

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2004, the interests and short positions of the substantial shareholders in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

(a) Long positions in shares and underlying shares of the Company

| Name of substantial shareholder | No. of ordinary shares/underlying shares held | Capacity and nature of interest | % of issued share capital |
|---|---|---|---------------------------|
| Mr. Yang Long-san, Rowell | 245,862,724 | Beneficial owner of 21,152,000 shares and interest of controlled corporation in 224,710,724 shares (Note i) | 38.09% |
| Peipus International Ltd. (Note i) | 224,710,724 | Beneficial owner | 34.81% |
| Nordea I SICAV – Far Eastern Value Fund | 46,033,000 | Investment Manager | 7.13% |
| Value Partners Limited (Note ii) | 45,384,000 | Investment Manager | 7.03% |
| Mr. Cheah Cheng Hye (Note ii) | 45,384,000 | Interest of controlled corporation | 7.03% |

Notes:

- (i) *The entire issued share capital of Peipus International Ltd. is owned by Mr. Yang Long-san, Rowell. Accordingly, Mr. Yang Long-san, Rowell is deemed to be interested in all the shares in which Peipus International Ltd. is interested pursuant to the SFO.*
- (ii) *The issued share capital of Value Partners Limited is owned as to approximately 31.82% by Mr. Cheah Cheng Hye. Accordingly, Mr. Cheah Cheng Hye is deemed to be interested in all the shares in which Value Partners Limited is interested pursuant to the SFO.*

(b) Long positions in underlying shares and short positions in shares and underlying shares

Other than as disclosed under the section headed "SHARE OPTIONS", there were no long positions in the underlying shares or short positions in the shares and underlying shares of the Company, which were recorded in the register as required to be kept pursuant to Section 336 of Part XV of the SFO.

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

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

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in force prior to 1 January 2005, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company. The Group's unaudited condensed consolidated interim financial statements for the period ended 31 December 2004 have been reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules in force prior to 1 January 2005. The term of office for each independent non-executive director of the Company is the period up to his retirement by rotation and re-election at the annual general meeting in accordance with the Company's Bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the code of conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules during the relevant accounting period and all directors have complied with the required standard of dealings set out therein.

DISCLOSURE PURSUANT TO PARAGRAPH 13.13 OF THE LISTING RULES

In accordance with paragraph 13.13 of the Listing Rules, the Group hereby discloses that the Group had a trade receivable from a customer, namely Dongguan Huaguan Electronics Co., Ltd. ("DHEC"), of approximately HK\$148 million at 31 December 2004, which was interest-free and secured by leasehold land and buildings held by DHEC. This receivable arose from sales made during the period. The amount due exceeded 8% of relevant percentage ratios (as defined in the Listing Rules).

BOARD

As at the date of this report, the Board comprises ten directors, of which (i) seven are executive directors, namely, Mr. Yang Long-san, Rowell, Mr. Wang Ming-chun, Morris, Mr. Chang Su-pong, Steve, Mr. Yeh Pei-chu, Ivan, Mr. Lai Chen-chu, Jack, Mr. Wong Kui-ming, Luffer, and Ms. Hui Siu-ling, Elina; and (ii) three are independent non-executive directors, namely, Mr. Lee Chiu-kang, Alex, Mr. Chan Mo-po, Paul and Mr. Liu Zixian.

On behalf of the Board

Yang Long-san, Rowell

Chairman and Chief Executive Officer

Hong Kong, 24 March 2005