



# AV CONCEPT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

## YEAR ENDED 31 MARCH 2008 ANNUAL RESULTS ANNOUNCEMENT

<b>Profit &amp; Loss Highlights</b>		
	<b>2008</b>	2007
	<i>HK\$'million</i>	<i>HK\$'million</i>
Revenue		
Marketing and distribution	2,845.1	3,055.0
Design and manufacture	63.5	30.9
Jointly-controlled entity	15.4	13.9
	<u>2,924.0</u>	<u>3,099.8</u>
Earnings/(loss) before interest, tax, depreciation, amortisation and non-cash items		
Corporate	(2.6)	24.8
Marketing and distribution	27.0	47.1
Design and manufacture	1.5	(16.6)
Jointly-controlled entity	(2.7)	(4.4)
	<u>23.2</u>	<u>50.9</u>
Depreciation, amortisation and non-cash items	<u>4.3</u>	<u>(91.9)</u>
Profit/(loss) for the year	<u>4.3</u>	<u>(69.9)</u>
Dividends		
Interim	8.6	–
Proposed final	4.2	–
	<u>12.8</u>	<u>–</u>
<b>Balance Sheet Highlights</b>		
	<b>2008</b>	2007
	<i>HK\$'million</i>	<i>HK\$'million</i>
Total assets	971.8	939.7
Total assets less current liabilities	360.1	358.0
Total equity	352.1	345.4
Bank debts	<u>437.0</u>	414.8
Cash and cash equivalents	121.4	139.2
Equity investments at fair value through profit or loss	<u>174.4</u>	201.1
Cash and cash equivalents and equity investments	<u>295.8</u>	340.3
Net debt	<u>141.2</u>	<u>74.5</u>
Net debt to total equity (%)	40%	22%
Current assets to current liabilities (%)	136%	144%
Cash and cash equivalents and equity investments per share (HK\$)	0.71	0.84
Total equity per share (HK\$)	0.85	0.85

## RESULTS

The Board of Directors of AV Concept Holdings Limited (the “Company” or “AV Concept”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (together the “Group”) for the year ended 31 March 2008 as follows:

### CONSOLIDATED INCOME STATEMENT

*Year ended 31 March 2008*

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>REVENUE</b>	3	<b>2,924,054</b>	3,099,846
Cost of sales		<u>(2,812,425)</u>	<u>(3,010,524)</u>
Gross profit		<b>111,629</b>	89,322
Other income and gains	3	<b>13,633</b>	45,930
Selling and distribution costs		<b>(36,829)</b>	(38,003)
Administrative expenses		<b>(62,264)</b>	(71,417)
Net gain on disposal of a jointly-controlled entity and a warrant		<b>17,669</b>	–
Equity-settled share option expense		<b>(3,300)</b>	–
Other expenses		<b>(13,063)</b>	(66,744)
Finance costs	4	<b>(21,728)</b>	(21,247)
Share of losses of associates		<u><b>(35)</b></u>	–
<b>PROFIT/(LOSS) BEFORE TAX</b>	5	<b>5,712</b>	(62,159)
Tax	6	<u><b>(1,460)</b></u>	<u>(7,722)</u>
<b>PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		<u><b>4,252</b></u>	<u>(69,881)</u>
<b>DIVIDENDS</b>	7		
Interim		<b>8,632</b>	–
Proposed final		<b>4,150</b>	–
		<u><b>12,782</b></u>	<u>–</u>
<b>EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic		<u><b>1.0 cent</b></u>	<u>(17.3 cents)</u>
Diluted		<u><b>1.0 cent</b></u>	<u>N/A</u>

## CONSOLIDATED BALANCE SHEET

31 March 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>70,563</b>	84,717
Other intangible assets		<b>1,647</b>	1,431
Interests in associates		<b>29,545</b>	–
Available-for-sale investments	9	<b>18,262</b>	18,400
Convertible note receivable – loan portion	10	<b>22,718</b>	–
		<hr/>	<hr/>
Total non-current assets		<b>142,735</b>	104,548
<b>CURRENT ASSETS</b>			
Due from a jointly-controlled entity		–	3,143
Inventories	11	<b>252,001</b>	236,955
Trade receivables	12	<b>255,197</b>	221,992
Prepayments, deposits and other receivables		<b>26,070</b>	32,786
Equity investments at fair value through profit or loss	13	<b>174,370</b>	201,126
Cash and bank balances		<b>90,006</b>	107,582
Time deposits		<b>31,402</b>	31,579
		<hr/>	<hr/>
Total current assets		<b>829,046</b>	835,163
<b>CURRENT LIABILITIES</b>			
Trade payables and accrued expenses	14	<b>143,913</b>	133,453
Due to a related company		<b>1,458</b>	–
Interest-bearing bank borrowings		<b>429,071</b>	402,890
Finance lease payables		<b>301</b>	888
Tax payable		<b>36,952</b>	44,489
		<hr/>	<hr/>
Total current liabilities		<b>611,695</b>	581,720
<b>NET CURRENT ASSETS</b>		<b>217,351</b>	253,443
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>360,086</b>	357,991
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowing		<b>7,314</b>	9,618
Finance lease payables		<b>338</b>	1,385
Deferred tax liability		<b>358</b>	1,560
		<hr/>	<hr/>
Total non-current liabilities		<b>8,010</b>	12,563
Net assets		<b>352,076</b>	345,428
<b>EQUITY</b>			
Issued capital		<b>41,499</b>	40,508
Reserves		<b>306,427</b>	304,920
Proposed final dividend	7	<b>4,150</b>	–
		<hr/>	<hr/>
Total equity		<b>352,076</b>	345,428

*Notes:*

## **1.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments at fair value through profit or loss, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company, its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2008. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The results of the jointly-controlled entity are proportionately consolidated. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of a subsidiary during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company’s subsidiaries.

## 1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretations has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) **HKFRS 7 *Financial Instruments: Disclosures***

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group’s financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/ revised where appropriate.

(b) **Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures***

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group’s objectives, policies and processes for managing capital.

(c) **HK(IFRIC)-Int 8 *Scope of HKFRS 2***

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group’s equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. The interpretation has had no effect on these financial statements.

(d) **HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives***

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. The Group’s existing policy of accounting for derivatives complies with the requirements of this interpretation.

(e) **HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment***

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

(f) **HK(IFRIC)-Int 11 *HKFRS 2 – Group and Treasury Share Transactions***

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. The Group's existing policy complies with the requirements of this interpretation.

### **1.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

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

HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> <sup>1</sup>
HKAS 23 (Revised)	<i>Borrowing Costs</i> <sup>1</sup>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> <sup>4</sup>
HKFRS 2 Amendments	<i>Share-based Payments – Vesting Conditions and Cancellation</i> <sup>1</sup>
HKAS 32 and HKAS 1 Amendments	<i>HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i> <sup>1</sup>
HKFRS 3 (Revised)	<i>Business Combinations</i> <sup>4</sup>
HKFRS 8	<i>Operating Segments</i> <sup>1</sup>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i> <sup>3</sup>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> <sup>2</sup>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2008

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

<sup>4</sup> Effective for annual periods beginning on or after 1 July 2009

The revised HKAS 1 separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expenses recognised in profit or loss, together with all other items of recognised income and expenses, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group has no such arrangements, the standard is unlikely to have any financial impact on the Group.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised HKAS 27 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

The amendments to HKFRS 2 restrict the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect significant implications on its accounting for share-based payments.

The amendments to HKAS 32 and HKAS 1 allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. As the Group currently has no such financial instruments, the amendments are unlikely to have any financial impact on the Group.

HKFRS 3 introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised HKFRS 3 must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group’s major customers.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

## **2. SEGMENT INFORMATION**

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the marketing and distribution segment engages in the sale and distribution of electronic components; and
- (b) the design and manufacture segment engages in the design, manufacture and sale of electronic products.

(a) **Business segments**

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

	Marketing and distribution		Design and manufacture		Eliminations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
<b>Segment revenue:</b>								
Sales to external customers	2,845,112	3,055,024	78,942	44,822	-	-	2,924,054	3,099,846
Intersegment sales	14,165	7,591	2,659	17,696	(16,824)	(25,287)	-	-
Other income and gains	295	208	2,321	5,816	-	-	2,616	6,024
<b>Total</b>	<b>2,859,572</b>	<b>3,062,823</b>	<b>83,922</b>	<b>68,334</b>	<b>(16,824)</b>	<b>(25,287)</b>	<b>2,926,670</b>	<b>3,105,870</b>
<b>Segment results</b>	<b>23,454</b>	<b>40,311</b>	<b>(8,981)</b>	<b>(51,914)</b>	<b>-</b>	<b>-</b>	<b>14,473</b>	<b>(11,603)</b>
Interest income							3,940	3,236
Dividend income from listed investments							1,115	1,603
Loss on disposal of a subsidiary	-	-	(32)	-	-	-	(32)	-
Share of losses of associates	-	-	(35)	-	-	-	(35)	-
Net gain on disposal of a jointly-controlled entity and a warrant	-	-	17,669	-	-	-	17,669	-
Write-off of an available-for-sale investment							-	(7,800)
Impairment of an available-for-sale investment							-	(42,284)
Fair value gains on equity investments at fair value through profit or loss							4,637	34,391
Loss on disposal of items of property, plant and equipment							(438)	(2,594)
Reversal of impairment of items of property, plant and equipment							1,325	1,278
Impairment of other intangible assets							-	(432)
Equity-settled share option expense							(3,300)	-
Unallocated expenses							(11,914)	(16,707)
Finance costs							(21,728)	(21,247)
Profit/(loss) before tax							5,712	(62,159)
Tax							(1,460)	(7,722)
Profit/(loss) for the year							<b>4,252</b>	<b>(69,881)</b>

(a) **Business segments** (continued)

	Marketing and distribution		Design and manufacture		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	580,526	600,513	48,231	29,388	628,757	629,901
Unallocated assets					343,024	309,810
<b>Total assets</b>					<u>971,781</u>	<u>939,711</u>
Segment liabilities	112,046	119,339	30,298	9,833	142,344	129,172
Unallocated liabilities					477,361	465,111
<b>Total liabilities</b>					<u>619,705</u>	<u>594,283</u>
<b>Other segment information:</b>						
Depreciation	2,212	2,083	2,685	6,179	4,897	8,262
Unallocated depreciation					2,544	2,534
					<u>7,441</u>	<u>10,796</u>
Amortisation of other intangible assets	-	-	5	5	5	5
Unallocated amortisation of other intangible assets					34	48
					<u>39</u>	<u>53</u>
Unallocated non-cash expenses					-	432
Impairment of trade receivables	602	-	415	1,071	1,017	1,071
Capital expenditure	2,749	2,180	1,207	502	3,956	2,682
Unallocated capital expenditure					70	67
					<u>4,026</u>	<u>2,749</u>

(b) **Geographical segments**

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 2007.

**For the year ended 31 March 2008**

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Singapore <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Other locations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue:</b>						
Sales to external customers	2,022,587	–	822,525	31,189	47,753	2,924,054
<b>Other segment information:</b>						
Segment assets	835,463	14,557	121,761	–	–	971,781
Capital expenditure	3,816	–	210	–	–	4,026

**For the year ended 31 March 2007**

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Singapore <i>HK\$'000</i>	Korea <i>HK\$'000</i>	Other locations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>Segment revenue:</b>						
Sales to external customers	1,935,240	–	1,122,617	15,992	25,997	3,099,846
<b>Other segment information:</b>						
Segment assets	769,482	20,601	149,628	–	–	939,711
Capital expenditure	1,779	–	970	–	–	2,749

### 3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

An analysis of revenue, other income and gains is as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Revenue</b>		
Marketing and distribution of electronic components	<b>2,845,112</b>	3,055,024
Design, manufacture and sale of electronic products	<b>78,942</b>	44,822
	<hr/> <b>2,924,054</b> <hr/>	<hr/> 3,099,846 <hr/>
<b>Other income and gains</b>		
Bank interest income	<b>3,940</b>	3,236
Dividend income from available-for-sale listed investments	<b>1,115</b>	1,603
Fair value gains, net:		
Equity investments at fair value through profit or loss	<b>4,637</b>	34,391
Reversal of impairment of items of property, plant and equipment	<b>1,325</b>	1,278
Others	<b>2,616</b>	5,422
	<hr/> <b>13,633</b> <hr/>	<hr/> 45,930 <hr/>
	<hr/> <b>2,937,687</b> <hr/>	<hr/> 3,145,776 <hr/>

### 4. FINANCE COSTS

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	<b>21,075</b>	20,413
Interest on a mortgage loan	<b>533</b>	752
Interest on finance leases	<b>120</b>	82
	<hr/> <b>21,728</b> <hr/>	<hr/> 21,247 <hr/>

## 5. PROFIT/(LOSS) BEFORE TAX

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

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>2,771,572</b>	2,989,516
Depreciation	<b>7,441</b>	10,796
Amortisation of other intangible assets*	<b>39</b>	53
Impairment of other intangible assets**	–	432
Impairment of trade receivables**	<b>1,017</b>	1,071
Impairment of slow moving inventories	<b>2,377</b>	6,109
Write-off of slow moving inventories	–	20,271
Minimum lease payments under operating leases in respect of land and buildings	<b>2,228</b>	3,293
Auditors' remuneration	<b>1,672</b>	1,426
Staff costs (including directors' remuneration):		
Wages and salaries	<b>58,223</b>	61,262
Pension scheme contributions	<b>777</b>	1,273
Equity-settled share option expense	<b>3,300</b>	–
	<b>62,300</b>	62,535
Loss on disposal of items of property, plant and equipment**	<b>438</b>	2,594
Foreign exchange differences, net**	<b>1,630</b>	2,869
Fair value gains on equity investments at fair value through profit or loss	<b>(4,637)</b>	(34,391)
Dividend income from listed investments	<b>(1,115)</b>	(1,603)
Reversal of impairment of items of property, plant and equipment	<b>(1,325)</b>	(1,278)
Impairment of an available-for-sale investment**	–	42,284
Write-off of an available-for-sale investment**	–	7,800
Interest income	<b>(3,940)</b>	(3,236)
Loss on disposal of a subsidiary	<b>32</b>	–
Net gain on disposal of a jointly-controlled entity and a warrant	<b>(17,669)</b>	–

\* *The amortisation of other intangible assets is included in "Cost of sales" on the face of the consolidated income statement.*

\*\* *These items are included in "Other expenses" on the face of the consolidated income statement.*

## 6. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates ranging from 11% to 33% (2007: 11% to 33%) in the locations in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

	<b>Group</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
<b>Group:</b>		
Current – Hong Kong		
Charge for the year	<b>1,806</b>	7,722
Overprovision in prior years	<b>232</b>	–
Deferred	<b>(578)</b>	–
	<hr/>	<hr/>
Total tax charge for the year	<b>1,460</b>	7,722
	<hr/> <hr/>	<hr/> <hr/>

## 7. DIVIDENDS

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Interim – HK2 cents (2007: Nil) per ordinary share	<b>8,632</b>	–
Proposed final – HK1 cent (2007: Nil) per ordinary share	<b>4,150</b>	–
	<hr/>	<hr/>
	<b>12,782</b>	–
	<hr/> <hr/>	<hr/> <hr/>

**8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

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

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

A diluted loss per share amount for the year ended 31 March 2007 has not been disclosed as no diluting events existed during that year.

The calculations of basic and diluted earnings/(loss) per share are based on:

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Earnings/(loss)</b>		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculations	<b>4,252</b>	(69,881)
	<u><u>4,252</u></u>	<u><u>(69,881)</u></u>
	<b>Number of shares</b>	
	<b>2008</b>	2007
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<b>422,156,868</b>	–
Number of ordinary shares in issue during the year used in the basic earnings per share calculation	–	405,082,419
Effect of dilution – weighted average number of ordinary shares:		
Share options	<b>483,301</b>	–
	<u><u>422,640,169</u></u>	<u><u>405,082,419</u></u>

## 9. AVAILABLE-FOR-SALE INVESTMENTS

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments, at cost	<b>18,262</b>	60,684
Provision for impairment	–	(42,284)
	<u><b>18,262</b></u>	<u>18,400</u>

The above investments consist of investments in unlisted equity investments which were designated as available-for-sale investments.

## 10. CONVERTIBLE NOTE RECEIVABLE – LOAN PORTION

At 31 March 2008, the Group held an unlisted convertible note with a principal amount of US\$3,000,000, which was issued by a private company incorporated in Canada. The convertible note conferred rights to the bearer to convert the whole or part of the outstanding principal amount into shares of the private company at a conversion price of US\$0.6 per share. The convertible note bears interest at a rate of 8% per annum.

The convertible note can be redeemed by the issuer at its face value at any time from the date of issue until the maturity date of the convertible note on 31 August 2009. The convertible note shall be mandatorily redeemed by the issuer on 31 August 2009 of the outstanding principal amount of the convertible note together.

## 11. INVENTORIES

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	<b>7,895</b>	1,561
Finished goods	<b>244,106</b>	235,394
	<u><b>252,001</b></u>	<u>236,955</u>

## 12. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>256,363</b>	222,608
Impairment	<b>(1,166)</b>	(616)
	<u><b>255,197</b></u>	<u>221,992</u>

The Group's 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 over 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. The carrying amounts of trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the balance sheet date, based on the payment due date, is as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	<b>146,173</b>	152,928
1 to 30 days	<b>58,570</b>	33,907
31 to 60 days	<b>26,928</b>	24,085
Over 60 days	<b>24,692</b>	11,688
	<u><b>256,363</b></u>	<u>222,608</u>

The movements in provision for impairment of trade receivables are as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April	<b>616</b>	3,658
Impairment losses recognised	<b>1,017</b>	1,071
Amount written off as uncollectible	–	(4,113)
Disposal of a subsidiary	<b>(467)</b>	–
	<u><b>1,166</b></u>	<u>616</u>

The above provisions are for individually impaired trade receivables which related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	<b>146,173</b>	152,928
Less than 1 month past due	<b>58,468</b>	33,907
1 to 3 months past due	<b>26,928</b>	24,085
3 to 6 months past due	<b>23,628</b>	11,072
	<u><b>255,197</b></u>	<u>221,992</u>

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Managed funds, outside Hong Kong, at market value	<b>102,995</b>	129,697
Listed equity investments, at market value:		
Hong Kong	<b>47,564</b>	47,741
Elsewhere	<b>23,811</b>	23,688
	<u><b>174,370</b></u>	<u>201,126</u>

The above equity investments at 31 March 2007 and 2008 were classified as held for trading.

#### 14. TRADE PAYABLES AND ACCRUED EXPENSES

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

	<b>Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables:		
Current	<b>85,639</b>	77,223
1 to 30 days	<b>25,630</b>	32,781
31 to 60 days	<b>1,018</b>	312
Over 60 days	–	228
	<hr/>	<hr/>
	<b>112,287</b>	110,544
Accrued expenses	<b>31,626</b>	22,909
	<hr/>	<hr/>
	<b>143,913</b>	133,453
	<hr/> <hr/>	<hr/> <hr/>

The trade payables are non-interest-bearing and are normally settled between 30 and 90 days. The carrying amounts of trade payables approximate to their fair values.

## BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2008, with the comparative figures for the corresponding financial year of 2007.

	<b>2008</b> <i>HK\$'million</i>	2007 <i>HK\$'million</i>
<b>Revenue</b>		
Marketing and distribution	2,845.1	3,055.0
Design and manufacture	63.5	30.9
Jointly-controlled entity	15.4	13.9
	<u>2,924.0</u>	<u>3,099.8</u>
<b>Earnings/(loss) before interest, tax, depreciation, amortisation and non-cash items</b>		
Corporate	(2.6)	24.8
Marketing and distribution	27.0	47.1
Design and manufacture	1.5	(16.6)
Jointly-controlled entity	(2.7)	(4.4)
	<u>23.2</u>	<u>50.9</u>
<b>Depreciation, amortisation and non-cash items</b>		
Marketing and distribution	(4.5)	(7.0)
Design and manufacture	(1.8)	(29.9)
Jointly-controlled entity	(3.8)	(4.9)
Equity-settled share option expense	(3.3)	–
Net gain on disposal of a jointly-controlled entity and a warrant	17.7	–
Impairment of an available-for-sale investment	–	(42.3)
Write-off of an available-for-sale investment	–	(7.8)
	<u>4.3</u>	<u>(91.9)</u>
<b>Earnings/(loss) before interest and tax</b>	<b>27.5</b>	<b>(41.0)</b>
<b>Interest expenses</b>	<b>(21.7)</b>	<b>(21.2)</b>
<b>Profit/(loss) before tax</b>	<b>5.8</b>	<b>(62.2)</b>
<b>Tax</b>	<b>(1.5)</b>	<b>(7.7)</b>
<b>Profit/(loss) for the year</b>	<b><u>4.3</u></b>	<b><u>(69.9)</u></b>

## **BUSINESS REVIEW**

For the year ended 31 March 2008, the Group's turnover amounted to HK\$2,924.0 million, representing a slight decline of 6% against last year (FY2006/07: HK\$3,099.8 million). EBITDA (i.e. earnings before interest, tax, depreciation, amortisation and non-cash items) for the year dropped from HK\$50.9 million last year to HK\$23.2 million this year. The drop in EBITDA was mainly attributable to the fierce competition in the flash memory market in the latter half of the year dragging down average selling prices and in turn squeezed the margins of the Group's core businesses. Despite the challenging market environment of the distribution business, the Group was able to turn around the business from a net loss of HK\$69.9 million to a net profit of HK\$4.3 million.

The Group's financial performance for the year was mainly affected by:

- the challenging operating environment of the flash memory product market in the second half of the financial year;
- healthy growth in sales of special care products for the aged and disabled and a net gain of HK\$17.7 million from the disposal of our entire interest in Warrant and AV BreconRidge Limited helping to turn around the design and manufacturing business; and
- the decrease in the fair value gains on equity investments at fair value through profit or loss.

### **Marketing and Distribution Business**

For the year ended 31 March 2008, turnover of the business segment decreased by 6.9% to HK\$2,845.1 million (FY2006/07: HK\$3,055.0 million). With the US economy slowing down, demand for flash memory products also decreased and for the worse in the second half of the financial year. To cope with the tough market, many small to medium distributors resorted to deep price cuts in order to maintain its market share. The price erosion of flash products affected the profit margin and sales volume of the Group's flash memory distribution business during the year. EBITDA of this segment lowered to HK\$27.0 million (FY2006/07: HK\$ 47.1 million).

A number of distributors were ousted from the market, but riding on its extensive distribution network and solid and long-term relationship with leading global electronics manufacturers including Samsung Electronics, Fairchild and other suppliers, the Group was able to take advantage of the opportunity to seize a bigger market share.

The Group has been actively diversifying its distribution product mix and expanded its customer base to maintain the margin of the business in the market undergoing consolidation. The move is consistent with the Group's focus on distributing products with higher margins and longer life spans. During the year, non-memory products continued to record stable and satisfactory growth.

In October 2007, through acquiring an 18.9% equity interest in a Korea-based company Wavesquare Inc. (“Wavesquare”) at US\$1.8 million for the first tranche of subscription, the Group expanded into the high brightness LED (Light Emitting-diode) wafer product market. LEDs are high margin semiconductor devices that emit light when connected to a power source. Demand for LEDs is expected to grow substantially in the coming two to three years. The Group will exclusively distribute all Wavesquare’s products in certain specified territories, inter alia, the Greater China region via its well-established and extensive distribution network. This strategy was in line with the Group’s direction to develop niche and high margin markets with growth potential.

### **Design and Manufacturing Business**

After the design and manufacturing segment is restructured to focus on higher margin with longer life span products, the segment (excluding the share of results of a jointly-controlled entity) turned around to making a positive EBITDA of HK\$1.5 million during the year under review (FY2006/07: segmental negative EBITDA was HK\$16.6 million). Turnover (excluding the share of turnover of a jointly-controlled entity) improved from HK\$30.9 million in the previous year to HK\$63.5 million, as a result of steady growth in sales of niche market electronics and special care products for the elderly and customers with special needs.

The difficult operating environment for manufacturing business prompted the Group to exit manufacturing business and free resources and capacities for its other business opportunities. The Group disposed of our entire interest in warrant and all its remaining equity interests in the joint venture formed with Canadian EMS giant BreconRidge Corporation (formerly known as BreconRidge Manufacturing Solutions Corporation) (“BreconRidge”) and recorded a net gain of HK\$17.7 million.

On 18 December 2007, a Sales and Purchase (“S&P”) agreement was signed to dispose of all remaining 50% of the issued share capital in AV BreconRidge Limited (“AVB”) through its wholly-owned subsidiary, AV Concept (China) Industrial Co., Limited (“AVCC”), to BreconRidge Manufacturing Solutions (Asia) Limited (“BMSAL”), a wholly-owned subsidiary of BreconRidge. The joint venture was originally established to provide customers with a full range of EMS from design engineering, development testing to supply chain management and after sales support.

Pursuant to the S&P agreement, BMSAL would issue a guarantee bond (“the Bond”) in the principal amount of US\$3 million with an interest rate of 8% per annum to AVCC as the consideration for the AVB Disposal. The Bond is exchangeable into up to 5 million BreconRidge Shares at the initial Exchange Price of US\$0.6 per Share at any time from the date of issue to the Maturity Date of 31 August 2009. The outstanding principal amount of the Bond with accrued interest shall be payable on the Maturity Date. Upon completion of the AVB Disposal, BreconRidge repurchased the warrant from AVCC at a cash consideration of US\$2 million on 30 January 2008 and the Group ceased to have any equity interest in AVB. The AVB Disposal and Warrant Disposal resulted in a net gain of approximately HK\$17.7 million for the Group.

Following the completion of the AVB Disposal and Warrant Disposal, the Group would no longer be required to account for the operating results of AVB. For the period between 1 April 2007 and 30 January 2008, the Group's share of operating loss of AVB was HK\$6.5 million (FY2006/07: Group's share of operating loss of AVB was HK\$9.3 million).

During the year under review, sales of special care electronics continued to perform well and remained as the main revenue contributor of the segment with the world's largest supplier of low-vision-aid products as one of its key clients. The Group sees strong potential in this business and is confident that the business will help to boost the profit of the Group.

## **PROSPECTS**

The Group has about a 30-year strong foothold in the industry. It has come through testing times and changes in the market over the years, with the support of an extensive network, strong business partnership and the ability to spot business opportunities with strong potential. With these advantages and on the solid foundation it has built, the Group will push on to strengthen its leadership in the market in the years ahead.

### **Electronics Distribution Business**

For the segment, the Group will continue to consolidate and diversify its product mix and expand the product portfolio of non-memory and memory related products, adding especially new products with higher margins. Apart from expanding the distribution clientele, the Group will also strive to gain new orders from existing customers by offering them enticing value-added services.

Backed by a proven distribution network, a diverse product portfolio and an experienced sales and marketing workforce, the Group is confident of becoming a "one-stop" service platform that can deliver a selection of components to meet different needs of its customers.

The Group will continue to implement stringent cost control measures including tightening inventory control and diversifying its distribution portfolio to mitigate the impacts of rising interest rates and staff cost, and pricing pressure. Its aim is to achieve greater cost effectiveness, boost margins and grow market share.

### **Design and Manufacturing Business**

Enjoying long-standing working relationship with the top special-care electronics producer in the world, the Group is equipped to capture the potential in the niche market. Although this market does not generally pose fast growth, it has high entry barriers and boasts high profit margins favourable for established players. As governments worldwide including Asia become increasingly aware of their responsibilities to provide financial aid to the needy for purchasing the special care products, the Group is poised to capture demand in the region riding on its extensive distribution network.

### Investment in a parcel of land in Guilin, the PRC

In January 2008, the Group entered into a transaction to acquire a 50% equity interest in a Sino-foreign equity joint venture enterprise established in the PRC, namely 桂林九鋪香麒麟酒業有限公司 (unofficial translation being Guilin Jiupuxiang Qilin Wine Co., Ltd.), which has a right to acquire the entire registered capital of 廣西桂林金偉實業有限公司 (unofficial translation being Guangxi Guilin Jinwei Enterprises Co., Ltd.), being the holder of the land use rights of approximately 49,000 sq. m. in Lingui County, Guilin City, the PRC (the "Site"). The total consideration of the acquisition was RMB26.25 million (equivalent to HK\$29.4 million). Taking into account the value of the Site, the Group considers that the transaction offers a good opportunity to invest in PRC property at a relatively lower investment cost.

Going forward, the Group will continue to expand its distribution portfolio, grasp suitable opportunities for the design and manufacturing business in the fast-changing electronics market, and also will continue to look for niche investment ventures with good returns to enhance our shareholders' value in the coming years.

### LIQUIDITY AND FINANCIAL RESOURCES

The net debt position as at 31 March 2008 and the corresponding gearing ratio are shown as follows:

	<b>2008</b> <i>HK\$'million</i>	2007 <i>HK\$'million</i>
Bank debts	<u>437.0</u>	<u>414.8</u>
Cash and cash equivalents	<b>121.4</b>	139.2
Equity investments at fair value through profit or loss	<u>174.4</u>	<u>201.1</u>
Cash and cash equivalents and equity investments	<u>295.8</u>	<u>340.3</u>
Net debt	<u><b>141.2</b></u>	<u>74.5</u>
Total equity	<u><b>352.1</b></u>	<u>345.4</u>
Net debt to total equity	<u><b>40%</b></u>	<u>22%</u>

As at 31 March 2008, the Group had cash and cash equivalents (i.e. cash and bank balances and time deposits) of HK\$121.4 million (2007: HK\$139.2 million), while the Group's equity investments at fair value through profit or loss amounted to HK\$174.4 million (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.

The net debt to total equity ratio as at 31 March 2008 was 40% (2007: 22%), while the Group's total equity as at 31 March 2008 was HK\$352.1 million (2007: HK\$345.4 million), with the total balances of cash and cash equivalents and equity investments as at 31 March 2008 of HK\$295.8 million (2007: HK\$340.3 million).

The working capital position of the Group remains healthy. As at March 2008, the liquidity ratio was 136% (2007: 144%).

	<b>2008</b> <i>HK\$'million</i>	2007 <i>HK\$'million</i>
Current assets	<b>829.1</b>	835.2
Current liabilities	<b>(611.7)</b>	(581.7)
Net current assets	<b>217.4</b>	253.5
Current assets to current liabilities (%)	<b>136%</b>	144%

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.

## PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year, the Company purchased certain of its shares on the Hong Kong Stock Exchange and these shares were subsequently cancelled by the Company. The summary of those transactions are as follows:

Date	Number of shares repurchases	Price per share		Total price paid <i>HK\$</i>
		Highest <i>HK\$</i>	Lowest <i>HK\$</i>	
10 March 2008	6,810,000	0.59	0.53	3,903,760
11 March 2008	5,654,000	0.61	0.54	3,349,940
12 March 2008	1,814,000	0.60	0.59	1,083,260
14 March 2008	2,310,000	0.60	0.58	1,369,830
	<u>16,588,000</u>			<u>9,706,790</u>

## CORPORATE GOVERNANCE

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 (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) throughout the year ended 31 March 2008. Further details of the Company’s corporate governance practices will be described in the corporate governance report to be contained in the Company’s Annual Report 2008.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out 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 financial year under review.

## AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee, comprising the three independent non-executive directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit, has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the financial statements for the year ended 31 March 2008.

## **DIVIDEND**

The Board of Directors has recommended a final dividend of HK1 cent per share in cash for the year ended 31 March 2008 (2007: Nil). The final dividend is subject to Shareholders' approval at the Annual General Meeting and is expected to be payable on or before 30 September 2008 to the shareholders of the Company whose names appear on the Register of Members of the Company on Monday, 25 August 2008.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from Thursday, 21 August 2008 to Monday, 25 August 2008 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for any dividend and to determine the identity of members who are entitled to attend and vote at the Annual General Meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 20 August 2008.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is available for viewing on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and at the website of the Company at [www.avconcept.com](http://www.avconcept.com). An annual report for the year ended 31 March 2008 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 23 July 2008

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