



INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

EMPLOYEE AND REMUNERATION POLICIES

The Group's clear and effective management policies have enabled it to maintain good staff relations. It has not encountered any difficulties in recruiting experienced personnel and there has not been any interruption to its operations as a result of labour disputes. The Group provides social security benefits encompassing the mandatory provident fund and health insurance scheme to all its employees. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

As at 30 June 2005, the Group had 585 salaried employees of which 545 and 40 were stationed in the PRC and in Hong Kong respectively. Total staff costs paid during the period were approximately HK\$10.68 million.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 20 December 2001, the share option scheme adopted by the Company on 28 November 2000 (the "Old Scheme") was terminated and another share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further options can be granted thereunder but in all other respects, the provisions of the Old Scheme remain in force and all share options granted prior to such termination continue to be valid and exercisable in accordance therewith. There are no changes in any terms of the schemes during the six month ended 30 June 2005. The detailed terms of the schemes were disclosed in the 2004 annual accounts.

As at 30 June 2005, there was no outstanding shares options which have been granted under the Old Scheme.

SHARE OPTIONS (cont'd)

Detail of the share options outstanding as at 30 June 2005 which have been granted under the New Scheme are as follows:

Participant	Date of grant ⁽¹⁾	Exercise price HK\$	Number of share options				Company's share price ⁽²⁾	
			1 January 2005	Granted during the period	Exercise during the period	30 June 2005	At date of grant HK\$	At date of exercise HK\$
EXECUTIVE DIRECTORS								
Ms. Wong Wai Kwan, Connie	7 June 2004	0.63	250,000	–	(250,000)	–	0.63	0.87
Mr. Choi Woon Man	7 June 2004	0.63	–	–	–	–	0.63	N/A
Mr. Wong Ying Yin	7 June 2004	0.63	60,000	–	(60,000)	–	0.63	0.84
Ms. Wong Wai Kwan, Connie	13 June 2005	0.80	–	300,000	–	300,000	0.80	N/A
Mr. Wong Ying Yin	13 June 2005	0.80	–	300,000	–	300,000	0.80	N/A
NON-EXECUTIVE DIRECTORS								
Mr. Yip Wai Leung, Jerry	7 June 2004	0.63	150,000	–	–	150,000	0.63	N/A
Mr. Yip Wai Leung, Jerry	13 June 2005	0.80	–	200,000	–	200,000	0.80	N/A
			460,000	800,000	(310,000)	950,000		
SUPPLIERS OF GOODS OR SERVICES, CUSTOMERS AND OTHERS								
In aggregate	22 March 2002	1.33	1,200,000	–	–	1,200,000	1.35	N/A
	29 July 2002	1.50	10,300,300	–	–	10,300,300	1.44	N/A
	8 January 2003	1.23	5,882,000	–	–	5,882,000	1.23	N/A
	9 June 2003	1.15	9,486,000	–	–	9,486,000	1.15	N/A
	7 June 2004	0.63	32,700,000	–	(29,700,000)	3,000,000	0.63	0.67
	13 June 2005	0.80	–	73,000,000	–	73,000,000	0.80	N/A
			59,568,300	73,000,000	(29,700,000)	102,868,300		
OTHER EMPLOYEES								
In aggregate	8 January 2003	1.23	498,000	–	–	498,000	1.23	N/A
	9 June 2003	1.15	892,000	–	–	892,000	1.15	N/A
	7 June 2004	0.63	15,340,000	–	(6,310,000)	9,030,000	0.63	0.85
	13 June 2005	0.80	–	19,709,000	–	19,709,000	0.80	N/A
			16,730,000	19,709,000	(6,310,000)	30,129,000		
SHARE OPTIONS GRANTED UNDER THE NEW SCHEME			76,758,300	93,509,000	(36,320,000)	133,947,300		

No share options have lapsed during the period.



SHARE OPTIONS (cont'd)

Notes:

- (1) The exercisable period of the above share options is 3 years from the date of the grant as determined by the Directors.
- (2) The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange's closing price on the trading day immediately prior to the date of the grant of the options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average closing price of the shares immediately before the dates on which share options were exercised.

The financial impact of options granted is not recorded in the Company's and Group's accounts until such time as the options are exercised. Upon the exercise of the options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which lapsed, if any, prior to their exercise date are deleted from the outstanding options.

The Directors do not consider it appropriate to state the value of the options granted during the period as a number of variables which are crucial for the calculation of the options value have not been determined. The Directors believe that any calculation of the value of the options based on a great number of speculative assumptions would not be meaningful and would be misleading.

Subsequent to the balance sheet date, there is no any new share option granted by the Company.

CONTINGENT LIABILITY AND CHARGE OF GROUP ASSETS

The Group did not have any significant contingent liabilities as at 30 June 2005.

As at 30 June 2005, all banking facilities of the Group were secured by corporate guarantees executed by the Company and certain subsidiaries of the Group.