

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2006, the interests and short positions of the directors and chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(A) Long positions in shares of the Company:

Name of director	Type of interest	Interest in shares held	Approximate percentage of the Company's issued share capital
Mr. LI Dongsheng	Beneficial owner	77,788,800	1.31%
Dr. LIU Fei	Beneficial owner	80,000	0.001%
Mr. WANG Kangping	Beneficial owner	80,000	0.001%

Other Information

(B) Long positions in underlying shares of the Company – share options:

The following share options were outstanding under the share option schemes of the Company during the period:

Name or category of participant	Number of share options						At 30 June 2006	Date of grant	Exercise period (both dates inclusive) (Notes 5, 6 & 7)	Exercise price (Note 4) (HK\$)	Closing price immediately before the date of grant (HK\$)
	At 1 January 2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Adjustment (Note 4)	Re-classified					
Directors											
Mr. LI Dongsheng	5,000,000	-	-	-	454,550	-	5,454,550	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	3,000,000	N/A	-	2,000,000	-	5,000,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	-	5,000,000	N/A	-	-	-	5,000,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
	5,000,000	8,000,000	-	-	2,454,550	-	15,454,550				
Dr. LIU Fei	1,600,000	-	-	-	145,456	-	1,745,456	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	10,000,000	N/A	-	(2,100,000)	-	7,900,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	-	15,500,000	N/A	-	-	-	15,500,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
	1,600,000	25,500,000	-	-	(1,954,544)	-	25,145,456				
Mr. YAN Yong	1,050,000	-	-	-	95,456	-	1,145,456	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	3,000,000	N/A	-	(2,000,000)	-	1,000,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	1,050,000	3,000,000	-	-	(1,904,544)	-	2,145,456				

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(B) Long positions in underlying shares of the Company – share options: (continued)

The following share options were outstanding under the share option schemes of the Company during the period: (continued)

Name or category of participant	Number of share options						At 30 June 2006	Date of grant	Exercise period (both dates inclusive) (Notes 5, 6 & 7)	Exercise price (Note 4) (HK\$)	Closing price immediately before the date of grant (HK\$)
	At 1 January 2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Adjustment (Note 4)	Re-classified					
Mr. WANG Kangqiang (Note 1)	-	-	-	-	-	1,527,274	1,527,274	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	1,500,000	N/A	-	-	-	1,500,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
	-	1,500,000	-	-	-	1,527,274	3,027,274				
Dr. ZHAO Zhicheng (Note 1)	-	-	-	-	-	654,546	654,546	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	1,000,000	N/A	-	-	-	1,000,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
	-	1,000,000	-	-	-	654,546	1,654,546				
Mr. SHI Cuiming	300,000	-	-	-	27,273	-	327,273	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	800,000	N/A	-	-	-	800,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	300,000	800,000	-	-	27,273	-	1,127,273				
Mr. WANG Chongju	300,000	-	-	-	27,273	-	327,273	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	800,000	N/A	-	-	-	800,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	300,000	800,000	-	-	27,273	-	1,127,273				

Other Information

(B) Long positions in underlying shares of the Company – share options: (continued)

The following share options were outstanding under the share option schemes of the Company during the period: (continued)

Name or category of participant	Number of share options						At 30 June 2006	Date of grant	Exercise period (both dates inclusive) (Notes 5, 6 & 7)	Exercise price (Note 4) (HK\$)	Closing price immediately before the date of grant (HK\$)
	At 1 January 2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Adjustment (Note 4)	Re-classified					
Mr. LAU Siu Ki	300,000	-	-	-	27,273	-	327,273	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	800,000	N/A	-	-	-	800,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	300,000	800,000	-	-	27,273	-	1,127,273				
Mr. DU Xiaopeng (Note 2)	3,200,000	-	-	(2,327,275)	290,912	(1,163,637)	-	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	6,000,000	N/A	(2,300,000)	(3,700,000)	-	-	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	3,200,000	6,000,000	-	(4,627,275)	(3,409,088)	(1,163,637)	-				
Dr. GUO Aiping (Note 2)	950,000	-	-	-	86,365	(1,036,365)	-	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	6,000,000	N/A	-	(2,450,000)	(3,550,000)	-	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	950,000	6,000,000	-	-	(2,363,635)	(4,586,365)	-				
Mr. WONG Toe Yeung (Note 2)	5,000,000	-	-	-	454,550	(5,454,550)	-	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	3,000,000	N/A	-	2,000,000	(5,000,000)	-	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	5,000,000	3,000,000	-	-	2,454,550	(10,454,550)	-				

Other Information

(B) Long positions in underlying shares of the Company – share options: (continued)

The following share options were outstanding under the share option schemes of the Company during the period: (continued)

Name or category of participant	Number of share options						At 30 June 2006	Date of grant	Exercise period (both dates inclusive) (Notes 5, 6 & 7)	Exercise price (Note 4) (HK\$)	Closing price immediately before the date of grant (HK\$)
	At 1 January 2006	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Adjustment (Note 4)	Re-classified					
Mr. YUAN Xin Cheng (Note 3)	3,000,000	-	-	-	272,730	(3,272,730)	-	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	3,000,000	N/A	-	(2,000,000)	(1,000,000)	-	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	3,000,000	3,000,000	-	-	(1,727,270)	(4,272,730)	-				
Sub-total	20,700,000	59,400,000	-	(4,627,275)	(6,368,162)	(18,295,462)	50,809,101				
Employees	101,625,000	-	-	(59,659,242)	4,923,345	2,200,002	49,089,105	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	96,562,672	N/A	(5,120,000)	8,782,328	3,550,000	103,775,000	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	-	174,500,000	N/A	-	-	-	174,500,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
Sub-total	101,625,000	271,062,672	-	(64,779,242)	13,705,673	5,750,002	327,364,105				
Those who have contributed or may contribute to the Group	46,770,000	-	-	(8,631,819)	3,450,956	6,545,460	48,134,597	2005-05-31	2006-03-01 to 2008-11-30	0.3084	0.41
	-	33,339,145	N/A	(4,286,667)	3,030,855	6,000,000	38,083,333	2006-01-16	2006-07-17 to 2008-01-15	0.2108	0.22
	-	10,050,000	N/A	-	-	-	10,050,000	2006-06-30	2007-04-01 to 2009-12-31	0.232	0.228
Sub-total	46,770,000	43,389,145	-	(12,918,486)	6,481,811	12,545,460	96,267,930				
Total	169,095,000	373,851,817	-	(82,325,003)	13,819,322	-	474,441,136				

Other Information

(B) Long positions in underlying shares of the Company – share options: (continued)*Notes:*

1. Mr. Wang Kangping and Dr. Zhao Zhicheng were appointed as non-executive directors of the Company on 8 June 2006 and their share options under the share option scheme were re-classified under "Directors".
2. Mr. Du Xiaopeng, Dr. Guo Aiping and Mr. Wong Toe Yeung retired as executive directors of the Company on 8 June 2006. The share options held by Mr. Du Xiaopeng and Dr. Guo Aiping under the share option scheme were re-classified under "Employees" and the share options held by Mr. Wong Toe Yeung were re-classified under "Those who have contributed or may contribute to the Group". As a result of Mr. Du Xiaopeng's retirement at the conclusion of the Company's annual general meeting on 8 June 2006, a total of 4,627,275 options held by Mr. Du were lapsed as at the date of 30 June 2006 including those options the exercise period commenced after his retirement date.
3. Mr. Yuan Xin Cheng resigned as executive director on 8 June 2006 and his share options under the share option scheme were re-classified under "Those who have contributed or may contribute to the Group".
4. As a result of the completion of the open offer of the Company on 27 February 2006, the exercise prices for shares under each outstanding share option granted on 31 May 2005 and 16 January 2006 were adjusted in accordance with the terms of the Share Option Scheme to HK\$0.3804 and HK\$0.2108 respectively.
5. The share options granted on 31 May 2005 are exercisable from the commencement of the exercise periods until the expiry of the share options which is on 30 November 2008. One-third of such share options are exercisable after the expiry of 9 months from the date of grant, a further one-third is exercisable after the expiry of 18 months from the date of grant, and the remaining one-third is exercisable after the expiry of 27 months from the date of grant.
6. The share options granted on 16 January 2006 are exercisable from the commencement of the exercise period until the expiry of the share options which is on 15 January 2008 (save for the share options granted to the French employees which will expire on 15 April 2010). One-third of such share options are exercisable after the expiry of 6 months from the date of grant, a further one-third is exercisable after the expiry of 12 months from the date of grant, and the remaining one-third is exercisable after the expiry of 18 months from the date of grant.
7. The share options granted on 30 June 2006 are exercisable from the commencement of the exercise period until the expiry of the share options which is on 31 December 2009 (save for the share options granted to the French employees which will expire on 30 September 2010 and the share options granted to certain grantees as mentioned below). Save for the share options granted to certain grantees including Mr. Wang Kangping and Dr. Zhao Zhicheng, which are all exercisable from 1 April 2007 to 30 June 2008, the share options have three exercisable periods: one-third of such share options are exercisable after the expiry of 9 months from the date of grant, a further one-third is exercisable after the expiry of 18 months from the date of grant, and the remaining one-third is exercisable after the expiry of 27 months from the date of grant.

Other Information

(B) Long positions in underlying shares of the Company – share options: (continued)

Notes: (continued)

8. The fair value of the options granted in the current period totalled approximately HK\$20,811,000. The following assumptions were used to derive the fair value, using the Binomial Model:

Options granted on 16 January 2006

	At Grant Date	Modification on 30 June 2006	
(i) Exercise Period	: 17 July 2006 to 15 January 2008	17 July 2006 to 15 January 2008	17 July 2006 to 15 April 2010
(ii) Expected volatility	: 50% per annum	50% per annum	55% per annum
(iii) Estimated average life	: 1.72 years	1.25 years	2.46 years
(iv) Average risk-free interest rate	: 3.66% per annum	4.48% per annum	4.56% per annum
(v) Early exercise assumption	: When the share price is at least 175% of the exercise price	When the share price is at least 175% of the exercise price	When the share price is at least 210% of the exercise price
(vi) Expected dividend yield	:	1% per annum	
(vii) Estimated rate of leaving service	: 20% per annum for the first year after the Grant Date and a rate of 15% per annum thereafter		

Options granted on 30 June 2006

	At Grant Date		
(i) Exercise Period	: 1 April 2007 to 31 December 2009	1 April 2007 to 30 September 2010	1 April 2007 to 30 June 2008
(ii) Expected volatility	: 55% per annum	55% per annum	50% per annum
(iii) Estimated average life	: 2.87 years	3.22 years	1.64 years
(iv) Average risk-free interest rate	: 4.59% per annum	4.61% per annum	4.50% per annum
(v) Early exercise assumption	: When the share price is at least 210% of the exercise price	When the share price is at least 210% of the exercise price	When the share price is at least 175% of the exercise price
(vi) Expected dividend yield	:	1% per annum	
(vii) Estimated rate of leaving service	: 20% per annum for the first year after the Grant Date and a rate of 15% per annum thereafter		

The volatility rate of the share price of the Company was determined with reference to the movement of the Company's and its comparators' share prices.

Watson Wyatt Hong Kong Limited is appointed to perform valuation on the 3 batches of share options granted on 31 May 2005, 16 January 2006 and 30 June 2006.

Other Information

(C) Long positions in shares of associated corporations of the Company:

Name of director	Name of associated corporation	Type of interest	Interest in shares held	Approximate percentage of the relevant associated corporation's issued share capital	Notes
Mr. LI Dongsheng	TCL Corp	Beneficial owner	144,521,730	5.59 %	1
Mr. LI Dongsheng	TCL Multimedia	Beneficial owner	17,232,000	0.44%	2
Mr. WANG Kangping	TCL Multimedia	Beneficial owner	100,000	0.003%	2

Notes:

1. TCL Corporation ("TCL Corp") is the ultimate controlling shareholder of the Company.
2. TCL Multimedia Technology Holdings Limited ("TCL Multimedia"), a company controlled by TCL Corp, is a subsidiary of TCL Corp.

(D) Long positions in underlying shares of associated corporations of the Company – share options:

Name of director	Name of associated corporation	Type of interest	Interest in underlying shares held	Approximate percentage of the relevant associated corporation's issued share capital
Mr. LI Dongsheng	TCL Multimedia	Beneficial owner	5,000,000	0.13%
Dr. LIU Fei	TCL Multimedia	Beneficial owner	400,000	0.01%
Mr. WANG Kangping	TCL Multimedia	Beneficial owner	1,500,000	0.04%
Mr. YAN Yong	TCL Multimedia	Beneficial owner	3,518,000	0.13%
Dr. ZHAO Zhicheng	TCL Multimedia	Beneficial owner	600,000	0.02%

Save as disclosed above, as at 30 June 2006, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 June 2006, the interests and short positions of the following persons (other than a director or chief executive of the Company) in shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in shares and underlying shares of the Company:

Name	Type of interest	Interest in shares and underlying shares held	Approximate percentage of the issued share capital	Notes
TCL Corp	Interest of controlled corporation	3,245,496,960	54.66%	1
Mate Fair Group Limited	Beneficial owner	576,635,000	9.71%	2
Mr. WONG Toe Yeung	Interest of controlled corporation/ Beneficial owner	587,089,550	9.89%	2

Notes:

- Under the SFO, TCL Corp was deemed to be interested in the 3,245,496,960 shares of the Company held by T.C.L. Industries Holdings (H.K.) Limited, a direct wholly-owned subsidiary of TCL Corp.
- Mr. Wong Toe Yeung was interested in 587,089,550 shares and underlying shares of the Company which comprise: (a) 10,454,550 share options of the Company which he beneficially owned; and (b) 576,635,000 shares of the Company held by Mate Fair Group Limited (a company which is wholly-owned by him) in which he was deemed to be interested under the SFO.

Save as disclosed above, as at 30 June 2006, no persons, other than the directors and chief executive of the Company whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Other Information

PURCHASES, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the period under review.

CODE ON CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, for any part of the six months ended 30 June 2006, complied fully with the codes set out in the Code of Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Dr. Liu Fei, who was appointed as an executive director on 22 June 2005, was not subject to election by shareholders at the extraordinary general meeting ("EGM") held on 6 February 2006, i.e. the first general meeting of the Company after his appointment, as required by provision A.4.2 of the CG Code. Given the Articles of Association of the Company stipulate that such a director shall hold office until the next annual general meeting following his appointment, the Board considered that it was more appropriate and in the shareholders' interest to have Dr. Liu's election be considered by shareholders in the annual general meeting held on 8 June 2006 ("AGM") so that re-election of all eligible directors subject to expiry of a specific term or rotation would be considered by shareholders at the same time in the AGM. At the AGM of the Company, Dr. Liu was elected as an executive director with no fixed term of director's service with the Company but is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiry have been made with all directors who have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions during the period under review.

Other Information

AUDIT COMMITTEE

The interim results have been reviewed by the Audit Committee established in compliance with Rule 3.21 of the Listing Rules and the relevant code provisions of the CG Code. The Audit Committee comprises three independent non-executive directors of the Company, Messrs. Lau Siu Ki (Chairman), Shi Cuiming and Wang Chongju.

On behalf of the Board

Li Dongsheng

Chairman

Hong Kong

30 August 2006