

CHARGES ON GROUP ASSETS

As of 31 December 2004, the Group's banking facilities and other loans were supported by the following:

- i) Certain plant and machinery of the Group with a net book value of approximately HK\$21,463,000 (30 June 2004: HK\$42,829,000);
- ii) Pledge of bank deposits with an aggregate amount of approximately HK\$54,929,000 (30 June 2004: HK\$62,946,000);
- iii) First legal charges over certain land and buildings of the Group of approximately HK\$169,673,000 (30 June 2004: HK\$139,300,000).

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2004, the Group employed some 8,900 full-time employees. Remuneration of Group employees is based largely on the prevailing industry practices of the countries in which it operates, as well as on individual merit. The Group also offers share options to employees according to their performance.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2004, the interests and short positions held by the directors in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

(a) Long positions in shares and underlying shares of the Company

Name of director	No. of ordinary shares/underlying shares held	Capacity and nature of interest	% of issued share capital
Mr. Yang Long-san, Rowell	245,862,724	Beneficial owner of 21,152,000 shares and interest of controlled corporation in 224,710,724 shares (<i>Note</i>)	38.09%
Mr. Wang Ming-chun, Morris	6,838,000	Beneficial owner	1.06%
Mr. Chang Su-pong, Steve	2,000,000	Beneficial owner	0.31%
Mr. Yeh Pei-chu, Ivan	2,420,000	Beneficial owner	0.37%
Mr. Lai Chen-chu, Jack	2,875,000	Beneficial owner	0.45%
Mr. Wong Kui-ming, Luffer	3,830,000	Beneficial owner	0.59%
Ms. Hui Siu-ling, Elina	200,000	Beneficial owner	0.03%
Mr. Lee Chiu-kang, Alex	800,000	Beneficial owner	0.12%
Mr. Chan Mo-po, Paul	1,056,896	Beneficial owner of 450,000 shares and spouse interest in 606,896 shares	0.16%

Note:

These shares are registered in the name of, and beneficially owned by, Peipus International Ltd., a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yang Long-san, Rowell.

(b) Long positions in underlying shares and debentures and short positions in shares, underlying shares and debentures

Other than as disclosed under the section headed "SHARE OPTIONS", there were no long positions in the underlying shares and debentures or any short positions in the shares, underlying shares and debentures of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 352 of Part XV of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 9 to the interim financial report, no director had a beneficial interest, either direct or indirect, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries and fellow subsidiaries was a party at the balance sheet date or during the period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the sections headed "DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTIONS", at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their respective spouses or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at the Special General Meeting of the Company held on 12 February 2003, the share option scheme adopted by the company on 26 May 1997 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the Old Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith.

(a) Old Scheme

As at 31 December 2004, 5,675,000 share options at the exercise price of HK\$1.20 remained outstanding under the Old Scheme and details of the movements of the said outstanding share options were as follows:

Date of share option granted (note i): 25 June 1999

Exercise price (note ii): HK\$1.20

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period (note iii)	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Yang Long-san, Rowell	2,500,000	–	(2,500,000)	–	1 January 2000 – 31 December 2004
	2,500,000	–	–	2,500,000	1 January 2001 – 31 December 2005
	5,000,000	–	(2,500,000)	2,500,000	
Mr. Wang Ming-chun, Morris	250,000	–	(250,000)	–	1 January 2000 – 31 December 2004
	250,000	–	–	250,000	1 January 2001 – 31 December 2005
	500,000	–	(250,000)	250,000	
Mr. Lai Chen-chu, Jack	875,000	–	–	875,000	1 January 2001 – 31 December 2005
Mr. Wong Kui-ming, Luffer	500,000	–	(500,000)	–	1 January 2000 – 31 December 2004
	500,000	–	–	500,000	1 January 2001 – 31 December 2005
	1,000,000	–	(500,000)	500,000	
Mr. Lee Chiu-kang, Alex	150,000	–	–	150,000	1 January 2000 – 31 December 2004
	150,000	–	–	150,000	1 January 2001 – 31 December 2005
	300,000	–	–	300,000	

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period (note iii)	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Chan Mo-po, Paul	75,000	–	–	75,000	1 January 2001– 31 December 2005
Sub-total	7,750,000	–	(3,250,000)	4,500,000	
Other employees					
In aggregate	425,000	–	(225,000)	200,000	1 January 2000 – 31 December 2004
	975,000	–	–	975,000	1 January 2001 – 31 December 2005
Sub-total	1,400,000	–	(225,000)	1,175,000	
Total	9,150,000	–	(3,475,000)	5,675,000	

(b) New Scheme

As at 31 December 2004, 19,100,000 and 41,800,000 share options at the exercise price of HK\$1.04 and HK\$2.05 respectively remained outstanding under the New Scheme and details of the movements of the said outstanding share options were as follows:

Date of share option granted (note i): 31 March 2003
Exercise price (note ii): HK\$1.04

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Yang Long-san, Rowell	2,400,000	–	–	2,400,000	24 September 2003 – 23 March 2013
	2,400,000	–	–	2,400,000	24 March 2004 – 23 March 2013
	4,800,000	–	–	4,800,000	

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Wang Ming-chun, Morris	2,500,000	–	–	2,500,000	24 September 2003 – 23 March 2013
	2,500,000	–	–	2,500,000	24 March 2004 – 23 March 2013
	5,000,000	–	–	5,000,000	
Mr. Chang Su-pong, Steve	750,000	–	–	750,000	24 September 2003 – 23 March 2013
	750,000	–	–	750,000	24 March 2004 – 23 March 2013
	1,500,000	–	–	1,500,000	
Mr. Yeh Pei-chu, Ivan	750,000	–	–	750,000	24 September 2003 – 23 March 2013
	750,000	–	–	750,000	24 March 2004 – 23 March 2013
	1,500,000	–	–	1,500,000	
Mr. Lai Chen-chu, Jack	850,000	–	–	850,000	24 September 2003 – 23 March 2013
	850,000	–	–	850,000	24 March 2004 – 23 March 2013
	1,700,000	–	–	1,700,000	
Mr. Wong Kui-ming, Luffer	750,000	–	–	750,000	24 September 2003 – 23 March 2013
	750,000	–	–	750,000	24 March 2004 – 23 March 2013
	1,500,000	–	–	1,500,000	
Mr. Lee Chiu-kang, Alex	100,000	–	–	100,000	24 September 2003 – 23 March 2013
	100,000	–	–	100,000	24 March 2004 – 23 March 2013
	200,000	–	–	200,000	

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Chan Mo-po, Paul	75,000	–	–	75,000	24 September 2003 – 23 March 2013
	75,000	–	–	75,000	24 March 2004 – 23 March 2013
	150,000	–	–	150,000	
Sub-total	16,350,000	–	–	16,350,000	
Other employees					
In aggregate	1,000,000	–	–	1,000,000	24 September 2003 – 23 March 2013
	1,750,000	–	–	1,750,000	24 March 2004 – 23 March 2013
Sub-total	2,750,000	–	–	2,750,000	
Total	19,100,000	–	–	19,100,000	

Date of share option granted (note i): 14 February 2004
Exercise price (note ii): HK\$2.05

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Wang Ming-Chun, Morris	400,000	–	–	400,000	16 February 2005 – 10 February 2014
	400,000	–	–	400,000	16 August 2005 – 10 February 2014
	400,000	–	–	400,000	16 February 2006 – 10 February 2014
	1,200,000	–	–	1,200,000	
Mr. Chang Su-pong, Steve	166,000	–	–	166,000	16 February 2005 – 10 February 2014
	166,000	–	–	166,000	16 August 2005 – 10 February 2014
	168,000	–	–	168,000	16 February 2006 – 10 February 2014
	500,000	–	–	500,000	

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Yeh Pei-chu, Ivan	266,000	–	–	266,000	16 February 2005 – 10 February 2014
	266,000	–	–	266,000	16 August 2005 – 10 February 2014
	268,000	–	–	268,000	16 February 2006 – 10 February 2014
	800,000	–	–	800,000	
Mr. Lai Chen-chu, Jack	100,000	–	–	100,000	16 February 2005 – 10 February 2014
	100,000	–	–	100,000	16 August 2005 – 10 February 2014
	100,000	–	–	100,000	16 February 2006 – 10 February 2014
	300,000	–	–	300,000	
Mr. Wong Kui-ming, Luffer	200,000	–	–	200,000	16 February 2005 – 10 February 2014
	200,000	–	–	200,000	16 August 2005 – 10 February 2014
	200,000	–	–	200,000	16 February 2006 – 10 February 2014
	600,000	–	–	600,000	
Ms. Hui Siu-ling, Elina	66,000	–	–	66,000	16 February 2005 – 10 February 2014
	66,000	–	–	66,000	16 August 2005 – 10 February 2014
	68,000	–	–	68,000	16 February 2006 – 10 February 2014
	200,000	–	–	200,000	

Name or category of participants	As at 1 July 2004	Number of share options Granted during the period	Exercised during the period	As at 31 December 2004	Exercise period of share options
Directors					
Mr. Lee Chiu-kang, Alex	66,000	–	–	66,000	16 February 2005 – 10 February 2014
	66,000	–	–	66,000	16 August 2005 – 10 February 2014
	68,000	–	–	68,000	16 February 2006 – 10 February 2014
	200,000	–	–	200,000	
Mr. Chan Mo-po, Paul	50,000	–	–	50,000	16 February 2005 – 10 February 2014
	50,000	–	–	50,000	16 August 2005 – 10 February 2014
	50,000	–	–	50,000	16 February 2006 – 10 February 2014
	150,000	–	–	150,000	
Sub-total	3,950,000	–	–	3,950,000	
Other employees					
In aggregate	13,322,000	–	–	13,322,000	16 February 2005 – 10 February 2014
	13,446,000	–	–	13,446,000	16 August 2005 – 10 February 2014
	11,082,000	–	–	11,082,000	16 February 2006 – 10 February 2014
Sub-total	37,850,000	–	–	37,850,000	
Total	41,800,000	–	–	41,800,000	

Notes:

- (i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.
- (ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (iii) The weighted average closing market price per share immediately before the dates of which the share options were exercised was HK\$1.40.