

Share Option Scheme

In assessing the theoretical aggregate value of the share options granted during the period, the Black-Scholes option pricing model has been used.

Share options granted during the period ended 30 June 2005:

Date of Grant : 19/01/2005
 Vesting Period : 19/01/2005–19/04/2005
 Exercise Period : 20/04/2005–19/04/2010
 Exercise Price : HK\$2.575 per share

	Number of options at 19/01/05	Options value at 19/01/05 (Note (2)) HK\$	Number of options at 30/06/05	Options value at 30/06/05 (Note (3)) HK\$
Grantee:				
Director				
FUNG Sing Hong, Stephen	1,500,000	1,260,000	1,500,000	1,020,000
Total	1,500,000	1,260,000	1,500,000	1,020,000

Notes:

- (1) The closing price of the Ordinary Shares of the Company immediately before the date on which the options were granted was HK\$2.60.
- (2) According to the Black-Scholes model[#], the theoretical aggregate value of the options was estimated at HK\$1,260,000 as at 19 January 2005 (when the options were granted) with the following variables and assumptions:

Risk Free Rate	: 2.85%, being the approximate yield of the 5-year Exchange Fund Note traded on 19/01/2005
Expected Volatility	: 41.8%, being the annualised volatility of the closing price of the Ordinary Shares of the Company from 20/01/2004–19/01/2005
Expected Dividend Yield	: 2.33%, being the approximate yield of the shares of the Company over the period from 20/01/2004 to 19/01/2005
Expected Life of the Options	: 5 years
Assumptions	: There is no material difference between the expected volatility over the whole life of the options and the historical volatility of the Ordinary Shares of the Company over the period from 20/01/2004 to 19/01/2005.

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- (3) According to the Black-Scholes model[#], the theoretical aggregate value of the outstanding options was estimated at HK\$1,020,000 as at 30 June 2005 with the following variables and assumptions:

Risk Free Rate	: 3.32%, being the approximate yield of the 5-year Exchange Fund Note traded on 30/06/2005
Expected Volatility	: 43.8%, being the annualised volatility of the closing price of the Ordinary Shares of the Company from 01/07/2004 to 30/06/2005
Expected Dividend Yield	: 2.64%, being the approximate yield of the shares of the Company over the period from 01/07/2004 to 30/06/2005
Expected Life of the Options	: 4.80 years
Assumptions	: There is no material difference between the expected volatility over the whole life of the options and the historical volatility of the Ordinary Shares of the Company over the period from 01/07/2004 to 30/06/2005.

- (4) Options forfeited, if any, before the expiry of the options will be treated as lapsed options which will be added back to the number of Ordinary Shares available to be issued under the relevant share option scheme.

[#] The Black-Scholes model (the "Model") is developed to estimate the fair value of publicly traded options that have no vesting restriction and are fully transferable. The Model is only one of the commonly used models to estimate the fair value of an option. The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.