



# AEON CREDIT SERVICE (ASIA) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 900)



## FINAL RESULTS FOR THE YEAR ENDED 20TH FEBRUARY 2008

The Directors of AEON Credit Service (Asia) Company Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group” or “AEON Credit”) for the year ended 20th February 2008 and the state of affairs of the Group as at that date together with the comparative figures as follows:

### CONSOLIDATED INCOME STATEMENT

		Year ended 20th February		
		2008	2007	
	Notes	HK\$'000	HK\$'000	change
Turnover	6	<b>1,075,010</b>	1,020,351	5.4
Interest income	8	<b>1,031,383</b>	987,351	4.5
Interest expense	9	<b>(163,573)</b>	(144,702)	13.0
Net interest income		<b>867,810</b>	842,649	3.0
Other operating income	10	<b>130,471</b>	115,875	12.6
Other income	11	<b>5,930</b>	18,819	(68.5)
Operating income		<b>1,004,211</b>	977,343	2.8
Operating expenses	12	<b>(365,769)</b>	(353,721)	3.4
Operating profit before impairment allowances		<b>638,442</b>	623,622	2.4
Impairment losses and impairment allowances		<b>(332,247)</b>	(333,985)	(0.5)
Recoveries of receivables written-off		<b>37,045</b>	30,927	19.8
Share of results in associates		<b>(2,381)</b>	(814)	192.5
Profit before tax		<b>340,859</b>	319,750	6.6
Income tax expense	13	<b>(49,598)</b>	(53,054)	(6.5)
Profit for the year		<b>291,261</b>	266,696	9.2
Dividend paid	14	<b>136,099</b>	83,753	
Earnings per share	15	<b>69.55 cents</b>	63.69 cents	
Final dividend per share proposed	14	<b>15.0 cents</b>	17.5 cents	

## CONSOLIDATED BALANCE SHEET

		20th February 2008	20th February 2007
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	16	84,214	98,452
Investments in associates		42,904	40,446
Available-for-sale investments		87,406	52,375
Credit card receivables	17	146,964	114,075
Instalment loans receivable	18	552,895	477,691
Hire purchase debtors	19	16,728	17,676
Deferred tax assets		4,500	1,000
Restricted deposits		68,000	120,000
		<u>1,003,611</u>	<u>921,715</u>
<b>Current assets</b>			
Derivative financial instruments	24	14,487	7,115
Credit card receivables	17	3,042,158	2,688,578
Instalment loans receivable	18	782,450	823,640
Hire purchase debtors	19	96,672	104,454
Prepayments, deposits, interest receivables and other debtors	21	151,022	123,848
Time deposits		167,778	166,116
Bank balances and cash		78,014	114,195
		<u>4,332,581</u>	<u>4,027,946</u>
<b>Current liabilities</b>			
Creditors and accrued charges		107,998	121,938
Amount due to a fellow subsidiary		50,387	51,022
Amount due to immediate holding company		–	380
Amount due to ultimate holding company		57	60
Amount due to an associate		239	299
Bank borrowings-repayable within one year	23	1,032,000	706,000
Bank overdrafts		2,950	1,695
Derivative financial instruments	24	28,531	13,639
Tax liabilities		28,259	16,650
		<u>1,250,421</u>	<u>911,683</u>
<b>Net current assets</b>		<u>3,082,160</u>	<u>3,116,263</u>
<b>Total assets less current liabilities</b>		<u>4,085,771</u>	<u>4,037,978</u>
<b>Capital and reserves</b>			
Issued capital		41,877	41,877
Share premium and reserves		1,575,082	1,435,117
		<u>1,616,959</u>	<u>1,476,994</u>
<b>Non-current liabilities</b>			
Collateralised debt obligation	25	846,562	846,806
Bank borrowings-repayable after one year	23	1,622,250	1,714,178
		<u>2,468,812</u>	<u>2,560,984</u>
		<u>4,085,771</u>	<u>4,037,978</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 21st February 2006, as restated	41,877	227,330	270	12,479	158	-	1,038,431	1,320,545
Gain on available-for-sale investments	-	-	-	3,730	-	-	-	3,730
Net adjustment on cash flow hedges	-	-	-	-	(6,682)	-	-	(6,682)
Net income (expense) recognised directly in equity	-	-	-	3,730	(6,682)	-	-	(2,952)
Profit for the year	-	-	-	-	-	-	266,696	266,696
Transfer to consolidated income statement on sales of available-for-sale investments	-	-	-	(15,143)	-	-	(8,399)	(23,542)
Total recognised income for the year	-	-	-	(11,413)	(6,682)	-	258,297	240,202
Final dividend paid for 2005/06	-	-	-	-	-	-	(48,158)	(48,158)
Interim dividend paid for 2006/07	-	-	-	-	-	-	(35,595)	(35,595)
	-	-	-	(11,413)	(6,682)	-	174,544	156,449
At 20th February 2007	41,877	227,330	270	1,066	(6,524)	-	1,212,975	1,476,994
Gain on available-for-sale investments	-	-	-	30,556	-	-	-	30,556
Exchange difference arising from translation of foreign operations	-	-	-	-	-	4,839	-	4,839
Net adjustment on cash flow hedges	-	-	-	-	(50,592)	-	-	(50,592)
Net income (expense) recognised directly in equity	-	-	-	30,556	(50,592)	4,839	-	(15,197)
Profit for the year	-	-	-	-	-	-	291,261	291,261
Total recognised income for the year	-	-	-	30,556	(50,592)	4,839	291,261	276,064
Final dividend paid for 2006/07	-	-	-	-	-	-	(73,284)	(73,284)
Interim and special dividend paid for 2007/08	-	-	-	-	-	-	(62,815)	(62,815)
	-	-	-	30,556	(50,592)	4,839	155,162	139,965
At 20th February 2008	41,877	227,330	270	31,622	(57,116)	4,839	1,368,137	1,616,959

## CONSOLIDATED CASH FLOW STATEMENT

	<b>Year ended 20th February</b>	
	<b>2008</b>	<b>2007</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating activities</b>		
Profit before tax	<b>340,859</b>	319,750
Adjustments for:		
Amortisation of upfront cost of issued debt securities	–	1,861
Amortisation of upfront cost of collateralised debt obligation	<b>858</b>	71
Depreciation	<b>37,755</b>	42,828
Dividends received on available-for-sale investments	<b>(1,403)</b>	(983)
Gain on disposal of available-for-sale investments	<b>(6,489)</b>	(19,206)
Impairment losses and impairment allowances recognised in respect of debtor balance	<b>332,247</b>	333,985
Interest expense	<b>162,715</b>	142,770
Interest income	<b>(1,031,383)</b>	(987,351)
Loss on disposal of investments held for trading	–	323
Loss on disposal of property, plant and equipment	<b>106</b>	64
Share of results in associates	<b>2,381</b>	814
	<hr/>	<hr/>
Operating cash flows before movements in working capital	<b>(162,354)</b>	(165,074)
Increase in credit card receivables	<b>(585,539)</b>	(546,905)
Increase in instalment loans receivable	<b>(162,503)</b>	(372,756)
Decrease in hire purchase debtors	<b>5,288</b>	9,194
(Increase) decrease in prepayments, deposits, interest receivables and other debtors	<b>(36,986)</b>	25,667
Decrease in creditors and accrued charges	<b>(8,532)</b>	(323)
(Decrease) increase in amount due to a fellow subsidiary	<b>(635)</b>	16,394
(Decrease) increase in amount due to immediate holding company	<b>(380)</b>	380
(Decrease) increase in amount due to ultimate holding company	<b>(3)</b>	8
(Decrease) increase in amount due to an associate	<b>(60)</b>	205
	<hr/>	<hr/>
Cash used in operations	<b>(951,704)</b>	(1,033,210)
Tax paid	<b>(41,489)</b>	(65,014)
Interest paid	<b>(168,692)</b>	(135,095)
Interest received	<b>1,038,847</b>	991,590
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(123,038)</b>	(241,729)

	<b>Year ended 20th February</b>	
	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Investing activities</b>		
Dividends received	1,403	983
Increase in investment in an associate	–	(38,946)
Proceeds from disposal of available-for-sale investments	6,489	22,209
Proceeds from disposal of investments held for trading	–	2,054
Purchase of property, plant and equipment	(23,623)	(44,145)
Purchase of available-for-sale investments	(4,475)	(10,120)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(20,206)</b>	<b>(67,965)</b>
	<hr/>	<hr/>
<b>Financing activities</b>		
Collateralised debt obligation raised	–	850,000
Decrease in restricted deposits	52,000	–
Dividends paid	(135,530)	(83,753)
New bank loans raised	14,465,200	17,614,678
Repayment of bank loans	(14,274,200)	(17,250,500)
Repayment of issued debt securities	–	(850,000)
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<b>Net cash generated from financing activities</b>	<b>107,470</b>	<b>280,425</b>
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(35,774)</b>	<b>(29,269)</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at beginning of the year</b>	<b>278,616</b>	<b>307,885</b>
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	<b>242,842</b>	<b>278,616</b>
	<hr/>	<hr/>
Being:		
Time deposits	167,778	166,116
Bank balances and cash	78,014	114,195
Bank overdrafts	(2,950)	(1,695)
	<hr/>	<hr/>
	<b>242,842</b>	<b>278,616</b>
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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 20th February 2008

## 1. STATUTORY CONSOLIDATED FINANCIAL STATEMENTS

The financial information in this final results announcement does not constitute the Group's statutory consolidated financial statements for the year ended 20th February 2008 but is derived from those consolidated financial statements.

## 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), the Hong Kong Accounting Standard ("HKAS") and Interpretations (hereinafter collectively referred to as "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting policies generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment to Hong Kong Accounting Standards ("HKAS") and interpretations ("HK(IFRIC) – Int") ("new HKFRS") issued by the HKICPA, which are effective for the accounting periods beginning 1st January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
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

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 11	HKFRS 2: Group and Treasury Share Transactions <sup>3</sup>
HK(IFRIC) – Int 12	Service Concession Arrangements <sup>4</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>5</sup>
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>4</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after 1st July 2009

<sup>3</sup> Effective for annual periods beginning on or after 1st March 2007

<sup>4</sup> Effective for annual periods beginning on or after 1st January 2008

<sup>5</sup> Effective for annual periods beginning on or after 1st July 2008

The Directors of the Company anticipate that the application of the new or revised standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 20th February 2007 except for the adoption of the new HKFRSs as disclosed in note 3 above.

#### **5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgement, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgements in applying the accounting policies**

There are no significant effects on amounts recognised in the consolidated financial statements arising from the judgements used by the management in the process of applying the Group's accounting policies.

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### *Impairment allowances on loans and receivables*

The Group establishes, through charges against the consolidated income statement, impairment allowances in respect of estimated incurred loss in loans and receivables. The allowances consist of individual impairment allowances and collective impairment allowances. The overall impairment allowances represent the aggregate amount by which the management considers necessary to write down its loan portfolio in order to state it in the consolidated balance sheet at its estimated net recoverable value.

In determining individual impairment allowances, management considers objective evidence of impairment. When a loan is impaired, an individual impairment allowance is assessed by a discounted cash flow method, measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

In determining collective impairment allowances, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Details of the impairment allowances movements are disclosed in note 22.

##### *Fair value of available-for-sale investments*

The management of the Group use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

The Group's unlisted shares issued by corporate entities with carrying amount of HK\$46,233,000 (2007: HK\$34,792,000) are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

## 6. TURNOVER

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Interest income	1,031,383	987,351
Fees and commissions	43,627	33,000
	<u>1,075,010</u>	<u>1,020,351</u>

## 7. BUSINESS SEGMENTS

For management purposes, the Group is currently organised into three operating divisions – credit card, instalment loan and hire purchase. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Credit card	–	Provide credit card services to individuals and acquiring services for member-stores
Instalment loan	–	Provide personal loan financing to individuals
Hire purchase	–	Provide vehicle financing and hire purchase financing for household products and other consumer products to individuals

Segment information about these businesses is presented below:

### 2008

	Credit card HK\$'000	Instalment loan HK\$'000	Hire purchase HK\$'000	Corporate and other operations HK\$'000	Consolidated HK\$'000
<b>CONSOLIDATED INCOME STATEMENT</b>					
<b>TURNOVER</b>	<u>699,367</u>	<u>352,018</u>	<u>7,123</u>	<u>16,502</u>	<u>1,075,010</u>
<b>RESULT</b>					
Net interest income	543,234	318,751	4,358	1,467	867,810
Other operating income	107,394	18,825	6	4,246	130,471
Other income	–	–	–	5,930	5,930
Impairment losses and impairment allowances	(200,815)	(127,991)	(3,441)	–	(332,247)
Recoveries of receivables written-off	30,391	5,777	877	–	37,045
Segment results	<u>480,204</u>	<u>215,362</u>	<u>1,800</u>	<u>11,643</u>	<u>709,009</u>
Unallocated operating expenses					(365,769)
Share of results in associates					(2,381)
Profit before tax					340,859
Income tax expense					(49,598)
Profit for the year					<u>291,261</u>



	Credit card HK\$'000	Instalment loan HK\$'000	Hire purchase HK\$'000	Corporate and other operations HK\$'000	Consolidated HK\$'000
<b>CONSOLIDATED BALANCE SHEET</b>					
<b>ASSETS</b>					
Segment assets	<u>3,488,652</u>	<u>1,363,403</u>	<u>113,511</u>	<u>323,222</u>	5,288,788
Investments in associates					42,904
Unallocated corporate assets					<u>4,500</u>
Consolidated total assets					<u>5,336,192</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>2,649,398</u>	<u>891,110</u>	<u>36,577</u>	<u>113,889</u>	3,690,974
Unallocated corporate liabilities					<u>28,259</u>
Consolidated total liabilities					<u>3,719,233</u>
<b>OTHER INFORMATION</b>					
Additions to property, plant and equipment	-	-	-	23,623	23,623
Depreciation	-	-	-	37,755	37,755
Loss on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>	<u>106</u>
2007					
	Credit card HK\$'000	Instalment loan HK\$'000	Hire purchase HK\$'000	Corporate and other operations HK\$'000	Consolidated HK\$'000
<b>CONSOLIDATED INCOME STATEMENT</b>					
TURNOVER	<u>657,816</u>	<u>338,455</u>	<u>8,296</u>	<u>15,784</u>	<u>1,020,351</u>
<b>RESULT</b>					
Net interest income (expense)	538,707	299,708	4,448	(214)	842,649
Other operating income	97,711	16,923	15	1,226	115,875
Other income	-	-	-	18,819	18,819
Impairment losses and impairment allowances	(200,559)	(129,514)	(3,912)	-	(333,985)
Recoveries of receivables written-off	<u>26,788</u>	<u>3,451</u>	<u>688</u>	<u>-</u>	<u>30,927</u>
Segment results	<u>462,647</u>	<u>190,568</u>	<u>1,239</u>	<u>19,831</u>	674,285
Unallocated operating expenses					(353,721)
Share of results in associates					<u>(814)</u>
Profit before tax					319,750
Income tax expense					<u>(53,054)</u>
Profit for the year					<u>266,696</u>

	Credit card <i>HK\$'000</i>	Instalment loan <i>HK\$'000</i>	Hire purchase <i>HK\$'000</i>	Corporate and other operations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>CONSOLIDATED BALANCE SHEET</b>					
<b>ASSETS</b>					
Segment assets	<u>3,138,428</u>	<u>1,331,877</u>	<u>122,228</u>	<u>315,682</u>	4,908,215
Investments in associates					40,446
Unallocated corporate assets					<u>1,000</u>
Consolidated total assets					<u>4,949,661</u>
<b>LIABILITIES</b>					
Segment liabilities	<u>2,498,100</u>	<u>833,208</u>	<u>37,289</u>	<u>87,420</u>	3,456,017
Unallocated corporate liabilities					<u>16,650</u>
Consolidated total liabilities					<u>3,472,667</u>
<b>OTHER INFORMATION</b>					
Additions to property, plant and equipment	–	–	–	44,145	44,145
Depreciation	–	–	–	42,828	42,828
Loss on disposal of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>64</u>	<u>64</u>

## 8. INTEREST INCOME

	<b>Year ended 20th February</b>	
	<b>2008</b>	<b>2007</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Time deposits, bank balances and cash	<b>13,931</b>	15,784
Credit card receivables, instalment loans receivable and hire purchase debtors	<b>1,015,130</b>	968,757
Impaired credit card receivables, instalment loans receivable and hire purchase debtors	<u><b>2,322</b></u>	<u>2,810</u>
	<u><b>1,031,383</b></u>	<u>987,351</u>

## 9. INTEREST EXPENSE

	<b>Year ended 20th February</b>	
	<b>2008</b>	<b>2007</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Interest on bank borrowings and overdrafts wholly repayable within five years	<b>98,968</b>	108,201
Interest on bank borrowings and overdrafts wholly repayable after five years	<b>1,440</b>	1,040
Interest on collateralised debt obligation wholly repayable within five years	<b>42,336</b>	–
Interest on collateralised debt obligation wholly repayable after five years	–	1,890
Interest on issued debt securities wholly repayable within five years	–	18,220
Net interest expense on interest rate swap contracts	<u><b>20,829</b></u>	<u>15,351</u>
	<u><b>163,573</b></u>	<u>144,702</u>

For the year 2008, amortisation of upfront costs of HK\$858,000 is included in the interest expense on collateralised debt obligation wholly repayable within five years.

For the year 2007, amortisation of upfront costs of HK\$1,861,000 and HK\$71,000 are included in the interest expense on issued debt securities wholly repayable within five years and collateralised debt obligation wholly repayable after five years respectively.

#### 10. OTHER OPERATING INCOME

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Dividends received on available-for-sale investments		
Listed equity securities	1,124	573
Unlisted equity securities	279	410
Exchange gains & losses		
Exchange loss on bank loan	(43,072)	–
Exchange gain on helping instrument released from cash flow hedge reserve	43,072	–
Fees and commissions	43,627	33,000
Handling and late charges	84,220	79,735
Net foreign exchange gain	270	243
Others	951	1,914
	<u>130,471</u>	<u>115,875</u>

#### 11. OTHER INCOME

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Gain on disposal of available-for-sale investments	6,489	19,206
Hedge ineffectiveness on cash flow hedges	(453)	–
Loss on disposal of investments held for trading	–	(323)
Loss on disposal of property, plant and equipment	(106)	(64)
	<u>5,930</u>	<u>18,819</u>

#### 12. OPERATING EXPENSES

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Administrative expenses	85,308	84,113
Marketing expenses	43,287	39,445
Auditor's remuneration	1,880	1,790
Depreciation	37,755	42,828
Operating lease rentals in respect of rented premises, advertising space and equipment	62,796	56,537
Other operating expenses	38,026	34,334
Staff costs including directors' emoluments	96,717	94,674
	<u>365,769</u>	<u>353,721</u>

### 13. INCOME TAX EXPENSE

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
The charge comprises:		
Current taxation		
Hong Kong Profits Tax		
– Current year	62,012	53,917
– Overprovision in respect of prior years	(8,914)	(6,880)
	<u>53,098</u>	<u>47,037</u>
Deferred tax		
– Current year	(3,500)	–
– Reversal of deferred tax assets	–	6,017
	<u>49,598</u>	<u>53,054</u>

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) on the estimated assessable profit for the year.

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Profit before tax	<u>340,859</u>	<u>319,750</u>
Tax at the applicable rate of 17.5% (2007: 17.5%)	59,650	55,956
Tax effect of share of results in associates	417	143
Tax effect of expenses not deductible for tax purpose	40	5
Tax effect of income not taxable for tax purpose	(2,575)	(3,881)
Overprovision in respect of prior years	(8,914)	(6,880)
Reversal of deferred tax	–	6,017
Others	980	1,694
Tax charge for the year	<u>49,598</u>	<u>53,054</u>

#### 14. DIVIDENDS

	Year ended 20th February	
	2008	2007
	HK\$'000	HK\$'000
Dividend recognised as distribution during the year:		
Final dividend paid in respect of 2007 of 17.5 cents (2006: 11.5 cents) per share	73,284	48,158
Interim and special dividend paid in respect of 2008 of 15.0 cents (2007: interim dividend of 8.5 cents) per share	62,815	35,595
	<u>136,099</u>	<u>83,753</u>
Final dividend proposed in respect of 2008 of 15.0 cents (2007: 17.5 cents) per share	<u>62,815</u>	<u>73,284</u>

The final dividend of 15.0 HK cents per share has been proposed by the Directors and will be paid to shareholders on 30th June 2008. This dividend is subject to approval by shareholders at the forthcoming annual general meeting and has not been included as a liability in these consolidated financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 20th June 2008.

#### 15. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit for the year of HK\$291,261,000 (2006/07: HK\$266,696,000) and on the number of shares of 418,766,000 (2006/07: 418,766,000) in issue during the year.

#### 16. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$20,716,000 on computer equipment, HK\$2,679,000 on leasehold improvements and HK\$228,000 on furniture and fixtures.

#### 17. CREDIT CARD RECEIVABLES

	20th February 2008	20th February 2007
	HK\$'000	HK\$'000
Due:		
Within one year	3,119,837	2,755,391
In the second to fifth year inclusive	150,717	116,909
	<u>3,270,554</u>	<u>2,872,300</u>
Impairment allowances		
– individually assessed	(26,347)	(24,181)
– collectively assessed	(55,085)	(45,466)
	<u>(81,432)</u>	<u>(69,647)</u>
	<u>3,189,122</u>	<u>2,802,653</u>
Current portion included under current assets	<u>(3,042,158)</u>	<u>(2,688,578)</u>
Amount due after one year	<u>146,964</u>	<u>114,075</u>

**18. INSTALMENT LOANS RECEIVABLE**

	<b>20th February 2008 HK\$'000</b>	20th February 2007 HK\$'000
Due:		
Within one year	<b>813,063</b>	859,417
In the second to fifth year inclusive	<b>574,528</b>	498,441
	<b>1,387,591</b>	1,357,858
Impairment allowances		
– individually assessed	<b>(18,222)</b>	(19,352)
– collectively assessed	<b>(34,024)</b>	(37,175)
	<b>(52,246)</b>	(56,527)
	<b>1,335,345</b>	1,301,331
Current portion included under current assets	<b>(782,450)</b>	(823,640)
	<b>552,895</b>	477,691

**19. HIRE PURCHASE DEBTORS**

	<b>20th February 2008 HK\$'000</b>	20th February 2007 HK\$'000
Due:		
Within one year	<b>98,590</b>	106,831
In the second to fifth year inclusive	<b>17,059</b>	18,078
	<b>115,649</b>	124,909
Impairment allowances		
– individually assessed	<b>(754)</b>	(1,142)
– collectively assessed	<b>(1,495)</b>	(1,637)
	<b>(2,249)</b>	(2,779)
	<b>113,400</b>	122,130
Current portion included under current assets	<b>(96,672)</b>	(104,454)
	<b>16,728</b>	17,676

## 20. OVERDUE DEBTOR BALANCE

Set out below is an analysis of gross debtor balance of credit card receivables, instalment loans receivable and hire purchase debtors (excluding impairment allowances) which is overdue for more than 1 month:

	20th February 2008		20th February 2007	
	HK\$'000	%*	HK\$'000	%*
Overdue 1 month but less than 2 months	126,812	2.6	96,448	2.2
Overdue 2 months but less than 3 months	27,159	0.6	27,859	0.6
Overdue 3 months but less than 4 months	18,769	0.4	17,455	0.4
Overdue 4 months or above	41,072	0.9	39,596	0.9
	<u>213,812</u>	<u>4.5</u>	<u>181,358</u>	<u>4.1</u>

\* Percentage of total debtor balance

## 21. PREPAYMENTS, DEPOSITS, INTEREST RECEIVABLES AND OTHER DEBTORS

	20th February	20th February
	2008	2007
	HK\$'000	HK\$'000
Accrued interest and other receivables	98,424	90,304
Prepayments, deposits and other debtors	<u>59,101</u>	<u>38,801</u>
	157,525	129,105
Impairment allowances		
– collectively assessed	<u>(6,503)</u>	<u>(5,257)</u>
	<u>151,022</u>	<u>123,848</u>

## 22. IMPAIRMENT ALLOWANCES

	20th February	20th February
	2008	2007
	HK\$'000	HK\$'000
Analysis by products as:		
Credit card receivables (note 17)	81,432	69,647
Instalment loans receivable (note 18)	52,246	56,527
Hire purchase debtors (note 19)	2,249	2,779
Prepayments, deposits, interest receivable and other debtors (note 21)	<u>6,503</u>	<u>5,257</u>
	<u>142,430</u>	<u>134,210</u>

	<b>Individual assessment HK\$'000</b>	<b>Collective assessment HK\$'000</b>	<b>Total HK\$'000</b>
At 21st February 2007	44,675	89,535	134,210
Impairment losses and impairment allowances	324,675	7,572	332,247
Amounts written off as uncollectible	(324,027)	–	(324,027)
	<u>45,323</u>	<u>97,107</u>	<u>142,430</u>
At 20th February 2008			
	Individual assessment HK\$'000	Collective assessment HK\$'000	Total HK\$'000
At 21st February 2006	76,966	81,732	158,698
Impairment losses and impairment allowances	326,182	7,803	333,985
Amounts written off as uncollectible	(358,473)	–	(358,473)
	<u>44,675</u>	<u>89,535</u>	<u>134,210</u>
At 20th February 2007			

### 23. BANK BORROWINGS

	<b>20th February 2008 HK\$'000</b>	<b>20th February 2007 HK\$'000</b>
Bank loans, unsecured	<u>2,654,250</u>	<u>2,420,178</u>
The maturity of bank borrowings is as follows:		
Within one year	1,032,000	706,000
Between one and two years	410,000	415,000
Between two and five years	1,182,250	1,269,178
Over five years	30,000	30,000
	<u>2,654,250</u>	<u>2,420,178</u>
Amount repayable within one year included under current liabilities	<u>(1,032,000)</u>	<u>(706,000)</u>
Amount repayable after one year	<u>1,622,250</u>	<u>1,714,178</u>



## 24. DERIVATIVE FINANCIAL INSTRUMENTS

	20th February 2008		20th February 2007	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	44	28,531	7,115	3,506
Cross-currency interest rate swap	14,443	–	–	10,133
	<u>14,487</u>	<u>28,531</u>	<u>7,115</u>	<u>13,639</u>

### Cash flow hedges:

#### *Interest rate swaps*

The Group uses interest rate swaps to minimise its exposure to cash flow changes of its floating-rate Hong Kong dollar bank borrowings by swapping a proportion of the floating-rate bank borrowings from floating rates to fixed rates. The interest rate swaps and the corresponding bank borrowings have the same terms and the Directors of the Company consider that the interest rate swaps are highly effective hedging instruments.

The fair value of the interest rate swaps are determined by using the discounted cash flow method based on HIBOR yield curves at balance sheet date.

#### *Cross-currency interest rate swap*

The Group had cross-currency interest rate swap designated as highly effective hedging instrument to minimise its exposure to foreign currency and cash flow interest rate risks of its floating-rate Yen syndicated bank borrowing by swapping the floating-rate Yen bank borrowing to fixed-rate Hong Kong dollar bank borrowing. The cross-currency interest rate swap and the corresponding syndicated bank borrowing have the same terms and the Directors of the Company consider that the cross-currency interest rate swap is highly effective hedging instrument.

The fair value of the cross-currency interest rate swap is determined by using the discounted cash flow method based on JPY-LIBOR-BBA yield curve at balance sheet date estimated.

## 25. COLLATERALISED DEBT OBLIGATION

The Company entered into a HK\$850,000,000 collateralised debt obligation financing transaction (the “Transaction”). Pursuant to this Transaction, the Company transferred credit card receivables in Hong Kong to Horizon Master Trust (AEON 2006-1) (the “Trust”) established and operated in Hong Kong solely for this financing purpose of which the lender, an independent third party, is also the trustee. The Company is the sole beneficiary of the Trust and holds the entire undivided interest in the credit card receivables transferred. In accordance with HKAS-INT-12, the Trust is deemed to be controlled by the Company and the results thereof are consolidated by the Company in its consolidated financial statements. According to HKAS 39, both assets transferred and debt issued under this Transaction have not been derecognised and remained in the Group’s consolidated financial statements.

The collateralised debt obligation is backed by the credit card receivable transferred (see note 26) and with the carrying amount denominated in Hong Kong dollars.

## 26. PLEDGE OF ASSETS

At 20th February 2008, the Group’s collateralised debt obligation was secured by credit card receivables and restricted deposits of HK\$1,435,766,000 and HK\$68,000,000 respectively (20th February 2007: HK\$1,284,786,000 and HK\$120,000,000) (see note 25).

## **FINAL DIVIDEND**

The Directors will recommend at the forthcoming annual general meeting to be held on Friday, 20th June 2008 a final dividend of 15.0 HK cents per share. This final dividend, if approved, will be paid on Monday, 30th June 2008 to shareholders whose names appear on the Register of Members of the Company on Friday, 20th June 2008.

Together with the interim and special dividend of 15.0 HK cents per share, the total dividend per share for the year is 30.0 HK cents, representing a dividend payout ratio of 43.1%.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Monday, 16th June 2008 to Friday, 20th June 2008, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 13th June 2008.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the accounting year ended 20th February 2008, except for the deviation from the code provisions A.4.1 and A.4.2 which are explained below.

Code provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. The second limb of the code provision A.4.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company's Non-executive Directors are not appointed for a specific term and Directors are not subject to retirement by rotation. However, all Directors, including executive, non-executive and independent non-executive, are subject to retirement at each annual general meeting of the Company in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## **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 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year under review.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Economic Review

During the year under review, Hong Kong's economic growth remained strong at 6.3% and was distinctly above the 10 year average growth of 3.8%. The impact of global financial turbulence was not significant yet during the year. External trade was still vibrant, particularly so for export of services. Meanwhile, domestic demand was an important growth driver amidst an upbeat consumer and business confidence. Wholesale and retail sales grew by 8.3% while unemployment rate at end of 2007 dropped to 3.4%, the lowest in the past 10 years. This had been a pull factor in the increase of consumer spending in Hong Kong.

At the same time, the combined effect of the strong consumption market, global food inflation and the elevated energy prices had pushed up Hong Kong's inflation. On the other hand, a distressed stock market in the United States owing to the prolonged sub-prime issue had put pressure on the Hong Kong stock market. To stabilize the financial market in the United States, the Federal Reserve Bank had taken bold action to slash the interest rates. Owing to the peg system of United States dollars to Hong Kong dollars, the HIBOR also followed suit and moved lower. All these factors resulted in a growth in the property market.

### Financial Review

The Group recorded a net profit of HK\$291.3 million for the year ended 20th February 2008, representing an increase of 9.2% or HK\$24.6 million when compared to HK\$266.7 million in the previous year. The Group's earnings per share improved from 63.69 HK cents per share in 2006/07 to 69.55 HK cents per share.

During the year under review, the Group continued to record a growth in credit card and personal loan business despite market players moved aggressively into these sectors. The launch of new marketing programs and the recruit of more co-branded cardholders had boosted up credit card sales. With the use of the Group's branch and merchant networks to cross-sell different loan products, personal loan sales continued to maintain a healthy growth.

The growth in sales transactions had resulted in the increase in interest income by 4.5% from HK\$987.4 million in 2006/07 to HK\$1,031.4 million. With a continuous drop in the HIBOR and the renewal of certain long-term borrowings with lower interest rate, the average funding cost moved down from 4.9% in the first half to 4.4% in the second half. The full year average funding cost was 4.6%, as compared to 4.8% in the previous year. With increase in funding requirement, interest expense was HK\$163.6 million, an increase of 13.0% when compared with last year. The Group's net interest income recorded an increase of 3.0% to HK\$867.8 million from HK\$842.6 million in 2006/07. The strong growth in credit purchase sales had increased the commission income received and, together with an increase in cash advance handling charges, other operating income increased by 12.6% from HK\$115.9 million to HK\$130.5 million.

The Group incurred more on advertising expenses to capture the growth of demand in consumer finance market and to build up its brand image. In addition, following the recruit of more cardholders and the launch of new marketing programs, the Group had spent more on card and loan processing expenses. However, with the exercise of a tight cost control process, the operating expenses only recorded a slight increase of 3.4% from HK\$353.7 million in 2006/07 to HK\$365.8 million. The Group's cost-to-income ratio was 36.4%, as compared with 36.2% in 2006/07.

At the operating level before impairment losses and impairment allowances, the Group recorded an increase in operating profit by HK\$14.8 million from HK\$623.6 million in 2006/07 to HK\$638.4 million. With the improved economic situations, the lower unemployment rate as well as the sharing of positive credit data, asset quality continued to improve during the year. Although the receivables continued to grow, impairment losses and impairment allowances recorded a slight drop by 0.5% from HK\$334.0 million in 2006/07 to HK\$332.2 million in the year, with recoveries for the year amounted to HK\$37.0 million as compared with HK\$30.9 million in the previous year. Impairment allowances amounted to HK\$142.4 million at 20th February 2008, as compared with HK\$134.2 million at 20th February 2007.

With a solid infrastructure and customer base, the Group was able to capitalize on market growth opportunities despite the keen competition in the market. At 20th February 2008, total debtor balance stood at HK\$4,773.8 million, an increase of 9.6%, or HK\$418.7 million, when compared with HK\$4,355.1 million at 20th February 2007. On funding side, including a collateralized debt obligation of HK\$846.6 million and cross-currency syndicated term loan of HK\$542.3 million, total indebtedness at 20th February 2008 amounted to HK\$3 billion and 504 million.

Shareholders' equity was strengthened by 9.5% to HK\$1,617.0 million at 20th February 2008 mainly due to the increase in accumulated profits and reserves. Net asset value per share (after final dividend), compared with the net asset value per share as at 20th February 2007, rose 10.7% to HK\$3.7.

## **Segment Information**

The Group's business comprises mainly three operating divisions, namely credit card, instalment loans and hire purchase. With the issue of more cards and the launch of different marketing campaigns, credit card operation accounted for 65.1% of the Group's turnover for the year ended 20th February 2008, as compared to 64.5% in 2006/07. For operating income after deducting impairment losses and impairment allowances, credit card operation accounted for 67.7% of the Group's whole operations in 2007/08, as compared to 68.6% in 2006/07, with operating results recorded an increase of 3.8% from HK\$462.6 million in 2006/07 to HK\$480.2 million in 2007/08.

With the enlarged customer base and distribution channels, the Group remained active in developing its instalment loan business. Instalment loan continued to record a stable growth in the reporting year, representing 32.7% of the Group's turnover. For operating income after deducting impairment losses and impairment allowances, instalment loan operation accounted for 30.4% of the Group's whole operations in 2007/08, as compared to 28.3% in 2006/07, with operating results recorded an increase of 13.0% from HK\$190.6 million in 2006/07 to HK\$215.4 million in 2007/08.

## **Business Review**

During the year under review, the Group had launched a series of marketing initiatives to boost up card and personal loan sales, including co-operation with new partners and introduction of new services.

On credit card business, the Group had designed tailor-made card acquisition programs with its affinity partners to increase card base and card usage. To capture new market segments, a number of co-branded cards were launched during the year, such as Q-Pets MasterCard. The unique features of these cards are well-received by customers. In addition, the Group had launched a series of marketing initiatives directing towards card activation through the offering of lucky draws and seasonal merchant discounts. The four phases of our 20th anniversary lucky draw promotions had received overwhelming response in the market.

With the extension of its ATM network along transportation areas and the offering of cash instalment plan through ATMs, the Group continued to maintain a stable cash advance sales. Moreover, with the recovery of the economic situation and acquisition of new customer portfolio, the Group had been actively cross-selling new personal loan products to suit customers' needs, and continued to record a growth in personal loan sales in the reporting year.

To extend service coverage, the Group launched AEON on-line bill payment service in the second half year. Net-members can now register through our website and make payments to over 400 merchants including government bodies and public utility companies through credit cards. This not only provides convenience to customers but also creates additional credit card sales to the Group.

## **Prospects**

Looking forward, 2008 will be a year of challenges. The US sub-prime issue and the resultant global financial turbulence will increase the downside risks in the external economic environment. At the same time, the Chinese Government is expected to continue its austerity measures so as to slow down the overheating economy, particularly the property market. A falling US dollar, a rising RMB and together with the global increase in food and energy prices will add inflationary pressures to the Hong Kong economy. Nevertheless, a strong momentum in the Mainland and other emerging markets, coupled with lower interest rates, will help to alleviate the above-mentioned adverse impact. Therefore, it is anticipated that the Hong Kong economy will continue to grow and consumer spending will continue to increase.

Under this operating environment, the challenges ahead for the market players will be the keen competition and increasing operating costs. The Group will strive to expand its market segment for credit card and loan products, improve service quality, expand service coverage areas and maximize the returns of its shareholders.

First of all, the Group will actively strengthen its brand image in the market as providing better life quality for customers and also as a responsible corporate citizen. To this end, the Group will continue to launch new innovative products and services in the market, such as gift cards, and continue to help the less privileged and work towards a green living environment.

The Group will continue to tie up with strong leading partners to issue new co-branded cards to capture new customer segments and widen its distribution network. A series of marketing programs will also be launched which will direct towards card activation in the whole card portfolio. Moreover, the Group will enhance its web functions and promote e-statement service to net-members for convenience and environmental conservation.

In addition, following the technology upgrade in judgement and auto-call system, operating efficiencies will further be improved through the relocation of judgement and direct marketing functions to the Group's call centres in Shenzhen and Guangzhou.

## FUNDING AND CAPITAL FINANCING

The Group relies principally on its internally generated capital, structured finance and bank borrowings to fund its business. At 20th February 2008, 31.5% of the funding is derived from shareholders' equity, 16.6% from structured finance and 51.9% from direct borrowings from financial institutions.

The principal source of internally generated capital is from accumulated profits. For structured finance, the Group entered into a collateralised debt obligation transaction for a period of five years and will commence amortisation in 2012. The collateralised debt obligation amounted to HK\$846.6 million at 20th February 2008 and carried a fixed interest coupon. This was secured by credit card receivables of HK\$1,435.8 million and restricted deposit of HK\$68.0 million.

At 20th February 2008, the Group had bank borrowings, bank overdrafts and cross-currency syndicated term loan amounted to HK\$2,657.2 million, with 76.8% being fixed in interest rates. Including the collateralised debt obligation, 29.5% of these indebtedness will mature within one year, 11.7% between one and two years, 13.0% between two and three years, 20.7% between three and four years and 25.1% over four years. The average duration of indebtedness was around 2.5 years. The Group's bank borrowings were denominated in Hong Kong dollars, except for a syndicated term loan of Yen 7.5 billion which was hedged by a cross-currency interest rate swap.

The Group continued to maintain a strong financial position. The net debt to equity ratio at 20th February 2008 was as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Debt ( <i>note a</i> )	<b>3,500,812</b>	3,266,984
Cash and cash equivalents	<b>(242,842)</b>	(278,616)
Net debt	<b>3,257,970</b>	2,988,368
Equity ( <i>note b</i> )	<b>1,616,959</b>	1,476,994
Net debt to equity ratio	<b>2.01</b>	2.02

### Notes:

- (a) Debt comprises bank borrowings and collateralised debt obligations
- (b) Equity includes all capital and reserves of the Group.

Taking into account the financial resources available to the Group including internally generated funds and available banking facilities, the Group has sufficient working capital to meet its present requirements.

The Group's principal operations were transacted and recorded in Hong Kong dollars. During the year under review, the Group engaged in derivative financial instruments mainly to hedge its exposure on interest rate and exchange rate fluctuations. At 20th February 2008, capital commitments entered were mainly related to the purchase of property, plant and equipment, and the purchase of available-for-sale investment.

## **HUMAN RESOURCES**

The total number of staff at 20th February 2008 and 20th February 2007 was 342 and 376 respectively. Employees are remunerated according to the job nature and market trends, with a built-in-merit component incorporated in the annual increment to reward and motivate individual performance. Apart from medical insurance and provident fund, discretionary bonuses are awarded to employees based on individual performance and the financial performance of the Company. The Company also provides in-housing training programs and external training sponsorships to strengthen its human resources.

To foster a sense of belonging and team spirit among staff members, the Company issues staff newsletters and establishes Staff Social Club to organize and promote various activities for the staff.

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

During the year, there was no purchase, sale or redemption by the Company of its listed securities.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee of the Company has reviewed the annual results.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 20th February 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE**

The 2007/08 annual report of the Group, containing the relevant information required by the Listing Rules, will be published on the websites of the Stock Exchange and the Company in due course.

## **BOARD OF DIRECTORS**

At the date of this announcement, the Executive Directors are Mr. Masanori Kosaka (Managing Director), Mr. Lai Yuk Kwong (Deputy Managing Director), Mr. Tomoyuki Kawahara (Senior Executive Director), Ms. Koh Yik Kung, Dr. Pan Shu Pin, Ban and Mr. Fung Kam Shing, Barry; the Non-executive Directors are Mr. Yoshiki Mori (Chairman) and Mr. Kazuhide Kamitani; and the Independent Non-executive Directors are Mr. Tsang Wing Hong, Mr. Wong Hin Wing and Dr. Hui Ching Shan.

By order of the Board  
**MASANORI KOSAKA**  
*Managing Director*

Hong Kong, 25th April 2008