

DIRECTOR'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Directors' Interests and Short Positions

As at 30 June 2006, the directors and their respective associated corporations had interests in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") as follows:

Name of director	Number of shares held		Number of underlying ordinary shares held under equity derivatives	Total	Percentage of the issued share capital*
	Personal interests	Corporate interests			
Ni Xinguang ("Mr. Ni")	58,780,000	2,000,000,000 (Note)	37,000,000	2,095,780,000	49.53%
Ng Chun Chuen David	33,000,000	-	-	33,000,000	0.78%

Note: 2,000,000,000 shares were owned by Group First Limited, a private company beneficially owned by Mr. Ni as to 60%, representing approximately 47.27% of the issued share capital of the Company.

* The percentage has been calculated based on the total number of ordinary shares of the Company in issue as at 30 June 2006 of 4,231,042,000 shares.

Other than the holdings disclosed above, no interests and short positions were held or deemed or taken to be held under Part XV of the SFO by any director or his associates of the Company or their respective associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Part XV of the SFO or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein. Nor any of the directors (including their spouses and children under the age of 18) had, as at 30 June 2006, any interest in, or had been granted any right to subscribe for the securities and options of the Company and its associated corporations within the meaning of the SFO, or had exercised any such rights.

Share Options

By resolutions of the shareholders of the Company at a shareholders meeting held on 28 May 2004, the Company had adopted a share option scheme (the "Scheme").

Movements of the share options granted under the Scheme during the period and as at 30 June 2006 are as follows:

Category	Date of grant	Number of option shares held as at 01/01/2006	Number of option shares granted during the period <i>(Note 1)</i>	Number of option shares exercised during the period <i>(Note 2)</i>	Number of options shares lapsed during the period	Number of option share held as at 30/06/2006	Exercise price HK\$	Exercise period
Directors								
Mr. Ni	20/12/2004	37,000,000	-	-	-	37,000,000	0.113	27/6/2005 – 26/12/2007
Ha Shu Tong	20/12/2004	35,000,000	-	(35,000,000)	-	-	0.113	24/6/2005 – 23/12/2007
Ng Chun Chuen, David	20/12/2004	35,000,000	-	(35,000,000)	-	-	0.113	24/6/2005 – 23/12/2007
Substantial shareholders								
Wang Zhiming ("Mr. Wang")	20/12/2004	37,000,000	-	-	-	37,000,000	0.113	27/6/2005 – 26/12/2007
Employee	13/6/2006	-	59,000,000	-	-	59,000,000	0.180	13/12/2006 – 12/6/2008
Consultants	13/6/2006	-	71,000,000	-	-	71,000,000	0.180	13/12/2006 – 12/6/2008

Notes:

1. At the date before the options were granted, 12 June 2006, the market value per share was HK\$0.155. The value of the options granted to the respective parties is as follows:

	HK\$'000
Employee	2,509
Consultants	3,019
	<u>5,528</u>

2. The 35,000,000 options each of Mr. Ha Shu Tong and Mr. Ng Chun Chuen, David were exercised on 10 May 2006 and 16 May 2006 respectively. At the date before the options were exercised, the market value per share was HK\$0.156 and HK\$0.147, respectively.

The value of the options granted during the six months ended 30 June 2006 is HK\$5,528,000 (2005: no options were granted), based on the Black-Scholes valuation model. The significant inputs into the model were share price of HK\$0.15 at the grant date, exercise price of HK\$0.18, expected volatility of the options of 84.94%, expected life of options of 1 year, expected dividend paid out rate of 0% and annual risk-free interest rate of 4.375%. The expected volatility of the options is determined by referring to the historical performance of the shares of the Company in the past 260 trading days. The value of the options calculated is inherently subjective and uncertain due to the assumptions made and the limitations of the model used. Any changes in the assumptions adopted may materially affect the estimation of the fair value of the options.

Substantial Interests in the Share Capital of the Company

As at 30 June 2006, the interests of those persons (other than the directors) in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity in which ordinary shares were held	Number of ordinary shares	Percentage of the issued share capital
Group First Limited (Note)	Beneficial owner	2,000,000,000	47.27%
Mr. Wang	Corporate interests	2,000,000,000	49.51%
	Beneficial owner	57,780,000	
	Equity derivatives	37,000,000	
		2,094,780,000	
Asiastar IT Fund, L.P.	Beneficial owner	238,250,000	5.63%

Note: Group First Limited is a private company beneficially owned by Mr. Ni, a director of the Company, as to 60% and by Mr. Wang as to 40%. Accordingly, the 2,000,000,000 shares owned by Group First Limited is also deemed to be the corporate interests each of Mr. Ni and Mr. Wang.

All the interests disclosed under this section represent long position in the shares of the Company.

Apart from the aforesaid, as at 30 June 2006, the Company had not been notified of any interests and short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.