



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 595

Interim Report 2012-2013



INCOME STATEMENT HIGHLIGHTS

	Six Months Ended	
	30/9/2012 <i>HK\$'million</i>	30/9/2011 <i>HK\$'million</i>
Revenue	1,318.5	1,869.8
Earnings/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(30.5)	(26.7)
– Semiconductor distribution	18.9	37.2
– Consumer electronic product	(8.3)	11.3
– LED & Energy Saving	43.4	(2.5)
	23.5	19.3
Depreciation, amortisation and non-cash items	(8.2)	(6.0)
Profit/(loss) for the period attributable to:		
Owners of the Company	16.0	2.8
Non-controlling interests	(3.0)	2.1
	13.0	4.9
Interim dividend	–	6.1

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	30/9/2012 <i>HK\$'million</i>	31/3/2012 <i>HK\$'million</i>
Total assets	1,422.8	1,443.4
Total assets less current liabilities	774.9	692.5
Total equity	645.5	634.7
Bank debts	542.0	579.0
Cash and cash equivalents	96.8	166.5
Equity investments at fair value through profit or loss	72.9	111.1
Cash and cash equivalents and equity investments	169.7	277.6
Total debt to total equity (%)	84%	91%
Current assets to current liabilities (%)	127%	127%
Cash and cash equivalents and equity investments per share (HK\$)	0.28	0.46
Total equity per share (HK\$)	1.07	1.05

UNAUDITED INTERIM RESULTS

The Board of Directors of AV Concept Holdings Limited (the “Company” or “AV Concept”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 September 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 September	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
	Notes		
REVENUE	3	1,318,512	1,869,790
Cost of sales		<u>(1,210,334)</u>	<u>(1,735,230)</u>
Gross profit		108,178	134,560
Other income and gains	4	11,324	35,671
Selling and distribution costs		(77,229)	(54,443)
Administrative expenses		(72,479)	(73,906)
Fair value losses on equity investments at fair value through profit or loss, net		(6,623)	(55,348)
Gain on disposal of subsidiaries		-	28,274
Gain on disposal of an associate		50,078	-
Other expenses		(8,370)	(101)
Share of profits and losses of: a jointly-controlled entity associates		16,463 (5,967)	180 (1,535)
PROFIT FROM OPERATING ACTIVITIES		15,375	13,352
Finance costs	5	(10,524)	(11,388)
PROFIT BEFORE TAX	6	4,851	1,964
Income tax	7	8,183	3,019
PROFIT FOR THE PERIOD		13,034	4,983
Attributable to:			
Owners of the Company		16,048	2,859
Non-controlling interests		(3,014)	2,124
		13,034	4,983
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic		2.6 cents	0.4 cents
Diluted		2.6 cents	0.4 cents

Details of the dividend payable and proposed for the period are disclosed in note 8 to Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	13,034	4,983
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations and other comprehensive income for the period, net of tax	<u>(1,725)</u>	<u>(536)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>11,309</u>	<u>4,447</u>
Attributable to:		
Owners of the Company	14,323	2,323
Non-controlling interests	<u>(3,014)</u>	<u>2,124</u>
	<u>11,309</u>	<u>4,447</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000	31 March 2011 (Audited) HK\$'000
	Notes			
NON-CURRENT ASSETS				
Property, plant and equipment		127,544	131,037	67,724
Investment properties		97,065	97,065	25,606
Goodwill	12	48,111	48,795	37,729
Other intangible assets	10	26,869	30,572	26,592
Investments in jointly-controlled entities		54,202	53,199	14,458
Investments in associates		207,936	110,025	173,679
Available-for-sale investments	11	18,230	6,623	1,750
Other deposits		18,721	13,448	–
Deferred tax asset		2,473	2,473	2,796
		<u>601,151</u>	<u>493,237</u>	<u>350,334</u>
Total non-current assets				
CURRENT ASSETS				
Available-for-sale investments	11	15,091	15,091	–
Inventories	13	290,043	296,278	257,881
Trade receivables	14	301,898	270,531	237,876
Prepayments, deposits and other receivables		43,966	89,692	31,313
Equity investments at fair value through profit or loss	15	72,929	111,129	223,339
Tax recoverable		997	997	–
Time deposits		–	–	62,204
Cash and bank balances		96,764	166,467	225,160
		<u>821,688</u>	<u>950,185</u>	<u>1,037,773</u>
Total current assets				
CURRENT LIABILITIES				
Trade payables, deposits received and accrued expenses	16	226,055	210,938	192,125
Interest-bearing bank borrowings		416,865	525,909	505,268
Finance lease payables		209	423	423
Tax payable		757	9,578	3,250
Financial guarantee obligation		4,030	4,030	1,262
		<u>647,916</u>	<u>750,878</u>	<u>702,328</u>
Total current liabilities				
NET CURRENT ASSETS		<u>173,772</u>	<u>199,307</u>	<u>335,445</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000	31 March 2011 (Audited) HK\$'000
TOTAL ASSETS LESS CURRENT LIABILITIES	774,923	692,544	685,779
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	123,802	51,523	–
Finance lease payables	1,129	1,142	1,565
Deferred tax liability	4,465	5,187	4,042
Total non-current liabilities	129,396	57,852	5,607
Net assets	645,527	634,692	680,172
EQUITY			
Issued capital	60,321	60,419	62,056
Reserves	593,349	579,402	594,531
Proposed final dividend	–	–	24,822
Equity attributable to owners of the Company	653,670	639,821	681,409
Non-controlling interests	(8,143)	(5,129)	(1,237)
Total equity	645,527	634,692	680,172

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital reserve (Unaudited) HK\$'000	Equity-settled share-based payment expenses reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
As at 1 April 2011	62,056	383,227	15,778	2,660	10,392	180,186	24,822	679,121	(1,237)	677,884
Total comprehensive income for the period	-	-	-	-	(536)	2,859	-	2,323	2,124	4,447
Equity-settled share option arrangement	-	-	-	497	-	-	-	497	-	497
Repurchase of shares	(1,172)	(8,424)	1,172	-	-	(1,172)	-	(9,596)	-	(9,596)
Final 2011 dividend	-	-	-	-	-	-	(24,822)	(24,822)	-	(24,822)
Proposed interim 2011 dividend	-	-	-	-	-	(6,088)	6,088	-	-	-
As at 30 September 2011	<u>60,884</u>	<u>374,803</u>	<u>16,950</u>	<u>3,157</u>	<u>9,856</u>	<u>175,785</u>	<u>6,088</u>	<u>647,523</u>	<u>887</u>	<u>648,410</u>
As at 1 April 2012	60,419	372,379	19,376	1,669	6,417	179,561	-	639,821	(5,129)	634,692
Total comprehensive income for the period	-	-	-	-	(1,725)	16,048	-	14,323	(3,014)	11,309
Repurchase of shares	(98)	(376)	98	-	-	(98)	-	(474)	-	(474)
As at 30 September 2012	<u>60,321</u>	<u>372,003</u>	<u>19,474</u>	<u>1,669</u>	<u>4,692</u>	<u>195,511</u>	<u>-</u>	<u>653,670</u>	<u>(8,143)</u>	<u>645,527</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Net cash outflow from operating activities	(85,246)	(186,781)
Net cash inflow/(outflow) from investment activities	63,532	(100,903)
Net cash (outflow)/inflow from financing activities	<u>(47,989)</u>	<u>131,323</u>
Net decrease in cash and cash equivalents	(69,703)	(156,361)
Cash and cash equivalents at beginning of period	166,467	287,364
Effect of foreign exchange rate changes, net	<u>-</u>	<u>(69)</u>
Cash and cash equivalents at end of period	<u>96,764</u>	<u>130,934</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	<u>96,764</u>	<u>130,934</u>

NOTED TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2012, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA for the first time for the current period’s unaudited condensed consolidated interim financial statements.

HKAS 1 (Amendment)	Presentation of Financial Statements ¹
HKAS 19 (Amendment)	Employee Benefits ²
HKAS 27 (Revised)	Separate Financial Statements ²
HKAS 28 (Revised)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities ³
HKFRS 1 (Amendment)	Government Loans ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Changes effective for annual periods beginning on or after 1 July 2012

² Changes effective for annual periods beginning on or after 1 January 2013

³ Changes effective for annual periods beginning on or after 1 January 2014

⁴ Changes effective for annual periods beginning on or after 1 January 2015

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- the semiconductor distribution segment engages in the sale and distribution of electronic components;
- the consumer electronic product segment engages in the design, development and sale of electronic products; and
- the others segment mainly comprises the Group's trading of Light-emitting Diode ("LED") business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, dividend income from listed investments, management fee income, rental income, share of profits and losses of associates and jointly-controlled entities, fair value losses on equity investments at fair value through profit or loss, gain on disposal of items of property, plant and equipment, gains on disposal of subsidiaries and an associate, finance costs and unallocated expenses are excluded from such measurement.

Intersegment sales and transfers are transacted at costs.

3. OPERATING SEGMENT INFORMATION (continued)

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

For the six-month period ended 30 September 2012

	Semiconductor distribution HK\$'000	Consumer electronic product HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:				
Sales to external customers	1,158,284	157,190	3,038	1,318,512
Intersegment sales	41,932	80,118	–	122,050
	<u>1,200,216</u>	<u>237,308</u>	<u>3,038</u>	<u>1,440,562</u>
<i>Reconciliation:</i>				
Elimination of intersegment sales				<u>(122,050)</u>
Revenue				<u>1,318,512</u>
Segment results	(2,141)	(8,088)	(1,345)	(11,574)
<i>Reconciliation:</i>				
Bank interest income				1,987
Interest income from debt securities				791
Dividend income from listed investments				724
Management fee income from associates				2,787
Rental income				1,458
Gain on disposal of items of property, plant and equipment				20
Gain on disposal of an associate				50,078
Share of profit of a jointly-controlled entity				16,463
Share of profits and losses of associates				(5,967)
Fair value losses on equity investments at fair value through profit or loss, net				(6,623)
Unallocated expenses				(34,769)
Finance costs				(10,524)
Profit before tax				<u>4,851</u>

3. OPERATING SEGMENT INFORMATION (continued)

For the six-month period ended 30 September 2011

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:				
Sales to external customers	1,709,647	137,566	22,577	1,869,790
Intersegment sales	204,335	72,011	139	276,485
	<hr/>	<hr/>	<hr/>	<hr/>
	1,913,982	209,577	22,716	2,146,275
<i>Reconciliation:</i>				
Elimination of intersegment sales				<hr/> (276,485)
Revenue				<hr/> 1,869,790
Segment results				
	20,804	10,365	(4,204)	26,965
<i>Reconciliation:</i>				
Bank interest income				2,030
Interest income from debt securities				763
Dividend income from listed investments				238
Management fee income from associates				8,557
Rental income				221
Gain on disposal of items of property, plant and equipment				15,785
Gain on disposal of subsidiaries				28,274
Share of profit of a jointly-controlled entity				180
Share of profits and losses of associates				(1,535)
Fair value losses on equity investments at fair value through profit or loss, net				(55,348)
Unallocated expenses				(12,778)
Finance costs				<hr/> (11,388)
Profit before tax				<hr/> 1,964

3. OPERATING SEGMENT INFORMATION (continued)

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

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Geographical segment:		
Hong Kong	440,188	902,507
Singapore	704,794	737,266
Korea	89,245	124,796
United States of America	63,815	93,167
Other locations	20,470	12,054
	<hr/>	<hr/>
	1,318,512	1,869,790
	<hr/>	<hr/>

4. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Bank interest income	1,987	2,030
Dividend income from listed investments	724	238
Interest income from debt securities	791	763
Rental income	1,458	221
Management fee income from associates	2,787	8,557
Gain on disposal of items of property, plant and equipment	20	15,785
Others	3,557	8,077
	<hr/>	<hr/>
	11,324	35,671
	<hr/>	<hr/>

5. FINANCE COSTS

	Six months ended 30 September	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest on bank and mortgage loans	10,496	11,360
Interest on finance leases	28	28
	<hr/>	<hr/>
	10,524	11,388
	<hr/>	<hr/>

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	4,232	3,178
Amortisation of other intangible assets	3,955	2,827
Impairment of available-for-sale investments	3,893	–
Impairment of goodwill	684	–
Provision for amounts due from former associates	1,416	–
Gain on disposal of items of property, plant and equipment	20	(15,785)
Equity-settled share option expense	–	497
Exchange gain, net	(2,445)	(3,165)
	<u>(2,445)</u>	<u>(3,165)</u>

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 September 2012. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing laws, interpretations and practices in respect thereof.

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Overprovision for the period	(7,461)	(2,561)
Deferred	(722)	(458)
	<u>(8,183)</u>	<u>(3,019)</u>
Total tax credit for the period	<u>(8,183)</u>	<u>(3,019)</u>

8. INTERIM DIVIDEND

	Six months ended 30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Proposed interim – Nil (2011: HK 1 cent) per ordinary share	–	6,088
	<u>–</u>	<u>6,088</u>

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

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

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

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

	Six months ended 30 September 2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Earnings:		
Profit attributable to ordinary equity holders of the Company, used in basic and diluted earnings per share calculation	16,048	2,859
	Number of Shares 2012 30 September	2011 30 September
Shares:		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	604,095,826	618,487,683
Effect of dilution-weighted average number of ordinary shares:		
Share options	-	3,669,836
Total	604,095,826	622,157,519

10. OTHER INTANGIBLE ASSETS

	Club memberships <i>HK\$'000</i>	Trademarks <i>HK\$'000</i>	Customer relationships <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012:				
Cost	4,880	550	38,051	43,481
Accumulated amortisation and impairment	(1,027)	(132)	(11,750)	(12,909)
Net carrying amount	<u>3,853</u>	<u>418</u>	<u>26,301</u>	<u>30,572</u>
Cost at 1 April 2012, net of accumulated amortisation and impairment	3,853	418	26,301	30,572
Additions	–	252	–	252
Amortisation provided during the period	(18)	(73)	(3,864)	(3,955)
At 30 September 2012	<u>3,835</u>	<u>597</u>	<u>22,437</u>	<u>26,869</u>
At 30 September 2012:				
Cost	4,880	802	38,051	43,733
Accumulated amortisation and impairment	(1,045)	(205)	(15,614)	(16,864)
Net carrying amount	<u>3,835</u>	<u>597</u>	<u>22,437</u>	<u>26,869</u>
At 1 April 2011:				
Cost	4,499	59	27,710	32,268
Accumulated amortisation and impairment	(990)	(29)	(4,657)	(5,676)
Net carrying amount	<u>3,509</u>	<u>30</u>	<u>23,053</u>	<u>26,592</u>
Cost at 1 April 2011, net of accumulated amortisation and impairment	3,509	30	23,053	26,592
Acquisition of subsidiaries	403	–	10,927	11,330
Additions	–	491	–	491
Amortisation provided during the year	(37)	(103)	(7,181)	(7,321)
Exchange realignment	(22)	–	(498)	(520)
At 31 March 2012	<u>3,853</u>	<u>418</u>	<u>26,301</u>	<u>30,572</u>
At 31 March 2012:				
Cost	4,880	550	38,051	43,481
Accumulated amortisation and impairment	(1,027)	(132)	(11,750)	(12,909)
Net carrying amount	<u>3,853</u>	<u>418</u>	<u>26,301</u>	<u>30,572</u>

10. OTHER INTANGIBLE ASSETS (continued)

Club memberships

The Group's club memberships are stated at cost less any accumulated amortisation and any accumulated impairment losses, on an individual basis.

Trademarks and Customer relationships

Trademarks and customer relationships are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five years.

11. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Unlisted equity investments, at cost	26,150	10,650
Unlisted equity investments, at fair value	15,091	15,091
Impairment	(7,920)	(4,027)
	<hr/>	<hr/>
	33,321	21,714
Portion classified as non-current	(18,230)	(6,623)
	<hr/>	<hr/>
Current portion	15,091	15,091
	<hr/>	<hr/>

The above investments consist of investments in unlisted equity investments which were designated as available-for-sale investments and have no fixed maturity date or coupon rate.

As at 30 September 2012, certain unlisted equity investments with a carrying amount of HK\$26,150,000 (31 March 2012: HK\$10,650,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of them in the near future.

As at 30 September 2012, certain unlisted equity investments with a carrying amount of HK\$15,091,000 (31 March 2012: HK\$15,091,000) were measured at fair value. The Group intend to dispose of them in the near future.

11. AVAILABLE-FOR-SALE INVESTMENTS (continued)

At the end of the reporting period, a full provision for impairment of HK\$7,920,000 (31 March 2012: HK\$4,027,000) was made for available-for-sale investments with an original carrying value (before impairment) of HK\$7,920,000 (31 March 2012: HK\$4,027,000) because they had been making loss for years and have deficiency in assets at the end of the reporting period. The movements in the impairment provision during the period/year are as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
At beginning of period/year	4,027	4,027
Impairment losses recognised	3,893	–
	<hr/>	<hr/>
At end of period/year	7,920	4,027
	<hr/>	<hr/>

12. GOODWILL

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Carrying amount at beginning of period/year	48,795	37,729
Acquisition of subsidiaries	–	11,066
Impairment	(684)	–
	<hr/>	<hr/>
Carrying amount at end of period/year	48,111	48,795
	<hr/>	<hr/>

Goodwill acquired through business combinations has been allocated to the cash-generating units ("CGU") of semiconductor distribution business of HK\$28,051,000 (31 March 2012: HK\$28,051,000) and consumer electronic product business of HK\$20,744,000 (31 March 2012: HK\$20,744,000) for impairment testing. The recoverable amount of the CGUs has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management. A key assumption for the value in use calculation is budgeted growth rate, which is determined based on past performance and management's expectations for the market development.

Management considered no impairment on goodwill was noted and believes that any reasonably possible change in any of the assumptions would not cause the aggregate carrying amount of the above CGUs to exceed the aggregate recoverable amount of the above CGUs.

13. INVENTORIES

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Finished goods	<u>290,043</u>	<u>296,278</u>

14. TRADE RECEIVABLES

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Trade receivable	302,715	271,346
Impairment	<u>(817)</u>	<u>(815)</u>
	<u>301,898</u>	<u>270,531</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.

An aged analysis of the trade receivables as at 30 September 2012, based on invoice due date and net of provisions, is as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Current	141,833	160,430
1 to 30 days	114,047	40,895
31 to 60 days	23,883	15,500
Over 60 days	<u>22,952</u>	<u>54,521</u>
	<u>302,715</u>	<u>271,346</u>

15. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Managed funds, outside Hong Kong, at market value	35,487	45,822
Listed equity investments, at market value		
Hong Kong	11,205	35,300
Elsewhere	–	4,728
Debt securities, at market value	26,237	25,279
	72,929	111,129

The above investments as at 30 September 2012 were classified as held for trading.

16. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

An aged analysis of the trade payables, deposits received and accrued expenses as at 30 September 2012, based on invoice due date, is as follows:

	30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000
Trade payables:		
Current	110,167	153,918
1 to 30 days	45,972	10,263
31 to 60 days	11,445	1,538
Over 60 days	3,679	1,426
	171,263	167,145
Deposits received	14,157	7,829
Accrued expenses	40,635	35,964
	226,055	210,938

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.

17. ACQUISITION OF SUBSIDIARIES

On 31 May 2011, the Group acquired all equity interest in Bestore Limited ("Bestore") at a cash consideration of HK\$811,000. The principal activity of Bestore is investment holding.

On 3 June 2011, the Group acquired an additional 50% equity interest in a former associate, Signeo Venture Partners Limited ("SVP") (formerly known as Darwin Investment Strategies Limited), at a cash consideration of HK\$1, and SVP has become a wholly-owned subsidiary of the Group. The principal activity of SVP is investment holding.

On 8 July 2011, the Group acquired all equity interest in People & Semiconductor Co., Ltd. ("P&S") at a cash consideration of KRW6,478,000,000 (equivalent to HKD48,000,000) The principal activity of P&S is trading of electronic components.

The fair values of the identifiable assets and liabilities as at the date of acquisition were as follows:

	Fair value recognised on acquisition <i>HK\$'000</i>
Net assets acquired:	
Property, plant and equipment	5,912
Equity investments at fair value through profit or loss	24,295
Inventories	38,772
Trade and other receivables	39,311
Cash and bank balances	5,640
Trade and other payables	(60,808)
Amounts due to fellow subsidiaries	(1,392)
Interest-bearing bank borrowings	(24,328)
Retirement benefit liabilities	(1,124)
	<hr/>
Total identifiable net assets at fair value	26,278
Goodwill on acquisition	21,371
	<hr/>
	47,649
	<hr/>
Satisfied by cash	47,649
	<hr/>

The fair values of trade and other receivables as at the date of acquisition amounted to HK\$39,311,000. The gross contractual amount of trade and other receivables was HK\$39,311,000, of which none of the above balances are expected to be uncollected.

17. ACQUISITION OF SUBSIDIARIES (continued)

HK\$'000

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

Cash consideration	(47,649)
Cash and bank balances acquired	5,640
	<hr/>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(42,009)

Since its acquisition, the acquired subsidiaries contributed HK\$54,229,000 to the Group's turnover and HK\$2,325,000 to the consolidated profit for the period ended 30 September 2011.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the period would have been HK\$111,515,000 and HK\$4,956,000 respectively.

The Group incurred transaction costs of HK\$1,100,000 for these acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement.

18. DISPOSAL OF SUBSIDIARIES

Pursuant to the approval of the share transfer agreement dated on 31 May 2011, the Group disposed of 100% equity interest of Dragon Favour Technology Limited ("Dragon Favour"). As a result of the disposal, the Group does not hold any equity interest in Dragon Favour and its associates ("Disposal Group").

The disposal had the following effect on the Group's assets and liabilities:

HK\$'000

Net assets disposed of:

Investment in associates	35,116
Cash and cash equivalents	46
	<hr/>
	35,162
Gain on disposal	28,274
	<hr/>
Consideration receivable for disposal of subsidiaries	63,436

Satisfied by:

Cash	63,436
	<hr/>
Net cash inflow from disposal:	63,436
Cash consideration	(46)
	<hr/>
Cash and cash equivalents disposed	63,390

For the period from 1 April 2012 to the date of disposal, the Disposal Group was engaged in investment holding.

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2012, with the comparative figures for the corresponding six months period of 2011.

	Six Months Ended	
	30/9/2012 <i>HK\$'million</i>	30/9/2011 <i>HK\$'million</i>
Revenue		
Semiconductor distribution	1,158.3	1,709.6
Consumer electronic product	157.2	137.6
LED & Energy Saving	3.0	22.6
	<u>1,318.5</u>	<u>1,869.8</u>
Earnings/(loss) before interest, tax, depreciation, amortisation and non-cash items		
Corporate	(30.5)	(26.7)
Semiconductor distribution	18.9	37.2
Consumer electronic product	(8.3)	11.3
LED & Energy Saving	43.4	(2.5)
	<u>23.5</u>	<u>19.3</u>
Depreciation, amortisation and non-cash items		
Corporate	(1.6)	(0.9)
Semiconductor distribution	(4.4)	(3.5)
Consumer electronic product	(2.2)	(1.6)
	<u>(8.2)</u>	<u>(6.0)</u>
Earnings before interest and tax	15.3	13.3
Interest expenses	<u>(10.5)</u>	<u>(11.4)</u>
Profit before tax	4.8	1.9
Tax	<u>8.2</u>	<u>3.0</u>
Profit for the period	<u>13.0</u>	<u>4.9</u>

BUSINESS REVIEW

The global economic recovery has been slow during the first half year, mainly due to the bearish American and European economies and overall weak consumption. Facing uncertainties and opportunities, AV Concept is committed to devote more efforts to lay a solid foundation for future growth during the review period, especially for its consumer electronic product business. During the review period, in-line with global corporations elsewhere, the Group's turnover decreased from HK\$1,869.8 million to HK\$1,318.5 million. Gross profit amounted to HK\$108.2 million (2011: HK\$134.6 million) which was largely due to a drop in sales from the semiconductor distribution business. An accounting book loss of HK\$30.5 million in relation to the Group's Corporate EBITDA was also recorded, mainly due to the professional fees related to acquisition of Nitgen&Company Co., Ltd. ("Nitgen"). However, the Group has registered a one-time gain of HK\$50.1 million from its disposal of 48% interest in Signeo Green Energy Limited ("Signeo") to realise its investment and consistent with the Group's development strategy to streamline its LED business and focus more on its two core businesses – consumer electronic product and semiconductor distribution. Combining the effects, the Group's overall EBITDA increased from HK\$19.3 million to HK\$23.5 million and profit for the six months ended 30 September 2012 was HK\$13.0 million (2011: HK\$4.9 million).

Consumer Electronic Product Business

Turnover of this business segment recorded double-digit growth of 14.24% to HK\$157.2 million (2011: HK\$137.6 million), owing principally to sales from its SOUL brand.

The review period has been an important investment period for the Group to lay a foundation for future business development. The Group has paid immense effort in developing the brand image and promoting popular products which possess high growth prospects and a more favourable margin which help to boost the Group's revenue. In terms of market penetration, the Group made further progress in all of its existing markets, namely the United States, South Korea, Japan and Taiwan by leveraging its distribution partners. The Group has also diversified its distribution network to include more prime retail channels to bolster sales.

Continuously seeking fresh opportunities, the Group introduced its products to new markets, including those in the European Union and other Asian countries for example Vietnam. Complementing such efforts, it employed numerous marketing and promotion campaigns, leveraging its many famous brand ambassadors, which led to prominent local and international media coverage. Among those representing the Group include Usain Bolt, World and Olympic Champion; Cesc Fàbregas, famous Spanish footballer; Tim Tebow, professional NFL quarterback; and Big Bang, popular South Korean male band. The celebrity endorsements have also assisted the Group in establishing a stylish image for its SOUL brand, which is used for its premium headphones.

Semiconductor Distribution Business

In accordance with current accounting policies, turnover of the Group's jointly-controlled entity, AVP Electronics Limited ("AVPEL") was not consolidated in the Group's financial statements during the review period. Likewise, the encouraging turnover recorded from a Samsung Electronics Co., Ltd. ("Samsung Electronics") business related in China was not included in the Group's financial statements after the merger of AVPEL in January 2012. Exclusion of the turnover mentioned above, it directly contributed to the overall decline in turnover by the semiconductor distribution business, which contracted to HK\$1,158.3 million.

During the review period, the Group has continued to supply a wide spectrum of semiconductors and electronic components to Samsung Electronics and Fairchild Semiconductor International Inc. covering the Greater China region and Southeast Asian countries. This was achieved through the Group's broad distribution network, comprising People & Semiconductor Co., Ltd. and AVPEL. Having maintained close partnership with key electronic manufacturers such as Samsung Electronics over the years, these ties have been crucial to the Group's ability to overcome adversities.

Aside from nurturing ties with existing customers, the Group has sought to broaden its distribution network, diversify its product portfolio and expand its customer base to sustain growth. In respect of product diversity, the Group will leverage its technical expertise to expand its distribution portfolio that capitalise on the global trend towards energy efficiency and conservation. Hence it will direct research towards green technologies.

LED Business

Through Wavesquare Inc. ("Wavesquare"), the Group enjoys a unique marketing position to be a purveyor of vertical high brightness blue LED, which are used in LED 3D TVs as backlighting, along with other lighting applications. During the reporting period, Wavesquare, together with LED solutions and distribution business, recorded turnover of HK\$3.0 million. The modest amount generated demonstrates weak demand in general for LED equipment, even though the LED market actually experienced a marginal improvement, particularly in Mainland China.

The management has therefore decided to direct greater resources towards business development, which also prompted the disposal of the Group's 48% interest in Signeo to Nitgen Eco & Energy International Limited ("Nitgen Eco & Energy"), a wholly-owned company of Nitgen, which the Group has approximately 20.28% stake in. It is the intention of the Group to gradually exit the LED-related business to fully focus on its core businesses.

PROSPECTS

Going forward, the Group has charted a strategic long-term plan that is centred on developing the semiconductor distribution and consumer electronic product operations. The Group, nevertheless, has faith to the business development of Nitgen, hence the management's decision to enlarge its share capital in Nitgen from 20.28% to 34.68%.

In respect of the consumer electronic product business, and the SOUL brand in particular, the Group will continue to place effort on brand building as it firmly believes that brand reputation and sales performance are closely intertwined. Hence, it will seek to tap numerous promotional channels to reach target customers. The management intends to make SOUL synonymous with premium headphone accessories, and be recognised internationally.

Turning to the global semiconductor industry, it is clear that its performance hinges on the performance of the world economy. Thus, when there are positive developments on the economic front, the Group will be fully prepared to assist its customers meet their semiconductor needs. With an extensive distribution network and sound fundamentals, the management is confident that the business will realise long-term healthy growth in tandem with the global semiconductor industry.

PROSPECTS (continued)

A testament to the Group's commitment to explore new business opportunities is Nitgen. Through the restructuring campaign, AV Concept aims to transform Nitgen into an integrated energy provider, offering marine bunkering services and eco solutions provider-related expertise.

In terms of marine bunkering services, Nitgen, through its wholly-owned subsidiary, Nitgen Eco & Energy, announced the formation of a strategic partnership with NewOcean Energy Holdings Limited ("NewOcean Energy") on 5 September 2012. Through this alliance, Nitgen became the sole shareholder of Success Pillar Limited ("Success Pillar"), which owns 51% interest in its associated company, The Success Pillar Subsidiaries. The Success Pillar Subsidiaries will engage in marine bunkering services in Hong Kong as a spearhead project for NewOcean Energy and its oil products business prior to operation of the Zhuhai Petroleum Depot. Success Pillar chartered a marine bunkering station and three bunker ships, all of which operate in Hong Kong Harbour.

Further to the Group's disposal of interest in Signeo to a wholly-owned subsidiary of Nitgen, Nitgen will now leverage the synergies generated with Signeo to tap the LED and energy-saving market. As the Mainland China Government has recently introduced an RMB36.3 billion subsidy for encouraging the public to purchase energy-saving home appliances, LED products will benefit from this scheme. Moreover, the programme highlights the country's growing commitment to energy conservation, hence providing fresh impetus for the Group to develop more high-quality green products.

With two established businesses and investment in Nitgen, AV Concept is well positioned to grasp immense opportunities on several fronts. The Group will not only be able to promptly profit from a recovering global economy, but also benefit from a world that is becoming increasingly environmental conscious, where demand for green products will only grow. With clear direction and an enhanced business model, the management is optimistic about the Group's ability to achieve long-term growth and deliver returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The net debt position as at 30 September 2012 and 31 March 2012 and the corresponding gearing ratio are shown as follows:

	30/9/2012 <i>HK\$'million</i>	31/3/2012 <i>HK\$'million</i>
Bank debts	542.0	579.0
Cash and cash equivalents	96.8	166.5
Equity investments at fair value through profit or loss	72.9	111.1
Cash and cash equivalents and equity investments	169.7	277.6
Total equity	645.5	634.7
Total debt to total equity	84%	91%

As at 30 September 2012, the Group had a balance of cash and cash equivalents (i.e. cash and bank balances and time deposits) of HK\$96.8 million (31 March 2012: HK\$166.5 million), while the Group's equity investments at fair value through profit or loss amounted to HK\$72.9 million (31 March 2012: HK\$111.1 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 total debt to total equity ratio as at 30 September 2012 was 84% (31 March 2012: 91%), while the Group's total equity was HK\$645.5 million (31 March 2012: HK\$634.7 million).

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

The working capital position of the Group remains healthy. As at 30 September 2012, the liquidity ratio (as determined with reference to the ratio of current assets to current liabilities) was 127% (31 March 2012: 127%).

LIQUIDITY AND FINANCIAL RESOURCES (continued)

	30/9/2012 HK\$'million	31/3/2012 HK\$'million
Current assets	821.7	950.2
Current liabilities	<u>(647.9)</u>	<u>(750.9)</u>
Net current assets	<u>173.8</u>	<u>199.3</u>
Current assets to current liabilities (%)	<u>127%</u>	<u>127%</u>

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2012 (2011 : HK1 cent).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2012, the Group employed a total of approximately 390 (31 March 2012: approximately 260) full time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates a share option scheme for eligible employees to provide incentive to the participants for their contribution, and continuing efforts to promote the interests of the Group.

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

As at 30 September 2012, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules, were as follows:

Long position in the shares of the Company

Name of director	Capacity	Number of shares and nature of interests			Approximate percentage of shareholding
		Personal interests	Corporate interests	Total	
Dr. Hon. So Yuk Kwan	Interest of controlled corporations	–	269,778,189 <i>(Note)</i>	269,778,189	44.72%
Dr. Hon. So Yuk Kwan	Beneficial owner	614,000	–	614,000	0.10%
Mr. So Chi On	Beneficial owner	1,400,000	–	1,400,000	0.23%

Note:

This represents the total number of shares held by B.K.S. Company Limited ("BKS") and Jade Concept Limited ("Jade Concept") respectively. Dr. Hon. So Yuk Kwan is deemed to be interested in 269,778,189 shares of the Company by virtue of his interests in BKS and Jade Concept, the particulars are more fully described in the section headed "Substantial Shareholders' Interest and Short Positions in Shares, Underlying Shares and Debentures" below.

Directors' right to acquire shares and debentures of the Company

Pursuant to the share option scheme adopted by the Company, directors were granted share options to subscribe for shares of the Company, details of which as at 30 September 2012 were as follows:

Name of Director	Number of share options					Outstanding as at 30 September 2012	Exercise period (both dates inclusive)	Date of grant	Exercise price per share
	Balance at 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Dr. Hon. So Yuk Kwan	620,000	-	-	(620,000)	-	-	15/7/2011-12/5/2012	15/7/2011	HK\$1.28
Mr. So Chi On	3,500,000	-	-	(3,500,000)	-	-	19/7/2007-12/5/2012	18/7/2007	HK\$0.5
	6,200,000	-	-	(6,200,000)	-	-	15/7/2011-12/5/2012	15/7/2011	HK\$1.28
Mr. Ho Choi Yan Christopher	1,500,000	-	-	(1,500,000)	-	-	15/7/2011-12/5/2012	15/7/2011	HK\$1.28
Total	11,820,000	-	-	(11,820,000)	-	-			

The share option scheme of the Company adopted on 13 May 2002 was terminated. The Group's new share option scheme which complied with the amended Chapter 17 of the Listing Rules was adopted on 3 August 2012.

Other than disclosed above, as at 30 September 2012, none of the directors or their associates were granted share options to subscribe for shares of the Company, nor had exercised such rights under the new share option scheme.

SHARE OPTION SCHEME

As at 30 September 2012, options to subscribe for shares of the Company which were granted to the directors and non-employees of the Group were as follows:

	Number of share options					Outstanding as at 30 September 2012	Exercise period (both dates inclusive)	Date of grant	Exercise price per share
	Balance at 1 April 2012	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors	3,500,000	-	-	(3,500,000)	-	-	19/7/2007- 12/5/2012	18/7/2007	HK\$0.5
	8,320,000	-	-	(8,320,000)	-	-	15/7/2011- 12/5/2012	15/7/2011	HK\$1.28
Non-employees	4,660,000	-	-	(4,660,000)	-	-	9/3/2010- 8/3/2012	9/3/2010	HK\$1.01
	4,660,000	-	-	(4,660,000)	-	-	9/3/2011- 8/3/2012	9/3/2010	HK\$1.01
Total	<u>21,140,000</u>	<u>-</u>	<u>-</u>	<u>(21,140,000)</u>	<u>-</u>	<u>-</u>			

Note:

Details of the options granted to the directors are set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

SUBSTANTIAL SHAREHOLDERS' INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, the interests and short positions of the following persons, other than the directors and the chief executive of the Company, in the shares and underlying shares of the Company which have been disclosed to the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Name of Capacity	Number of shares held	Approximate percentage of issued share capital as at 30 September 2012
B.K.S. Company Limited ("BKS")	Beneficial owner	189,138,300 (note 1)	31.36%
Jade Concept Limited ("Jade Concept")	Beneficial owner	80,639,889 (note 2)	13.37%
Yeung Kit Ling ("Madam Yeung")	Interest of spouse	270,392,189 (note 3)	44.83%
Och Daniel Saul	Interest of controlled corporations	54,376,000 (note 4)	9.01%
Och-Ziff Capital Management Group LLC	Interest of controlled corporations	54,376,000 (note 4)	9.01%
OZ Management L.P.	Investment manager	54,376,000 (note 4)	9.01%
OZ Master Fund, Ltd.	Beneficial owner	30,616,000 (note 5)	5.08%

Notes:

1. BKS is beneficially owned by Dr. Hon. So Yuk Kwan ("Dr. So"). By virtue of the SFO, Dr. So is deemed to be interested in 189,138,300 shares of the Company held by BKS.
2. Jade Concept is beneficially owned by Dr. So. By virtue of the SFO, Dr. So is deemed to be interested in 80,639,889 shares of the Company held by Jade Concept.
3. As Madam Yeung is the spouse of Dr. So, by virtue of the SFO, she is deemed to be interested in the shares of BKS and Jade Concept of the Company in which Dr. So has interested and 614,000 shares of the Company held by Dr. So directly.
4. Based on the individual substantial shareholder notice of Daniel Saul Och filed on 17 January 2012: (i) of these shares of the Company: (a) 14,614,000 shares are held by OZ Asia Master Fund, Ltd.; (b) 1,184,000 shares are held by Gordel Holdings Ltd.; (c) 33,688,000 shares are held by OZ Master Fund, Ltd.; (d) 906,000 shares are held by OZ Global Special Investments Master Fund, LP; (e) 2,048,000 shares are held by OZ Eureka Fund, LP; (f) 1,008,000 shares are held by OZ ELS Master Fund, Ltd.; and (g) 928,000 shares are held by Goldman Sachs & Co. Profit Sharing Master Trust; (ii) OZ Management II L.P. has 100% control in each of OZ ELS Master Fund, Ltd and Goldman Sachs & Co. Profit Sharing Master Trust; (iii) OZ Management, LP has 100% control in each of OZ Asia Master Fund, Ltd., Gordel Holdings Ltd., OZ Master Fund, Ltd., OZ Global Special Investments Master Fund, LP, OZ Eureka Fund, LP and OZ Management II, LP; (iv) Och-Ziff Capital Management Group LLC has 100% control in Och-Ziff Holding Corporation, which in turn has 100% control in OZ Management, LP; and (v) Daniel Saul Och has 77.40% control in Och-Ziff Capital Management Group LLC and accordingly, is interested or deemed to be interested in the 54,376,000 shares of the Company by virtue of the SFO.
5. This interest is based on the individual substantial shareholder notice of OZ Master Fund, Ltd. filed on 23 November 2011.

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

During the six months ended 30 September 2012, the Company had repurchased a total of 984,000 shares of HK\$0.1 each in the Company on The Stock Exchange of Hong Kong Limited, all of which were subsequently cancelled by the Company. Particulars of the aforesaid repurchases are as follow:

Date	Number of shares repurchased	Price per share or highest price paid per share	Lowest price paid per share	Aggregate price paid
		HK\$	HK\$	HK\$
10 September 2012	210,000	0.460	0.450	95,550
11 September 2012	152,000	0.470	0.460	70,270
12 September 2012	278,000	0.485	0.470	132,660
13 September 2012	254,000	0.520	0.500	128,860
17 September 2012	90,000	0.530	0.500	46,640

Save as disclosed above, during the six months ended 30 September 2012, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board of Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 September 2012.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the Company confirmed that all directors have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2012.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit. The Audit Committee has reviewed with the management and the Company's auditor the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2012.

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

Hong Kong, 4 December 2012

As at the date of this report, the Board comprises three executive Directors, Dr. Hon. So Yuk Kwan (Chairman), Mr. So Chi On and Mr. Ho Choi Yan Christopher and three independent non-executive Directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.