



# AV CONCEPT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code: 595

INTERIM REPORT 2007/2008

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# AV CONCEPT HOLDINGS LIMITED

More than 20 years' experience  
in electronics industry



## INCOME STATEMENT HIGHLIGHTS

|   | Six months ended |                |
|---|------------------|----------------|
|   | 30 September     |                |
|   | 2007             | 2006           |
|   | HK\$'million     | HK\$'million   |
| Revenue   | <u>1,640.4</u>   | <u>1,446.8</u> |
| Earnings before interest, tax, depreciation,<br>amortisation and non-cash items |                  |                |
| – Corporate   | 18.9             | 10.4           |
| – Marketing and distribution  | 26.6             | 16.6           |
| – Design and manufacture  | (3.0)            | (9.2)          |
|   | <u>42.5</u>      | <u>17.8</u>    |
| Depreciation, amortisation and non-cash items                                   | <u>(7.2)</u>     | <u>(6.0)</u>   |
| Profit for the period   | <u>16.8</u>      | <u>0.9</u>     |
| Interim dividend  | <u>8.6</u>       | <u>–</u>       |

## BALANCE SHEET HIGHLIGHTS

|  | 30 September |                               |
|--|--------------|-------------------------------|
|  | 2007         |                               |
|  | HK\$'million | 31 March 2007<br>HK\$'million |
| Total assets   | 1,027.8      | 939.7                         |
| Total assets less current liabilities                                | 379.9        | 358.0                         |
| Total equity   | 370.3        | 345.4                         |
| Bank debts   | <u>446.4</u> | <u>414.8</u>                  |
| Cash and cash equivalents  | 186.2        | 139.2                         |
| Equity investments at fair value through<br>profit or loss           | <u>130.7</u> | <u>201.1</u>                  |
| Cash and cash equivalents and<br>equity investments                  | <u>316.9</u> | <u>340.3</u>                  |
| Net debt   | <u>129.5</u> | <u>74.5</u>                   |
| Net debt to total equity (%)   | 35%          | 22%                           |
| Current assets to current liabilities (%)                            | 141%         | 144%                          |
| Cash and cash equivalents and<br>equity investments per share (HK\$) | 0.76         | 0.84                          |
| Total equity per share (HK\$)  | 0.89         | 0.85                          |

## UNAUDITED INTERIM RESULTS

The Board of Directors of AV Concept Holdings Limited (the “Company” or “AV Concept”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30 September 2007 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

|   |              | <b>Six months ended</b> |                    |
|---|--------------|-------------------------|--------------------|
|   |              | <b>30 September</b>     |                    |
|   |              | <b>2007</b>             | 2006               |
|   |              | <i>(Unaudited)</i>      | <i>(Unaudited)</i> |
|   | <i>Notes</i> | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
| <b>REVENUE</b>  | 3            | <b>1,640,397</b>        | 1,446,822          |
| Cost of sales   |              | <b>(1,573,758)</b>      | (1,397,067)        |
| Gross profit  |              | <b>66,639</b>           | 49,755             |
| Other income and gains  | 4            | <b>30,250</b>           | 15,445             |
| Selling and distribution costs  |              | <b>(4,887)</b>          | (4,216)            |
| Administrative expenses   |              | <b>(44,611)</b>         | (43,009)           |
| Equity-settled share-based<br>payment expenses  |              | <b>(3,300)</b>          | –                  |
| Other expenses  |              | <b>(8,755)</b>          | (6,152)            |
| <b>PROFIT FROM OPERATING<br/>ACTIVITIES</b>   |              | <b>35,336</b>           | 11,823             |
| Finance costs   | 5            | <b>(12,670)</b>         | (10,956)           |
| <b>PROFIT BEFORE TAX</b>  | 6            | <b>22,666</b>           | 867                |
| Tax   | 7            | <b>(5,829)</b>          | –                  |
| <b>PROFIT FOR THE PERIOD<br/>ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF<br/>THE COMPANY</b> |              | <b>16,837</b>           | 867                |
| <b>INTERIM DIVIDEND</b>   | 8            | <b>8,632</b>            | Nil                |
| <b>EARNINGS PER SHARE<br/>ATTRIBUTABLE TO ORDINARY<br/>EQUITY HOLDERS OF<br/>THE COMPANY</b>    | 9            |                         |                    |
| Basic   |              | <b>4.1 cents</b>        | 0.2 cent           |
| Diluted   |              | <b>4.0 cents</b>        | N/A                |

**CONDENSED CONSOLIDATED BALANCE SHEET**

|  |              | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| <b>NON-CURRENT ASSETS</b>                                  |              |   |   |
| Property, plant and equipment                              |              | <b>92,713</b>   | 84,717                                    |
| Other intangible assets                                    |              | <b>1,431</b>  | 1,431                                     |
| Available-for-sale investments                             | 10           | <b>18,400</b>   | 18,400                                    |
|  |              | <hr/>   | <hr/>                                     |
| Total non-current assets                                   |              | <b>112,544</b>  | 104,548                                   |
|  |              | <hr/>   | <hr/>                                     |
| <b>CURRENT ASSETS</b>                                      |              |   |   |
| Due from a jointly-controlled entity                       |              | <b>2,839</b>  | 3,143                                     |
| Inventories  | 11           | <b>249,703</b>  | 236,955                                   |
| Trade receivables  | 12           | <b>273,796</b>  | 216,469                                   |
| Bills receivable   |              | <b>30,270</b>   | 5,523                                     |
| Prepayments, deposits and other<br>receivables             |              | <b>41,706</b>   | 32,786                                    |
| Equity investments at fair value<br>through profit or loss | 13           | <b>130,686</b>  | 201,126                                   |
| Cash and bank balances                                     |              | <b>63,140</b>   | 107,582                                   |
| Time deposits  |              | <b>123,111</b>  | 31,579                                    |
|  |              | <hr/>   | <hr/>                                     |
| Total current assets                                       |              | <b>915,251</b>  | 835,163                                   |
|  |              | <hr/>   | <hr/>                                     |
| <b>CURRENT LIABILITIES</b>                                 |              |   |   |
| Trade payables and accrued expenses                        | 14           | <b>149,281</b>  | 133,453                                   |
| Tax payable  |              | <b>51,556</b>   | 44,489                                    |
| Interest-bearing bank borrowings                           |              | <b>437,507</b>  | 402,890                                   |
| Finance lease payables                                     |              | <b>899</b>  | 888                                       |
| Proposed dividend  |              | <b>8,632</b>  | –   |
|  |              | <hr/>   | <hr/>                                     |
| Total current liabilities                                  |              | <b>647,875</b>  | 581,720                                   |
|  |              | <hr/>   | <hr/>                                     |
| <b>NET CURRENT ASSETS</b>                                  |              | <b>267,376</b>  | 253,443                                   |
|  |              | <hr/>   | <hr/>                                     |

**CONDENSED CONSOLIDATED BALANCE SHEET (continued)**

|   | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|---|---|---|
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>                | <b>379,920</b>  | 357,991                                   |
| <b>NON-CURRENT LIABILITIES</b>                                  |   |   |
| Interest-bearing bank borrowings                                | <b>7,314</b>  | 9,618                                     |
| Finance lease payables  | <b>718</b>  | 1,385                                     |
| Deferred tax liabilities  | <b>1,560</b>  | 1,560                                     |
| Total non-current liabilities                                   | <b>9,592</b>  | 12,563                                    |
| <b>Net assets</b>   | <b>370,328</b>  | 345,428                                   |
| <b>EQUITY</b>   |   |   |
| <b>Equity attributable to equity holders<br/>of the Company</b> |   |   |
| Issued capital  | <b>43,158</b>   | 40,508                                    |
| Reserves  | <b>327,170</b>  | 304,920                                   |
| Total equity  | <b>370,328</b>  | 345,428                                   |

## CONDENSED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to equity holders of the Company |  |   |  |   |  |  | Total<br>(Unaudited)<br>HK\$'000 |
|--|---|--|---|--|---|--|--|----------------------------------|
|  | Issued<br>capital<br>(Unaudited)<br>HK\$'000  | Share<br>premium<br>account<br>(Unaudited)<br>HK\$'000 | Capital<br>reserve<br>(Unaudited)<br>HK\$'000 | Equity-<br>settled<br>share-based<br>payment<br>expenses<br>reserve<br>(Unaudited)<br>HK\$'000 | Exchange<br>fluctuation<br>reserve<br>(Unaudited)<br>HK\$'000 | Retained<br>profits<br>(Unaudited)<br>HK\$'000 | Proposed<br>final<br>dividend<br>(Unaudited)<br>HK\$'000 |                                  |
| As at 1 April 2006   | 40,508  | 156,300  | 13,872  | -  | (5,816)   | 204,150  | 8,102  | 417,116                          |
| Exchange realignment                                       | -   | -  | -   | -  | 4,272   | -  | -  | 4,272                            |
| Total income and expenses<br>recognised directly in equity | -   | -  | -   | -  | 4,272   | -  | -  | 4,272                            |
| Profit for the period                                      | -   | -  | -   | -  | -   | 867  | -  | 867                              |
| Total income and expenses<br>for the period                | -   | -  | -   | -  | 4,272   | 867  | -  | 5,139                            |
| Final 2006 dividend declared                               | -   | -  | -   | -  | -   | -  | (8,102)  | (8,102)                          |
| As at 30 September 2006                                    | <u>40,508</u>                                 | <u>156,300</u>   | <u>13,872</u>                                 | <u>-</u>   | <u>(1,544)</u>  | <u>205,017</u>                                 | <u>-</u>   | <u>414,153</u>                   |
| As at 1 April 2007   | 40,508  | 156,300  | 13,872  | -  | 479   | 134,269  | -  | 345,428                          |
| Exchange realignment                                       | -   | -  | -   | -  | 145   | -  | -  | 145                              |
| Total income and expenses<br>recognised directly in equity | -   | -  | -   | -  | 145   | -  | -  | 145                              |
| Equity-settled share-based<br>payment expenses             | -   | -  | -   | 3,300  | -   | -  | -  | 3,300                            |
| Exercise of share options                                  | 2,650   | 12,786   | -   | (2,186)  | -   | -  | -  | 13,250                           |
| Profit for the period                                      | -   | -  | -   | -  | -   | 16,837   | -  | 16,837                           |
| Total income and expenses<br>for the period                | 2,650   | 12,786   | -   | 1,114  | 145   | 16,837   | -  | 33,532                           |
| Proposed interim dividend                                  | -   | -  | -   | -  | -   | (8,632)  | -  | (8,632)                          |
| As at 30 September 2007                                    | <u>43,158</u>                                 | <u>169,086</u>   | <u>13,872</u>                                 | <u>1,114</u>   | <u>624</u>  | <u>142,474</u>                                 | <u>-</u>   | <u>370,328</u>                   |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

|  | <b>Six months ended</b> |                       |
|--|-------------------------|-----------------------|
|  | <b>30 September</b>     |                       |
|  | <b>2007</b>             | 2006                  |
|  | <i>(Unaudited)</i>      | <i>(Unaudited)</i>    |
|  | <i>HK\$'000</i>         | <i>HK\$'000</i>       |
| <b>Net cash (outflow)/inflow from operating activities</b>                   | <b>(77,176)</b>         | 4,277                 |
| <b>Net cash inflow/(outflow) from investment activities</b>                  | <b>88,729</b>           | (49,317)              |
| <b>Net cash inflow from financing activities</b>                             | <b>35,537</b>           | 30,536                |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                  | <b>47,090</b>           | (14,504)              |
| Cash and cash equivalents at beginning of period                             | <b>139,161</b>          | 164,869               |
| Effect of foreign exchange rate changes, net                                 | –                       | 1,092                 |
| <b>Cash and cash equivalents at end of period</b>                            | <b><u>186,251</u></b>   | <b><u>151,457</u></b> |
| <b>Analysis of balances of cash and cash equivalents</b>                     |                         |                       |
| Cash and bank balances   | <b>63,140</b>           | 140,757               |
| Time deposits with original maturity of less than three months when acquired | <b><u>123,111</u></b>   | <u>10,700</u>         |
|  | <b><u>186,251</u></b>   | <b><u>151,457</u></b> |

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2007 except in relation to the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”, which also include HKASs and interpretations) that affect the Group and are adopted the first time for the current period’s financial statements.

|                    |  |
|--------------------|--|
| ● HKAS 1 Amendment | Capital Disclosures  |
| ● HKFRS 7          | Financial Instruments: Disclosures   |
| ● HK(IFRIC)-Int 7  | Applying the Restatement Approach under HKAS 29<br><i>Financial Reporting in Hyperinflationary Economies</i> |
| ● HK(IFRIC)-Int 8  | Scope of HKFRS 2   |
| ● HK(IFRIC)-Int 9  | Reassessment of Embedded Derivates   |
| ● HK(IFRIC)-Int 10 | Interim Financial Reporting and Impairment   |
| ● HK(IFRIC)-Int 11 | HKFRS 2 – Group and Treasury Share Transactions  |

### 2. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, which have been issued but are not yet effective, in these interim financial statements:

|                     |                                 |
|---------------------|---------------------------------|
| ● HKFRS 8           | Operating Segments              |
| ● HKAS 23 (Revised) | Borrowing Costs                 |
| ● HK(IFRIC)-Int 12  | Service Concession Arrangements |



### 3. SEGMENT INFORMATION

The Group principally engages in the marketing and distribution of electronic components and the design, manufacture and sale of electronic products.

An analysis of the Group's turnover and profit for the period by principal activity is as follows:

|   | Segment revenue         |                         | Segment results      |             |
|---|-------------------------|-------------------------|----------------------|-------------|
|   | Six months ended        |                         | Six months ended     |             |
|   | 30 September            |                         | 30 September         |             |
|   | 2007                    | 2006                    | 2007                 | 2006        |
|   | (Unaudited)             | (Unaudited)             | (Unaudited)          | (Unaudited) |
|   | HK\$'000                | HK\$'000                | HK\$'000             | HK\$'000    |
| By business segments:   |                         |                         |                      |             |
| Marketing and distribution  | <b>1,617,392</b>        | 1,420,975               | <b>25,027</b>        | 14,820      |
| Design and manufacture  | <b>23,005</b>           | 25,847                  | <b>(4,597)</b>       | (14,170)    |
|   | <b><u>1,640,397</u></b> | <b><u>1,446,822</u></b> | <b><u>20,430</u></b> | <u>650</u>  |
| Interest income   |                         |                         | <b>2,302</b>         | 1,256       |
| Fair value gains on equity investments at fair value through profit or loss |                         |                         | <b>26,914</b>        | 11,701      |
| Equity-settled share-based payment expenses                                 |                         |                         | <b>(3,300)</b>       | –           |
| Unallocated corporate expenses  |                         |                         | <b>(11,010)</b>      | (1,784)     |
| Profit from operating activities  |                         |                         | <b>35,336</b>        | 11,823      |
| Finance costs   |                         |                         | <b>(12,670)</b>      | (10,956)    |
| Profit before tax   |                         |                         | <b>22,666</b>        | 867         |
| Tax   |                         |                         | <b>(5,829)</b>       | –           |
| Profit for the period   |                         |                         | <b><u>16,837</u></b> | <u>867</u>  |

**3. SEGMENT INFORMATION (continued)**

An analysis of the Group's turnover by geographical segment is as follows:

|                       | <b>Six months ended</b> |                    |
|-----------------------|-------------------------|--------------------|
|                       | <b>30 September</b>     |                    |
|                       | <b>2007</b>             | 2006               |
|                       | <i>(Unaudited)</i>      | <i>(Unaudited)</i> |
|                       | <i>HK\$'000</i>         | <i>HK\$'000</i>    |
| Geographical segment: |                         |                    |
| Hong Kong             | <b>1,205,553</b>        | 927,338            |
| Singapore             | <b>418,817</b>          | 498,398            |
| Korea                 | <b>1,136</b>            | 8,786              |
| Other locations       | <b>14,891</b>           | 12,300             |
|                       | <u><b>1,640,397</b></u> | <u>1,446,822</u>   |

**4. OTHER INCOME AND GAINS**

|  | <b>Six months ended</b> |                    |
|--|-------------------------|--------------------|
|  | <b>30 September</b>     |                    |
|  | <b>2007</b>             | 2006               |
|  | <i>(Unaudited)</i>      | <i>(Unaudited)</i> |
|  | <i>HK\$'000</i>         | <i>HK\$'000</i>    |
| Fair value gains on equity investments<br>at fair value through profit or loss | <b>26,914</b>           | 11,701             |
| Dividend income from listed investments  | <b>881</b>              | 1,202              |
| Bank interest income   | <b>2,302</b>            | 1,256              |
| Others   | <b>153</b>              | 1,286              |
|  | <u><b>30,250</b></u>    | <u>15,445</u>      |

**5. FINANCE COSTS**

|                                     | <b>Six months ended</b> |                    |
|-------------------------------------|-------------------------|--------------------|
|                                     | <b>30 September</b>     |                    |
|                                     | <b>2007</b>             | 2006               |
|                                     | <i>(Unaudited)</i>      | <i>(Unaudited)</i> |
|                                     | <i>HK\$'000</i>         | <i>HK\$'000</i>    |
| Interest on bank and mortgage loans | <b>12,614</b>           | 10,877             |
| Interest on finance leases          | <b>56</b>               | 79                 |
|                                     | <u><b>12,670</b></u>    | <u>10,956</u>      |

**6. PROFIT BEFORE TAX**

The Group's profit before tax is arrived at after charging/(crediting):

|   | <b>Six months ended<br/>30 September</b> |                    |
|---|--|--------------------|
|   | <b>2007</b>                              | 2006               |
|   | <i>(Unaudited)</i>                       | <i>(Unaudited)</i> |
|   | <b>HK\$'000</b>                          | <b>HK\$'000</b>    |
| Depreciation  | <b>3,917</b>                             | 6,107              |
| Gain on disposal of items of property,<br>plant and equipment | <b>(105)</b>                             | (121)              |
| Exchange gains, net   | <b>(196)</b>                             | (55)               |
|   | <u><b>3,616</b></u>                      | <u>5,931</u>       |

**7. TAX**

The Hong Kong profits tax is calculated at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2007. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing laws, interpretations and practices in respect thereof.

No provision for Hong Kong profits tax and overseas income tax has been made in the unaudited condensed consolidated income statement for the six months ended 30 September 2006 as the Group either did not generate any assessable profits for the prior period or had available tax losses brought forward from prior years to offset the assessable profits generated during the prior period.

|                                  | <b>Six months ended<br/>30 September</b> |                    |
|----------------------------------|--|--------------------|
|                                  | <b>2007</b>                              | 2006               |
|                                  | <i>(Unaudited)</i>                       | <i>(Unaudited)</i> |
|                                  | <b>HK\$'000</b>                          | <b>HK\$'000</b>    |
| Provision for tax for the period | <b>5,829</b>                             | –                  |
|                                  | <u><b>5,829</b></u>                      | <u>–</u>           |

**8. INTERIM DIVIDEND**

|  | <b>Six months ended<br/>30 September</b> |                    |
|--|--|--------------------|
|  | <b>2007</b>                              | 2006               |
|  | <i>(Unaudited)</i>                       | <i>(Unaudited)</i> |
|  | <b>HK\$'000</b>                          | <b>HK\$'000</b>    |
| Proposed interim – HK2 cents (2006: Nil)<br>per ordinary share | <b>8,632</b>                             | –                  |
|  | <u><b>8,632</b></u>                      | <u>–</u>           |

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the profit for the period attributable to ordinary equity holders of the company. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the period, as used in the basic earnings per share calculation and weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted earnings per share are based on:

|   | <b>Six months ended</b> |                    |
|---|-------------------------|--------------------|
|   | <b>30 September</b>     |                    |
|   | <b>2007</b>             | 2006               |
|   | <i>(Unaudited)</i>      | <i>(Unaudited)</i> |
|   | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
| <b>Earnings:</b>  |                         |                    |
| Profit attributable to ordinary equity holders of the company, used in basic and diluted earnings per share calculation | <u>16,837</u>           | <u>867</u>         |
| <b>Shares:</b>  |                         |                    |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation  | 415,009                 | 405,082            |
| Effect of dilution-weighted average number of ordinary shares:  |                         |                    |
| Share options   | <u>1,099</u>            | -                  |
| Total   | <u>416,108</u>          | <u>405,082</u>     |

## 10. AVAILABLE-FOR-SALE INVESTMENTS

|                                      | <b>30 September</b> | 31 March         |
|--------------------------------------|---------------------|------------------|
|                                      | <b>2007</b>         | 2007             |
|                                      | <i>(Unaudited)</i>  | <i>(Audited)</i> |
|                                      | <b>HK\$'000</b>     | <b>HK\$'000</b>  |
| Unlisted equity investments, at cost | 60,684              | 60,684           |
| Provision for impairment             | <u>(42,284)</u>     | <u>(42,284)</u>  |
|                                      | <u>18,400</u>       | <u>18,400</u>    |

**10. AVAILABLE-FOR-SALE INVESTMENTS (continued)**

The balances as at 30 September 2007 and 31 March 2007 included the Warrant of HK\$18,400,000 which was designated as available-for-sale investments. As at 30 September 2007, the Warrant was measured at cost less impairment losses because the range of reasonable fair value estimates is so significant and the directors of the Company are of the opinion that their fair values cannot be measured reliably.

During the six months ended 30 September 2007, the directors of the Company reviewed the carrying amount of the Warrant with reference to the estimated future cash flows discounted to the present value. Further details were set out in the Company's annual financial statements for the year ended 31 March 2007.

**11. INVENTORIES**

|                | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|----------------|---|---|
| Raw materials  | 3,147   | 1,561                                     |
| Finished goods | <b>246,556</b>  | 235,394                                   |
|                | <b><u>249,703</u></b>                                     | <b><u>236,955</u></b>                     |

**12. TRADE RECEIVABLES**

Trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 days of issuance, except for well-established customers, where the terms are extended to 60 days. For customer-specific and highly specialised items, deposits in advance or letters of credit may be required prior to the acceptance and delivery of the products. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Group has been established to review and approve large customer credits. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at 30 September 2007, based on invoice due date and net of provisions, is as follows:

|              | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|--------------|---|---|
| Current      | 159,242   | 152,108                                   |
| 1 – 30 days  | 64,288  | 31,850                                    |
| 31 – 60 days | 25,665  | 22,013                                    |
| Over 60 days | <b>24,601</b>   | 10,498                                    |
|              | <b><u>273,796</u></b>                                     | <b><u>216,469</u></b>                     |

**13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                                  | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|----------------------------------|---|---|
| Managed funds, outside Hong Kong | <b>110,875</b>  | 129,697                                   |
| Listed equity investments:       |   |   |
| Hong Kong                        | <b>10,055</b>   | 47,741                                    |
| Elsewhere                        | <b>9,756</b>  | 23,688                                    |
|                                  | <b><u>130,686</u></b>                                     | <u>201,126</u>                            |

All the above investments as at 30 September 2007 were classified as held for trading.

**14. TRADE PAYABLES AND ACCRUED EXPENSES**

An aged analysis of the trade payables and accrued expenses as at 30 September 2007, based on invoice due date, is as follows:

|                  | <b>30 September<br/>2007<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2007<br>(Audited)<br>HK\$'000 |
|------------------|---|---|
| Current          | <b>82,387</b>   | 77,223                                    |
| 1 – 30 days      | <b>41,949</b>   | 32,781                                    |
| 31 – 60 days     | <b>1,073</b>  | 312                                       |
| Over 60 days     | <b>614</b>  | 228                                       |
|                  | <b><u>126,023</u></b>                                     | <u>110,544</u>                            |
| Accrued expenses | <b>23,258</b>   | 22,909                                    |
|                  | <b><u>149,281</u></b>                                     | <u>133,453</u>                            |

The trade payables and accrued expenses are non-interest-bearing and are normally settled on 90-day terms.

**15. SHARE OPTION SCHEME**

The maximum number of unexercised share options currently permitted to be granted under the existing share option scheme of the Company (“the Scheme”) must not in aggregate exceed 30% of the shares of the Company in issue at any time. As at 30 September 2007, the Company had 13,500,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 13,500,000 additional ordinary shares of the Company and additional share capital of HK\$1,350,000 and share premium of HK\$5,400,000 (before issue expenses). At the date of approval of these condensed consolidated interim financial statements, the Company had 13,500,000 share options outstanding under the Scheme, which represented approximately 3.1% of the Company’s shares in issue as at that date.

During the six months ended 30 September 2007, equity-settled share-based payment expenses were amounted to HK\$3,300,000 (2006: Nil)

**16. COMPARATIVE FIGURES**

Salary expense of approximately HK\$8,879,000 included in comparative income statement for the period ended 30 September 2006 has been reclassified from selling and distribution expenses to administrative expenses to conform to the current period’s presentation and the corresponding presentation adopted in the annual financial statements for the year ended 31 March 2007.

## BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2007, with the comparative figures for the corresponding six months period of 2006.

|   | <b>Six months ended</b> |                     |
|---|-------------------------|---------------------|
|   | <b>30 September</b>     |                     |
|   | <b>2007</b>             | 2006                |
|   | <i>HK\$'million</i>     | <i>HK\$'million</i> |
| <b>Revenue</b>  |                         |                     |
| Marketing and distribution  | <b>1,617.4</b>          | 1,421.0             |
| Design and manufacture  | <b>23.0</b>             | 25.8                |
|   | <u><b>1,640.4</b></u>   | <u>1,446.8</u>      |
| <b>Earnings before interest, tax, depreciation, amortisation and non-cash items</b> |                         |                     |
| Corporate   | <b>18.9</b>             | 10.4                |
| Marketing and distribution  | <b>26.6</b>             | 16.6                |
| Design and manufacture  | <b>(3.0)</b>            | (9.2)               |
|   | <u><b>42.5</b></u>      | <u>17.8</u>         |
| <b>Depreciation, amortisation and non-cash items</b>                                |                         |                     |
| Marketing and distribution  | <b>(2.3)</b>            | (1.3)               |
| Design and manufacture  | <b>(1.6)</b>            | (4.7)               |
| Equity-settled share-based payment expenses   | <b>(3.3)</b>            | –                   |
|   | <u><b>(7.2)</b></u>     | <u>(6.0)</u>        |
| Earnings before interest and tax  | <b>35.3</b>             | 11.8                |
| Interest expenses   | <b>(12.7)</b>           | (10.9)              |
| Profit before tax   | <b>22.6</b>             | 0.9                 |
| Tax   | <b>(5.8)</b>            | –                   |
| Profit for the period   | <u><b>16.8</b></u>      | <u>0.9</u>          |



## BUSINESS REVIEW

For the six months ended 30 September 2007, the Group's turnover was HK\$1,640.4 million, up 13% from HK\$1,446.8 million for the last corresponding period. EBITDA (i.e. earnings before interest, tax, depreciation, amortisation and non-cash items) for the period improved to HK\$42.5 million (2006: HK\$17.8 million), up by 139%.

Profit for the period rocketed almost 19 times to HK\$16.8 million from HK\$0.9 million in the same period last year. The Group's profit improved mainly because:

- (i) All segments and especially the core distribution business segment performed well;
- (ii) Loss incurred by the design and manufacturing business segment narrowed significantly and breakeven is expected for the full financial year; and
- (iii) Special care products for the aged and disabled registered healthy growth in sales.

### Marketing and Distribution Business

During the period under review, many small to medium size companies were ousted as a result of keen competition in the market. The Group, however, took advantage of the market consolidation to capture more market share during the period. The marketing and distribution segment performed well as the Group's core revenue contributor, accounting for 99% of the Group's total turnover. Its turnover rose to HK\$1,617.4 million, representing an increase of 14% from that of last year. The segmental profit for the period was HK\$25.0 million. (2006: HK\$14.8 million).

With an extensive distribution network and stable and long term relationships with leading global electronics manufacturers including Samsung Electronics, Fairchild and other suppliers, the Group achieved stable growth in sales during the period under review. It launched a new semiconductor product line for Samsung Electronics which boosted sales growth of the segment. The new product line mainly comprises passive components for LED and PCB semiconductors for the use in mobile phones.

The flash memory industry remained extremely competitive as reflected in the declining prices of flash memory products during the period under review. However, at the Group's effort to add value to its services by providing technical design and engineering support to customers, sales of its flash memory products stabilized. As for other franchise products such as micro controller units, TFT LCD and LCD display driver IC's etc., backed by the Group's reliable engineering support and expertise in technical design, they all attained steady growth and larger orders from existing clients.

**Design and Manufacturing Business**

The design and manufacturing segment restructured to focus on products with higher margin and longer life cycles, such as niche market electronics and special care products for the aged and disabled, began to see the fruits of its hard work during the period. Its turnover was maintained at HK\$23 million (2006: HK\$25.8 million).

The population of elderly and people with special needs is growing worldwide. Thus higher margin special care products such as low-vision-aid products continued to develop well and the Group continued to be the world's largest supplier of low-vision-aid electronics products selling mainly to markets in North America. Segmental loss narrowed markedly to HK\$4.6 million from HK\$14.2 million.

The Group also diversified its business to cover distribution of niche medical equipment taking advantage of its established extensive distribution network in Asia. During the period, the Group filed applications for distribution approval and license and started pre-marketing of its medical equipment products and building a distribution network for them in the People's Republic of China ("PRC"). The margin of distributing quality medical equipment is relatively higher than that of the traditional distribution business, hence is expected to boost the profit of the Group when the business is in full swing. The new business will take time to develop, but the management is confident of its outlook.

**Joint Venture with BreconRidge**

This joint venture was formed with Canadian EMS giant BreconRidge Manufacturing Solutions Corporation ("BreconRidge") which helps the Group to provide customers with a full range of EMS from design engineering, development testing to supply chain management and after sales support. During the period under review, the joint venture won more sales orders and maintained strong growth. The Group will continue to seize opportunities to generate more new businesses for the joint venture.

## PROSPECTS

Looking forward, the Group will continue to fortify its research and development capabilities as well as engineering expertise with the aim of strengthening its business and facilitating pursuit of new opportunities. The management will continue to explore business opportunities with great potential.

The Group will strive to expand market share for its core marketing and distribution business, making sure it continues to be the preferred supplier to internationally renowned customers. As for the new product line for Samsung Electronics, the Group expects it to grow continuously. The new medical equipment distribution business will also see steady advancement supported by the proven distribution network of the Group in the PRC and Asia. The Group expects to obtain distribution approval in the PRC and see the segment starting to contribute profit in financial year 2008/2009.

For the design and manufacturing segment, the Group will strive to win new customers for its special-care products and also diversify its product portfolio, increasing the portion of higher margin products which will eventually help to improve the Group's overall net profit. The Group saw strong potential in this business and expects the segment to break even in financial year 2008/2009.

In exploring the high brightness LED (Light Emitting-diode) sector, which is expected to experience significant growth in the coming 2-3 years, and achieve high profit margins, the Group acquired 21% equity interest in Wavesquare Inc. ("Wavesquare") at a total consideration of US\$2 million (equivalent to HK\$15.6 million). Wavesquare is a Korea-based company engaged in research, development and manufacture of super high brightness LED wafers. LEDs are semiconductor devices that emit light when connected to a power source. LEDs have many advantages over traditional incandescent lighting or fluorescent lighting including higher energy efficiency, longer life span, and greater safety as well as being more environmental friendly. Allowing for digital control, LEDs also have a wide range of applications, the product of its most crucial component, the LED wafer. The Group will focus on serving the LED lighting market by exclusively distributing all of Wavesquare's products in specified territories; inter alia, the Greater China region, via its well-established and extensive distribution network. With the global lighting product market growing, bolstered by booming economies around the world, management believes this product will be able to capture an increasing share of the traditional lighting market. Production of Wavesquare's products will start as early as the second half of 2008, with distribution taking place either in the fourth quarter of 2008 or the first quarter of 2009.

With efforts to develop higher margin new businesses starting to bear fruit and existing businesses delivering solid results, management believes the Group will report considerable profits in the coming quarters. The Group will continue to strengthen its technological edge to facilitate the provision of value-added and all-in-one services to customers. The Group is dedicated to bringing long-term returns to shareholders.

## LIQUIDITY AND FINANCIAL RESOURCES

The net debt position as at 30 September 2007 and 31 March 2007 and the corresponding gearing ratio are as follows:

|  | <b>30 September<br/>2007<br/>HK\$'million</b> | 31 March<br>2007<br>HK\$'million |
|--|---|----------------------------------|
| Bank debts   | <u><b>446.4</b></u>                           | <u>414.8</u>                     |
| Cash and cash equivalents                                  | <b>186.2</b>                                  | 139.2                            |
| Equity investments at fair value through<br>profit or loss | <u><b>130.7</b></u>                           | <u>201.1</u>                     |
| Cash and cash equivalents and<br>Equity Investments        | <u><b>316.9</b></u>                           | <u>340.3</u>                     |
| Net debt   | <u><b>129.5</b></u>                           | <u>74.5</u>                      |
| Total equity   | <u><b>370.3</b></u>                           | <u>345.4</u>                     |
| Net debt to total equity                                   | <u><b>35%</b></u>                             | <u>22%</u>                       |

As at 30 September 2007, the Group had a balance of cash and cash equivalents (i.e. cash and bank balances and time deposits) of HK\$186.2 million (31 March 2007: HK\$139.2 million), while the Group's equity investments at fair value through profit or loss amounted to HK\$130.7 million (31 March 2007: HK\$201.1 million). The equity investments included a balanced mix of fixed income, equity and alternative investments and such amount represented the cash reserves held for the Group's medium to long term business development and would form an integral part of the Group's treasury.

As at 30 September 2007, the total bank debts was HK\$446.4 million (31 March 2007: HK\$414.8 million), of which HK\$438.4 million (31 March 2007: HK\$403.8 million) was repayable within one year.

The net debt to total equity ratio as at 30 September 2007 was 35% (31 March 2007: 22%), while the Group's total equity was HK\$370.3 million (31 March 2007: HK\$345.4 million).

Currently, the Group's bank debts are mainly on a floating rate basis and are denominated in either Hong Kong dollars or United States dollars. These match with the principal currencies in which the Group conducts its business, and accordingly, the Group does not have any significant foreign exchange exposure.

The working capital position of the Group remains healthy. As at 30 September 2007, the liquidity ratio (as determined with reference to the ratio of current assets to current liabilities) was 141% (31 March 2007: 144%).

|   | <b>30 September<br/>2007</b> | 31 March<br>2007 |
|---|------------------------------|------------------|
|   | <b>HK\$'million</b>          | HK\$'million     |
| Current assets                            | <b>915.3</b>                 | 835.1            |
| Current liabilities                       | <b>(647.9)</b>               | (581.7)          |
| Net current assets                        | <b><u>267.4</u></b>          | <u>253.4</u>     |
| Current assets to Current liabilities (%) | <b><u>141%</u></b>           | <u>144%</u>      |

The management is confident that the Group follows a policy of prudence in managing its treasury position, and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

## EMPLOYEES

As at 30 September 2007, the Group employed a total of approximately 850 (31 March 2007: approximately 850) full time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates a share option scheme for eligible employees to provide incentive to the participants for their contribution, and continuing efforts to promote the interests of the Group.

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

As at 30 September 2007, the interests or short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed issuers ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in the shares of the Company

| Name of directors | Capacity                            | Number of shares and nature of interests |                       |             | Approximate percentage of shareholding |
|-------------------|-------------------------------------|--|-----------------------|-------------|--|
|                   |                                     | Personal interests                       | Corporate interests   | Total       |  |
| So Yuk Kwan       | Interest of controlled corporations | –  | 245,432,189<br>(Note) | 245,432,189 | 56.87%                                 |
| So Chi On         | Beneficial owner                    | 372,000                                  | –                     | 372,000     | 0.08%                                  |

*Note:* This refers to the total number of shares held by B.K.S. Company Limited ("BKS") and Jade Concept Limited ("Jade Concept"). Mr. So Yuk Kwan is deemed to be interested in 245,432,189 shares of the Company by virtue of his interests in BKS and Jade Concept, the particulars are more fully described in the section headed "Interests and Short Positions of Shareholders" below.

**(b) Rights to acquire shares of the Company**

Pursuant to the share option scheme adopted by the Company, certain directors were granted share options to subscribe for shares of the Company, details of which as at 30 September 2007 were as follows:

|                | Number of share options |                                 |                                   |                                |                                   | Outstanding<br>as at 30<br>September<br>2007 | Exercise<br>period<br>(both dates<br>inclusive) | Date<br>of grant | Exercise<br>price<br>per share |
|----------------|-------------------------|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--|---|------------------|--------------------------------|
|                | As at 1<br>April 2007   | Granted<br>during<br>the period | Exercised<br>during<br>the period | Lapsed<br>during<br>the period | Cancelled<br>during<br>the period |  |   |                  |                                |
| Lee Jeong Kwan | -                       | 2,000,000                       | -                                 | -                              | -                                 | 2,000,000                                    | 19/7/2007 -<br>12/5/2012                        | 18/7/2007        | HK\$0.5                        |
| So Chi On      | -                       | 3,500,000                       | -                                 | -                              | -                                 | 3,500,000                                    | 19/7/2007 -<br>12/5/2012                        | 18/7/2007        | HK\$0.5                        |
| Total          | -                       | 5,500,000                       | -                                 | -                              | -                                 | 5,500,000                                    |   |                  |                                |
|                |                         |                                 |                                   |                                |                                   | (Note)                                       |   |                  |                                |

*Note:* The options have vested on 19 July 2007.

Save as disclosed above, during the six months ended 30 September 2007, none of the directors or their associates was granted options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, as at 30 September 2007, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

As at 30 September 2007, options to subscribe for an aggregate of 13,500,000 shares of the Company which were granted to certain directors and employees of the Group were outstanding. Details of which were as follows:

|                 | Number of share options |                                 |                                   |                                |                                   | Outstanding<br>as at 30<br>September<br>2007 | Exercise<br>period<br>(both dates<br>inclusive) | Date<br>of grant | Exercise<br>price<br>per share<br>(Note 3) |
|-----------------|-------------------------|---------------------------------|-----------------------------------|--------------------------------|-----------------------------------|--|---|------------------|--|
|                 | As at 1<br>April 2007   | Granted<br>during<br>the period | Exercised<br>during<br>the period | Lapsed<br>during<br>the period | Cancelled<br>during<br>the period |  |   |                  |  |
| Directors       | -                       | 5,500,000                       | -                                 | -                              | -                                 | 5,500,000<br>(Note 1)                        | 19/7/2007 -<br>12/5/2012                        | 18/7/2007        | HK\$0.5                                    |
| Other employees | -                       | 34,500,000                      | 26,500,000                        | -                              | -                                 | 8,000,000<br>(Note 2)                        | 19/7/2007 -<br>12/5/2012                        | 18/7/2007        | HK\$0.5                                    |
| Total           | -                       | 40,000,000                      | 26,500,000<br>(Note 4)            | -                              | -                                 | 13,500,000                                   |   |                  |  |

### Notes:

1. Details of the options granted to the directors are set out in the section headed "Director's and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.
2. The options have vested on 19 July 2007.
3. The closing price of the share immediately before the date on which the options were granted was HK\$0.51.
4. The weighted average closing price of the shares immediately preceding the exercise of the share options was HK\$0.536.



## INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS

As at 30 September 2007, so far is known to, or can be ascertained after reasonable enquiry by the directors and chief executive of the Company, the persons or corporations (other than the directors and chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

### Long positions in the shares of the Company

| Name                                    | Capacity   | Number of shares held                  | Approximate percentage of shareholding |
|---|--|--|--|
| BKS                                     | Beneficial owner   | 164,792,300 ( <i>Note 1</i> )          | 38.18%                                 |
| Credit Cash Limited<br>("Credit Cash")  | Interest in controlled corporation                         | 164,792,300 ( <i>Note 1</i> )          | 38.18%                                 |
| Jade Concept                            | Beneficial owner   | 80,639,889 ( <i>Note 2</i> )           | 18.68%                                 |
| Madam Yeung Kit Ling<br>("Madam Yeung") | Interest in controlled corporation &<br>Interest of spouse | 245,432,189 ( <i>Notes 1 &amp; 3</i> ) | 56.87%                                 |

#### Notes:

1. This refers to the same number of shares held by BKS which is a wholly-owned subsidiary of Credit Cash. Credit Cash is held as to 50% by Mr. So Yuk Kwan ("Mr. So"), a director of the Company, and as to 50% by Madam Yeung, the spouse of Mr. So. By virtue of the SFO, Mr. So and Madam Yeung are deemed to be interested in 164,792,300 shares of the Company held by BKS.
2. Jade Concept is beneficially owned by Mr. So. By virtue of the SFO, Mr. So is deemed to be interested in 80,639,889 shares of the Company held by Jade Concept.
3. As Madam Yeung is the spouse of Mr. So, by virtue of the SFO, she is deemed to be interested in all shares of the Company in which Mr. So is interested.

Save as disclosed above, as at 30 September 2007, the Company has not been notified by any other person or corporation having interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

## **PURCHASE, REDEMPTION OR SALE OF SECURITIES**

During the six months ended 30 September 2007, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board of Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2007.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2007.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The principal duties of the audit committee are to review and to supervise the Group's financial reporting process and internal control procedures. The audit committee of the Company comprises three independent non-executive directors, namely Mr. Lui Ming Wah, Mr. Charles Edward Chapman and Mr. Wong Ka Kit. The audit committee has reviewed the Group's unaudited consolidated results for the six months ended 30 September 2007.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK2 cents per share in cash for the six months ended 30 September 2007 payable on or before 18 January 2008 to shareholders of the Company whose names appear on the Register of Members of the Company on Friday, 28 December 2007.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 24 December 2007 to Friday, 28 December 2007 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 December 2007.

By Order of the Board  
**AV CONCEPT HOLDINGS LIMITED**  
**So Yuk Kwan**  
*Chairman*

Hong Kong, 20 November 2007

*As at the date of this document, the Board comprises three executive directors, Mr. So Yuk Kwan (Chairman), Mr. Lee Jeong Kwan, Mr. So Chi On and three independent non-executive directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman and Mr. Wong Ka Kit.*