

SHARE OPTION SCHEMES

The movements in the options granted under the employee share option scheme for the six months ended 30 June 2005 were as follows:

	Subscription Price/share HK\$	Exercisable period	Option grant date	No. of options granted '000	No. of options held at 1 January 2005 '000	No. of options exercised/ lapsed during the period '000	No. of options outstanding at 30 June 2005 '000
Directors:							
Michele Matsuda	0.020	28/6/2004 – 27/6/2014	28/6/2004	200,000	200,000	200,000	–
	0.0578	25/5/2005 – 24/5/2015	25/5/2005	200,000	–	–	200,000
Leung To Kwong, Valiant	0.020	2/12/2003 – 1/6/2006	2/6/2003	43,800	11,800	–	11,800
	0.0346	28/10/2004 – 27/10/2006	28/10/2004	10,200	10,200	–	10,200
Cheung Chi Fai, Frank	0.022	18/3/2004 – 17/3/2006	18/3/2004	22,000	12,000	12,000	–
	0.0346	28/10/2004 – 27/10/2006	28/10/2004	10,000	10,000	–	10,000
Daijiro Nishihama	0.065	26/1/2005 – 25/1/2007	26/1/2005	30,000	–	–	30,000
Continuous contract employees (1)	0.020	2/12/2003 – 1/6/2006	2/6/2003	33,350	16,000	6,000	10,000
Continuous contract employees (2)	0.022	18/3/2004 – 17/3/2006	18/3/2004	70,350	26,450	23,200	3,250
Continuous contract employees (3)	0.0362	13/8/2004 – 12/8/2006	13/8/2004	1,750	1,000	–	1,000
Continuous contract employees (4)	0.0346	28/10/2004 – 27/10/2006	28/10/2004	12,500	4,250	2,000	2,250
Continuous contract employees (5)	0.069	5/1/2005 – 4/1/2007	5/1/2005	4,000	–	–	4,000
Continuous contract employees (6)	0.065	26/1/2005 – 25/1/2007	26/1/2005	5,500	–	1,000	4,500
Continuous contract employees (7)	0.055	26/4/2005 – 25/4/2007	26/4/2005	750	–	–	750
Others	0.069	5/1/2005 – 4/1/2007	5/1/2005	2,000	–	–	2,000

SHARE OPTION SCHEMES (continued)

The fair value of employee options granted during the six months ended 30 June 2005 were determined at approximately HK\$4,139,000 by using Black-Scholes-Merton Option Pricing Model. The key valuation parameters as adopted in assessing the fair value of the share options included the exercise price, risk free rate, nature of the share options, expect option period, volatility and expected dividend yield. The valuation assumed that there will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the continuity of the Group's business and the price of the underlying securities. It also assumed that there will be no material change in the existing political, legal, technological, fiscal or economic condition which may significantly affect the continuity of the Group's business. The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised by the employees was HK\$0.0628.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2005, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares and underlying shares of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

(a) Ordinary shares of HK\$0.01 each of the Company

Name of Directors	Capacity	Total number of Shares	Approximate percentage of issued share capital of the Company (%)
Michele Matsuda	Beneficial owner and held by controlled corporation (Note)	805,580,000	12.21
Leung To Kwong, Valiant	Beneficial owner	5,500,000	0.08
Cheung Chi Fai, Frank	Beneficial owner	12,000,000	0.18

Note: Mr. Matsuda held 805,570,000 Shares through e-Compact Limited, a company wholly-owned by Anglo Japan Enterprises Limited, which is in turn beneficially owned by him, the remaining 10,000 shares are beneficially held by himself.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES (continued)**(b) Share Options**

Name of Directors	Capacity	Total number of Share options	Approximate percentage of issued share capital of the Company (%)
Michele Matsuda	Beneficial owner	200,000,000	3.03
Leung To Kwong, Valiant	Beneficial owner	22,000,000	0.33
Cheung Chi Fai, Frank	Beneficial owner	10,000,000	0.15
Daijiro Nishihama (<i>Note</i>)	Beneficial owner	30,000,000	0.45

Note:

The options held by Mr. Nishihama was granted to him when he was acting as an consultant to the Company in January 2005. He was appointed as an executive director of the Company on 18 June 2005.

Save as disclosed above, as at 30 June 2005, none of the Directors and the chief executives of the Company and their respective associates had any interests or short positions in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO).