

On 3 July 2006, Sang Fei entered into a tenancy agreement (“Tenancy Agreement”) with Great Wall Technology Company Limited (“Great Wall Technology”) and China Great Wall Computer (Shenzhen) Co., Ltd. (“Shenzhen Great Wall”). Pursuant to the Tenancy Agreement, Great Wall Technology and Shenzhen Great Wall agreed to lease to Sang Fei the factory premises situated at 4th Floor, Factory Building No.1, Great Wall Technology Building, No. 3 Kefa Road, Technology and Industrial Park, Nanshan District, Shenzhen, the People’s Republic of China for a term of three years commencing from 11 August 2006 and expiring on 10 August 2009 (both days inclusive), at a monthly rental of RMB204,296.75 and management fee of RMB32,103.77. In addition, Shenzhen Great Wall will charge Sang Fei for the electricity and water used by Sang Fei’s factory premises on an actual consumption basis at cost.

The State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China announced the restructuring proposal of China Great Wall Computer Group Company (“China Great Wall”) and CEC whereby China Great Wall has become a wholly-owned subsidiary of CEC. The restructuring has been approved on 18 August 2006. As a result of the restructuring, Great Wall Technology and Shenzhen Great Wall, being the subsidiaries of China Great Wall, has become associates (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of CEC and the transaction contemplated under the Tenancy Agreement constitutes continuing connected transaction of the Company under the Listing Rules. The annual cap as set for the aggregate rentals and management fees payable by Sang Fei under the Tenancy Agreement were RMB1.2 million for the five months ending 31 December 2006, RMB2.9 million for each of the two financial years ending 31 December 2007 and 2008 and RMB1.8 million for the eight months ending 31 August 2009, respectively. Details of the transaction were included in the announcement of the Company dated 15 September 2006.

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

Certain directors of the Company personally hold options to subscribe for ordinary shares of the Company. Details of such options are disclosed under the paragraph “Share Option Scheme” below. Apart from those disclosed therein, as at 30 June 2006, none of the directors, the chief executive of the Company nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) that were recorded in the register maintained 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.