

## **DIRECTORS' REPORT**

### **Directors**

The Directors of our Company as at the date of this annual report are as follows:

#### **Executive Directors**

Sterling Du  
Chuan Chiung "Perry" Kuo  
James Elvin Keim

#### **Independent Non-executive Directors**

Michael Austin  
Geok Ling Goh  
Lawrence Lai-Fu Lin  
Keisuke Yawata  
Xiaolang Yan

Details of each member of the Board are set out in the "Directors and Senior Management" section on pages 19 to 20 of this annual report.

Our Company has received annual confirmation from each of the Independent Non-executive Directors of his independence pursuant to Rule 13.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and our Company is satisfied of their independence.

#### **Directors' Service Contracts**

During the financial year, one of the Directors had a service contract with our Company which was not determinable by our Company within one year without payment of compensation, other than statutory compensation.

#### **Directors' interests in contracts of significance**

No contracts of significance subsisted during or at the end of the financial year in which a Director is or was materially interested.

#### **Directors' Interests in Shares and Underlying Shares**

As at December 31, 2006, the interests or short positions of our Directors and chief executive officer in any of our, or our associated corporation's (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong {the "SFO"}) shares, underlying shares or debentures required to be recorded in the register maintained by us under Section 352 of the SFO, or notified to us and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO were as follows:

<b>Name of Director</b>	<b>Name of Corporation</b>	<b>Nature of interest</b>	<b>Total number of Shares</b>	<b>Approximate percentage interest in the Company<sup>(9)</sup></b>
Sterling Du .....	O2Micro International Limited	Personal Interest <sup>(1)</sup>	121,897,500	6.39%
		Interest of Child under 18	15,000,000	0.80%
Chuan Chiung "Perry" Kuo...	O2Micro International Limited	Personal Interest <sup>(2)</sup>	21,354,150	1.12%
James Elvin Keim .....	O2Micro International Limited	Personal Interest <sup>(3)</sup>	19,094,400	1.00%
		Corporate Interest <sup>(3)</sup>	10,420,000	0.55%

Michael Austin .....	O <sub>2</sub> Micro International Limited	Personal Interest <sup>(4)</sup>	4,450,000	0.23%
Geok Ling Goh .....	O <sub>2</sub> Micro International Limited	Personal Interest <sup>(5)</sup>	3,400,000	0.18%
Keisuke Yawata .....	O <sub>2</sub> Micro International Limited	Personal Interest <sup>(6)</sup>	3,375,000	0.18%
Lawrence Lai-Fu Lin .....	O <sub>2</sub> Micro International Limited	Personal Interest <sup>(7)</sup>	3,000,000	0.16%
Xiaolang Yan .....	O <sub>2</sub> Micro International Limited	Personal Interest <sup>(8)</sup>	3,000,000	0.16%

*Notes:*

- Mr. Du beneficially owns 93,085,000 Shares. In addition, Mr. Du holds options to purchase an aggregate of 43,812,500 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Kuo beneficially owns 5,937,500 Shares. In addition, Mr. Kuo holds options to purchase an aggregate of 15,416,650 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Keim and his spouse jointly and beneficially own 94,400 Shares. Mr. Keim holds options to purchase an aggregate of 19,000,000 Shares, if fully exercised. As at the date of this report, none of these options has been exercised. In addition, Mr. Keim has a controlling interest in two private companies which hold an aggregate of 10,420,000 Shares.*
- Mr. Austin has been granted options to purchase an aggregate of 4,450,000 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Goh has been granted options to purchase an aggregate of 3,400,000 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Yawata beneficially owns 653,500 Shares. In addition, Mr. Yawata holds options to purchase an additional 2,721,500 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Lin has been granted options to purchase an aggregate of 3,000,000 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- Mr. Yan has been granted options to purchase an aggregate of 3,000,000 Shares, if fully exercised. As at the date of this report, none of these options has been exercised.*
- The above percentage figures are calculated based on our issued and outstanding share capital as at the date of December 31 2006.*

**Substantial Shareholders' Interests in Shares and Underlying Shares**

As at December 31, 2006, based on the most recent filings with the US Securities and Exchange Commission, the interests or short positions of persons, other than our Directors and chief executive officer, in our shares and underlying shares as required to be notified to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group are as follows:

<b>Name of Substantial Shareholder</b>	<b>Nature of interest</b>	<b>Total number of Shares</b>	<b>Approximate percentage Interest in our Company</b>
Wasatch Advisors, Inc.	Beneficial owner	7,374,219	19.33%
Wellington Management Company LLP	Beneficial owner	3,666,530	9.61%
Capital Research and Management Company	Beneficial owner	3,055,000	8.01%
RS Investment Management Company LLC		2,133,847	5.59%

### **Pre-emptive rights**

There are no pre-emptive or similar rights under Cayman Islands law or our Memorandum and Articles of Association which would oblige us to offer new shares on a pro-rata basis to our existing shareholders.

### **Major customers and suppliers**

For the year ended December 31, 2006, sales to our largest customer accounted for 8.5% of our net sales and the aggregate sales to our top five customers represented 33.1% of our net sales.

For the year ended December 31, 2006, our five largest suppliers accounted for approximately 79.5% of our total purchases, while our largest supplier accounted for approximately and 23.1% of our total purchases.

None of the Directors or their respective associates or, as far as the Directors are aware, any other shareholders owning more than 5% of our share capital were interested in any of our five largest suppliers and customers.

### **Sufficiency of public float**

We have maintained a sufficient public float since the date of our listing on the SEHK.

### **Re-purchase of listed securities**

During the year ended December 31, 2006 and as at the latest practical date of this annual report, we repurchased an aggregate of 62,502,450 Shares on the following dates and at the following purchase prices:

<b>Date of Purchase</b>	<b>Total Number of Shares</b>	<b>Purchase Price per Share</b>
January 4, 2006	95,000	0.2000
January 12, 2006	500,000	0.2244
April 18, 2006	1,000,000	0.2126
May 11, 2006	500,000	0.1997
May 12, 2006	1,000,000	0.1940
May 18, 2006	500,000	0.1860
May 24, 2006	500,000	0.1787
May 31, 2006	1,500,000	0.1745
June 2, 2006	750,000	0.1787
June 6, 2006	500,000	0.1781
June 7, 2006	500,000	0.1721
June 13, 2006	1,000,000	0.1593
June 22, 2006	250,000	0.1588
June 27, 2006	445,000	0.1426
July 7, 2006	1,025,000	0.1316
July 10, 2006	375,000	0.1288
July 12, 2006	840,000	0.1353
July 13, 2006	1,700,000	0.1339
July 14, 2006	1,100,000	0.1308
July 17, 2006	1,250,000	0.1279
July 18, 2006	1,000,000	0.1285
July 19, 2006	1,000,000	0.1337
July 20, 2006	1,000,000	0.1349
July 21, 2006	1,000,000	0.1327
July 24, 2006	225,000	0.1273
July 25, 2006	1,500,000	0.1242
July 26, 2006	275,000	0.1192

July 31, 2006	350,000	0.1186
August 2, 2006	300,000	0.1167
August 3, 2006	3,875,000	0.1109
August 4, 2006	2,775,900	0.1090
August 7, 2006	2,815,000	0.1038
August 9, 2006	415,000	0.1062
August 10, 2006	400,000	0.1049
August 11, 2006	500,000	0.1028
August 14, 2006	515,000	0.1030
August 15, 2006	2,500,000	0.1078
August 16, 2006	2,500,000	0.1082
August 17, 2006	1,100,000	0.1093
August 18, 2006	149,900	0.1105
August 22, 2006	1,975,000	0.1180
August 23, 2006	3,995,000	0.1196
August 24, 2006	3,999,750	0.1201
August 25, 2006	1,000,000	0.1196
August 28, 2006	3,976,900	0.1219
August 29, 2006	3,975,000	0.1237
February 13, 2007	755,000	0.1498
March 13, 2007	1,800,000	0.1468
March 14, 2007	1,500,000	0.1429
Total Number of Shares Repurchased.....	<u>62,502,450</u>	

## Pension schemes

We have a savings plan that qualifies under Section 401(k) of the United States Internal Revenue Code of 1986 (the "US Internal Revenue Code") and is a defined contribution plan. Each year, participating employees may contribute to the savings plan up to the US Internal Revenue Service annual statutory limit amount of pretax salary.

There is no matching by our Company of employee contributions to the savings plan and our Company has not made any contributions to the savings plan since its inception. There is no pension cost charged to our Company's income statement with respect to the savings plan in 2006. An employee who terminates employment with our Company (1) is entitled to a complete return of all amounts contributed by such employee to the savings plan or (2) may "roll-over" such contributions to another qualified plan. There is no vesting or other requirements which an employee must fulfill in order to be entitled to return or "roll-over" of amounts contributed to the savings plan upon termination of employment.

We also participate in mandatory pension funds and social insurance schemes, if applicable, for employees in jurisdictions in which other subsidiaries or offices are located to comply with local statutes and practices. In October 2006, we adopted a defined benefit pension plan and established an employee pension fund committee for certain Taiwan employees who were subject to the Taiwan Standards Labor Law ("Labor Law") to comply with local practices. This benefit pension plan provides benefits based on years of service and average salary computed based on the final six months of employment. The Labor Law requires us to contribute between 2% to 15% of employee salaries to a government specified plan, which we currently make monthly contributions equal to 2% of employee salaries. Contributions are required to be deposited in the name of the employee pension fund committee with the Central Trust of China in Taiwan.

## Equity Based Plans

### 1999 Employee Stock Purchase

The following is a summary of the principal terms of the 1999 Employee Stock Purchase Plan (the "ESPP") which was adopted by our Board and Shareholders in October 1999 and amended in October 2005 and December 2006.

(a) *Purpose of the ESPP*

The purpose of the ESPP is to attract and retain the best available personnel, to provide additional incentives to employees and to promote the success of our business.

(b) *Who may join*

All employees who are regularly employed for more than five months in any calendar year and work more than 20 hours per week are eligible to participate in the ESPP, subject to a 10-day waiting period after hiring. Non-employee directors, consultants and employees subject to the rules or laws of a non-US jurisdiction that prohibit or make impracticable their participation in the ESPP will not be eligible to participate.

(c) *Number of securities available for issue under the ESPP*

As at the date of this annual report, an aggregate of 14,141,700 shares are available for issuance under the ESPP, representing approximately 0.74 % of our issued share capital.

(d) *Individual Limit*

Unless otherwise permitted under the Listing Rules, the total number of Shares subject to options and purchase rights granted by us under the ESPP (or any other of our share incentive plans) to an employee (including both exercised and outstanding options) in any 12-month period may not exceed 1% of the Shares outstanding at the date of such grant. If such grant would cause the total number of Shares subject to options and purchase rights to exceed 1% of the Shares outstanding on the date of grant, such grant must be approved by our Shareholders at a general meeting.

The maximum number of Shares that any employee may purchase under the ESPP during a purchase period is 100,000 Shares. The US Internal Revenue Code imposes additional limitations on the amount of common stock that may be purchased during any calendar year.

(e) *Purchase Rights*

The ESPP is intended to qualify as an "Employee Stock Purchase Plan" under Section 423 of the US Internal Revenue Code in order to provide our employees with an opportunity to purchase common stock through payroll deductions.

The ESPP will designate offer periods, purchase periods and exercise dates. Offer periods (and purchase periods) are 3 months in duration and commence on each February, May, August and November. Exercise dates are the last day of each purchase period.

On the first day of each offer period, a participating employee will be granted a purchase right. A purchase right will automatically be exercised at the end of the purchase period during which authorized deductions are to be made from the pay of participants and credited to their accounts under the ESPP. When the purchase right is exercised, the participant's withheld salary is used to purchase Shares. Payroll deductions may range from 1% to 10% in whole percentage increments of a participant's regular base pay and shall commence on the first day of each offer period.

Upon termination of a participant's employment relationship, the payroll deductions credited to such participant's account during the offer period but not yet used to exercise the option will be returned to such participant or, in the case of his/her death, to the person or persons entitled and such participant's option will be automatically terminated.

(f) *Administration of the ESPP*

The Board or a committee designated by the Board (the "Administrator") administers the ESPP. The Administrator has full and exclusive discretionary authority to construe, interpret and apply the terms of the ESPP, to determine eligibility and to adjudicate all disputed claims filed under the ESPP. Unless otherwise specified by the Administrator, there is no performance target that needs to be achieved by the participant before

a purchase right can be exercised nor any minimum period for which a purchase right must be held before a purchase right can be exercised.

(g) *Purchase Price*

The price per Share at which Shares are purchased under the ESPP will be expressed as a percentage not less than the lower of (i) 90% of the fair market value of the Shares on the date of grant of the purchase right (which is the commencement of the offer period) or (ii) 90% of the fair market value of the Shares on the date the purchase right is exercised. We have obtained from the Stock Exchange a waiver from strict compliance with Listing Rule 17.03(9) relating to the discounted exercise price of option grants under the ESPP. We requested the waiver on the basis of the following reasons: the ESPP satisfies all other requirements of Chapter 17 of the Listing Rules except that the exercise price for the purchase of Shares will be at a discount to the market price of the underlying Shares on the date of grant; the ESPP is a plan designed to provide tax benefits to our US employees; the price per Share at which Shares are to be purchased under the ESPP will be not less than the lower of (i) 90% of the fair market value of the Shares on the date of grant of the purchase right, or (ii) 90% of the fair market value of the Shares on the date that the purchase right is exercised; the ESPP operates as a savings-related share purchase plan which enables employees to purchase Shares through payroll deduction; all of our employees who meet certain minimum work and hour requirements are eligible to participate in the ESPP; notwithstanding the fact that the plan is designed for US tax benefit purposes, all employees are eligible to participate in the ESPP; and that we propose to maintain the listing of our Shares on the Nasdaq and the ESPP satisfies the requirements of the tax regulations in the US.

(h) *Period of the ESPP*

Unless terminated sooner, the ESPP will terminate ten years after its initial adoption.

## **2005 Share Option Plan**

The following is a summary of the principal terms of the 2005 Share Option Plan (the "SOP") adopted by us on March 2, 2006.

(a) *Purpose of the SOP*

The purpose of the SOP is to attract and retain the best available personnel, to provide additional incentives to employees, Directors and consultants and to promote the success of our business.

(b) *Who may join*

The Board or any committee composed of members of the Board appointed by the Board to administer the SOP (the "Administrator") may, at its discretion, select the employees, Directors and consultants to whom the options under the SOP (the "Options") may be granted.

(c) *Number of securities available for issue under the SOP*

As at the date of this annual report, an aggregate of 62,512,450 shares are available for issuance under the SOP, representing approximately 3.28 % of our issued share capital.

(d) *Share options*

Each option shall be designated as an Incentive Share Option or a Non-Qualified Share Option. Subject to the terms of the SOP, the Administrator shall determine the provisions, terms and conditions of each Option. Such terms and conditions shall be specified in written agreements evidencing the grant of the Option (an "Option Agreement").

An Incentive Option is an Option intended to qualify as an incentive stock option within the meaning of section 422 of the Internal Revenue Code. A Non-Qualified Share Option is an option which is not intended to qualify as an Incentive Share Option. Non-Qualified Share Options may be granted to employees, Directors and consultants. The terms of Incentive Share Options must comply with specific requirements set forth under Section 422 of the US Internal Revenue Code. For example, Incentive Share Options are subject to restrictions

with respect to the exercise price of the option, the transferability of the option and holding periods applicable to the shares acquired upon exercise of an Incentive Share Option. Also, Incentive Share Options may be granted only to our employees or the employees of our parent or subsidiary. As a result of satisfying such requirements, Incentive Share Options are eligible for preferential treatment under United States income tax rules.

(e) *Individual Limit*

Unless otherwise permitted under the Listing Rules, the total number of Shares subject to Options granted by us under the SOP (or any other of our share incentive plans) to an employee, Director or consultant who receives an Option (a "Grantee") (including both exercised and outstanding options) in any 12 month period, may not exceed 1% (or 0.1% in the case of an "independent non-executive director" as the term is used in the Listing Rules) of the Shares outstanding at the date of such grant. If such grant would cause the total number of Shares subject to options to exceed 1% (or 0.1% in the case of an "independent non-executive director") of the Shares outstanding on the date of grant, such grant must be approved by our Shareholders at a general meeting.

(f) *Exercise of Option*

An Option shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the SOP and specified in the Option Agreement. An Option shall be deemed to be exercised when written notice of such exercise has been given to us in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been made.

(g) *Administration of the SOP*

The Administrator shall be responsible for the administration of the SOP. Unless otherwise specified by the Administrator, there is no amount payable upon receipt of an Option, performance target that needs to be achieved by the participant before an Option can be exercised nor any minimum period for which an Option must be held before an Option can be exercised (subject to any applicable vesting schedule for the Option).

(h) *Exercise Price*

The exercise price for an Incentive Share Option granted to an employee who, at the time of the grant of such Incentive Share Option, owns shares representing more than 10% of the voting power of all classes of shares of our Company or any parent or subsidiary of our Company shall not be less than 110% of the greater of (1) the fair market value (as defined in the SOP) per Share on the date of grant (which must be a trading day) and (2) the average fair market value per Share for the five trading days immediately preceding the date of grant. No amounts are payable upon receipt or acceptance of an Incentive Share Option by an employee.

The exercise price for an Incentive Share Option granted to an employee other than an employee described above shall not be less than 100% of the greater of (1) the fair market value per Share on the date of grant (which must be a trading day) and (2) the average fair market value per Share for the five trading days immediately preceding the date of grant.

The exercise price for a Non-Qualified Share Option shall not be less than 100% of the greater of (1) the fair market value per Share on the date of grant (which must be a trading day) and (2) the average fair market value per Share for the five trading days immediately preceding the date of grant.

(i) *Period of the SOP*

The SOP shall continue for a term of 10 years from the date of our listing on the Stock Exchange unless terminated earlier.

The term of each Option shall be as stated in the Option Agreement, provided however, that the term of an Option shall be no more than 10 years from the date of grant of that Option. However, in the case of an Incentive Share Option granted to a Grantee who, at the time the Option is granted, owns Shares representing more than 10% of the voting power of all our classes of shares or the shares of our parent or subsidiary, the term of the Incentive Stock Option shall be five years from the date of grant of that Option or such shorter term as

may be provided in the Option Agreement. The specified term of any Option shall not include any period for which the Grantee has elected to defer the receipt of the Shares or cash issuable pursuant to the Option.

### **2005 Share Incentive Plan**

The following is a summary of the principal terms of the 2005 Share Incentive Plan (the "SIP") adopted by us on March 2, 2006.

(a) *Purpose of the SIP*

The purpose of the SIP is to attract and retain the best available personnel, to provide additional incentives to employees, Directors and consultants and to promote the success of our business.

(b) *Who may join*

The Board or any committee composed of members of the Board appointed by the Board to administer the SIP (the "Administrator") may, at its discretion, select the employees, Directors and consultants to whom the awards under the SIP (the "Awards") may be granted (the "Grantee").

(c) *Number of securities available for issue under the SIP*

As at the date of this annual report, an aggregate of 65,729,000 shares have are available for issuance under the SIP, representing approximately 3.44 % of our issued share capital.

(d) *Awards*

The Administrator may award any type of arrangement to a Grantee that is not inconsistent with the provisions of the SIP and that by its terms involves or might involve the issuance of restricted Shares, cash, dividend equivalent rights, restricted Share units or stock appreciation right ("SAR") or similar right with a fixed or variable price related to the fair market value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more event, or the satisfaction of performance criteria or other conditions. Each Award shall be designated in a written agreement evidencing the grant of an Award (the "Award Agreement").

An SAR entitles the Grantee to receive an amount in cash (or Shares) equal to the excess, if any, of the fair market value of a Share at the time of exercise of the SAR over the base appreciation amount. A dividend equivalent right entitles the Grantee to receive cash compensation measured by the dividends paid with respect to a Share. Restricted Shares are transferred to the Grantee either at a specified price or for no consideration, but the Shares are nontransferable and subject to the restriction that the Shares must be returned to the employer (or sold back at the original price) if the Grantee terminates service prior to a specified time. Typically, a portion of the total restricted Shares becomes vested, i.e., freed of restrictions, annually over a period of years. In connection with the issuance of restricted Share units, units are granted (for no consideration) that do not represent any actual ownership interest in the company. The units granted correspond in number and value to a specified number of Shares. No actual Shares are issued. The units may be subject to forfeiture provisions to replicate the treatment of restricted Shares. The units can ultimately be paid in cash or Shares.

(e) *Limit of the SIP*

Subject to the terms of the SIP, the maximum aggregate number of Shares which may be issued pursuant to all Awards is 75,000,000. In addition, a right entitling a Grantee to compensation measured by dividends paid with respect to ordinary shares (a "Dividend Equivalent Right") shall be payable solely in cash and shall not be deemed to reduce the maximum aggregate number of Shares which may be issued under the SIP.



(f) *Purchase Price*

The purchase price, if any, for an Award shall be as follows:

- (1) in the case of SARs, the base appreciation amount shall not be less than 100% of the fair market value per Share on the date of grant; and
- (2) in the case of restricted Shares, the Shares may be transferred to the Grantee either at a specified price or for no consideration;
- (3) in the case of restricted Share units, the units are transferred to the Grantee for no consideration; and
- (4) in the case of dividend equivalent rights, the rights are transferred to the Grantee for no consideration.

(g) *Administration of the SIP*

The Administrator shall be responsible for the administration of the SIP. An Award shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the SIP and specified in the Award Agreement. An Award shall be deemed to be exercised when written notice of such exercise has been given to us in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares with respect to which the Award is exercised has been made.

(h) *Period of the SIP*

The SIP shall continue for a term of 10 years from the date of our listing on the Stock Exchange unless terminated earlier.

The term of each Award shall be as stated in the Award Agreement, provided however that the term of an Award shall be no more than 10 years from the date of grant of the Award.

**Existing Equity Incentive Plans**

The Existing Equity Incentive Plans were terminated as of our listing on the SEHK. All awards granted under those plans prior to such date remain in effect in accordance with their terms under the applicable plan, but no new awards will be granted from and after such listing date under such plans.

## Particulars of Outstanding Options

As at December 31, 2006, particulars of outstanding Existing Options granted to our (1) Directors, (2) senior management, (3) consultants and (4) employees are as follows:

Category	Total number of grantees in category	Number of Shares under outstanding Existing Options	% of total issued share capital	Exercise Period	Exercise Price (per Share)
<b>Directors of our Company</b>					
	8				
Sterling Du		43,812,500	2.30%	10/31/2001-12/30/2015	US\$0.1538 – US\$0.2878
Chuan Chiung “Perry” Kuo		15,416,650	0.81%	04/30/2001-12/30/2015	US\$0.1538 – US\$0.3494
James Elvin Keim		19,000,000	1.00%	04/30/2001-12/30/2015	US\$0.1538 – US\$0.3494
Michael Austin		4,450,000	0.23%	10/16/1997-10/31/2011	US\$0.0017 – US\$0.2878
Geok Ling Goh		3,400,000	0.18%	01/21/2000-10/31/2011	US\$0.13 – US\$0.2878
Keisuke Yawata		2,721,500	0.14%	10/31/2001-10/31/2011	US\$0.2878
Lawrence Lai-Fu Lin		3,000,000	0.16%	06/30/2003-06/30/2013	US\$0.3226
Xiaolang Yan		3,000,000	0.16%	12/30/2005-12/30/2015	US\$0.2036
<b>Senior Management of our Company</b>					
	2				
Ivan Chang		2,470,400	0.13%	10/28/1999-12/30/2015	US\$0.1175 – US\$0.4836
Johnny Chiang		4,800,000	0.25%	3/11/1999-12/30/2015	US\$0.01 – US\$0.4836
<b>Consultants of our Company<sup>(1)</sup></b>					
	20	7,296,650	0.38%	10/28/1999-10/31/2013	US\$0.13 – US\$0.4262
<b>Employees of our Company<sup>(2)</sup></b>					
	634	200,375,300	15.70%	10/1/1997-1/31/2016	US\$0.002 – US\$0.4836
<b>Total number of Shares under outstanding Existing Options</b>		<u>306,743,000</u>			

*Notes:*

1. None of these consultants is a connected person of the Company.
2. Includes grantees who are no longer employees of the Company.

No consideration was paid or is payable for the grant of any of the existing options.

### Disclosure under Rules 13.11 to 13.19 of the Listing Rules

The Directors have confirmed that they are not aware of any circumstances which would give rise to disclosures under Rules 13.11 to 13.19 of the Listing Rules.