

## SHARE OPTIONS

At a special general meeting of the Company held on 23rd May 2003, the shareholders of the Company approved the adoption of a new share option scheme (the "2003 Share Option Scheme") and the termination of the share option scheme adopted by the shareholders of the Company on 30th November 1994 (the "1994 Share Option Scheme"). No further options would thereafter be offered under the 1994 Share Option Scheme but the share options which had been granted during its life shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 1994 Share Option Scheme shall remain in full force and effect.

- (a) Movements of the share options, which have been granted under the 1994 Share Option Scheme, during the period are set out below:

Category	Exercise price HK\$	Number of share options			% of total issued share capital	Note
		Outstanding at 1st January 2007	Exercised during the period	Outstanding at 30th June 2007		
<b>Director</b>						
Mr. WONG Tin Yau, Kelvin	8.80	300,000	(300,000)	—	—	(1), (2)
<b>Continuous contract employees</b>	8.80	22,000	(22,000)	—	—	(1)
		322,000	(322,000)	—		

Notes:

- (1) The share options were granted on 20th May 1997 (the "Offer Date") under the 1994 Share Option Scheme. The share options are exercisable at any time within ten years from the date of grant (i.e. on or before 19th May 2007), subject to the following conditions:
  - (i) For those grantees who have completed one year full-time service in the Group may exercise a maximum of 20% of share options granted in each of the first five anniversary years from the Offer Date.
  - (ii) For those grantees who have not completed one year full-time service in the Group as at the Offer Date, a maximum of 20% of share options granted may be exercisable in each of the first five anniversary years of the Offer Date after completion of one year full-time service.
- (2) These share options represent personal interests held by the relevant director as beneficial owner.
- (3) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$20.09.
- (4) During the period, no options were cancelled or lapsed under the 1994 Share Option Scheme.

(b) Movements of the options, which have been granted under the 2003 Share Option Scheme, during the period are set out below:

Category	Exercise price HK\$	Number of share options				Outstanding at 30th June 2007	% of total issued share capital	Exercisable period	Note
		Outstanding at 1st January 2007	Granted during the period	Exercised during the period					
<b>Directors</b>									
Dr. WEI Jiafu	9.54	400,000	—	(400,000)	—	—	30.10.2003–29.10.2013	(1), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004–2.12.2014	(2), (4)	
Mr. CHEN Hongsheng	9.54	300,000	—	(300,000)	—	—	28.10.2003–27.10.2013	(1), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004–2.12.2014	(2), (4)	
Mr. LI Jianhong	9.54	300,000	—	(300,000)	—	—	29.10.2003–28.10.2013	(1), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	2.12.2004–1.12.2014	(2), (4)	
Ms. SUN Yueying	9.54	300,000	—	(300,000)	—	—	29.10.2003–28.10.2013	(1), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	3.12.2004–2.12.2014	(2), (4)	
Mr. XU Minjie	19.30	—	800,000	—	800,000	0.036%	19.4.2007–18.4.2017	(3), (4)	
Dr. SUN Jiakang	13.75	1,000,000	—	(300,000)	700,000	0.031%	1.12.2004–30.11.2014	(2), (4)	
Mr. WONG Tin Yau, Kelvin	9.54	800,000	—	—	800,000	0.036%	28.10.2003–27.10.2013	(1), (4)	
	13.75	1,000,000	—	—	1,000,000	0.045%	2.12.2004–1.12.2014	(2), (4)	
	19.30	—	500,000	—	500,000	0.022%	18.4.2007–17.4.2017	(3), (4)	
Mr. WANG Zhi	13.75	700,000	—	(100,000)	600,000	0.027%	29.11.2004–28.11.2014	(2), (4)	
	19.30	—	500,000	—	500,000	0.022%	18.4.2007–17.4.2017	(3), (4)	
Mr. QIN Fuyan	13.75	200,000	—	—	200,000	0.009%	29.11.2004–28.11.2014	(2), (4)	
	19.30	—	500,000	—	500,000	0.022%	19.4.2007–18.4.2017	(3), (4)	
		9,000,000	2,300,000	(1,700,000)	9,600,000				
<b>Continuous contract employees</b>									
	9.54	3,978,000	—	(1,753,000)	2,225,000	0.099%	(refer to note 1)	(1)	
	13.75	20,198,000	—	(3,504,000)	16,694,000	0.745%	(refer to note 2)	(2)	
	19.30	—	15,300,000	(40,000)	15,260,000	0.681%	(refer to note 3)	(3)	
<b>Others</b>									
	9.54	1,000,000	—	(950,000)	50,000	0.002%	(refer to note 1)	(1)	
	13.75	7,360,000	—	(3,716,000)	3,644,000	0.163%	(refer to note 2)	(2)	
		32,536,000	15,300,000	(9,963,000)	37,873,000				
		41,536,000	17,600,000	(11,663,000)	47,473,000				

Notes:

- (1) The share options were granted during the period from 28th October 2003 to 6th November 2003 under the 2003 Share Option Scheme at an exercise price of HK\$9.54. The options are exercisable at any time within ten years from the commencement date which is the date on which an offer is accepted or deemed to be accepted by the grantee pursuant to the 2003 Share Option Scheme (the "Commencement Date"). The Commencement Date of the options of the grantees was from 28th October 2003 to 6th November 2003.
- (2) The share options were granted during the period from 25th November 2004 to 16th December 2004 under the 2003 Share Option Scheme at an exercise price of HK\$13.75. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 25th November 2004 to 16th December 2004.
- (3) The share options were granted during the period from 17th April 2007 to 19th April 2007 under the 2003 Share Option Scheme at an exercise price of HK\$19.30, which represents the average closing prices of the shares of the Company as dated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date on which an option is offered. The closing prices of the shares of the Company immediately before the dates on which the options were granted were in the range of HK\$19.44 to HK\$19.92. The options are exercisable at any time within ten years from the Commencement Date. The Commencement Date of the options of the grantees was from 17th April 2007 to 19th April 2007.

The Company adopted Black-Scholes Options Pricing Model (a common valuation methodology for option) to calculate the value of share options. The fair value of the options was approximately HK\$4.97 at the dates of grant with assumptions as follows:

- (i) Interest rate of 10-year Exchange Fund Notes of 4.08% per annum as the risk-free interest rate;
- (ii) Expected life of 6 years (by reference to the pattern of the options exercised by the grantees in prior years);
- (iii) Expected dividend yield of 3.84% (being the average dividend yield of the Company for the previous five years); and
- (iv) Expected volatility of 33.59% (being the historical volatility of the closing price of the Company's shares from 22nd March 2006 to 23rd March 2007).

The value of the share options is subject to a number of assumptions and with regard to the limitation of the model. Therefore the value may be subjective and difficult to determine.

- (4) These share options represent personal interests held by the relevant directors as beneficial owners.
- (5) The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$19.78.
- (6) During the period, no share options were lapsed or cancelled under the 2003 Share Option Scheme.