
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TeleEye Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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千里眼控股有限公司
TeleEye Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

**PROPOSALS FOR GENERAL MANDATE TO ISSUE
AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board of Directors of TeleEye Holdings Limited (the "Company") is set out on pages 3 to 6 of this circular.

A notice convening an Annual General Meeting of TeleEye Holdings Limited to be held at Flat 202-203, Floor 2, Laford Centre, 838 Lai Chi Kok Road, Kowloon, Hong Kong on 24 October 2008 at 10:30 a.m. is set out in the Appendix II of this circular. A form of proxy for use at the Annual General Meeting is enclosed. If you are not able to attend and vote at the Annual General Meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the Annual General Meeting or any adjourned meeting should you so wish.

This circular will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of posting and on the website of the Company at www.teleeye.com.hk.

24 September 2008

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|---------------------------|--|
| “AGM” | the Annual General Meeting of the Company to be held at Flat 202-203, Floor 2, Laford Centre, 838 Lai Chi Kok Road, Kowloon, Hong Kong on 24 October 2008, at 10:30 a.m. for the purpose of considering, and if thought fit, approving the resolutions recommended in the AGM Notice |
| “AGM Notice” | the notice convening the AGM set out in the Appendix II of this circular |
| “Associate” | has the meaning ascribed thereto in the GEM Listing Rules |
| “Board” | the Board of Directors |
| “Business Day” | a day (other than Saturday) on which banks in Hong Kong are generally open for business |
| “Company” | TeleEye Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM |
| “Connected Person” | a Director, chief executive, Management Shareholder or Substantial Shareholder of the Company or an Associate of any of them |
| “Director(s)” | Director(s) of the Company |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “General Issue Mandate” | a general mandate to allot and issue the Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue at the date of approval of the mandate |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Latest Practicable Date” | 18 September 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |

DEFINITIONS

| | |
|---------------------------|--|
| “Management Shareholder” | has the meaning ascribed thereto in the GEM Listing Rules |
| “Repurchase Mandate” | a general mandate to the Directors to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue at the date of approval of the mandate |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the capital of the Company |
| “Shareholder” | a holder of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Substantial Shareholder” | a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company |
| “Takeovers Code” | Hong Kong Code on Takeovers and Mergers |

LETTER FROM THE BOARD

TeleEye

www.TeleEye.com

千里眼控股有限公司
TeleEye Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(the “Company”)

(Stock code: 8051)

Executive Director:

Prof. Chan Chok Ki (*Chairman*)

Dr. Ma Chi Kit

Mr. Ho Ka Ho

Non-executive Directors:

Dr. Chan Cheung Fat

Independent non-executive Directors:

Prof. Siu Wan Chi

Prof. Ching Pak Chung

Mr. Yu Hon To, David

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Caymand KY1-1111

Cayman Islands

Head Office and Principal Place of

Business in Hong Kong:

Flat 202-203, Floor 2

Laford Centre

838 Lai Chi Kok Road

Kowloon, Hong Kong

24 September 2008

To: the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATE TO ISSUE
AND REPURCHASE SHARES AND RE-ELECTION OF DIRECTORS
AND NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following proposals to be put forward to the Shareholders for their consideration and, if thought fit, approval of:

- (a) General Issue Mandate;
- (b) Repurchase Mandate; and
- (c) a general extension mandate to extend the General Issue Mandate to include Shares repurchased under the Repurchase Mandate.

LETTER FROM THE BOARD

2. GENERAL ISSUE MANDATE

It is proposed that General Issue Mandate be granted to the Directors to issue further Shares prevailing up to 20% of the aggregate nominal amount of Shares in issue as at the date of passing the relevant resolution. There is however no present intention for any issuance of Shares.

3. GENERAL MANDATE TO REPURCHASE SHARES

On 22 October 2007, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares which will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will therefore be proposed at the AGM to approve the grant of the Repurchase Mandate to the Directors to repurchase on the Stock Exchange Shares up to a maximum of 10% (18,030,000 Shares based on the number of Shares in issue at the Latest Practicable Date on the basis that no new Shares are issued or repurchased by the Company prior to the AGM) of the issued share capital of the Company at the date of passing the relevant resolution.

An explanatory statement to provide Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution as required by the GEM Listing Rules concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out in the Appendix I to this circular.

4. GENERAL EXTENSION MANDATE

It is recommended that the General Extension Mandate be granted to the Directors permitting them, after the grant of the Repurchase Mandate referred to above, to add to the General Issue Mandate any Shares representing the aggregate nominal value of the Shares repurchased pursuant to the Repurchase Mandate.

The authority conferred on the Directors by the General Issue Mandate, the Repurchase Mandate and the General Extension Mandate would continue in force until the earliest of: (i) the conclusion of the next Annual General Meeting of the Company; (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and (iii) the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting.

5. ANNUAL GENERAL MEETING

A notice convening the AGM to be held on 24 October 2008 is set out in the Appendix II of this circular and a form of proxy for use at the AGM is enclosed therewith.

If you are not intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the AGM if they so wish.

LETTER FROM THE BOARD

Pursuant to Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (i) by the chairman of such meeting; or
- (ii) be at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution.

6. RECOMMENDATION

The Directors consider that resolutions as proposed in this circular are fair and reasonable and are in the best interests of the Company and Shareholders and accordingly recommend that you should vote in favour of the resolutions referred to above to be proposed at the AGM.

7. RE-ELECTION OF DIRECTORS

In accordance with Article 87 of the Company's Articles of Association, Mr. Ho Ka Ho and Dr. Chan Cheung Fat shall retire, and being eligible, offers themselves for re-election at the forthcoming AGM.

The details of the above Directors are set out in Appendix III to this circular.

LETTER FROM THE BOARD

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (b) there are no other matters the omission of which would make any statement in this circular misleading; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Yours faithfully,
By order of the Board
Prof. Chan Chok Ki
Chairman and Chief Executive Officer

This explanatory statement contains all the information required pursuant to rule 13.08 and other relevant provisions of the GEM Listing Rules.

1. THE SHARE REPURCHASE RULES

The GEM Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully-paid up Shares on the Stock Exchange subject to certain restrictions. In this regard, the definition of "Shares" in the GEM Listing Rules would, and where used below in this explanatory statement (including the use of the word "Share") shall (unless the context otherwise requires) include Shares of all classes and securities which carry a right to subscribe or purchase Shares of the Company. The most important restrictions contained in the GEM Listing Rules are summarised below:

1.1. Source of Funds

Repurchases must be funded entirely from the Company's available cash flow or working capital facilities, which will be funds legally available for the purchase in accordance with the Articles of Association of the Company and the applicable laws of the Cayman Islands.

1.2. Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 180,300,000 existing Shares of the Company in issue as at the Latest Practicable Date and on the basis that no new Shares are issued or repurchased prior to the date of the resolution approving the Repurchase Mandate could accordingly result in up to 18,030,000 Shares, representing 10% of the existing issued share capital of the Company, being repurchased by the Company during the course of the period from the date of resolution granting the Repurchase Mandate until the earliest of: (i) the conclusion of the next Annual General Meeting of the Company; (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and (iii) the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting.

1.3. Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

1.4. Funding of Repurchases

In repurchasing its Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the laws of the Cayman Islands. It is envisaged that the Company would derive the funds from its distributable profits for the repurchases.

As compared with the position as disclosed in the Company's most recent published audited accounts for the year ended 30 June 2008, and taking into account the current working capital position of the Company, the Directors consider that no material adverse effect on the working capital and gearing position of the Company may result in the event that the Repurchase Mandate was to be exercised in full in the period before the Repurchase Mandate expires. The Directors however do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

2. GENERAL

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, none of the Associates of Directors, have any present intention in the event that the Repurchase Mandate is approved by Shareholders to sell any of the Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Cayman Islands.

If, as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert could as a result of increase of its or their interests, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the following Shareholders are interested in more than 10% of the Share in issue:

| Name of Shareholder | Approximate percentage of shareholdings |
|-----------------------------------|--|
| Etin City Limited (<i>Note</i>) | 57.7% |

Note: Etin City Limited is owned by Etin Tech Limited and CityU Enterprises Limited in the proportion of 70% and 30% respectively. Etin Tech Limited is owned by Prof. Chan Chok Ki, Dr. Chan Cheung Fat, Dr. Ma Chi Kit and Mr. Ho Ka Ho in the proportion of approximately 44.3%, 34.3%, 14.3% and 7.1%, respectively.

In the event that the Directors exercise in full the power to repurchase Shares in accordance with the Repurchase Mandate, the percentage shareholding of the above Shareholders in the Shares would be increased to:

| Name of Shareholder | Approximate percentage of shareholdings |
|-----------------------------------|--|
| Etin City Limited (<i>Note</i>) | 64.1% |

The Directors will not repurchase the Shares on GEM if the repurchase would result in the number of the listed securities which are in the hands of the public falling below 25%, being the minimum prescribed percentage for the Company as required by the Stock Exchange.

The Directors are not aware of any consequences which the exercise in full of Repurchase Mandate will have under the Takeovers Code. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

No Connected Person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate was approved by Shareholders.

The Company has not repurchased any of its Shares, whether on the Stock Exchange or otherwise, during the previous six months.

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve (12) months before the Latest Practicable Date were as follows:

| | Per Share | |
|--|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| September 2007 | 0.340 | 0.250 |
| October 2007 | 0.450 | 0.250 |
| November 2007 | 0.450 | 0.290 |
| December 2007 | 0.355 | 0.280 |
| January 2008 | 0.300 | 0.150 |
| February 2008 | 0.230 | 0.170 |
| March 2008 | 0.213 | 0.190 |
| April 2008 | 0.210 | 0.166 |
| May 2008 | 0.260 | 0.170 |
| June 2008 | 0.220 | 0.170 |
| July 2008 | 0.220 | 0.190 |
| August 2008 | 0.220 | 0.200 |
| September 2008 (up to the latest practicable date) | 0.220 | 0.180 |

The Directors have no present intention to exercise the Repurchase Mandate.



千里眼控股有限公司
TeleEye Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company (“AGM”) shall be held at Flat 202-203, Floor 2, Laford Centre, 838 Lai Chi Kok Road, Kowloon, Hong Kong, on Friday, 24 October 2008 at 10:30 a.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

- 1) To receive and consider the audited consolidated financial statements and the reports of the Directors of the Company (“Directors”) and the auditors of the Company (“Auditors”) for the year ended 30 June 2008.
- 2) To re-elect the retiring Directors and authorise the Board of Directors to fix the remuneration of the Directors.
- 3) To re-appoint Messrs. HLB Hodgson Impey Cheng as the Auditors and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without amendments the following resolutions:

As Ordinary Resolutions

- 4) **“THAT**
 - a) a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for any Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, in addition to any Shares which may be issued from time to time on a Rights Issue (as hereinafter defined) or under any option scheme or similar arrangement for the time being adopted for the grant or issue of Shares or rights to acquire Shares or any scrip dividend pursuant to the Articles of Association of the Company, not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution; and

- b) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- i) the conclusion of the next AGM of the Company;
 - ii) the expiration of the period within which the next AGM of the Company is required by law or the Articles of Association of the Company to be held; and
 - iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders of the Company in general meeting;
- and “Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”
- 5) **“THAT** there be granted to the Directors an unconditional general mandate to repurchase Shares, and that the exercise by the Directors of all powers of the Company to purchase Shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved, subject to the following conditions:
- a) such mandate shall not extend beyond the Relevant Period;
 - b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
 - c) the Shares to be repurchased by the Company pursuant to this resolution during the Relevant Period shall be no more than 10% of the Shares in issue at the date of passing this resolution; and
 - d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - i) the conclusion of the next AGM of the Company;
 - ii) the expiration of the period within which the next AGM of the Company is required by law or the Articles of Association of the Company to be held; and
 - iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders of the Company in general meeting.”

- 6) “**THAT**, subject to the availability of unissued share capital and conditional upon the resolutions nos. 4) and 5) set out in the AGM Notice of which this resolution forms part, being passed, the aggregate nominal amount of the Shares which are repurchased by the Company pursuant to and in accordance with resolution no. 5) set out in the AGM Notice shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution no. 4) set out in the AGM Notice.”

By Order of the Board
Prof. Chan Chok Ki
Chairman and Chief Executive Officer

Hong Kong, 24 September 2008

Notes:

1. In order to be eligible to attend and vote at the AGM to be held on 24 October 2008, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 23 October 2008.
2. A member of the Company who is a holder of two or more Shares, and who is entitled to attend and vote at the AGM is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending the AGM and voting in person. In such event, his form of proxy will be deemed to have been revoked.
3. A form of proxy for the AGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof.
4. With regard to resolutions nos. 4) and 6) above, the Directors wish to state that they have no immediate plans to issue any new Shares of the Company.

Mr. Ho Ka Ho (“Mr. Ho”), aged 36, is a founder and the Engineering Director of the Group. He is in charge of the engineering department of the Group and is responsible for product design, quality control, research and development of the Group. Mr. Ho has expertise in computer architecture, software engineering and digital signal processing. Mr. Ho obtained his bachelor of engineering degree in computer engineering with first class honours and master of science degree in electronic engineering from The City University of Hong Kong (“City University”).

Mr. Ho has entered into a service contract with the Company for an initial term of one year, which will continue thereafter unless and until terminated by either party by giving six months’ prior written notice.

Mr. Ho is entitled to a monthly emolument of HK\$50,000 and HK\$70,000 until April 2008 and since May 2008 respectively, which is determined based on his duties and responsibility. He is also entitled to a discretionary bonus in respect of each financial year which is determined by the Board with reference to the financial performance of the Group. The Company will also pay to Mr. Ho a medical and vacation allowance for him and his spouse payable on reimbursement basis.

Mr. Ho owns approximately 7.1% issued share capital of Etin Tech Limited. Etin Tech Limited owns 70% issued share capital of Etin City Limited. Etin City Limited beneficially owns approximately 57.7% issued share capital of the Company. As at the date hereof, Mr. Ho is holding 1,364,000 Share options under the Company’s Pre-IPO Share Option Scheme and holding 680,000 Share Options under the Company’s Share Option Scheme adopted on 28 October 2003. No options had been exercised since the date of grant. Save as disclosed herein, Mr. Ho does not have interest in the Shares of the Company which is required to be disclosed under Part XV of the Securities and Futures Ordinance.

Mr. Ho does not have any relationship with any other Directors, senior management, Management Shareholders, Substantial or controlling Shareholders of the Company (within the meaning of the GEM Listing Rules). Mr. Ho does not hold any directorships in other public listed companies in the last 3 years.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the shareholders of the Company.

Dr. Chan Cheung Fat (“Dr. C.F. Chan”), aged 50, is a founder and a research and development consultant of the Group, responsible for spearheading the research and development team on a part-time basis with particular focus on product design and development. Dr. C.F. Chan is a research veteran in the digital signal processing and speech compression technology.

Dr. C.F. Chan is presently an associate professor of the Department of Electronic Engineering at the City University. He is also a Director of Signal Communications Holdings Limited and Signal Communications Limited, both are wholly-owned subsidiaries of the Company.

In 1998, Dr. C.F. Chan was named “EDN Asia Innovator” by the EDN Asia Magazine for his contribution in speech compression technology. Dr. C.F. Chan received all his bachelor, master and PhD degrees in electronic engineering from The University of Essex, England.

Dr. C.F. Chan has entered into a two-year consultancy agreement with the Company under which he has agreed to act as a research and development consultant to the Group on a part-time basis. The service period of such agreement has been extended and will continue unless and until terminated by either party by giving three months' prior notice.

Dr. C.F. Chan owns approximately 34.3% issued share capital of Etin Tech Limited. Etin Tech Limited owns 70% issued share capital of Etin City Limited. Etin City Limited beneficially owns approximately 57.7% issued share capital of the Company. As Dr. C.F. Chan is entitled to exercise or control the exercise of 30% or more of the voting power in general meetings of Etin Tech Limited, he is deemed to be interested in the entire Shares in the Company held by Etin City Limited within the meaning of Part XV of the Securities and Futures Ordinance.

Dr. C.F. Chan does not have any relationship with any other Directors, senior management, Management Shareholders, Substantial or controlling Shareholders of the Company (within the meaning of the GEM Listing Rules). Dr. C.F. Chan does not hold any directorships in other public listed companies in the last 3 years. Dr. C.F. Chan received emoluments of approximately HK\$187,200 for the year ended 30 June 2008 which was determined by the Board with reference to his time and effort contributed to the Company.

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders of the Company.