

2022/23

INTERIM REPORT



AV CONCEPT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 595

STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

	Six months ended 30 September	
	2022	2021
	HK\$'million	HK\$'million
Revenue		
– Semiconductor distribution	378.9	442.1
– Consumer product and product sourcing business	7.1	15.9
– Others	0.2	0.4
	386.2	458.4
	386.2	458.4
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(16.6)	(17.2)
– Venture capital	(12.1)	(2.5)
– Semiconductor distribution	72.1	156.9
– Consumer product and product sourcing business	(4.3)	(2.9)
– Others	(1.2)	(4.4)
	37.9	129.9
	37.9	129.9
Depreciation and amortisation	(1.5)	(1.7)
Profit for the period attributable to owners of the Company	38.6	126.6

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	30 September 2022	31 March 2022
	HK\$'million	HK\$'million
Total assets	1,723.6	1,745.5
Total assets less current liabilities	1,632.8	1,637.1
Total equity	1,617.9	1,622.0
Borrowings and lease liabilities	5.7	7.6
Cash and cash equivalents	112.5	152.2
Financial assets at fair value through profit or loss (included in current assets)	15.0	28.4
	127.5	180.6
Total debt to total equity	0.4%	0.5%
Current assets to current liabilities	209.9%	238.7%
Cash and cash equivalents and financial assets at fair value through profit or loss (included in current assets) per share (HK\$)	0.14	0.20
Total equity per share (HK\$)	1.78	1.79

UNAUDITED INTERIM RESULTS

The Board of Directors (the “Board” or “Directors”) of AV Concept Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 September 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Six months ended 30 September	
		2022 (unaudited)	2021 (unaudited)
		HK\$'000	HK\$'000
Revenue	4	386,222	458,366
Cost of sales		(390,441)	(438,206)
Gross (loss)/profit		(4,219)	20,160
Other income and gains	4	3,185	4,150
Selling and distribution expenses		(4,429)	(4,064)
Administrative expenses		(27,472)	(35,160)
Fair value losses on financial assets at fair value through profit or loss, net		(9,998)	(1,370)
Other (expenses)/income, net		(1,327)	1,071
Finance costs	5	(60)	(38)
Share of profits and losses of:			
Joint ventures		85,381	145,262
Associates		(2,424)	(1,160)
Profit before tax	6	38,637	128,851
Income tax	7	(86)	(2,228)
Profit for the period attributable to owners of the Company		38,551	126,623
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		HK4.24 cent	HK13.94 cent
Diluted		HK4.24 cent	HK13.94 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	38,551	126,623
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(6,320)	(1,737)
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(6,320)	(1,737)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	32,231	124,886

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

			30 September 2022 (unaudited)		31 March 2022 (audited)
	Notes		HK\$'000		HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment and right-of-use assets	10		36,318		29,743
Investment properties			128,239		136,665
Other intangible assets			3,485		3,485
Investments in joint ventures			1,316,869		1,266,363
Investments in associates			1,886		4,310
Financial assets at fair value through profit or loss	11		25,482		25,482
Prepayments and deposits			1,569		1,716
Loan to an associate			19,061		19,061
			1,532,909		1,486,825
TOTAL non-current assets					
			1,532,909		1,486,825
CURRENT ASSETS					
Inventories			22,455		44,797
Trade receivables	12		2,104		8,599
Due from associates			8,394		2,763
Prepayments, deposits and other receivables			30,262		21,865
Financial assets at fair value through profit or loss	11		14,974		28,385
Tax recoverable			-		2
Cash and cash equivalents			112,506		152,228
			112,506		152,228
TOTAL current assets					
			190,695		258,639
CURRENT LIABILITIES					
Trade payables, deposits received and accrued expenses	13		27,814		23,848
Contract liabilities			2,539		20,559
Lease liabilities			587		698
Interest-bearing bank borrowings			4,830		6,435
Tax payable			3,033		4,789
Financial guarantee obligation			52,032		52,032
			52,032		52,032
TOTAL current liabilities					
			90,835		108,361
NET CURRENT ASSETS					
			99,860		150,278
TOTAL ASSETS LESS CURRENT LIABILITIES					
			1,632,769		1,637,103

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2022

		30 September 2022 (unaudited)	31 March 2022 (audited)
	Note	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		247	490
Deferred tax liabilities		<u>14,600</u>	<u>14,575</u>
Total non-current liabilities		<u>14,847</u>	<u>15,065</u>
Net assets		<u><u>1,617,922</u></u>	<u><u>1,622,038</u></u>
EQUITY			
Issued capital	14	90,866	90,866
Reserves		<u>1,517,636</u>	<u>1,521,748</u>
Equity attributable to owners of the Company		<u>1,608,502</u>	<u>1,612,614</u>
Non-controlling interests		<u>9,420</u>	<u>9,424</u>
Total equity		<u><u>1,617,922</u></u>	<u><u>1,622,038</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company									
	Issued capital	Share premium account	Capital reserve	Other reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021 (audited)	90,866	429,719	19,484	(38,483)	38,765	2,376	872,214	1,414,941	10,068	1,425,009
Profit for the period	-	-	-	-	-	-	126,623	126,623	-	126,623
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,737)	-	(1,737)	-	(1,737)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,737)	126,623	124,886	-	124,886
Dividend paid (Note 8)	-	-	-	-	-	-	(27,260)	(27,260)	-	(27,260)
At 30 September 2021 (unaudited)	<u>90,866</u>	<u>429,719</u>	<u>19,484</u>	<u>(38,483)</u>	<u>38,765</u>	<u>639</u>	<u>971,577</u>	<u>1,512,567</u>	<u>10,068</u>	<u>1,522,635</u>
At 1 April 2022 (audited)	90,866	429,719	19,484	(38,483)	38,765	4,729	1,067,534	1,612,614	9,424	1,622,038
Profit for the period	-	-	-	-	-	-	38,551	38,551	-	38,551
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(6,320)	-	(6,320)	-	(6,320)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(6,320)	38,551	32,231	-	32,231
Share options of subsidiaries lapsed	-	-	-	-	-	-	4	4	(4)	-
Dividend paid (Note 8)	-	-	-	-	-	-	(36,347)	(36,347)	-	(36,347)
At 30 September 2022 (unaudited)	<u>90,866</u>	<u>429,719</u>	<u>19,484</u>	<u>(38,483)</u>	<u>38,765</u>	<u>(1,591)</u>	<u>1,069,742</u>	<u>1,608,502</u>	<u>9,420</u>	<u>1,617,922</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	–	27,195
Dividend income received from a joint venture	34,965	46,620
Other operating cash flows, net	(36,131)	(49,106)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(1,166)	24,709
INVESTING ACTIVITIES		
Bank interest received	39	19
Purchases of items of property, plant and equipment	(8,174)	(52)
Purchases of investment properties	(16,144)	–
Proceeds from disposal of investment properties	23,214	–
Other investing cash flows, net	63	(185)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(1,002)	(218)
FINANCING ACTIVITIES		
Net decrease in import and trust receipt loans	(1,290)	–
Dividend paid	(36,347)	(27,260)
Other financing cash flows, net	(414)	(489)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(38,051)	(27,749)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(40,219)	(3,258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	152,228	124,298
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	497	(241)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	112,506	120,799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

1. BASIS OF PREPARATION

The Company is an investment holding company. Its subsidiaries are principally engaged in marketing and distribution of electronic components, design, development and sale of consumer products and product sourcing services, and venture capital investment.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 September 2022 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA effective as of 1 April 2022.

Amendments to HKFRS 3
Amendments to HKAS 16
Amendments to HKAS 37
Annual Improvements to
HKFRSs 2018-2020

Reference to the Conceptual Framework
Property, Plant and Equipment: Proceeds before Intended Use
Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, Illustrative Examples
accompanying HKFRS 16, and HKAS 41

The adoption of the above revised HKFRSs has had no material impact on the interim condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

3. 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 product and product sourcing business segment engages in the design, development and sale of consumer products and product sourcing services;
- (c) the venture capital segment engages in the investments in listed/unlisted equity and debt 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 managed funds, convertible bonds and listed bonds; and
- (d) the others segment mainly comprises the Group's internet social media 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. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, rental income, share of profits and losses of joint ventures and associates, loss on disposal of items of property, plant and equipment, finance costs and unallocated expenses are excluded from such measurement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

3. OPERATING SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below.

Six months ended 30 September 2022 (Unaudited)

	Semiconductor distribution	Consumer product and product sourcing business	Venture capital	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:					
Sales to external customers	378,896	7,126	–	200	386,222
Other losses	–	–	(9,873)	–	(9,873)
Total	378,896	7,126	(9,873)	200	376,349
Reconciliation:					
Add: Other losses (note)					9,873
Revenue as presented in the condensed consolidated statement of profit or loss					<u>386,222</u>
Segment results	(14,616)	(1,833)	(12,143)	(1,199)	(29,791)
Reconciliation:					
Bank interest income					39
Rental income					2,066
Share of profits of joint ventures					85,381
Share of losses of associates					(2,424)
Loss on disposal of items of property, plant and equipment					(14)
Unallocated expenses					(16,560)
Finance costs					(60)
Profit before tax					<u>38,637</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 September 2021 (Unaudited)

	Semiconductor distribution	Consumer product and product sourcing business	Venture capital	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:					
Sales to external customers	442,078	15,923	-	365	458,366
Other losses	-	-	(946)	-	(946)
Total	442,078	15,923	(946)	365	457,420
Reconciliation:					
Add: Other losses (note)					946
Revenue as presented in the condensed consolidated statement of profit or loss					458,366
Segment results	9,174	(1,704)	(3,144)	(4,436)	(110)
Reconciliation:					
Bank interest income					19
Rental income					2,094
Share of profits of joint ventures					145,262
Share of losses of associates					(1,160)
Unallocated expenses					(17,216)
Finance costs					(38)
Profit before tax					128,851

Note: Other losses in segment revenue were classified as other income and gains, and fair value losses on financial assets at fair value through profit or loss, net, in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

3. OPERATING SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by segment:

	Semiconductor distribution	Consumer product and product sourcing business	Venture capital	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Period ended 30 September 2022 (unaudited)					
Segment assets	549,291	85,606	26,693	2,249	663,839
Reconciliation:					
Elimination of intersegment receivables					(541,418)
Investments in joint ventures					1,316,869
Investments in associates					1,886
Corporate and other unallocated assets					282,428
Total assets					1,723,604
Segment liabilities	27,167	256,946	206,078	80,758	570,949
Reconciliation:					
Elimination of intersegment payables					(541,418)
Corporate and other unallocated liabilities					76,151
Total liabilities					105,682
Year ended 31 March 2022 (audited)					
Segment assets	572,873	82,140	40,186	2,291	697,490
Reconciliation:					
Elimination of intersegment receivables					(536,578)
Investments in joint ventures					1,266,363
Investments in associates					4,310
Corporate and other unallocated assets					313,879
Total assets					1,745,464
Segment liabilities	39,754	253,458	207,232	78,209	578,653
Reconciliation:					
Elimination of intersegment payables					(536,578)
Corporate and other unallocated liabilities					81,351
Total liabilities					123,426

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

4. REVENUE, OTHER INCOME AND GAINS

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

Revenue

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Semiconductor distribution	378,896	442,078
Consumer product sales and product sourcing business	7,126	15,923
Others	200	365
	<u>386,222</u>	<u>458,366</u>

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 September 2022 (Unaudited)

Segments	Semiconductor distribution	Consumer product and product sourcing business	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue from contracts with customers	<u>378,896</u>	<u>7,126</u>	<u>200</u>	<u>386,222</u>
Geographical markets				
Hong Kong	-	7,126	200	7,326
Singapore	<u>378,896</u>	-	-	<u>378,896</u>
Total revenue from contracts with customers	<u>378,896</u>	<u>7,126</u>	<u>200</u>	<u>386,222</u>
Timing of revenue recognition				
Transferred at a point in time	<u>378,896</u>	<u>7,126</u>	<u>200</u>	<u>386,222</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

Disaggregated revenue information for revenue from contracts with customers (Continued)

For the six months ended 30 September 2021 (Unaudited)

Segments	Semiconductor distribution	Consumer product and product sourcing business	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue from contracts with customers	442,078	15,923	365	458,366
Geographical markets				
Hong Kong	1,528	15,060	365	16,953
Singapore	440,550	546	–	441,096
Taiwan	–	317	–	317
Total revenue from contracts with customers	442,078	15,923	365	458,366
Timing of revenue recognition				
Transferred at a point in time	442,078	15,923	365	458,366

Other income and gains

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Bank interest income	39	19
Interest income on listed bond investments	–	341
Dividend income from listed equity investments	53	11
Rental income	2,066	2,094
Government grants (note)	857	611
Foreign exchange differences, net	–	606
Others	170	468
	3,185	4,150

Note: There are no unfulfilled conditions or contingencies relating to these grants.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	44	6
Interest on lease liabilities	16	32
	<u>60</u>	<u>38</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	748	735
Depreciation of right-of-use assets	725	975
Loss on disposal of items of property, plant and equipment	14	–
Amortisation of other intangible assets	–	5
Foreign exchange differences, net	1,271	(606)
	<u>1,271</u>	<u>(606)</u>

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (for the six months ended 30 September 2021: nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Current – Elsewhere		
Charge for the period	<u>86</u>	<u>2,228</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

8. DIVIDEND

Dividend recognised as distribution during the period:

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend declared and paid – HK\$0.04 (2021: HK\$0.03) per ordinary share	36,347	27,260

On 30 November 2022, the Board of Directors has resolved to declare an interim dividend of HK\$0.01 (for the six months ended 30 September 2021: HK\$0.01) per share for the six months ended 30 September 2022, amounting to a total of approximately HK\$9,087,000 (for the six months ended 30 September 2021: HK\$9,087,000), payable on or around 3 January 2023 to shareholders whose names appear on the register of members of the Company on 16 December 2022.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to owners of the Company, and the number of ordinary shares of 908,663,302 (for the six months ended 30 September 2021: 908,663,302) in issue during the period.

The Company had no dilutive potential ordinary shares in issue for the current and prior period. The calculation of basic and diluted earnings per share is based on:

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000

Earnings

Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	38,551	126,623
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Number of shares

	30 September	30 September
	2022	2021

Shares

Number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	908,663,302	908,663,302
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	30 September 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Property, plant and equipment	13,753	6,384
Right-of-use assets	22,565	23,359
	36,318	29,743

During the six months ended 30 September 2022, the Group acquired property, plant and equipment at an aggregate cost of approximately HK\$8,174,000 (six months ended 30 September 2021: HK\$52,000) and acquired right-of-use assets at an aggregate cost of approximately nil (six months ended 30 September 2021: HK\$502,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Listed equity investments	1,143	1,635
Listed bond investments	629	1,186
Equity investment traded over-the-counter	12,782	25,144
Unlisted equity investments	420	420
Key management insurance contracts	25,482	25,482
	40,456	53,867
Analysed for reporting purpose as:		
Current assets	14,974	28,385
Non-current assets	25,482	25,482
	40,456	53,867

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

12. TRADE RECEIVABLES

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Trade receivables	40,297	53,203
Impairment	(38,193)	(44,604)
	<u>2,104</u>	<u>8,599</u>

The Group's trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 to 45 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.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Within 1 month	542	7,814
1 to 2 months	202	44
2 to 3 months	521	96
3 to 12 months	669	327
Over 12 months	170	318
	<u>2,104</u>	<u>8,599</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	30 September 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Trade payables	12,998	4,277
Deposits received	1,171	1,320
Accrued expenses	13,645	18,251
	<u>27,814</u>	<u>23,848</u>

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

	30 September 2022 (unaudited)	31 March 2022 (audited)
	HK\$'000	HK\$'000
Trade payables:		
Current	10,216	2,587
1 to 30 days	532	26
31 to 60 days	385	7
Over 60 days	1,865	1,657
	<u>12,998</u>	<u>4,277</u>

The trade payables are non-interest bearing and are normally settled between 30 and 90 days.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	HK\$'000
Authorised:		
At 1 April 2021 (audited), 30 September 2021 (unaudited), 31 March 2022 (audited) and 30 September 2022 (unaudited)	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 2021 (audited), 30 September 2021 (unaudited), 31 March 2022 (audited) and 30 September 2022 (unaudited)	<u>908,663,302</u>	<u>90,866</u>

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Financial assets	Fair value as at 30 September 2022	Fair value hierarchy	Valuation techniques and key inputs
Listed equity investments, at market value classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$1,143,000 (As at 31 March 2022: HK\$1,635,000)	Level 1	Quoted market prices in an active market
Listed bond investments, at market value classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$629,000 (As at 31 March 2022: HK\$1,186,000)	Level 1	Quoted market prices in an active market
Equity investment traded over-the-counter, at market value classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$12,782,000 (As at 31 March 2022: HK\$25,144,000)	Level 1	Quoted market price in an active market
Unlisted equity investments classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$420,000 (As at 31 March 2022: HK\$420,000)	Level 3	Values are estimated with reference to multiples of comparable listed companies, such as the average of the enterprise value to sales ratio, income approach by discounted cash flows method or issued prices of recent transactions
Key management insurance contracts classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$25,482,000 (As at 31 March 2022: HK\$25,482,000)	Level 3	Values are estimated based on the account values less surrender charges quoted by the vendors

Note: In management's opinion, the sensitivity analysis is unrepresentative as it does not reflect the exposure during the period/year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

There were no transfer between different levels of fair value hierarchy for the six months ended 30 September 2022 and 30 September 2021.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Reconciliation of Level 3 fair value measurements of financial assets

	HK\$'000
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	27,923
Total losses recognised in profit or loss	<u>(2,021)</u>
At 31 March 2022 (audited) and 30 September 2022 (unaudited)	<u><u>25,902</u></u>

Fair value measurement and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group would consider engaging independent valuer to perform the valuation on regular basis. The management of the Company works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

For the valuation of key management insurance contracts and unlisted equity investments, the management of the Company estimated the expected amount based on the current available information. Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

16. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in this interim report, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 September	
		2022 (unaudited)	2021 (unaudited)
		HK\$'000	HK\$'000
Joint venture:			
Dividend income	(i)	34,965	46,620
Associates:			
Sale of products	(ii)	4,581	2,595
Purchase of products	(ii)	106	547

Notes:

- (i) The dividends declared by the joint venture of the Group were for the interim dividends for the six months ended 30 June 2022 and 30 June 2021.
- (ii) The sale to and purchase from associates were made at prices and terms mutually agreed between the parties.

(b) Compensation of key management personnel of the Group

The Group's key management personnel are the executive directors of the Company. The remuneration of key management during the period is as follows:

	Six months ended 30 September	
	2022 (unaudited)	2021 (unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	7,744	7,422
Pension scheme contributions	367	367
	8,111	7,789

The remuneration of directors is determined having regard to the performance of individuals and market trends.

17. EVENT AFTER THE REPORTING PERIOD

On 3 October 2022, the Group granted an option to an independent third party (the "Purchaser") that the Purchaser has the right to acquire an office unit of the Group in Singapore for a cash consideration of SGD4,100,480 (equivalent to approximately HK\$22,348,000). The Purchaser has the right to exercise the option by 18 October 2022. The Group is expected to record an unaudited gain of approximately HK\$20,464,000 from the disposal. For details of the transaction, please refer to the announcement of the Company dated 3 October 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2022, with the comparative figures for the corresponding six months period of 2021.

	Six months ended 30 September	
	2022	2021
	HK\$'million	HK\$'million
<i>Revenue by segment</i>		
Semiconductor distribution	378.9	442.1
Consumer product and product sourcing business	7.1	15.9
Venture capital	(9.9)	(1.0)
Others	0.2	0.4
	<u>376.3</u>	<u>457.4</u>
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate	(16.6)	(17.2)
Venture capital	(12.1)	(2.5)
Semiconductor distribution	72.1	156.9
Consumer product and product sourcing business	(4.3)	(2.9)
Others	(1.2)	(4.4)
	<u>37.9</u>	<u>129.9</u>
<i>Depreciation and amortisation</i>		
Corporate	(0.1)	–
Venture capital	(0.4)	(0.6)
Semiconductor distribution	(1.0)	(1.1)
	<u>(1.5)</u>	<u>(1.7)</u>
Total depreciation and amortisation		
	<u>(1.5)</u>	<u>(1.7)</u>
Profit before interest and tax	38.8	128.8
Interest expenses	(0.1)	–
Bank interest income	–	–
	<u>38.7</u>	<u>128.8</u>
Profit before tax	38.7	128.8
Income tax	(0.1)	(2.2)
	<u>38.6</u>	<u>126.6</u>
Profit for the period attributable to owners of the Company		
	<u>38.6</u>	<u>126.6</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Since the start of the year, global economic activity has significantly decelerated with inflation rising to levels not seen for several decades. Numerous countries around the world are facing high living costs and this is coupled with tightening financial conditions in most regions. Moreover, Russia's invasion of Ukraine and the lingering COVID-19 pandemic all continue to weigh heavily on economic sentiment. The International Monetary Fund ("IMF") pointed out in its World Economic Outlook (October 2022), US gross domestic product ("GDP") in the first half of 2022 and the Euro GDP in the second half of 2022 both contracted together with prolonged COVID-19 outbreaks and lockdowns in China which is also facing a growing property-sector crisis. According to the IMF, around one-third of the global economy faces negative growth for two consecutive quarters. Its future health is critically dependent on monetary policies being successfully recalibrated, then staying the course to restore price stability. This will depend on the ongoing war in Ukraine and with the risk of further pandemic-related supply-side disruption.

During the period under review, in an environment of significant slowdown in global economic activity and high inflation, the Group's revenue by segment was HK\$376.3 million (2021: HK\$457.4 million) decreased by around 17.7%. Among which semiconductor distribution business recorded a revenue of HK\$378.9 million (2021: HK\$442.1 million), consumer product and product sourcing business recorded a revenue of HK\$7.1 million (2021: HK\$15.9 million), venture capital business recorded a loss of HK\$9.9 million (2021: HK\$1.0 million) and internet social media business recorded a revenue of HK\$0.2 million (2021: HK\$0.4 million).

Semiconductor Distribution Business

According to the market research company, International Data Corporation ("IDC"), it is expected that consumer-facing markets will begin to slow down by the fourth quarter of the year, with more modest growth for the year as a whole. Nevertheless, against a backdrop of increasing global economic uncertainty, high inventories and reduced customer demand, the price of chips declined sharply during the year with certain chips dropping more than 80% from their peak.

During the period under review, the semiconductor distribution business recorded a revenue of HK\$378.9 million (2021: HK\$442.1 million) which is mainly contributed by the subsidiary in Singapore that focuses business on Southeast Asian countries such as India, Thailand, Malaysia and Philippines. The main products sold to the Singapore market are memory chips followed by thin film transistor liquid crystal displays and panels which are widely used in LCD televisions. With the dropped in price of semiconductor components, the Group recorded a gross loss during the period under review.

During the period under review, the revenue for the joint venture of the Group, AVP Electronics Limited and its subsidiaries ("AVPEL Group") declined, though not being consolidated into the Group's condensed consolidated financial statements, recorded 21.3% decreased to HK\$10,685 million (2021: HK\$13,582 million). The Group's profits shared from AVPEL Group decreased when comparing to the previous period mainly due to the less favorable performance of AVPEL Group during the period under review. The main customers of AVPEL Group are China's major mobile phone manufacturers and mobile phone component suppliers. AVPEL Group engaged in the distribution of Samsung Electronics mainly including CMOS image sensors and multi-layer packaged chips.

MANAGEMENT DISCUSSION AND ANALYSIS

According to IDC, in the third quarter of 2022 smartphone shipments worldwide declined 9.7% year-on-year to 301.9 million units. This marks the fifth consecutive quarter of decline for the smartphone market as shipments continue to struggle against weakening global demand and economic uncertainty. Most of the decline came from emerging markets where lack of demand, rising costs, and high inflation impacted consumers with smaller disposable incomes. IDC expect a steeper decline in shipments during 2022. Emerging markets in Asia Pacific could see even greater declines that may reach double digits, coupled with even fewer shipments and reduced orders from OEMs as they try to deplete inventories, leading to an oversupply of chips for mobile phones and lower prices. In view of the weakening demand for smartphone in line with the economic downturn, the Group will closely monitor the development of the semiconductor market with its extensive market experience and prudent attitude and allocate existing resources flexibly to cope with short-term fluctuations in the semiconductor market.

Consumer Product and Product Sourcing Business

During the period under review, the business of consumer product and product sourcing recorded a revenue of HK\$7.1 million (2021: HK\$15.9 million). The Group's consumer product and product sourcing business is focused on a wide range of electronic products including small home appliances and voguish new electronic products. It targets various Asia Pacific markets such as Hong Kong, Macau, Singapore and Indonesia.

In Southeast Asia ("SEA"), the e-economy continues to thrive. According to a research report, e-Conomy SEA 2022, jointly published by Google, Temasek Holdings and Bain & Company, SEA's gross merchandise value ("GMV") of e-commerce for the six countries of Indonesia, Malaysia, Singapore, Thailand, Philippines and Vietnam is expected to reach US\$200 billion by 2022. As e-commerce continues to expand, food distribution and online media have returned to pre-epidemic levels, while travel and transport will need more time to recover. By 2030, the GMV of the Southeast Asian market is forecast to grow to US\$600 billion. As Southeast Asia's societies and economies continue to rapidly develop and enter the "Digital Age", the transition from offline to online will be worth watching. As such, the Group will continue to diversify its business into the Southeast Asian market with Hong Kong as the centre, and will continue to identify suitable opportunities for growth in the e-commerce market.

Internet Social Media Business

During the period under review, revenue from 830 Media Limited ("830 Media") was HK\$0.2 million (2021: HK\$0.4 million), which was mainly contributed by its wholly owned subsidiary, 830 Lab Limited ("830 Lab").

830 Lab is dedicated to helping its clients to promote their brands and businesses online. 830 Lab offers not only web design and development services, but also the one-stop online content creation services which including filming and photography. During the period under review, 830 Lab attracted the attention of various major brands and entered into collaborations using its unique one-stop creative content promotion solution.

Moreover, 830 Media's online parenting platform, "He She Kids", since its inception, has engaged in creating and producing high-quality videos. Providing extensive baby care information and videos on both "He She Kids" website and Facebook page, which keeps up with hot topics, is becoming increasingly recognized and valued by parents.

MANAGEMENT DISCUSSION AND ANALYSIS

According to a PwC report, the Hong Kong advertising market will increasingly be dominated by digital advertising with the widespread adoption of 5G powering its future expansion. By 2026, digital advertising revenue is expected to account for over 60% of the total market. Hong Kong's total internet advertising revenue is expected to grow at a compound annual growth rate of 7.5% over the next five years, from US\$1.4 billion in 2021 to US\$2.0 billion in 2026. With the digital wave spreading globally and reshaping the media industry, the Group will continue leveraging its existing Internet social media resources to capture future growth opportunities.

Venture Capital Business

During the period under review, the revenue for venture capital business recorded a loss of HK\$9.9 million (2021: HK\$1.0 million), that is mainly for the fair value losses on financial assets at fair value through profit or loss, net, interest income on listed bond investments, and dividend income from listed equity investments in the current period. As of 30 September 2022, listed and unlisted equity investments, listed bond investments, equity investment traded over-the-counter and key management insurance contracts were held at fair market value of HK\$40.5 million (31 March 2022: HK\$53.9 million) by the Group. During the period under review, the venture capital business of the Group recorded a fair value losses on financial assets at fair value through profit or loss, net of HK\$10.0 million (2021: HK\$1.4 million).

The venture capital business has always brought considerable income to the Group. The ultimate objective for investments in venture capital business is to obtain capital gains on investee's equity listing or, in some circumstances, prior to listing. In view of the high inflation and significant signs of downturn in the global economy, the Group will adopt a prudent investment strategy in the venture capital business, coupled with its extensive market experience, to select suitable investment targets with a view to sustaining stable returns amidst the volatile global market conditions.

As at 30 September 2022, the Group's major strategic investments included investments in Tooniplay Co., Ltd, a mobile game developer based in Korea, and Urban City Joint Stock Company, an e-commerce company based in Vietnam.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

The global economy is facing serious challenges with inflation at a record high and the war between Russia and Ukraine unresolved. In its World Economic Outlook (October 2022), the IMF forecasts that global economic growth will decline from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023, with the US GDP declining even further from 1.6% in 2022 to 1.0% in 2023, the Euro GDP falling from 3.1% in 2022 to 0.5% in 2023. Global inflation soared from 4.7% in 2021 to 8.8% in 2022, reflecting the serious downside risks facing the global economy.

The IMF also pointed out that China's deteriorating real estate sector, coupled with ongoing COVID-19 outbreaks and lockdowns all weighed heavily on China's economy, slowing economic growth in 2022 to 3.2%, the second lowest level since 1977. Nonetheless, China's GDP growth of 3.9% year-on-year in the third quarter exceeded market expectations. However, both domestic and international analysts share the view that China will not be able to reach the 5.5% annual economic growth target set at the beginning of 2022.

Despite the various factors hindering the global economic downturn during the year, semiconductor companies still have the opportunities for the development of the 5G technology. A KPMG survey reveals that production capacity for semiconductor is growing in line with market demand, pushing the industry's confidence index to a record high. Moving forward, wireless technology, 5G technology, automotive and the Internet of Things will be the key applications driving the industry's development. The report highlights that semiconductor supply chains became more resilient following the pandemic. Nonetheless, any further shutdowns in key development areas due to the pandemic or other challenges could significantly impact the entire industry supply chain. At the same time, in the age of ubiquitous smartphones with societies and industries undergoing digital transformations, 5G continues to be rapidly rolled out.

According to Ericsson's Mobile Trends Report, the total number of 5G mobile should exceed one billion by the end of 2022, with 5G covering a quarter of the world's population. By the end of 2027, the global 5G user base will reach 4.4 billion, accounting for 48% of all mobile users. With the rapid development of 5G, the market is shifting from 'fast connectivity' to harnessing 5G's vast potential – from the Internet of Things and edge computing to pushing the boundaries of what is possible for consumers and businesses in every region. IDC expects the 5G enterprise services market in Asia Pacific (excluding Japan) to be worth US\$8 billion by 2026, indicating that the 5G's rapid development will bring significant growth opportunities for the industry.

Looking ahead, the Group will continue leveraging the market strengths it has accumulated over many years and flexibly deploying its available resources to weather a volatile operating environment during the current economic downturn. Given future uncertainty, the Group will maintain a cautious and prudent approach, effectively using the resources available to it and seeking new market opportunities while consolidating its competitive edge in the Asia-Pacific region. The Group's long-term goal is to achieve steady growth and thereby generate a reasonable return on investment for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position and the gearing ratio as at 30 September 2022 and 31 March 2022 are shown as follows:

	30 September 2022	31 March 2022
	HK\$'million	HK\$'million
Cash and cash equivalents	112.5	152.2
Financial assets at fair value through profit or loss (included in current assets)	15.0	28.4
	127.5	180.6
Borrowings and lease liabilities	5.7	7.6
Total equity	1,617.9	1,622.0
Total debt to total equity	0.4%	0.5%

As at 30 September 2022, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$112.5 million (31 March 2022: HK\$152.2 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$15.0 million (31 March 2022: HK\$28.4 million). The financial assets at fair value through profit or loss 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 2022 was 0.4% (31 March 2022: 0.5%), while the Group's total equity as at 30 September 2022 was HK\$1,617.9 million (31 March 2022: HK\$1,622.0 million), with the total balances of cash and cash equivalents, and financial assets at fair value through profit or loss (included in current assets) as at 30 September 2022 of HK\$127.5 million (31 March 2022: HK\$180.6 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LIVIDITY AND FINANCIAL RESOURCES (Continued)

The working capital position of the Group remains healthy. As at 30 September 2022, the liquidity ratio was 210% (31 March 2022: 239%).

	30 September 2022	31 March 2022
	HK\$'million	HK\$'million
Current assets	190.7	258.6
Current liabilities	(90.8)	(108.4)
Net current assets	99.9	150.2
Current assets to current liabilities	210%	239%

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.

SIGNIFICANT INVESTMENTS

As at 30 September 2022, the Group recorded financial assets at fair value through profit or loss of approximately HK\$40.5 million (31 March 2022: HK\$53.9 million). For a detailed breakdown of financial assets at fair value through profit or loss, please refer to note 11 in the condensed consolidated statement of financial position. For the performance during the period and future prospects of financial assets at fair value through profit or loss, please refer to the section "Business Review – Venture Capital Business" on page 28 of this report.

PLEDGE OF ASSETS

Certain of the Group's financial assets at fair value through profit or loss have been pledged to secure the bank facilities granted to the Group.

EMPLOYEES

As at 30 September 2022, the Group employed a total of approximately 146 (31 March 2022: approximately 137) 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, discretionary bonuses are granted based on the Group's and individual's performances.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2022, the interests of the directors and chief executive of the Company in the shares and underlying shares 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 pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), are as follows:

Long position in the shares of the Company and associated corporation

(a) Interests in shares of the Company

Name of Director and chief executive	Nature of interest and capacity	Number of ordinary shares of the Company	Approximate percentage of interest in the issued shares
Dr. So Yuk Kwan ("Dr. So")	Corporate interest Beneficial owner	507,275,468 52,058,400 (Note)	61.56%

Note: These shares include (i) 410,507,602 shares of the Company held by B.K.S. Company Limited ("BKS"); (ii) 96,767,866 shares of the Company held by Jade Concept Limited ("Jade Concept"); and (iii) 52,058,400 shares of the Company held by Dr. So as beneficial owner. Dr. So is deemed to be interested in 507,275,468 shares of the Company by virtue of his interests in BKS and Jade Concept, the particulars are more fully described in the section headed "Interests of Substantial Shareholders" below.

(b) Interests in underlying shares of associated corporation of the Company

Name of Director and chief executive	Nature of interest and capacity	Name of associated corporation	Number of ordinary shares of associated corporation	Approximate percentage of interest in associated corporation
Mr. So Chi Sun Sunny ("Mr. Sunny So")	Beneficial owner	830 Lab Limited ("830 Lab")	220,000 (Note)	30.98%

Note: These underlying shares in 830 Lab, a subsidiary of the Company, represent interest in the share options granted to Mr. Sunny So pursuant to the share option scheme adopted by 830 Lab.

The interests of the directors in the share options of the Company and a subsidiary of the Company are separately disclosed in the section headed "Share Option Schemes" below.

Saves as disclosed above, as at 30 September 2022, none of the directors and chief executive of the Company had registered any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company, pursuant to the Model Code.

OTHER INFORMATION

SHARE OPTION SCHEMES

Share option scheme adopted by the Company

The Company operates a share option scheme (the “AV Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. The AV Scheme became effective on 3 August 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The AV Scheme was expired on 2 August 2022. No share options had been granted or agreed to be granted, exercised, cancelled or lapsed under the AV Scheme from 1 April 2022 to 2 August 2022. Upon the expiry of the AV Scheme as aforesaid, no further option may be granted.

Share option schemes adopted by subsidiaries

On 5 August 2013, 830 Lab adopted a share option scheme (the “830 Lab Scheme”). Under the 830 Lab Scheme, 830 Lab may grant options to any of its full-time employees and directors and any eligible persons as defined therein to subscribe for the respective ordinary shares of 830 Lab.

On 1 February 2021, Whizoo Media Limited (the “Whizoo Media”) adopted a share option scheme (the “Whizoo Media Scheme”). Under the Whizoo Media Scheme, Whizoo Media may grant options to any of its full-time employees and directors and any eligible persons as defined therein to subscribe for the respective ordinary shares of Whizoo Media.

830 Lab Scheme

The following share options were outstanding under the 830 Lab Scheme during the period:

Name or category of participant	Number of share options						At 30 September 2022	Date of grant of share options	Exercise period of share options	Exercise price of share options
	Balance at 1 April 2022	Granted during the period	Lapsed during the period	Exercised during the period	Cancelled during the period	Expired during the period				
Director of the Company and 830 Lab										
Mr. Sunny So and total	220,000	-	-	-	-	-	220,000	5/8/2013	6/9/2015 – 5/8/2023	HK\$8.0 per share

Whizoo Media Scheme

The following share options were outstanding under the Whizoo Media Scheme during the period:

Name or category of participant	Number of share options						At 30 September 2022	Date of grant of share options	Exercise period of share options	Exercise price of share options
	Balance at 1 April 2022	Granted during the period	Lapsed during the period	Exercised during the period	Cancelled during the period	Expired during the period				
Employees of Whizoo Media and total	100	-	(100)	-	-	-	-	1/2/2021	2/2/2023 – 1/2/2031	HK\$121.66 per share

OTHER INFORMATION

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" and "Share Option Schemes" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2022, the following substantial shareholders (other than the directors and chief executive of the Company) had interests of 5% or more in the shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long position in the shares of the Company

Name of shareholder	Nature of capacity	Number of shares held	Approximate percentage of interest in the issued shares
BKS	Beneficial owner	410,507,602 (Note 1)	45.18%
Jade Concept	Beneficial owner	96,767,866 (Note 2)	10.65%
Madam Yeung Kit Ling ("Madam Yeung")	Interest of spouse	559,333,868 (Note 3)	61.56%

Notes:

1. BKS is beneficially owned by Dr. So. By virtue of the SFO, Dr. So is deemed to be interested in 410,507,602 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 96,767,866 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 the Company held by BKS and Jade Concept in which Dr. So has interest, and 52,058,400 shares held by Dr. So as beneficial owner.

Save as disclosed above, as at 30 September 2022, the Company has not been notified by any person or corporation (other than the directors and chief executive of the Company whose interests are set out above) having interests in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 17 to the condensed consolidated financial statements.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions set out in the Code on Corporate Governance and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2022, except for the deviation of code provision C.2.1 of the Corporate Governance Code as express below:

Code provision C.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. During the period under review, the positions of Chairman and Chief Executive Officer (the "CEO") of the Company are held by Dr. So.

The Board believes that vesting the roles of both the Chairman and the CEO in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the Corporate Governance Code is appropriate in such circumstance. In addition, under the supervision of the Board of Directors which is comprised of three executive Directors and three independent non-executive Directors, the Board of Directors is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Group and its shareholders.

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") contained 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 six months ended 30 September 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "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 Mr. Lai Yat Hung Edmund (Chairman of Audit Committee), Dr. Lui Ming Wah, PhD, SBS, JP and Mr. Charles Edward Chapman, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2022.

OTHER INFORMATION

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.01 (2021: HK\$0.01) per share for the six months ended 30 September 2022. The interim dividend will be payable on or around 3 January 2023 to shareholder whose names appear on the register of members of the Company on 16 December 2022.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of shareholders who are entitled to receive the interim dividend for the six months ended 30 September 2022, the Company's register of members will be closed from Thursday, 15 December 2022 to Friday, 16 December 2022, both days inclusive. Shareholders are reminded that in order to qualify for the interim dividend, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 December 2022.

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

Hong Kong, 30 November 2022

As at the date of this report, the Board comprises three executive Directors, Dr. So Yuk Kwan (Chairman), Mr. So Kevin Chi Heng and Mr. So Chi Sun Sunny and three independent non-executive Directors, Dr. Lui Ming Wah, PhD, SBS, JP, Mr. Charles Edward Chapman and Mr. Lai Yat Hung Edmund.