

INFORMATION ON SHARE OPTION SCHEME

The Share Options Scheme was adopted on 31 May 2002 and became effective on 28 June 2002. The directors and employees of the Company and its subsidiaries are entitled to participate in the Share Option Scheme.

Particulars and movements of the share options granted to and held by the participants under the Share Option Scheme during the six months ended 30 June 2006 were as follows:–

Name or category of participant	Number of share options					Outstanding as at 30/06/2006	Date of grant of share options (DD/MM/YY) (Note a)	Exercise period of share options (DD/MM/YY)	Subscription price per share option HK\$	Price immediately preceding the grant date of share options (Note b) HK\$	Price immediately preceding the exercise date of share options (Note c) HK\$
	Outstanding as at 01/01/2006	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period						
Directors											
Mr. Chan	-	7,000,000	-	-	-	7,000,000	16/03/2006	16/03/2007 – 15/03/2009	0.128	0.104	N/A
	-	7,000,000	-	-	-	7,000,000	16/03/2006	16/03/2008 – 15/03/2010	0.128	0.104	N/A
	-	7,000,000	-	-	-	7,000,000	16/03/2006	16/03/2009 – 15/03/2011	0.128	0.104	N/A
Ms. Cheung	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2007 – 15/03/2009	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2008 – 15/03/2010	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2009 – 15/03/2011	0.128	0.104	N/A
Mr. Gorges	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2007 – 15/03/2009	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2008 – 15/03/2010	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2009 – 15/03/2011	0.128	0.104	N/A
Mr. Paul Ng	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2007 – 15/03/2009	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2008 – 15/03/2010	0.128	0.104	N/A
	-	10,000,000	-	-	-	10,000,000	16/03/2006	16/03/2009 – 15/03/2011	0.128	0.104	N/A
	-	6,666,667	-	-	-	6,666,667	26/04/2006	26/04/2007 – 25/04/2009	0.128	0.110	N/A
	-	6,666,667	-	-	-	6,666,667	26/04/2006	26/04/2008 – 25/04/2010	0.128	0.110	N/A
	-	6,666,666	-	-	-	6,666,666	26/04/2006	26/04/2009 – 25/04/2011	0.128	0.110	N/A
Sub-total	-	131,000,000	-	-	-	131,000,000					
Employees											
In aggregate	-	29,000,000	-	-	-	29,000,000	16/03/2006	16/03/2007 – 15/03/2009	0.128	0.104	N/A
	-	29,000,000	-	-	-	29,000,000	16/03/2006	16/03/2008 – 15/03/2010	0.128	0.104	N/A
	-	29,000,000	-	-	-	29,000,000	16/03/2006	16/03/2009 – 15/03/2011	0.128	0.104	N/A
	-	6,666,667	-	-	-	6,666,667	26/04/2006	26/04/2007 – 25/04/2009	0.128	0.110	N/A
	-	6,666,667	-	-	-	6,666,667	26/04/2006	26/04/2008 – 25/04/2010	0.128	0.110	N/A
	-	6,666,666	-	-	-	6,666,666	26/04/2006	26/04/2009 – 25/04/2011	0.128	0.110	N/A
Sub-total	-	107,000,000	-	-	-	107,000,000					
Total	-	238,000,000	-	-	-	238,000,000					

Notes:

- (a) All share options granted are subject to a vesting period and becoming exercisable in the following manner:

From the date of grant of share options	Exercisable percentage
	%
Within 12 months	Nil
13th – 36th	33 ¹ / ₃
25th – 48th	33 ¹ / ₃
37th – 60th	33 ¹ / ₃

The unexercised share options of each exercise period shall lapse at the end of respective exercise period.

- (b) The price of the shares disclosed as immediately preceding the grant date of the share options is the closing price of the shares on the Stock Exchange on the trading day immediately prior to the date of the grant of the share options.
- (c) The weighted average closing price of the shares immediately before the date on which the options were exercised.
- (d) The fair value of options granted under the Share Option Scheme on 16 March 2006 and 26 April 2006, measured at the date of grant, were approximately HK\$5,346,000 and HK\$1,400,000 respectively. The following significant assumptions were used to derive the fair values, using the Black-Scholes option pricing model:

Date of grant	16 March 2006	26 April 2006
Expected volatility	56.10%	55.13%
Expected life (in years)	2	2
Risk-free interest rate	4.62%	4.99%
Expected dividend yield	Nil	Nil

In total, HK\$843,250 of employee compensation expense has been included in the consolidated income statement for the six months ended 30 June 2006 (2005: Nil) with a corresponding credit in equity.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices of the Listing Rules during the six months ended 30 June 2006 with the exception that non-executive directors are not appointed for a specific term; the articles of association of the Company does not provide that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years and that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. In view of good corporate governance practices, all non-executive directors have agreed to comply with the Listing Rules and that their term of appointment will be limited accordingly. Furthermore, every director of the Company, including those appointed for a specific term, voluntarily retires from office by rotation at least once every three years notwithstanding that the director is not required to do so by the articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by directors. In addition, the Board has established similar guidelines for relevant employees who are likely in possession of unpublished price sensitive information in relation to the Group or its securities.

All directors have confirmed, following specific enquiry by the Company, their compliance with the required standard set out in the Model Code regarding securities transactions by directors throughout the six months ended 30 June 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2006.