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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

YEAR ENDED 31 MARCH 2016 ANNUAL RESULTS ANNOUNCEMENT

Statement of Profit or Loss Highlights	2016	2015
	<i>HK\$'million</i>	<i>HK\$'million</i>
CONTINUING OPERATIONS		
Revenue		
– Semiconductor distribution	992.4	1,893.1
– Consumer electronic product sales	41.7	62.8
– Others	2.9	1.8
	<u>1,037.0</u>	<u>1,957.7</u>
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(25.9)	(4.5)
– Venture capital	(23.4)	(38.3)
– Semiconductor distribution	118.0	104.6
– Consumer electronic product sales	(3.9)	(7.9)
– Others	(6.9)	(12.9)
	<u>57.9</u>	<u>41.0</u>
Depreciation and amortisation	<u>(6.8)</u>	<u>(10.8)</u>
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation	–	(14.5)
Profit/(loss) for the year attributable to:		
Owners of the Company	2.1	(94.2)
Non-controlling interests	–	29.3
	<u>2.1</u>	<u>(64.9)</u>
Statement of Financial Position Highlights		
Total assets	884.5	1,140.1
Total assets less current liabilities	681.0	679.3
Total equity	657.6	654.2
Borrowings and finance lease payables	137.2	350.8
Cash and cash equivalents	69.6	131.7
Equity investments at fair value through profit or loss	73.0	89.2
Cash and cash equivalents and equity investments	<u>142.6</u>	<u>220.9</u>
Total debt to total equity (%)	21%	54%
Current assets to current liabilities (%)	147%	138%
Cash and cash equivalents and equity investments per share (HK\$)	0.18	0.29
Total equity per share (HK\$)	0.85	0.85

RESULTS

The Board of Directors (the “Board” or “Directors”) of AV Concept Holdings Limited (the “Company” or “AV Concept”) hereby announces the consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the year ended 31 March 2016, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2016

	Notes	2016 HK\$'000	2015 HK\$'000
CONTINUING OPERATIONS			
REVENUE	3	1,037,023	1,957,690
Cost of sales		<u>(1,010,893)</u>	<u>(1,872,863)</u>
Gross profit		26,130	84,827
Other income and gains	3	7,782	7,054
Changes in fair value of investment properties		(5,477)	(380)
Selling and distribution expenses		(14,578)	(31,579)
Administrative expenses		(81,862)	(94,577)
Fair value losses, net:			
Equity investments at fair value through profit or loss			
– held for trading		(18,113)	(11,013)
– designated as such upon initial recognition		(174)	(39,216)
Gain on deemed disposal of an associate		–	11,220
Loss on disposal of an associate		–	(222)
Other expenses, net		(74,255)	(60,334)
Finance costs	5	(5,829)	(8,626)
Share of profits and losses of:			
Joint ventures		158,362	94,209
Associates		8,771	(1,202)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	4	757	(49,839)
Income tax	6	1,389	(564)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		2,146	(50,403)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	<u>–</u>	<u>(14,538)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>2,146</u>	<u>(64,941)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

Year ended 31 March 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Attributable to:			
Owners of the Company			
Profit/(loss) for the year from continuing operations		2,147	(49,584)
Loss for the year from a discontinued operation		<u>–</u>	<u>(44,703)</u>
Profit/(loss) for the year attributable to owners of the Company		2,147	(94,287)
Non-controlling interests			
Loss for the year from continuing operations		(1)	(819)
Profit for the year from a discontinued operation		<u>–</u>	<u>30,165</u>
Profit/(loss) for the year attributable to non-controlling interests		<u>(1)</u>	<u>29,346</u>
		<u>2,146</u>	<u>(64,941)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	8		
Basic			
– For profit/(loss) for the year		<u>HK0.28 cent</u>	<u>(HK12.94 cent)</u>
– For profit/(loss) from continuing operations		<u>HK0.28 cent</u>	<u>(HK6.81 cent)</u>
Diluted			
– For profit/(loss) for the year		<u>HK0.28 cent</u>	<u>(HK12.94 cent)</u>
– For profit/(loss) from continuing operations		<u>HK0.28 cent</u>	<u>(HK6.80 cent)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2016

	2016	2015
Note	HK\$'000	HK\$'000
PROFIT/(LOSS) FOR THE YEAR	2,146	(64,941)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	(30,817)	491
Reclassification adjustment for impairment loss included in the consolidated statement of profit or loss	4 <u>29,888</u>	<u>–</u>
	(929)	491
Exchange differences on translation of foreign operations	<u>(586)</u>	<u>(6,964)</u>
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	<u>(1,515)</u>	<u>(6,473)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	–	35,712
Income tax effect	<u>–</u>	<u>(8,928)</u>
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>–</u>	<u>26,784</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(1,515)	20,311
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>631</u>	<u>(44,630)</u>
Attributable to:		
Owners of the Company	632	(73,978)
Non-controlling interests	<u>(1)</u>	<u>29,348</u>
	<u>631</u>	<u>(44,630)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2016

	<i>Notes</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		40,605	42,495
Investment properties		116,762	121,891
Goodwill		10,483	10,483
Other intangible assets		4,198	12,945
Investments in joint ventures		370,153	213,388
Investments in associates		22,439	13,522
Available-for-sale investments		20,891	90,173
Deposits		466	491
Pledged time deposits		269	1,024
		<hr/>	<hr/>
Total non-current assets		586,266	506,412
CURRENT ASSETS			
Inventories		69,259	147,155
Trade receivables	<i>9</i>	63,994	211,059
Due from associates		12,157	20,867
Prepayments, deposits and other receivables		10,164	33,408
Equity investments at fair value through profit or loss	<i>10</i>	72,994	89,164
Tax recoverable		117	300
Cash and cash equivalents		69,563	131,739
		<hr/>	<hr/>
Total current assets		298,248	633,692

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

31 March 2016

	<i>Note</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	<i>11</i>	62,652	104,725
Interest-bearing bank and other borrowings		127,480	341,055
Finance lease payables		287	160
Tax payable		185	443
Financial guarantee obligation		12,866	14,465
		<hr/>	<hr/>
Total current liabilities		203,470	460,848
		<hr/>	<hr/>
NET CURRENT ASSETS		94,778	172,844
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		681,044	679,256
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		8,826	9,265
Finance lease payables		610	280
Deferred tax liabilities		14,046	15,545
		<hr/>	<hr/>
Total non-current liabilities		23,482	25,090
		<hr/>	<hr/>
Net assets		657,562	654,166
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital		77,294	77,294
Reserves		568,923	568,291
		<hr/>	<hr/>
Equity attributable to owners of the Company		646,217	645,585
Non-controlling interests		11,345	8,581
		<hr/>	<hr/>
Total equity		657,562	654,166
		<hr/> <hr/>	<hr/> <hr/>

NOTES

1.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

1.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's consolidated financial statements.

Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements to HKFRSs 2010-2012 Cycle</i>	Amendments to a number of HKFRSs
<i>Annual Improvements to HKFRSs 2011-2013 Cycle</i>	Amendments to a number of HKFRSs

The nature and impact of each amendment is described below:

- (a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.
- (b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:
 - *HKFRS 8 Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segments assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

- *HKAS 16 Property, Plant and Equipment* and *HKAS 38 Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.
- *HKAS 24 Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- *HKFRS 3 Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Group did not form any joint arrangement during the year.
- *HKFRS 13 Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.
- *HKAS 40 Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties during the year.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the consolidated financial statements is on the presentation and disclosure of certain information in the consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

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

- (a) the semiconductor distribution segment engages in the sale and distribution of electronic components;
- (b) the consumer electronic product segment engages in the design, development and sale of electronic products;
- (c) the venture capital segment engages in the investments in listed/unlisted equity investments with an ultimate objective of obtaining capital gains on investee's equity listing or, in some circumstances, prior to listing. It also includes investments in real estate or managed funds; and
- (d) the others segment mainly comprises the Group's mobile application development business.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit/loss before tax from continuing operations except that bank interest income, dividend income from listed investments, rental income, share of profits and losses of associates and joint ventures, gain on disposal of items of property, plant and equipment, loss on disposal of available-for-sale investments, impairment of available-for-sale investments, gain/loss on disposal and deemed disposal of associates, changes in fair value of investment properties, provision for amounts due from associates, write-off of other receivables, finance costs and unallocated expenses are excluded from such measurement.

Segment assets exclude investments in joint ventures and associates, tax recoverable, pledged time deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, interest-bearing bank and other borrowings, finance lease payables, financial guarantee obligation and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016					
Segment revenue:					
Sales to external customers and revenue from continuing operations	<u>992,466</u>	<u>41,682</u>	<u>–</u>	<u>2,875</u>	<u>1,037,023</u>
Segment results	(38,150)	(3,865)	(23,809)	(16,228)	(82,052)
Reconciliation:					
Bank interest income					389
Dividend income from listed investments					46
Rental income					5,361
Share of profits of joint ventures					158,362
Share of profits and losses of associates					8,771
Gain on disposal of items of property, plant and equipment					155
Loss on disposal of available-for-sale investments					(7,338)
Write-off of other receivables					(311)
Impairment of an available-for-sale investment, at fair value					(29,888)
Impairment of an available-for-sale investment, at cost					(15,540)
Changes in fair value of investment properties					(5,477)
Unallocated expenses					(25,892)
Finance costs					(5,829)
Profit before tax from continuing operations					<u>757</u>

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2015					
Segment revenue:					
Sales to external customers and revenue from continuing operations	<u>1,893,089</u>	<u>62,802</u>	<u>–</u>	<u>1,799</u>	<u>1,957,690</u>
Segment results	3,443	(10,898)	(74,987)	(37,099)	(119,541)
Reconciliation:					
Bank interest income					187
Dividend income from listed investments					951
Rental income					2,909
Share of profits of joint ventures					94,209
Share of profits and losses of associates					(1,202)
Gain on disposal of items of property, plant and equipment					29
Gain on deemed disposal of an associate					11,220
Loss on disposal of an associate					(222)
Write-off of other receivables					(23,980)
Provision for amounts due from associates					(654)
Changes in fair value of investment properties					(380)
Unallocated expenses					(4,739)
Finance costs					<u>(8,626)</u>
Loss before tax from continuing operations					<u>(49,839)</u>

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016					
Segment assets	491,086	91,121	78,969	859	662,035
Reconciliation:					
Elimination of intersegment receivables					(277,195)
Investments in joint ventures					370,153
Investments in associates					22,439
Corporate and other unallocated assets					107,082
Total assets					884,514
Segment liabilities	54,251	135,630	121,844	22,289	334,014
Reconciliation:					
Elimination of intersegment payables					(277,195)
Corporate and other unallocated liabilities					170,133
Total liabilities					226,952
Year ended 31 March 2015					
Segment assets	753,749	94,485	115,103	9,172	972,509
Reconciliation:					
Elimination of intersegment receivables					(313,339)
Investments in joint ventures					213,388
Investments in associates					13,522
Corporate and other unallocated assets					254,024
Total assets					1,140,104
Segment liabilities	100,206	131,887	169,298	16,673	418,064
Reconciliation:					
Elimination of intersegment payables					(313,339)
Corporate and other unallocated liabilities					381,213
Total liabilities					485,938

2. OPERATING SEGMENT INFORMATION (Continued)

Other segment information:

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2016					
Depreciation	2,342	24	457	-	2,823
Amortisation of other intangible assets	2,080	17	-	1,880	3,977
Provision for impairment of inventories	1,535	431	-	-	1,966
Impairment of other intangible assets	-	-	-	4,700	4,700
Impairment of trade receivables, net	1,664	1,429	-	-	3,093
Recovery of bad debts	(542)	(15)	-	-	(557)
Impairment of an available-for-sale investment, at fair value					29,888
Impairment of an available-for-sale investment, at cost					15,540
Impairment of investments in joint ventures					28,799
Write-off of other receivables					311
Capital expenditure*	<u>58</u>	<u>-</u>	<u>1,308</u>	<u>-</u>	<u>1,366</u>

	Semiconductor distribution <i>HK\$'000</i>	Consumer electronic product <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2015					
Depreciation	2,895	164	656	-	3,715
Unallocated depreciation					5
Amortisation of other intangible assets	2,241	2,909	-	1,940	7,090
Provision for impairment of inventories	2,595	634	-	-	3,229
Impairment of trade receivables, net	236	953	-	-	1,189
Bad debts written off	1,021	-	-	-	1,021
Impairment of investments in joint ventures					15,376
Write-off of other receivables					23,980
Provision for amounts due from associates					654
Impairment of goodwill	-	-	-	22,297	22,297
Capital expenditure*	<u>2,427</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,427</u>

* Capital expenditure consists of additions to property, plant and equipment.

2. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	185,061	730,183
Singapore	704,787	1,086,534
Korea	147,175	140,973
	<u>1,037,023</u>	<u>1,957,690</u>

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hong Kong	411,249	273,261
Mainland China	91,754	90,421
Singapore	27,576	34,149
Korea	34,061	16,893
	<u>564,640</u>	<u>414,724</u>

The non-current assets information above is based on the locations of the assets and excludes financial instruments.

Information about major customers attributable to semiconductor distribution

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Customer A	40,562	274,554
Customer B	139,121	216,778
	<u>179,683</u>	<u>491,332</u>

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the year.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Semiconductor distribution	992,466	1,893,089
Consumer electronic product sales	41,682	62,802
Others	2,875	1,799
	1,037,023	1,957,690
Other income and gains		
Bank interest income	389	187
Recovery of bad debts	557	–
Dividend income from listed investments	46	951
Gain on disposal of available-for-sale investments	–	227
Gain on disposal of items of property, plant and equipment	155	29
Trademark licence income from an associate	389	544
Rental income	5,361	2,909
Others	885	2,207
	7,782	7,054

4. PROFIT/(LOSS) BEFORE TAX

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Cost of inventories sold***	989,979	1,860,804
Provision for impairment of inventories***	1,966	3,229
Depreciation	2,823	3,720
Amortisation of other intangible assets**	3,977	7,090
Impairment of other intangible assets*	4,700	–
Impairment of trade receivables, net*	3,093	1,189
Bad debts written off*	–	1,021
Write-off of other receivables*	311	23,980
Impairment of goodwill*	–	22,297
Fair value losses, net:		
Equity investments at fair value through profit or loss		
– held for trading	18,113	11,013
– designated as such upon initial recognition	174	39,216
Loss/(gain) on disposal of available-for-sale investments*	7,338	(227)
Impairment of an available-for-sale investment, at fair value*	29,888	–
Impairment of an available-for-sale investment, at cost*	15,540	–
Gain on deemed disposal of an associate	–	(11,220)
Loss on disposal of an associate	–	222
Impairment of investments in joint ventures*	28,799	15,376
Provision for amounts due from associates*	–	654
Gain on derecognition of financial guarantee obligation*	(28,799)	(15,376)

* These balances are included in “Other expenses, net” on the face of the consolidated statement of profit or loss.

** This balance is included in “Administrative expenses” on the face of the consolidated statement of profit or loss.

*** These balances are included in “Costs of sales” on the face of the consolidated statement of profit or loss.

5. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interest on bank and other borrowings	5,585	8,289
Interest on mortgage loans	222	309
Interest on finance lease	22	28
	<u>5,829</u>	<u>8,626</u>

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	–	353
Current – Elsewhere		
Charge for the year	95	1,226
Underprovision/(overprovision) in prior years	(10)	333
Deferred	(1,474)	(1,348)
	<u>(1,389)</u>	<u>564</u>

7. DISCONTINUED OPERATION

During the year ended 31 March 2015, the Group disposed of the operation of the Group's SOUL® headphone business to focus its resources on the semiconductor distribution business. Hence, the SOUL® headphone business was presented as a discontinued operation for the year ended 31 March 2015.

The results of the discontinued operation for the year ended 31 March 2015 are presented below:

	<i>HK\$'000</i>
Revenue and other income	7,731
Cost of sales and expenses	<u>(21,600)</u>
Loss before tax from the discontinued operation	(13,869)
Loss on disposal of subsidiaries	<u>(669)</u>
Loss for the year from the discontinued operation	<u><u>(14,538)</u></u>

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 772,944,419 (2015: 728,388,616) in issue during the year.

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

No adjustment has been made to the basic earnings per share amount presented for the year ended 31 March 2016 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY
(Continued)

The calculation of basic and diluted earnings/(loss) per share is based on:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings/(loss)		
Profit/(loss) attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation:		
From continuing operations	2,147	(49,584)
From a discontinued operation	—	(44,703)
	<u>2,147</u>	<u>(94,287)</u>
	2016	2015
Number of shares		
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	772,944,419	728,388,616
Effect of dilution – weighted average number of ordinary shares: Share options	—	458,942
	<u>772,944,419</u>	<u>728,847,558</u>

9. TRADE RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	70,466	216,375
Impairment	(6,472)	(5,316)
	<u>63,994</u>	<u>211,059</u>

9. TRADE RECEIVABLES (Continued)

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 Company 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. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate to their fair values.

An aged analysis of the trade receivables as at the end of the reporting period, based on the payment due date, is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Current	52,288	124,135
1 to 30 days	3,896	62,885
31 to 60 days	432	14,871
Over 60 days	13,850	14,484
	<u>70,466</u>	<u>216,375</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of year	5,316	4,244
Impairment losses recognised	3,093	1,976
Reversal of impairment losses	–	(787)
Amounts written off as uncollectible	(1,895)	–
Exchange realignment	(42)	(117)
	<u>6,472</u>	<u>5,316</u>

The above provision is for individually impaired trade receivables, with a carrying amount before provision of HK\$6,472,000 (2015: HK\$5,316,000), which related to customers that were in financial difficulties and the receivables are not expected to be recovered.

9. TRADE RECEIVABLES (Continued)

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Neither past due nor impaired	52,288	124,135
Less than 1 month past due	3,896	62,885
1 to 3 months past due	278	14,871
Over 3 months past due	7,532	9,168
	<u>63,994</u>	<u>211,059</u>

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

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

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Investment in an associate (<i>Note</i>)	<u>55,559</u>	<u>85,750</u>
Managed funds, at market value	–	296
Listed equity investments, at market value	12,427	3,118
Equity linked debt securities, at market value	<u>5,008</u>	<u>–</u>
	<u>17,435</u>	<u>3,414</u>
	<u>72,994</u>	<u>89,164</u>

The above equity investments with a carrying amount of HK\$17,435,000 (2015: HK\$3,414,000) at 31 March 2016 were classified as held for trading.

At 31 March 2015, equity investments amounting to HK\$1,777,000 were pledged to secure certain of the Group's interest-bearing bank and other borrowings.

10. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note:

At the end of the reporting period, the Group held a 14.24% (2015: 27.44%) equity interest in IE Limited (previously known as Integrated Energy Limited) (“IEL”). The investment in IEL was classified as an investment in an associate as Mr. So Chi On, a director of the Company, is also the director, the chairman and co-representative of IEL. Thus, the Group can exercise significant influence over the financial and operating policies of IEL. As this associate is held as part of venture capital organisation’s investment portfolio, it is carried in the consolidated statement of financial position at fair value. This treatment is permitted by HKAS 28 (2011) “*Investments in Associates and Joint Ventures*” which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with HKAS 39, with changes in fair value recognised in the consolidated statement of profit or loss in the period of change.

11. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Trade payables	37,644	83,621
Deposits received	10,897	7,345
Accrued expenses	14,111	13,759
	<u>62,652</u>	<u>104,725</u>

An aged analysis of the trade payables as at the end of the reporting period, based on the payment due date, is as follows:

	2016 <i>HK\$’000</i>	2015 <i>HK\$’000</i>
Trade payables:		
Current	29,110	78,212
1 to 30 days	6,381	5,404
Over 60 days	2,153	5
	<u>37,644</u>	<u>83,621</u>

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

12. EVENT AFTER THE REPORTING PERIOD

On 8 June 2016, the Group entered into a subscription agreement with IEL, an associate of the Group, pursuant to which, the Group has conditionally agreed to subscribe for, and IEL has conditionally agreed to issue to the Group, convertible bonds at a consideration of US\$2,500,000 (approximately HK\$19,425,000). This transaction was completed on 13 June 2016 and its financial impacts have not been reflected in these consolidated financial statements. Further details of the transaction are included in the Company’s announcement on 8 June 2016.

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2016, with the comparative figures for the corresponding financial year of 2015.

	2016 <i>HK\$'million</i>	2015 <i>HK\$'million</i>
CONTINUING OPERATIONS		
<i>Revenue</i>		
Semiconductor distribution	992.4	1,893.1
Consumer electronic product sales	41.7	62.8
Others	2.9	1.8
	<u>1,037.0</u>	<u>1,957.7</u>
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate	(25.9)	(4.5)
Venture capital	(23.4)	(38.3)
Semiconductor distribution	118.0	104.6
Consumer electronic product sales	(3.9)	(7.9)
Others	(6.9)	(12.9)
	<u>57.9</u>	<u>41.0</u>
<i>Depreciation and amortisation</i>		
Corporate	(0.0)	(0.0)
Venture capital	(0.5)	(0.7)
Semiconductor distribution	(4.4)	(5.1)
Consumer electronic product sales	(0.0)	(3.1)
Others	(1.9)	(1.9)
	<u>(6.8)</u>	<u>(10.8)</u>
Total depreciation and amortisation	<u>(6.8)</u>	<u>(10.8)</u>
Profit/(loss) before interest and tax	6.1	(41.4)
Interest expenses	(5.8)	(8.6)
Bank interest income	0.4	0.2
	<u>0.7</u>	<u>(49.8)</u>
Profit/(loss) before tax from continuing operations	0.7	(49.8)
Income tax	1.4	(0.6)
	<u>2.1</u>	<u>(50.4)</u>
Profit/(loss) for the year from continuing operations	<u><u>2.1</u></u>	<u><u>(50.4)</u></u>
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation	–	(14.5)
	<u>–</u>	<u>(14.5)</u>
Profit/(loss) for the year	<u><u>2.1</u></u>	<u><u>(64.9)</u></u>
Profit/(loss) for the year attributable to:		
Owners of the Company	2.1	(94.2)
Non-controlling interests	–	29.3
	<u>2.1</u>	<u>(64.9)</u>
	<u><u>2.1</u></u>	<u><u>(64.9)</u></u>

BUSINESS REVIEW

For the reviewing period of the year ended 31 March 2016, global macro-economic environment remained challenging. Rich countries are still struggling to escape the legacies of the financial crisis whereas the People's Republic of China ("China"), which continues to be the world's spotlights, remained at moderate growth. But the country's overall slowdown and weak commodity prices are continuously hurting the nearby emerging markets and its deceleration and currency turbulence continues to hit trade partners around the world. Global economy is keeping a close eye on impacts associated with China's persistent slow growth and are expecting more boosting measures from China government.

According to the latest preliminary release from the International Data Corporation Worldwide Quarterly Mobile Phone Tracker, vendors shipped a total of 334.9 million smartphones worldwide in the first quarter of 2016, up slightly from the 334.3 million units in the first quarter of 2015, marking the smallest year-over-year growth on record. The minimal growth this quarter is primarily attributed to strong smartphone saturation in developed markets as well as China. As the China market matures, the appetite for smartphones has slowed down accordingly as the explosion of uptake has passed its peak. And yet in our view, China remains and will continue to be the focal point of the global smartphone market for the foreseeable future. During the year under review, the Group continued to record satisfactory results in the semiconductor distribution business.

During the year under review, the Group's revenue from continuing operations was HK\$1,037.0 million (2015: HK\$1,957.7 million), decreased by 47.0%. Among which semiconductor distribution business recorded a turnover of HK\$992.4 million (2015: HK\$1,893.1 million), consumer electronic business recorded a revenue of HK\$41.7 million (2015: HK\$62.8 million) and mobile application business recorded a revenue of HK\$2.9 million (2015: HK\$1.8 million). Gross profit from continuing operations was HK\$26.1 million (2015: HK\$84.8 million).

Semiconductor Distribution Business

During the reviewing period, semiconductor distribution business recorded a turnover of HK\$992.4 million (2015: HK\$1,893.1 million). The drop was primarily due to the termination of the semiconductor distribution agreements with Fairchild Semiconductor Hong Kong Limited and Fairchild Semiconductor Asia Pacific Pte. Ltd., to distribute semiconductors in China and Hong Kong and in certain Southeast Asia countries (including Singapore) effective from 23 April 2015. The re-allocation of internal resources allows the Group to focus on developing the joint venture of the Group, AVP Electronics Limited and its subsidiaries ("AVPEL Group"), for AVPEL Group's Samsung electronics business with higher margins.

During the reviewing period, turnover of AVPEL Group was not consolidated in the Group's consolidated financial statements and recorded a 118% surge in turnover to HK\$15,357 million (2015: HK\$7,050 million). The revenue growth is mainly contributed by Samsung electronics products under distribution including multi-chip packages and CMOS images sensors. With the increase in share of profits from AVPEL Group during the reporting period, profit attributable to owners of the Company of HK\$2.1 million (2015: loss of HK\$94.2 million) was recorded in current year.

As most Chinese smartphone makers are still grappling with escalating competition in both China and abroad, there is still room for development for mid to low-tier smartphones given the relatively low smartphone penetration rate within the territory. Thanks to the foresight of management, the entry into the lower-tier smartphone markets for the semiconductor distribution business has become an important revenue generator for the year under review. The Group will continue focusing on exploring China semiconductor distribution business.

Consumer Electronic Product Business

During the year under review, consumer electronic product business recorded a turnover of HK\$41.7 million (2015: HK\$62.8 million). The Group believed the world has entered a new transformative era for healthcare and highly personalised digital products. With modern technology is enabling the industry to connect to, care for and engage with the community in a profound new way, the Group is hoping to, by leveraging its existing electronic distribution network to explore exciting opportunities within the consumer electronic product industry for broader income source. During the year under review, the Group has brought in numerous new brands and products from personal gadgets, high-tech products to lifestyle goods which further expanded the existing product diversity and broadened the income source.

Mobile Application Business

During the reviewing period, the turnover for mobile application business was HK\$2.9 million (2015: HK\$1.8 million) with contributions from the steadily developing Koocell Limited ("Koocell"). After the rearrangement of business into two separate lines and entities, namely, mobile applications and online advertising as well as game development in May 2015, Koocell continued to grow healthily and its first mobile puzzle RPG Three Kingdoms related mobile game was called "Tales of Three Kingdoms". The next upcoming "GGO Football" which is created based on an animation cartoon series "GGO Football" in China. According to iiMedia Research, for the year 2015, the total market size for China mobile games reached RMB41.5 billion with total number of gamers over 500 million. The mobile games market experienced exponential growth since 2012 but the growth in the space has probably peaked. Yet with the popularity of Tales of Three Kingdoms, we believe the business growth remains healthy and sustainable despite the changing market situation. More mobile games and contents are in the pipeline to launch in the coming years.

To diversify business risk as well as in view of the higher mobile penetration and fast growing mobile advertising market, in October 2015, Koocell introduced AdLocus, a Location-Based Service push-based mobile advertising platform developed by Taiwan's HyXen Technology Co., Ltd. ("HyXen Technology") and became the platform's exclusive agent for Hong Kong. This innovative and leading technology will turn a brand new page for Hong Kong mobile advertising market. AdLocus' unique push notification allows mobile users to instantly receive advertisements upon entering the designated areas without the need of activating any mobile applications with advantages including more specific audience targeting, higher users' privacy and more effective advertising in terms of scale and costs. Digital advertising spending in Hong Kong is forecast to overtake expenditure on traditional media campaigns in the next few years, despite a lingering economic slowdown.

Venture Capital Business

As of 31 March 2016, various funds, equity investments and debt securities were held at fair market value of HK\$72,994,000 (31 March 2015: HK \$89,164,000) in the Group. During the period under review, as compared to same period last year, the venture capital business of the Group recorded a fair value loss on equity investments of HK\$18.3 million (2015: HK\$50.2 million). During the year under review ended 31 March 2016, the Group retained 14.24% equity interest in IE Limited (previously known as "Integrated Energy Limited"). The management cautiously monitored the Venture Capital Business by reference to the world financial markets. Although global economy is volatile with uncertainties ahead, the Group will strive for satisfactory results for its venture capital business.

Prospect

During the year under review, the global smartphone market has gone flat with the growth in China stagnated. While the overall market may be depressed, the intensifying competition within China market still managed to give a mild push on new launches of mid to low-end products with advanced performances, which in turn supported the demand for the associated semiconductors. In view of the continued success of the Group's semiconductor distribution business, we are confident the Group will continue to enjoy the economic benefits from the growing smartphone market and we expect stable growth in the recorded revenue in the coming years.

As mentioned earlier, the higher penetration of smartphone handsets, regardless of specifications and categories, has led to the continuous development of handsets related games and applications bringing the Group more business opportunities. After the business realignment of Koocell earlier this year, the Group has been working to focus resources on 2 major areas namely online advertising and game development. With the mobile business platform getting more established, the Group aims to launch more popular games for bringing satisfactory business results in the near future, and to achieve further success in its first attempt in mobile advertising for increasing clients' media exposure with more networking opportunities.

While semiconductor distribution business continued to be the business driver and mobile business to bring the growth momentum, the Group is, on the other hand, actively seeking ways to further expand its consumer electronic product business, which enjoys synergic effects in terms of distribution network and sales force. Despite the economic turbulence, the Group believes functional personal gadgets and durable home electrical appliances are relatively less susceptible to market changes. The Group is hoping to further invest into its consumer electronic product business in the coming future for sustainable business continuity.

The Group, by leveraging its leading position, goodwill and competitive advantage gained through its 20 years plus market track record, will continue to adopt prudent and practical development strategies, and by making good use of limited resources to develop various business segments for achieving sustainable growth and bringing satisfactory returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position as at 31 March 2016 and the corresponding gearing ratio are shown as follows:

	2016 <i>HK\$'million</i>	2015 <i>HK\$'million</i>
Cash and cash equivalents	69.6	131.7
Equity investments at fair value through profit or loss	73.0	89.2
Cash and cash equivalents and equity investments	142.6	220.9
Borrowings and finance lease payables	137.2	350.8
Total equity	657.6	654.2
Total debt to total equity	21%	54%

As at 31 March 2016, the Group had cash and cash equivalents (i.e., cash and bank balances, deposits with other financial institutions and unpledged time deposits) of HK\$69.6 million (2015: HK\$131.7 million), while the Group's equity investments at fair value through profit or loss amounted to HK\$73.0 million (2015: HK\$89.2 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 31 March 2016 was 21% (2015: 54%), while the Group's total equity as at 31 March 2016 was HK\$657.6 million (2015: HK\$654.2 million), with the total balances of cash and cash equivalents and equity investments as at 31 March 2016 of HK\$142.6 million (2015: HK\$220.9 million).

The working capital position of the Group remains healthy. As at 31 March 2016, the liquidity ratio was 147% (2015: 138%).

	2016	2015
	<i>HK\$'million</i>	<i>HK\$'million</i>
Current assets	298.2	633.7
Current liabilities	(203.5)	(460.9)
Net current assets	94.7	172.8
Current assets to current liabilities	147%	138%

Management is confident that the Group follows a prudent policy in managing its treasury position, and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

EMPLOYEES

As at 31 March 2016, the Group employed a total of approximately 192 (31 March 2015: approximately 229) 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 share option schemes for eligible employees to provide incentive to the participants for their contribution and continuing efforts to promote the interests of the Group. Share options and discretionary bonuses are granted based on the Group's and individual's performances.

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

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance and Corporate Governance Report contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all Directors confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 March 2016, except that for Dr. Lui Ming Wah (“Dr. Lui”), *SBS, JP*, an independent non-executive Director, the Company was informed that: (i) on 4 June 2015, during the period of 60 days immediately preceding 22 June 2015, the publication date of the annual results of the Company for the year ended 31 March 2015, the spouse of Dr. Lui acquired 1,498,000 shares of the Company; and (ii) on 3 July 2015 and 29 September 2015 respectively, without first notifying in writing the chairman and receiving a dated written acknowledgement in accordance with paragraph 8 of the Model Code, the spouse of Dr. Lui acquired 3,200,000 and 402,000 shares of the Company respectively (together, the “Incidents”). By reason of inadvertent oversight, Dr. Lui only became aware of the Incidents on or around early November 2015. While becoming aware of the Incidents, Dr. Lui notified the Company and informed Hong Kong Exchanges and Clearing Limited in writing and submitted the relevant notifications of interest in shares of listed corporation as required under the provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee, comprising three Independent Non-executive Directors, namely Dr. Lui Ming Wah, *SBS, JP*, Mr. Charles E. Chapman and Mr. Wong Ka Kit, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the consolidated financial statements for the year ended 31 March 2016.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Company’s auditors, Ernst & Young, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 12 August 2016. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 10 August 2016 to Friday, 12 August 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 9 August 2016.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2016 (2015: Nil).

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and at the website of the Company at www.avconcept.com. An annual report for the year ended 31 March 2016 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 28 June 2016

As at the date of this announcement, the Board comprises four executive Directors, Dr. So Yuk Kwan (Chairman), Mr. So Chi On, Mr. So Kevin Chi Heng and Mr. So Chi Sun Sunny and three independent non-executive Directors, Dr. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.