO Wei	Beneficial owner	904,000	10,600,000	1.34
ZENG Maochao	Beneficial owner	808,000	—	0.09
	Interest of spouse	60,000	—	0.01
LIN Yang	Beneficial owner	220,000	5,500,000	0.66
HUA Zhinian	Beneficial owner	80,000	4,200,000	0.50

Notes:

- All the above interests in the shares and underlying shares of the Company were long positions. None of the directors of the Company or their associates held any short positions in the shares or underlying shares of the Company at 30 September 2004. Interests in underlying shares of the Company represented share options granted to such directors, further details of which are set out in the section headed "Share Options" below.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(continued)

2. The percentages of aggregate holding were calculated on the basis of 860,629,331 shares of the Company in issue at 30 September 2004.

Save as disclosed above, at 30 September 2004, none of the directors and chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company has two share option schemes. The old share option scheme of the Company was adopted on 14 May 2001 (the "2001 Share Option Scheme") and terminated on 18 July 2002. Despite termination and no further options can be granted under the 2001 Share Option Scheme, the provisions of the 2001 Share Option Scheme remain in full force and effect in all other respects to govern all outstanding options granted prior to the termination of the said scheme. The new share option scheme of the Company was adopted on 18 July 2002 (the "2002 Share Option Scheme").

(i) 2001 Share Option Scheme

The following table shows the movements in the share options under the 2001 Share Option Scheme during the six months ended 30 September 2004 and the options outstanding at the beginning and end of the period:

Grantee	Number of share options				Outstanding at 30/09/2004	Subscription price per share HK\$ (Note 2)	Date of grant	Exercisable period (Note 1)
	Outstanding at 01/04/2004	Granted during the period (Note 3)	Exercised during the period	Lapsed during the period				
Directors								
GUO Wei	2,800,000	—	—	—	2,800,000	3.180	12/07/2001	12/07/2002–11/07/2009
	2,800,000	—	—	—	2,800,000	1.976	31/08/2001	31/08/2002–30/08/2009
LIN Yang	1,500,000	—	—	—	1,500,000	3.180	12/07/2001	12/07/2002–11/07/2009
	1,500,000	—	—	—	1,500,000	1.976	31/08/2001	31/08/2002–30/08/2009
HUA Zhinian	1,100,000	—	—	—	1,100,000	3.180	12/07/2001	12/07/2002–11/07/2009
	1,100,000	—	—	—	1,100,000	1.976	31/08/2001	31/08/2002–30/08/2009
Other employees	32,582,000	—	—	4,161,000	28,421,000	3.604	08/06/2001	08/06/2002–19/06/2009
	1,100,000	—	—	—	1,100,000	3.180	12/07/2001	12/07/2002–11/07/2009
	19,736,000	—	883,000	1,166,000	17,687,000	1.976	31/08/2001	31/08/2002–30/08/2009

Notes:

- All options granted are subject to a vesting period of 4 years with 25% becoming exercisable on the first anniversary, 25% on the second anniversary, 25% on the third anniversary and 25% on the fourth anniversary of the respective date of grant.
- The subscription price of the options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.