

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2005, so far as was known to the Directors, the following persons (other than the Directors or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Long positions in the Shares of the Company:

Name	Number of shares held	Approximate Shareholding
Otto Link Technology Limited ¹	126,700,000	36.20%
Goldwiz Technology Limited ²	96,824,000	27.66%
Goldwiz Holdings Limited ²	96,824,000	27.66%
Mr. Siu Ting ³	38,976,000	11.14%

Notes:

- Otto Link Technology Limited is beneficially owned as to 80% by Dr. Sze Kwan (who has been re-appointed as director on 9 January 2006) and 20% by Mr. Tung Fai.
- Goldwiz Holdings Limited is the 100% holding company of Goldwiz Technology Limited ("Goldwiz Technology") and is therefore deemed to be interested in the 96,824,000 Shares held by Goldwiz Technology. In January 2006, Goldwiz Technology announced that it had disposed of the said shares to Mr. Chak Joaquim Emilio Kin Man.
- According to the register maintained by the Company, Mr. Siu ceased to have a notifiable interest in shares of the Company on 12 January 2006.

Save as disclosed above and so far as was known to the Directors, as at 31 December 2005, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an extraordinary general meeting held on 20 January 2003, the share option scheme adopted by the Company on 22 January 2001 (the "Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted. The purpose of the New Scheme is to provide incentive and to recognise the contribution of the eligible participants, including directors and employees of the Group, to the growth of the Group and to provide more flexibility to the Group in terms of remunerating the participants.

During the six months ended 31 December 2005, no option was granted, exercised or cancelled by the Company under the New Scheme.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code provisions in Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the six months ended 31 December 2005 except for the deviations as mentioned below:

Code provision A.1.7.

It stipulates that there should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the issuer's expenses.

On 9 December 2005, the Board approved the procedures to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expenses.

Code provision A.2.1.

It stipulates that the role of chairman and chief executive officer ("CEO") should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing.

On 9 December 2005, the responsibilities of the chairman and CEO were duly set out in writing and were approved by the Board.

Code provision A.4.1.

It stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

On 9 December 2005, the Board approved the issuance of the letters to the Company's non-executive directors specifying their terms of service which shall continue until the conclusion of the Company's annual general meeting to be held in year 2007 and they shall be subject to retirement by rotation and re-election.

Code provision A.4.2.

It stipulates that all directors appointed to fill a causal vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

At the annual general meeting held on 28 October 2005, the shareholders of the Company passed a resolution amending the Company's Article in order to comply with this provision.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES (Continued)

Code Provision A.5.4.

It stipulates that the Board should establish written guidelines on no less exacting terms than the Model Code as set out in Appendix 10 of the Listing Rules for the relevant employees, who are likely to be in possession of unpublished price sensitive information in relation to the issue of its securities, in respect of their dealings in the securities of the issuer.

On 9 December 2005, the Board approved the adoption of the Company's own code of conduct regarding the securities transactions by certain employees of the Company and its subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company of its securities, in respect of their dealings in the securities of the Company. The code represents written guidelines on no less exacting terms than the Mode Code.

Code provision B.1.1.

It stipulates that issuers should set up a remuneration committee with specific terms of reference as set out in code provision B.1.3.

On 9 December 2005, the Company established a remuneration committee with specific written terms of reference as set out in accordance with code provision B.1.3.

Code Provision D.1.2.

It stipulates that an issuer should formalize the functions reserved to the board and those delegated to the management and should review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the issuer.

On 9 December 2005, the Company established an executive committee with specific written terms of reference. The executive committee comprises four executive directors representing the management of the Company. On 9 December 2005, the Board approved the delegation of certain functions to the executive committee and the formalized functions reserved to the Board and those delegated to the management.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on 9 December 2005 with specific minimum terms of reference as stipulated by code provision B.1.3. of the CG Code. The remuneration committee comprises all the independent non-executive directors and the chief executive officer. The remuneration committee has recommended to the Board the remuneration policy for all remuneration of directors and senior management and has consulted the chairman before determining the remuneration of the newly appointed executive directors. The Committee will review the remuneration of the other executive directors and senior management in due course.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

On 9 December 2005, the Company adopted its own code of conduct regarding securities transactions by the Directors of the Company and its subsidiaries in the securities of the Company and its associated companies.

All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Company's own code of conduct throughout the period from 1 July 2005 to 31 December 2005.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code.

The audit committee comprises three independent non-executive directors, namely Mr. Wee Soon Chiang, Henny, Mr. Wong Kam Kau, Eddie and Mr. Hui Hung, Stephen. The interim results for the six months ended 31 December 2005 have been reviewed by the audit committee, who were of the opinion that the preparation of such results complied with applicable accounting standards and legal requirements and that adequate disclosures had been made.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the six months ended 31 December 2005.

By Order of the Board
SZE KWAN
Chairman

Hong Kong, 27 March 2006