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# KANTONE HOLDINGS LIMITED

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

Stock Code: 1059

# 2011/2012 ANNUAL RESULTS ANNOUNCEMENT

## FINANCIAL HIGHLIGHTS

- Turnover rose 7% to HK$1,429 million
- Profit for the year dropped 5% to HK$80.2 million
- Adjusted EBITDA (excluding impairment) went up 3% to HK$614 million
- Profit attributable to owners of the Company fell 4% to HK$80.5 million
- Earnings per share was HK1.07 cents

The board of directors (the "Board") of Kantone Holdings Limited (the "Company" or "Kantone") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2012 with comparative figures for 2011 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 30 June 2012*

| | *Notes* | **2012** *HK$'000* | 2011 *HK$'000* |
|---|---|---|---|
| Turnover | *2* | **1,429,281** | 1,341,006 |
| Cost of sales | | **(1,110,903)** | (1,059,997) |
| Gross profit | | **318,378** | 281,009 |
| Other income | | **8,175** | 5,840 |
| Distribution costs | | **(33,578)** | (38,979) |
| General and administrative expenses | | **(94,218)** | (87,609) |
| Impairment losses recognised for deposits and prepaid development costs | | **(104,174)** | (65,720) |
| Research and development costs expensed | | **(13,757)** | (9,768) |
| Finance costs | | **(814)** | (586) |
| Profit before taxation | | **80,012** | 84,187 |
| Taxation credit | *4* | **167** | 133 |
| **Profit for the year** | | **80,179** | 84,320 |
| Other comprehensive income (expense): | | | |
| Exchange difference arising on translation | | **1,149** | (2,134) |
| **Total comprehensive income for the year** | | **81,328** | 82,186 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | **80,474** | 84,025 |
| Non-controlling interests | | **(295)** | 295 |
| | | **80,179** | 84,320 |

| | Note | 2012<br>*HK$'000* | 2011<br>*HK$'000* |
|---|---|---|---|
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | **81,664** | 81,797 |
| Non-controlling interests | | **(336)** | 389 |
| | | **81,328** | 82,186 |
| Earnings per share | *6* | | |
| - Basic | | **HK1.07 cents** | HK1.44 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2012*

| | Notes | 2012<br>*HK$'000* | 2011<br>*HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **46,773** | 48,556 |
| Development costs for systems and networks | | **1,175,896** | 1,025,301 |
| Goodwill | | **36,795** | 36,795 |
| Intangible assets | | **-** | - |
| Deposits and prepaid development costs | | **1,172,316** | 1,490,990 |
| | | **2,431,780** | 2,601,642 |
| **Current assets** | | | |
| Inventories | | **20,608** | 25,559 |
| Trade and other receivables | *7* | **809,020** | 458,756 |
| Taxation recoverable | | **9** | 10 |
| Deposits, bank balances and cash | | **116,233** | 248,552 |
| | | **945,870** | 732,877 |
| **Current liabilities** | | | |
| Trade and other payables | *8* | **66,473** | 72,207 |
| Warranty provision | | **1,229** | 1,445 |
| Bank borrowings - amount due within one year | | **28,870** | 33,198 |
| Overdrafts | | **-** | 5,488 |
| | | **96,572** | 112,338 |
| **Net current assets** | | **849,298** | 620,539 |
| **Total assets less current liabilities** | | **3,281,078** | 3,222,181 |
| **Non-current liabilities** | | | |
| Retirement benefit obligations | | **50,389** | 61,337 |
| Deferred taxation | | **-** | 169 |
| | | **50,389** | 61,506 |
| **Net assets** | | **3,230,689** | 3,160,675 |

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Capital and reserves** | | |
| Share capital | **750,458** | 749,253 |
| Reserves | **2,459,177** | 2,407,495 |
| Equity attributable to owners of the Company | **3,209,635** | 3,156,748 |
| Non-controlling interests | **21,054** | 3,927 |
| | **3,230,689** | 3,160,675 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 30 June 2012*

**1. Basis of preparation and application of new and revised Hong Kong Financial Reporting Standards**

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Historical cost is generally based on the fair value of the consideration given in exchange for goods. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

In the current year, the Group has applied a number of new and revised standard and amendments issued by the HKICPA that are mandatorily effective for accounting periods beginning on 1 July 2011. The adoption of the standard and amendments in the current year has had no material effect on the consolidated financial statements of the Group for the current and prior accounting periods.

The Group has not early applied those new and revised standards, amendments and interpretation that have been issued but are not yet effective. The directors of the Company are in process of assessing the impact of the application of these new and revised standards, amendments and interpretation on the consolidated financial statements.

**2. Turnover and segment information**

**(a) Turnover**

Turnover represents the amounts received and receivable for goods sold and services provided by the Group to outside customers, licensing fees and leasing income received and receivable during the year.

The turnover of the Group comprises the following:

| | 2012 | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Sales of systems and products | **831,029** | 755,937 |
| Software licensing | **512,412** | 504,847 |
| Rendering of services | **62,618** | 57,702 |
| Leasing of systems products | **23,222** | 22,520 |
| | **1,429,281** | 1,341,006 |

**(b) Segment information**

The operating segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs, that are regularly reviewed by the executive directors of the Company, for the purpose of allocating resources to segments and assessing their performance.

The Group was previously organised into three operating segments: systems sales, licensing and others, leasing of systems products and strategic investments. During the year, the executive directors of the Company have changed the structure of its internal organisation for resources allocation and performance assessment of the Group following the disposal of all of its available-for-sale investments to independent third parties. Subsequent to such change, the Group is now organised into two operating segments under HKFRS 8 Operating Segments as follows:

- Systems sales, licensing and others - includes income from sales of systems products, software licensing and customisation, provision of related services and sales of cultural products
- Leasing of systems products - includes income from leasing of systems products

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in the consolidated financial statements. Segment results represent the profit (loss) before taxation of each segment, excluding interest income, finance costs, unallocated income and expenses such as central administration costs and directors' salaries. This is the measure reported to the executive directors of the Company, the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance.

Information regarding the above segments is reported below:

| | **Systems sales, licensing and others** | **Leasing of systems products** | **Consolidated** |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| **Year ended 30 June 2012** | | | |
| **TURNOVER** | | | |
| External and total revenue | **1,406,059** | **23,222** | **1,429,281** |
| **RESULTS** | | | |
| Segment result | **88,587** | **1,503** | **90,090** |
| Interest income | | | **4,875** |
| Finance costs | | | **(814)** |
| Unallocated expenses, net | | | **(14,139)** |
| Profit before taxation | | | **80,012** |
| Year ended 30 June 2011 | | | |
| TURNOVER | | | |
| External and total revenue | 1,318,486 | 22,520 | 1,341,006 |
| RESULTS | | | |
| Segment result | 91,785 | (268) | 91,517 |
| Interest income | | | 4,629 |
| Finance costs | | | (586) |
| Unallocated expenses, net | | | (11,373) |
| Profit before taxation | | | 84,187 |

| | Systems sales, licensing and others *HK$'000* | Leasing of systems products *HK$'000* | Consolidated *HK$'000* |
|---|---|---|---|
| **<u>Year ended 30 June 2012</u>** | | | |
| Amounts included in the measure of segment profit or loss: | | | |
| Depreciation and amortisation | **427,849** | **1,424** | **429,273** |
| Impairment losses recognised for deposits and prepaid development costs | **104,174** | - | **104,174** |
| Gain on disposal of property, plant and equipment | **(8)** | - | **(8)** |
| <u>Year ended 30 June 2011</u> | | | |
| Amounts included in the measure of segment profit or loss: | | | |
| Depreciation and amortisation | 446,606 | 944 | 447,550 |
| Impairment losses recognised for deposits and prepaid development costs | 65,720 | - | 65,720 |
| Gain on disposal of property, plant and equipment | (38) | - | (38) |

No assets and liabilities are included in segment reporting as they are not regularly reviewed by the executive directors of the Company.

**(c) Geographical information**

The following table provides an analysis of the Group's revenue and non-current assets by location of customers and by location of assets respectively:

| | Revenue Year ended 30 June | | Non-current assets As at 30 June | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| People's Republic of China (including Hong Kong and Macau) | **976,362** | 886,369 | **2,386,689** | 2,555,233 |
| Europe (mainly United Kingdom and Germany) | **354,546** | 354,011 | **43,046** | 43,955 |
| Others | **98,373** | 100,626 | **2,045** | 2,454 |
| | **1,429,281** | 1,341,006 | **2,431,780** | 2,601,642 |

## 3. Depreciation and amortisation

| | **2012** ***HK$'000*** | 2011 *HK$'000* |
|---|---|---|
| Amortisation on: | | |
| Development costs for systems and networks, included in cost of sales | **418,847** | 437,832 |
| Intangibles assets, included in general and administrative expenses | - | 590 |
| Depreciation of property, plant and equipment, included in general and administrative expenses | **10,426** | 9,128 |
| Total depreciation and amortisation | **429,273** | 447,550 |

## 4. Taxation credit

| | **2012** ***HK$'000*** | 2011 *HK$'000* |
|---|---|---|
| The credit comprises: | | |
| Deferred taxation | **(167)** | (133) |

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits derived from Hong Kong. No provision for taxation has been made as the Group's income neither arises in, nor is derived from Hong Kong. Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The low effective tax rate is attributable to the fact that a substantial portion of the Group's profit neither arises in, nor is derived from Hong Kong and is accordingly not subject to Hong Kong Profits Tax and such profit is either exempt from Macau income tax or not subject to taxation in any other jurisdictions.

## 5. Dividends

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 2012 final dividend proposed in scrip form equivalent to HK0.2 cents (2011: HK0.2 cents) per share, with a cash option | **15,009** | 14,985 |
| 2012 interim dividend paid in scrip form equivalent to HK0.2 cents (2011: HK0.2 cents) per share, with a cash option | **14,997** | 10,608 |
| | **30,006** | 25,593 |

The proposed final dividend for 2012 is calculated on the basis of 7,504,575,951 shares (2011: 7,492,522,578 shares) in issue on 30 June 2012.

## 6. Earnings per share

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK$80,474,000 (2011: HK$84,025,000) and on the weighted average number of shares of 7,495,929,000 shares (2011: 5,834,004,000 shares) in issue.

No diluted earnings per share is presented for the years ended 30 June 2012 and 2011 as there were no potential ordinary shares in issue during both years.

## 7. Trade and other receivables

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **374,118** | 339,128 |
| Advances to suppliers | **406,526** | 93,332 |
| Other receivables | **28,376** | 26,296 |
| | **809,020** | 458,756 |

The Group maintains a well-defined credit policy regarding its trade customers depending on their credit worthiness, nature of services and products, industry practice and condition of the market with credit period ranging from 30 days to 180 days. The advances to suppliers and other receivables are unsecured, non-interest bearing and refundable, and are expected to be realised in the next twelve months from the end of the reporting period.

The aged analysis of trade receivables presented based on the invoice date at the end of the reporting period is as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 60 days | **157,067** | 158,826 |
| 61 - 90 days | **118,731** | 117,979 |
| 91 - 180 days | **98,320** | 62,317 |
| > 180 days | **-** | 6 |
| | **374,118** | 339,128 |

**8. Trade and other payables**

As at 30 June 2012, the balance of trade and other payables included trade payables of HK$9,737,000 (2011: HK$15,881,000). The aged analysis of trade payables presented based on the invoice date at the end of the reporting period is as follows:

| | **2012** | 2011 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 - 60 days | **9,454** | 11,798 |
| 61 - 90 days | **90** | 522 |
| 91 - 180 days | **73** | 1,976 |
| > 180 days | **120** | 1,585 |
| | **9,737** | 15,881 |

The credit period for purchases of goods ranged from 30 days to 60 days.

Other payables mainly represent receipt in advance and accruals.

## FINAL DIVIDEND AND SCRIP DIVIDEND SCHEME

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company on 30 November 2012, the Board has proposed a final dividend of HK0.2 cents per share for the year ended 30 June 2012 (2011: HK0.2 cents per share) to shareholders whose names appear on the register of members of the Company on 7 December 2012. Taking into account the interim dividend of HK0.2 cents (2011: HK0.2 cents) per share paid on 25 May 2012, total dividend per share for the year would be HK0.4 cents (2011: HK0.4 cents); and total dividend for the year would be HK$30 million, compared with HK$26 million of last year.

The final dividend will be satisfied by allotment of new shares of the Company, credited as fully paid, by way of scrip dividend, with an alternative to the shareholders to elect to receive such dividend (or part thereof) in cash in lieu of such allotment (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme is subject to the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Exchange") of a listing of and permission to deal in the shares to be issued pursuant thereto. A circular setting out the details of the Scrip Dividend Scheme together with the form of election will be sent to the shareholders of the Company as soon as practicable.

It is expected that certificates for shares to be issued under the Scrip Dividend Scheme and dividend warrants will be despatched to those entitled thereto on or before 6 February 2013.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 December 2012 to 7 December 2012, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the above final dividend and the Scrip Dividend Scheme, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 5 December 2012.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Results

For the year under review (the "Year"), the Group's turnover increased 7 percent to HK$1,429 million from HK$1,341 million in the previous year (the "Previous Year"). Profit for the Year was HK$80.2 million, a drop of 5 percent compared with HK$84.3 million for the Previous Year, and profit attributable to owners of the Company fell 4 percent to HK$80.5 million as compared with HK$84.0 million for the Previous Year. Earnings per share for the Year was HK1.07 cents (2011: HK1.44 cents). Despite depressed levels of public and private sector spending, the Group's gross margin improved modestly to 22 percent (2011: 21 percent) as a result of enhancement of product mix. EBITDA decreased by 4 percent to HK$510 million from HK$532 million for the Previous Year. Faced with the ongoing uncertain economic environment and challenging market conditions, the Group had taken prudent measures to recognise impairment losses of HK$104 million (2011: HK$66 million) for deposits and prepaid development costs for systems and networks. Excluding the impairment losses, adjusted EBITDA for the Year increased by 3 percent to HK$614 million, compared with HK$598 million for the Previous Year.

The Group continues to review and exercise cost control. Distribution costs decreased by 14 percent to HK$33.6 million (2011: HK$39.0 million), while general and administrative expenses increased by 8 percent to HK$94.2 million (2011: HK$87.6 million). Staff costs decreased by 6 percent to HK$92.2 million (2011: HK$97.8 million) and research and development costs expensed increased by 41 percent to HK$13.8 million (2011: HK$9.8 million). Depreciation and amortisation expenses dropped 4 percent to HK$429 million (2011: HK$448 million), as the launch of new projects slowed in light of the uncertain global economies.

Finance costs for the Year remained low at HK$0.8 million (2011: HK$0.6 million). The Group's financial position remains positive with net cash.

## Review of Operations

In China, the pressure of a slowing economy is growing with falling export demand and a decline in domestic consumption. The Group continued to take such uncertainties in its stride amidst the Central Government's backing of the science and technology sector. Marketing and sales activities for customised solutions and products continued, but the momentum has slackened due to delays in rolling out new projects. Nonetheless, enhancement of product mix and introduction of new solutions and services have contributed to a moderate increase in turnover. For the Year, China sales increased by 10 percent to HK$976 million, compared with HK$886 million for the Previous Year. Growth was subdued in a difficult credit and operating environment.

In Europe, the unstable economic climate continued to affect the Group's trading position. Austerity measures implemented by governments across Europe slowed spending and delayed project rollout. In particular, the Group's business in the United Kingdom ("UK") declined as its government embarked on the deepest spending cuts in a generation. The Group maintained its focus on emergency services, NHS (National Health Services) projects and fire control sectors, where some projects were delayed, others suffering from reduced budgets, and a number of them cancelled. With product specialisation and new offerings that met customers' requirements, the Group was able to maintain its business activities. To alleviate the shortfall in the UK operation, the Group put more effort on other European markets, building on its innovative range of personal security products, centralised messaging and management solutions for the emergency and health services. Germany remained a significant market for the Group, but its outlook was clouded by the weak fundamentals of its neighbours, resulting in an uncertain economy for Europe as a whole. Turnover of the European operations remained stable at HK$355 million, as compared with HK$354 million for the Previous Year.

Meanwhile, the Group reported positive performance from Australasia and Middle East markets, where sales of traditional systems products and personal security solutions recorded satisfactory growth.

For e-gaming and online entertainment, Kantone continued to invest in the enhancement of integrated gaming technology solutions, online payment channels and sales networks. The new regulations covering the administration of lottery in China which came into effect early this year have laid the foundation for the integrated development of paper and paperless lottery distribution and rationalisation of the industry. This hopefully may be a signal of the gradual opening up of the China lottery market in an orderly manner, and as such, may bode well for innovative service providers such as Kantone to expand its activities into various parts of the lottery value chain. Nonetheless, investments in the e-lottery project were subject to periodic review to determine if progress was in line with original plans, and if the anticipated benefits could be achieved.

## OUTLOOK

As global markets are likely to remain uncertain over the continuing debt crisis in Europe, concern over the US economy and scepticism whether China can maintain its high growth rate, the Group will remain vigilant in the implementation of its business plans.

Throughout the years, the Group has followed closely the policies of China's economic development, and has managed to take advantage of opportunities offered by such policies, namely backing the information technology and telecommunications industry. Going forward, the Group will continue its prudent approach in investing in complementary businesses that have good growth prospects. In addition to continuing investments in technologies and innovative solutions which are key to sustainable growth, the Group plans to expand its business in the culture sector, which is in line with China's national policy to promote its culture industry alongside its rise as an economic power.

*Cultural Industries* are often referred to as part of the Information Economy, and in some countries, *Cultural Industries* are also called *Creative Industries*. In the broad sense, such activities as scientific and technological innovation, software and database development, telecommunications services, and the production of hardware and electronic equipment are within the bounds of *Cultural Industries*. The Group's participation and sponsorship in the past decade of various cultural events, including the popular exhibitions under the ***Peace and Harmony*** series hosted by Chinese World Cultural Heritage Foundation with thousands of rare antiques and relics; major programs such as "Le French May", "Paris 1730-1930: A Taste for China", "Treasures of the World's Cultures from the British Museum", "Otium Ludens Leisure and Play: Ancient Relics of the Roman Empire", has enabled it to accumulate related knowledge and business connections, both overseas and on the Mainland, in the field of culture and related activities. Ongoing engagement in international and regional cultural exchange activities also helps to enhance the Group's experience in the culture business.

Combining technology, creativity and art, and in collaboration with niche partners, the Group has developed a portfolio of comprehensive customised solutions for online galleries and digital content with one-stop e-commerce platform and infrastructure for the sales, marketing and promotion of art, antiques, cultural products and collectibles for the consumer market. With the further opening up of China's culture market, as well as the rising interest in Chinese culture and heritage among consumers around the world, the Group is well-positioned to capitalise on its extensive customer bases and global distribution networks to develop income streams for a wide range of culture-related topics within the ambit of the *Creative and Information Industry*.

## LIQUIDITY AND FINANCIAL RESOURCES

### Financial Position and Gearing

The Group maintained a positive financial position with low gearing throughout the Year. It financed its operation and business development with internally generated resources, capital markets instruments and banking facilities.

As at 30 June 2012, the Group had HK$116 million (2011: HK$249 million) liquid assets made up of deposits, bank balances and cash. Current assets were approximately HK$946 million (2011: HK$733 million) and current liabilities amounted to approximately HK$97 million (2011: HK$112 million). With net current assets of HK$849 million (2011: HK$621 million), the Group maintained a comfortable level of liquidity. The gearing ratio of the Group, defined as the Group's total borrowings of HK$29 million (2011: HK$39 million) to equity attributable to owners of the Company of HK$3,210 million (2011: HK$3,157 million), was 0.009 (2011: 0.012).

As at 30 June 2012, total borrowings mainly comprised bank loans of HK$28.9 million (2011: bank loans of HK$33.2 million and overdrafts of HK$5.5 million). All the borrowings are repayable either on demand or within one year. Bank loans of HK$25.9 million (2011: HK$31.2 million) were secured by the Group's land and buildings with a carrying value of HK$8.1 million (2011: HK$8.5 million). Finance costs for the Year amounted to HK$0.8 million (2011: HK$0.6 million).

### Treasury Policy

The Group is committed to financial prudence and maintains a positive financial position with low gearing. It finances its operation and business development by a combination of internally generated resources, capital markets instruments and banking facilities.

All the borrowings were used by subsidiaries of the Company bearing interest at floating rates and were denominated in their local currencies. As such, the currency risk exposure associated with the Group's borrowings was insignificant.

The Group does not engage in any speculative derivatives or structured product transactions, interest rate or foreign exchange speculative activities. It is the Group's policy to manage foreign exchange risk through matching foreign exchange income with expense, and where exposure to foreign exchange is anticipated, appropriate hedging instruments will be used.

### Capital Commitments

As at 30 June 2012, the Group's capital commitments authorised but not contracted for was approximately HK$69 million (2011: HK$98 million). The Group has set aside sufficient internally generated funds for the acquisition of property, plant and equipment, and development of systems and networks.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## CORPORATE GOVERNANCE CODE

The Company complied with the code provisions in the Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities on the Exchange during the Year.

## AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Group the financial and accounting policies and practices adopted by the Group, its internal controls and financial reporting matters and the above annual results.

By Order of the Board
**Paul KAN Man Lok**
*Chairman*

Hong Kong, 28 September 2012

*As at the date of this announcement, the executive directors of the Company are Dr. Paul Kan Man Lok and Mr. Lai Yat Kwong; the non-executive directors are Mr. Leo Kan Kin Leung, Ms. Shirley Ha Suk Ling and Mr. Paul Michael James Kirby; and the independent non-executive directors are Mr. Frank Bleackley, Prof. Julia Tsuei Jo and Ms. Miranda Ho Mo Han.*