

Additional Information

SHARE OPTIONS

At the Annual General Meeting of the Company held on 30th August 2002, the Shareholders of the Company approved the adoption of a share option scheme (the "New Scheme") under which the Directors of the Company may, at their discretion, invite Executive Directors, key employees of the Company or its subsidiaries and other eligible persons as defined in the New Scheme to subscribe for shares in the Company subject to terms and conditions stipulated therein. On the same date, the share option scheme approved by the shareholders on 28th May 1998 (the "Old Scheme") was terminated such that no further options shall be offered but the options granted shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect. Details of the movement of the share options granted under the Old Scheme and New Scheme during the period are set out below:

	Date of grant	Exercise Price (HK\$)	Exercise Period	At 1st April 2004	Number of options Granted ⁽¹⁾	Lapsed	Exercised ⁽²⁾	At 30th September 2004
Directors								
Ms. Chen Xiao Ying	13.7.2000	0.9900	13.1.2001 to 27.5.2008	21,000,000	—	—	—	21,000,000 ⁽⁵⁾
	13.7.2000	0.9900	13.7.2001 to 27.5.2008	21,000,000	—	—	—	21,000,000 ⁽⁵⁾
	13.7.2000	0.9900	13.7.2002 to 27.5.2008	28,000,000	—	—	—	28,000,000 ⁽⁵⁾
	24.6.2003	0.3220	10.9.2004 to 23.6.2013	30,000,000	—	—	—	30,000,000 ⁽⁶⁾
	24.6.2003	0.3220	10.3.2005 to 23.6.2013	30,000,000	—	—	—	30,000,000 ⁽⁶⁾
	24.6.2003	0.3220	10.9.2005 to 23.6.2013	30,000,000	—	—	—	30,000,000 ⁽⁶⁾
Mr. Luo Ning	24.6.2003	0.3220	24.6.2004 to 23.6.2013	3,333,333	—	—	—	3,333,333 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	3,333,333	—	—	—	3,333,333 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	3,333,334	—	—	—	3,333,334 ⁽⁶⁾
Mr. Sun Yalei	24.6.2003	0.3220	24.6.2004 to 23.6.2013	3,333,333	—	—	—	3,333,333 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	3,333,333	—	—	—	3,333,333 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	3,333,334	—	—	—	3,333,334 ⁽⁶⁾
Mr. Zhang Lian Yang	24.6.2003	0.3220	24.6.2004 to 23.6.2013	5,000,000	—	—	—	5,000,000 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	5,000,000	—	—	—	5,000,000 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	5,000,000	—	—	—	5,000,000 ⁽⁶⁾
Dr. Liu Xiaoping	24.6.2003	0.3220	24.6.2004 to 23.6.2013	1,666,666	—	—	—	1,666,666 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	1,666,666	—	—	—	1,666,666 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	1,666,668	—	—	—	1,666,668 ⁽⁶⁾
Sub-total				200,000,000	—	—	—	200,000,000

Additional Information

	Date of grant	Exercise Price (HK\$)	Exercise Period	At 1st April 2004	Granted ⁽¹⁾	Number of options Lapsed	Exercised ⁽²⁾	At 30th September 2004
Ex-directors ⁽³⁾								
Mr. Vong Tat leong, David	24.6.2003	0.3220	24.6.2004 to 23.6.2013	10,360,000	—	—	—	10,360,000 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	10,360,000	—	—	—	10,360,000 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	10,360,000	—	—	—	10,360,000 ⁽⁶⁾
Mr. Zhang Yue	24.6.2003	0.3220	24.6.2004 to 23.6.2013	5,000,000	—	(5,000,000)	—	— ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	5,000,000	—	(5,000,000)	—	— ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	5,000,000	—	(5,000,000)	—	— ⁽⁶⁾
Sub-total				46,080,000	—	(15,000,000)	—	31,080,000
Employees and other participants								
	13.7.2000	0.9900	13.1.2001 to 27.5.2008	1,065,000	—	—	—	1,065,000 ⁽⁵⁾
	13.7.2000	0.9900	13.7.2001 to 27.5.2008	1,065,000	—	—	—	1,065,000 ⁽⁵⁾
	13.7.2000	0.9900	13.7.2002 to 27.5.2008	1,420,000	—	—	—	1,420,000 ⁽⁵⁾
	20.11.2000	0.7920	20.11.2001 to 27.5.2008	2,400,000	—	—	—	2,400,000 ⁽⁵⁾
	20.11.2000	0.7920	20.11.2002 to 27.5.2008	2,400,000	—	—	—	2,400,000 ⁽⁵⁾
	20.11.2000	0.7920	20.11.2003 to 27.5.2008	3,200,000	—	—	—	3,200,000 ⁽⁵⁾
	20.3.2001	0.3304	13.1.2003 to 27.5.2008	60,000	—	—	(60,000)	— ⁽⁵⁾
	20.3.2001	0.3304	13.7.2003 to 27.5.2008	60,000	—	—	(60,000)	— ⁽⁵⁾
	20.3.2001	0.3304	13.7.2004 to 27.5.2008	440,000	—	—	(440,000)	— ⁽⁵⁾
	24.6.2003	0.3220	24.6.2004 to 23.6.2013	26,306,667	—	(20,640,000)	(666,666)	5,000,001 ⁽⁶⁾
	24.6.2003	0.3220	24.12.2004 to 23.6.2013	26,306,667	—	(20,640,000)	—	5,666,667 ⁽⁶⁾
	24.6.2003	0.3220	24.6.2005 to 23.6.2013	26,306,666	—	(20,640,000)	—	5,666,666 ⁽⁶⁾
	22.9.2004	1.3200	22.9.2005 to 22.10.2005	—	8,000,000	—	—	8,000,000 ⁽⁶⁾
	22.9.2004	1.3200	22.9.2006 to 22.10.2006	—	8,000,000	—	—	8,000,000 ⁽⁶⁾
	22.9.2004	1.3200	22.9.2007 to 22.10.2007	—	8,000,000	—	—	8,000,000 ⁽⁶⁾
Sub-total				91,030,000	24,000,000	(61,920,000)	(1,226,666)	51,883,334
Grand total				337,110,000	24,000,000	(76,920,000)	(1,226,666)	282,963,334

Additional Information

Notes:

- (1) In respect of the share options granted on 22nd September 2004, the closing price of the shares of the Company immediately before the date on which the options were granted was HK\$1.23.
- (2) The closing price of the shares of the Company on the dates on which the options were exercised by employees during the year was HK\$1.19.
- (3) Mr. Zhang Yue and Mr. Vong Tat leong, David resigned as Executive Directors of the Company on 13th September 2004 and 30th October 2004 respectively. The share options granted to them were included in the category of "Ex-director" during the period.
- (4) The share options granted are not recognised in the accounts until they are exercised. The Directors consider that it is not appropriate to value the share options on the ground that certain crucial factors for such valuation are variables which cannot be reasonably determined at this stage. Any valuation of the shares options based on speculative assumptions in respect of such variables would not be meaningful and the results thereof may be misleading to the shareholders. Therefore, it is more appropriate to disclose only the exercise price and market price immediately before the date on which the options were granted.
- (5) Options under Old Scheme
- (6) Options under New Scheme

Additional Information

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September 2004, the interests or short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) were required pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

		Interests in shares/other than pursuant to equity derivatives ⁽¹⁾	Interest in underlying shares pursuant to equity derivatives ⁽¹⁾	Total interests in shares/ underlying shares	Aggregate percentage of interest in the issued share capital of the Company ⁽³⁾
	Nature of interest				
Ms. Chen Xiao Ying	Corporate interest	784,937,030 ⁽²⁾	—	784,937,030 ⁽²⁾	23.91
Ms. Chen Xiao Ying	Personal interest	—	160,000,000	160,000,000	4.87
Mr. Luo Ning	Personal interest	—	10,000,000	10,000,000	0.30
Mr. Vong Tat leong, David ⁽⁴⁾	Personal interest	—	31,080,000	31,080,000	0.95
Mr. Sun Yalei	Personal interest	—	10,000,000	10,000,000	0.30
Mr. Zhang Lian Yang	Personal interest	—	15,000,000	15,000,000	0.46
Dr. Liu Xiaoping	Personal interest	—	5,000,000	5,000,000	0.15

Notes:

- (1) Interests in shares and underlying shares represented long positions, the equity derivatives are physically settled and unlisted. The interests of the Directors in the underlying shares pursuant to equity derivatives represent share options of the Company granted to them pursuant to the share option schemes adopted by the Company.
- (2) These shares were held by Uni-Tech International Group Limited, a wholly owned subsidiary of 21CN Corporation, which in turn is owned as to 95% by Pollon Internet Corporation, a company wholly-owned by Ms. Chen Xiao Ying.
- (3) Assuming options granted are exercised in full and based on the issued share capital of the Company as at 30th September 2004.
- (4) Mr. Vong Tat leong, David resigned as an executive director of the Company on 30th October 2004.

Save as disclosed above, as at 30th September 2004, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Additional Information

SUBSTANTIAL SHAREHOLDERS

As at 30th September 2004, so far as was known to the Directors or chief executive of the Company, the following persons (save as disclosed in the paragraph headed "Directors' interests in securities" above), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provision of the Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in Shares

Name	Number of shares held	Nature of interest	Percentage of the issued share capital of the Company
Uni-Tech International Group Limited (Note (a))	784,937,030	Beneficial owner	23.91
21CN Corporation (Note (a))	784,937,030	Interest of controlled corporation	23.91
Pollon Internet Corporation (Note (a))	784,937,030	Interest of controlled corporation	23.91
Ms. Chen Xiao Ying (Note (a))	784,937,030	Interest of controlled corporation	23.91
Road Shine Developments Limited (Note (b))	600,000,000	Beneficial owner	18.27
CITIC Group (Note (b))	807,998,000	Interest of controlled corporation	24.61

Notes:

- (a) Uni-Tech International Group Limited is wholly-owned by 21CN Corporation. 21CN Corporation is owned as to 95% by Pollon Internet Corporation, which is wholly-owned by Ms. Chen Xiao Ying, Chairman of the Company.
- (b) Road Shine Developments Limited, Goldreward.com Limited and Perfect Deed Company Limited holds 600,000,000 shares (approximately 18.27% the existing issued share capital of the Company), 163,818,000 shares (approximately 4.99% the existing issued share capital of the Company) and 44,180,000 shares (approximately 1.35% the existing issued share capital of the Company), respectively, with respect to all of which CITIC Group is a beneficial substantial shareholder.

Additional Information

Saved as disclosed above, the Directors are not aware of any other person (other than a Director or chief executive of the Company) who had an interest (including options) or short position, directly or indirectly, in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CORPORATE GOVERNANCE

None of the Directors is aware of information which would reasonably indicate that the Company is not, or was not, for any part of the period, in compliance with the Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited except that Independent Non-executive Directors of the Company are not appointed for a specific term but are subject to retirement by rotation at the annual general meeting in accordance with the Company's Bye-laws.

The Company has adopted the Model Code as a code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Group's interim accounts for the six months ended 30th September 2004.

The member of the Audit Committee comprises Mr. Tsui Yiu Wa, Alec, Mr. Zhang Jian Ming and Mr. Liu Hongru, all are Independent Non-executive Directors of the Company.

REVIEW OF THE INTERIM REPORT

The Group's interim accounts has been reviewed by our auditors, PricewaterhouseCoopers, in accordance with the Statement of Auditing Standards 700 issued by the Hong Kong Institute of Certified Public Accountants.