

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section "Share Option Scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective associates, or were any such rights exercised by them or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The following share options were outstanding under the Company's share option scheme during the period:

Name or category of participant	Number of share options			Date of grant of share options	Exercise period of share options (both dates inclusive)	Exercise price of share options	Company's share price at grant
	At 1 April 2005	Lapsed during the period	At 30 September 2005				date of share options
				(Note 1)		(Note 2) HK\$	(Note 3) HK\$
Directors							
Lee Jeong Kwan	2,000,000	–	2,000,000	23 March 2004	23 March 2005 – 12 May 2012	1.52	1.55
So Chi On	400,000	–	400,000	23 March 2004	23 March 2005 – 12 May 2012	1.52	1.55
Lai Yat Hung, Edmund	500,000	–	500,000	23 March 2004	23 March 2005 – 12 May 2012	1.52	1.55
Sub-total	<u>2,900,000</u>	<u>–</u>	<u>2,900,000</u>				
Other employees							
In aggregate	10,650,000*	(2,750,000)	7,900,000	23 March 2004	23 March 2005 – 12 May 2012	1.52	1.55
Sub-total	<u>10,650,000</u>	<u>(2,750,000)</u>	<u>7,900,000</u>				
Total	<u><u>13,550,000</u></u>	<u><u>(2,750,000)</u></u>	<u><u>10,800,000</u></u>				

No share options were granted, exercised or cancelled during the period.

* This include 1,000,000 share options held by Mr. Lai Yun Wing who resigned as executive director of the Company on 1 April 2005.

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
3. The price of the Company's shares disclosed as at the date of the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of the grant of the options.

As at 30 September 2005, the Company had 10,800,000 share options outstanding under the Company's share option scheme, which represented approximately 2.67% of the Company's shares in issue as at that date. The exercise in full of the these share options would, under the present capital structure of the Company, result in the issue of 10,800,000 additional shares of the Company and additional share capital of HK\$1,080,000 and the share premium of HK\$15,336,000. (before issue expenses).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2005, so far as is known to, or can be ascertained after reasonable enquiry by the directors and the chief executives of the Company, the persons or corporations (other than the directors and chief executives of the Company) who had interests of 5% or more of the issued share capital of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company, were as follows:

Long position in shares of the Company

Name	Number of shares held	Percentage of interests in the Company's issued share capital
B.K.S. Company Limited ("BKS")	140,814,300 (<i>Note</i>)	34.76
Credit Cash Limited ("CCL")	140,814,300 (<i>Note</i>)	34.76
Trident Corporate Services (B.V.I.) Limited ("Trident")	140,814,300 (<i>Note</i>)	34.76
Madam Yeung Kit Ling	140,814,300 (<i>Note</i>)	34.76
Madam Leung Hoi Man	140,814,300 (<i>Note</i>)	34.76

Note: 140,814,300 shares in the Company were beneficially held by BKS which is a wholly-owned subsidiary of CCL. CCL is a company wholly owned by Trident which is the trustee of a discretionary trust, the beneficiaries of which include Mr. So Chi On, Madam Yeung Kit Ling and other family members of Mr. So Yuk Kwan. Madam Leung Hoi Man is the spouse of Mr. So Chi On. Therefore, BKS, CCL, Trident, Madam Yeung Kit Ling and Madam Leung Hoi Man were interested in the same block of shares.

Save as disclosed above, as at 30 September 2005, the Company has not been notified by any other person or corporation, other than the directors and chief executives of the Company whose interests are set out above, having interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

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 Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the six months ended 30 September 2005, except for code provision A.2.1 which stipulates that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. As at 30 September 2005, the above code provision had been complied with by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Having made specific enquiries of all the directors, the Company confirmed that all directors have complied with the required standard set out in the Model Code throughout the accounting period for the six months ended 30 September 2005.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee, comprises the three independent non-executive directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman, Mr. Wong Ka Kit, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim report for the six months ended 30 September 2005.

By Order of the Board

AV CONCEPT HOLDINGS LIMITED

So Yuk Kwan

Chairman

Hong Kong, 20 December 2005