

**(ii) 2002 Share Option Scheme**

The following table shows the movements in share options under the 2002 Share Option Scheme during the six months ended 30 September 2006 and the options outstanding at the beginning and end of the period:

Grantee	Outstanding as at 01/04/2006	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30/09/2006	Subscription price per share HK\$ (Note 2)	Date of grant	Exercisable period (Note 1)
<b>Directors</b>								
LI Qin	2,500,000	–	–	–	2,500,000	2.068	24/06/2004	24/06/2005-23/06/2012
GUO Wei	5,000,000	–	–	–	5,000,000	2.750	13/10/2003	13/10/2004-12/10/2011
LIN Yang	2,500,000	–	–	–	2,500,000	2.750	13/10/2003	13/10/2004-12/10/2011
HUA Zhinian	2,000,000	–	–	–	2,000,000	2.750	13/10/2003	13/10/2004-12/10/2011
<b>Other employees</b>	45,998,000	–	–	(2,323,000)	43,675,000	2.750	13/10/2003	13/10/2004-12/10/2011
	57,998,000	–	–	(2,323,000)	55,675,000			

Notes:

1. All options granted are subject to a vesting period of four years with 25% becoming exercisable on the first anniversary, 25% on the second anniversary, 25% on the third anniversary and 25% on the fourth anniversary of the respective date of grant.
2. The subscription price of the options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
3. No options were cancelled under the 2002 Share Option Scheme during the period.

**Compliance with the Model Code**

The Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the standard as set out in the Model Code throughout the six months ended 30 September 2006.

**Corporate Governance**

Subsequent to the publication of the Corporate Governance Report in the 2005/06 annual report, a special resolution was passed at the annual general meeting of the Company held on 23 August 2006 to amend the Company's Bye-Laws to the effect that: (i) any Director or Directors or Chairman of the meeting who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at a general meeting may demand a poll; and (ii) the Company in general meeting will have the power by ordinary resolution, instead of special resolution, to remove a Director before the expiration of his period of office.

Furthermore, a remuneration committee was established on 31 August 2006 with specific written terms of reference. The committee was made up of three members, namely Mr. ZENG Maochao (*Chairman*), Mr. WONG Man Chung, Francis and Mr. KWAN Ming Heung, Peter, the majority of whom are independent non-executive directors.