AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

YEAR ENDED 31 MARCH 2014
ANNUAL RESULTS ANNOUNCEMENT

Statement of Profit or Loss Highlights

	2014 HK$'million	2013 HK$'million (Restated)
CONTINUING OPERATIONS		
Revenue		
– Semiconductor distribution	**2,677.7**	2,230.1
– Consumer electronic product	**69.7**	100.8
– Others	**2.5**	3.6
	2,749.9	2,334.5
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	**(8.5)**	24.1
– Venture capital	**26.1**	15.2
– Semiconductor distribution	**76.5**	47.3
– Consumer electronic product	**(7.8)**	(2.5)
– Others	**(5.6)**	(2.9)
	80.7	81.2
Depreciation and amortisation	**(13.8)**	(14.9)
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation	**(60.0)**	(55.8)
Profit/(loss) for the year attributable to:		
Owners of the Company	**3.4**	9.2
Non-controlling interests	**(9.7)**	(16.1)
	(6.3)	(6.9)
Dividends		
– Proposed final	**–**	6.0
	–	6.0
Statement of Financial Position Highlights		
Total assets	**1,335.5**	1,482.8
Total assets less current liabilities	**694.1**	674.8
Total equity	**668.7**	647.2
Borrowings and finance lease payables	**511.4**	536.3
Cash and cash equivalents	**87.8**	87.0
Equity investments at fair value through profit or loss	**199.1**	186.2
Cash and cash equivalents and equity investments	**286.9**	273.2
Total debt to total equity (%)	**76%**	83%
Current assets to current liabilities (%)	**152%**	122%
Cash and cash equivalents and equity investments per share (HK$)	**0.40**	0.45
Total equity per share (HK$)	**0.94**	1.07

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 2014, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	3	**2,749,902**	2,334,475
Cost of sales		**(2,638,921)**	(2,227,813)
Gross profit		**110,981**	106,662
Other income and gains	3	**64,878**	12,837
Changes in fair value of investment properties		**(1,542)**	8,293
Selling and distribution expenses		**(34,022)**	(33,937)
Administrative expenses		**(96,580)**	(127,342)
Fair value gains/(losses), net:			
Equity investments at fair value through profit or loss			
– held for trading		**5,673**	(5,061)
– designated as such upon initial recognition		**(27,411)**	(49,197)
Gain on disposal of subsidiaries		**3,234**	2
Gain on disposal of associates		**–**	150,285
Other expenses, net		**(15,764)**	(22,504)
Finance costs	5	**(13,096)**	(14,015)
Share of profits and losses of:			
Joint ventures		**59,082**	42,518
Associates		**(1,545)**	(16,240)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	4	**53,888**	52,301
Income tax	6	**(210)**	(3,368)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**53,678**	48,933
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	7	**(60,023)**	(55,811)
LOSS FOR THE YEAR		**(6,345)**	(6,878)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
Year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**56,399**	49,344
Loss for the year from a discontinued operation		**(53,046)**	(40,107)
Profit for the year attributable to owners of the Company		**3,353**	9,237
Non-controlling interests			
Loss for the year from continuing operations		**(2,721)**	(411)
Loss for the year from a discontinued operation		**(6,977)**	(15,704)
Loss for the year attributable to non-controlling interests		**(9,698)**	(16,115)
		(6,345)	(6,878)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic			
– For profit for the year		**0.51 cents**	1.53 cents
– For profit from continuing operations		**8.59 cents**	8.17 cents
Diluted			
– For profit for the year		**0.51 cents**	1.53 cents
– For profit from continuing operations		**8.59 cents**	8.17 cents

Details of the dividend proposed for the prior year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2014

	2014 HK$'000	2013 HK$'000 (Restated)
LOSS FOR THE YEAR	**(6,345)**	(6,878)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	**494**	1,847
Reclassification adjustment for gain on disposal of subsidiaries included in the consolidated statement of profit or loss	**(4,734)**	–
	(4,240)	1,847
Exchange differences on translation of foreign operations	**249**	1,096
Exchange differences released upon disposal of an associate	**–**	2,171
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	**(3,991)**	5,114
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**–**	15,974
Income tax effect	**–**	(3,993)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**–**	11,981
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(3,991)**	17,095
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(10,336)**	10,217
Attributable to:		
Owners of the Company	**(626)**	26,332
Non-controlling interests	**(9,710)**	(16,115)
	(10,336)	10,217

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**53,019**	119,153
Investment properties		**80,764**	82,760
Goodwill		**32,780**	40,848
Other intangible assets		**20,464**	23,141
Investments in joint ventures		**123,396**	95,610
Investments in associates		**2,450**	3,927
Convertible bonds		**–**	71,262
Available-for-sale investments		**42,920**	39,507
Deposits and other receivables		**680**	21,119
Pledged time deposits		**2,686**	1,994
Total non-current assets		**359,159**	499,321
CURRENT ASSETS			
Available-for-sale investments		**–**	19,825
Inventories		**262,427**	349,417
Trade receivables	*10*	**219,222**	224,528
Due from associates		**33,726**	24,251
Prepayments, deposits and other receivables		**130,611**	23,012
Equity investments at fair value through profit or loss	*11*	**199,110**	186,229
Convertible bonds		**6,509**	–
Tax recoverable		**2,202**	3,263
Cash and cash equivalents		**87,755**	86,987
		941,562	917,512
Assets of a disposal group classified as held for sale		**34,738**	–
Assets classified as held for sale		**–**	66,000
Total current assets		**976,300**	983,512

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
31 March 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	*12*	**131,616**	288,173
Interest-bearing bank and other borrowings		**493,688**	495,542
Finance lease payables		**239**	429
Tax payable		**1,230**	1,206
Financial guarantee obligation		**5,694**	1,410
		632,467	786,760
Liabilities directly associated with a disposal group classified as held for sale		**8,870**	–
Liabilities directly associated with the assets classified as held for sale		**–**	21,270
Total current liabilities		**641,337**	808,030
NET CURRENT ASSETS		**334,963**	175,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**694,122**	674,803
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**17,026**	18,362
Finance lease payables		**479**	731
Deferred tax liabilities		**7,964**	8,483
Total non-current liabilities		**25,469**	27,576
Net assets		**668,653**	647,227
EQUITY			
Issued capital		**71,111**	60,311
Reserves		**622,688**	601,660
Proposed final dividend	*8*	**–**	6,031
Equity attributable to equity holders of the Company		**693,799**	668,002
Non-controlling interests		**(25,146)**	(20,775)
Total equity		**668,653**	647,227

NOTES

1.1 BASIS OF PREPARATION

These 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 ("HKICPA"), 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 insurance), convertible bonds and investment properties, which have been measured at fair value. These 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 2014. 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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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 in 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle,* the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 April 2013.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 does not have any significant impact to the financial statements.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these financial statements.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Continued)*

(g) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(h) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 capital gain on investee's equity listing or, in some circumstances, prior to listing. It also includes investments in real estates or managed funds; and

(d) the others segment mainly comprises the Group's trading of Light-emitting Diode ("LED") and 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. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, dividend income from listed investments, management fee income, rental income, other gains, share of profits and losses of associates and joint ventures, fair value gains/(losses) on equity investments at fair value through profit or loss, gain/(loss) on disposal of items of property, plant and equipment, gains on disposal of subsidiaries and associates, changes in fair value of investment properties, provision for amounts due from associates and amounts due from former subsidiaries, impairment of available-for-sale investments, write-off of other receivables, finance costs and unallocated expenses are excluded from such measurement.

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 *HK$'000*	Consumer electronic product *HK$'000*	Venture capital *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Year ended 31 March 2014						
Segment revenue:						
Sales to external customers	**2,677,659**	**69,658**	**–**	**2,585**	**–**	**2,749,902**
Intersegment sales	**–**	**37**	**–**	**–**	**(37)**	**–**
Total revenue from continuing operations	**2,677,659**	**69,695**	**–**	**2,585**	**(37)**	**2,749,902**
Segment results	**12,536**	**(6,256)**	**(30,992)**	**(6,630)**	**–**	**(31,342)**
Reconciliation:						
Bank interest income						**67**
Dividend income from listed investments						**1,528**
Management fee income from associates						**(370)**
Rental income						**2,193**
Share of profits of joint ventures						**59,082**
Share of profits and losses of associates						**(1,545)**
Fair value gains on equity investments at fair value through profit or loss, net						**25**
Gain on disposal of items of property, plant and equipment						**55,569**
Gain on disposal of subsidiaries						**3,234**
Provision for amounts due from associates						**(2,045)**
Changes in fair value of investment properties						**(1,542)**
Unallocated expenses						**(17,870)**
Finance costs						**(13,096)**
Profit before tax from continuing operations						**53,888**

2. OPERATING SEGMENT INFORMATION *(Continued)*

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000* (Restated)	Venture capital *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000* (Restated)
Year ended 31 March 2013						
Segment revenue:						
Sales to external customers	2,230,141	100,817	–	3,517	–	2,334,475
Intersegment sales	70	3	–	–	(73)	–
Total	2,230,211	100,820	–	3,517	(73)	2,334,475
Segment results	(6,879)	(6,208)	29,417	(2,867)	–	13,463
Reconciliation:						
Bank interest income						243
Interest income from an associate						1,036
Dividend income from listed investments						2
Management fee income from associates						2,856
Management fee income from a related company						360
Rental income						1,120
Share of profits of joint ventures						42,518
Share of profits and losses of associates						(16,240)
Fair value gains on equity investments at fair value through profit or loss, net						239
Loss on disposal of items of property, plant and equipment						(250)
Gain on disposal of associates						62,160
Gain on disposal of a subsidiary						2
Impairment of available-for-sale investments						(6,623)
Write-off of other receivables						(3,904)
Provision for amounts due from associates						(2,663)
Provision for amounts due from former subsidiaries						(671)
Changes in fair value of investment properties						375
Unallocated expenses						(27,707)
Finance costs						(14,015)
Profit before tax from continuing operations						52,301

2. OPERATING SEGMENT INFORMATION *(Continued)*

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000*	Venture capital *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2014					
Segment assets	**903,556**	**47,556**	**433,279**	**32,104**	**1,416,495**
Reconciliation:					
Elimination of intersegment receivables					**(370,222)**
Investments in associates	**285**	**2,165**	**–**	**–**	**2,450**
Investments in joint ventures	**123,396**	**–**	**–**	**–**	**123,396**
Corporate and other unallocated assets					**128,602**
Assets related to a discontinued operation					**34,738**
Total assets					**1,335,459**
Segment liabilities	**124,530**	**243,537**	**124,376**	**7,057**	**499,500**
Reconciliation:					
Elimination of intersegment payables					**(370,222)**
Corporate and other unallocated liabilities					**528,658**
Liabilities related to a discontinued operation					**8,870**
Total liabilities					**666,806**
Year ended 31 March 2013					
Segment assets	938,893	117,909	383,787	16,140	1,456,729
Reconciliation:					
Elimination of intersegment receivables					(299,749)
Investments in associates	1,581	2,346	–	–	3,927
Investments in joint ventures	95,610	–	–	–	95,610
Assets classified as held for sale	–	–	66,000	–	66,000
Corporate and other unallocated assets					160,316
Total assets					1,482,833
Segment liabilities	231,578	193,155	135,546	24,875	585,154
Reconciliation:					
Elimination of intersegment payables					(299,749)
Liabilities classified as held for sale	–	–	21,270	–	21,270
Corporate and other unallocated liabilities					528,931
Total liabilities					835,606

2. OPERATING SEGMENT INFORMATION *(Continued)*

Other segment information:

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000*	Venture capital *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 March 2014					
Depreciation	**3,230**	**194**	**1,045**	**–**	**4,469**
Unallocated depreciation					**1,562**
Amortisation of other intangible assets	**3,782**	**3,029**	**–**	**940**	**7,751**
Provision for/(reversal of) impairment of inventories	**535**	**(1,037)**	**–**	**–**	**(502)**
Impairment of trade receivables, net	**1,982**	**(334)**	**–**	**–**	**1,648**
Bad debts written off	**6**	**–**	**–**	**–**	**6**
Impairment of investments in joint ventures	**6,755**	**–**	**–**	**–**	**6,755**
Provision for amounts due from associates	**–**	**45**	**–**	**2,000**	**2,045**
Capital expenditure*	**309**	**16**	**790**	**9,400**	**10,515**

	Semiconductor distribution *HK$'000*	Consumer electronic product *HK$'000* (Restated)	Venture capital *HK$'000*	Others *HK$'000*	Total *HK$'000* (Restated)
Year ended 31 March 2013					
Depreciation	3,681	198	1,523	6	5,408
Unallocated depreciation					1,702
Amortisation of other intangible assets	4,798	3,023	–	–	7,821
Provision for/(reversal of) impairment of inventories	2,199	(940)	–	–	1,259
Impairment of trade receivables, net	570	1,645	–	–	2,215
Write-off of other receivables	–	3,904	–	–	3,904
Bad debt written off	–	3	–	65	68
Impairment of available-for-sale investments	–	–	–	6,623	6,623
Impairment of goodwill	7,947	–	–	–	7,947
Impairment of investments in joint ventures	5,163	–	–	–	5,163
Provision for amounts due from associates	215	793	–	1,655	2,663
Provision for amounts due from former subsidiaries	–	–	671	–	671
Capital expenditure*	452	709	23,510	–	24,671

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of a subsidiary, of continuing operations.

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**763,890**	799,579
Singapore	**1,808,115**	1,383,636
Korea	**163,094**	140,213
United States of America	**–**	5,054
Other countries	**14,803**	5,993
	2,749,902	2,334,475

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

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Hong Kong	**198,218**	244,010
Mainland China	**54,849**	54,808
Singapore	**40,406**	43,951
Korea	**19,400**	22,670
	312,873	365,439

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

Information about major customers attributable to semiconductor distribution

	2014	2013
	HK$'000	*HK$'000*
Customer A	**517,026**	481,926
Customer B	**508,669**	69,934
	1,025,695	551,860

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, 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:

	Group	
	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Revenue		
Semiconductor distribution	**2,677,659**	2,230,141
Consumer electronic product sales	**69,658**	100,817
Others	**2,585**	3,517
	2,749,902	2,334,475
Other income and gains		
Bank interest income	**67**	243
Interest income from debt securities	**1,168**	1,485
Interest income from an associate	**–**	1,036
Interest income from an available-for-sale investment	**928**	–
Dividend income from listed investments	**1,890**	817
Gain on disposal of items of property, plant and equipment	**55,569**	–
Management fee income from associates	**370**	2,856
Management fee income from a related company	**–**	360
Trademark license income from an associate	**544**	505
Rental income	**2,193**	2,549
Others	**2,149**	2,986
	64,878	12,837

4. PROFIT BEFORE TAX

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Cost of inventories sold***	**2,611,871**	2,216,301
Provision for/(reversal of) impairment of inventories***	**(502)**	1,259
Depreciation	**6,031**	7,110
Amortisation of other intangible assets**	**7,751**	7,821
Impairment of trade receivables, net*	**1,648**	2,215
Bad debts written off*	**6**	68
Impairment of available-for-sale investments*	**–**	6,623
Written off of other receivables*	**–**	3,904
Impairment of goodwill*	**–**	7,947
Minimum lease payments under operating leases in respect of land and buildings	**2,540**	2,799
Auditors' remuneration	**2,700**	2,711
Staff costs (including directors' remuneration)		
Wages, salaries and other allowances	**71,464**	74,516
Equity-settled share option expense*	**7,592**	2,415
Pension scheme contributions	**3,897**	3,251
	82,953	80,182
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss		
– held for trading	**(5,673)**	5,061
– designated as such upon initial recognition	**27,411**	49,197
Foreign exchange differences, net*	**(3,758)**	(10,721)
Loss/(gain) on disposal of items of property, plant and equipment	**(55,569)**	156
Gain on disposal of subsidiaries	**(3,234)**	(2)
Gain on disposal of associates	**–**	(150,285)
Bank interest income	**(67)**	(243)
Interest income from an associate	**–**	(1,036)
Interest income from an available-for-sale investment	**(928)**	–
Interest income from debt securities	**(1,168)**	(1,485)
Dividend income from listed investments	**(1,890)**	(817)
Impairment of investments in joint ventures*	**6,755**	5,163
Provision for amounts due from associates*	**2,045**	2,663
Provision for amounts due from former subsidiaries*	**–**	671
Gain on derecognition of financial guarantee obligation*	**(6,755)**	(5,163)
Gross rental income	**(2,193)**	(2,549)
Less: Direct expenses	**1,005**	870
Net rental income	**(1,188)**	(1,679)

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

** The 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:

	Group 2014 *HK$'000*	2013 *HK$'000* (Restated)
Interest on bank loans wholly repayable within five years, including bank loans which contain a repayment on demand clause	**12,660**	13,846
Interest on mortgage loans not wholly repayable within five years	**379**	111
Interest on finance leases	**57**	58
	13,096	14,015

6. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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.

	Group 2014 *HK$'000*	2013 *HK$'000* (Restated)
Group:		
Current – Hong Kong		
Charge for the year	**377**	428
Current – Elsewhere		
Charge for the year	**1,538**	954
Underprovision/(overprovision) in prior years	**(330)**	248
Deferred	**(1,375)**	1,738
Total tax charge for the year	**210**	3,368

7. DISCONTINUED OPERATION

On 31 January 2014, the Group disposed of its entire interest in Soul Electronics USA, LLC. ("SUSA") to Chung Young Asia Limited, an independent third party, for a cash consideration of HK$1. Upon the disposal of SUSA, the Group would focus its resources on the semiconductor distribution business. As at 31 March 2014, the Group was in the process of disposing of the operation of the Group's SOUL® headphone business (the "Disposal") and management expected the Disposal to be completed within one year from 31 March 2014.

The directors of the Company are of the opinion that the Disposal is highly probable. Hence, the SOUL® headphone business is presented as a discontinued operation. The results of the discontinued operation for the year are presented below:

	2014	2013
	HK$'000	*HK$'000*
Revenue and other income	**93,221**	130,098
Cost of sales and expenses	**(148,942)**	(193,224)
Finance costs	**(47)**	(321)
Loss from the discontinued operation	**(55,768)**	(63,447)
Loss recognised on the remeasurement to fair value	**(20,744)**	–
Loss before tax from the discontinued operation	**(76,512)**	(63,447)
Income tax credit:		
Related to pre-tax loss	**–**	7,636
Gain on disposal of SUSA	**16,489**	–
Loss for the year from the discontinued operation	**(60,023)**	(55,811)

8. DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
Proposed final – Nil (2013: HK1 cent) per ordinary share	**–**	6,031

At a meeting held on 28 June 2013, the directors proposed a final dividend of HK1 cent per ordinary share for the year ended 31 March 2013, which was estimated to be HK$6,031,000 at the time calculated on the basis of the number of ordinary shares in issue as at 31 March 2013. The final dividend was approved by shareholders at the last annual general meeting on 16 August 2013. As a result of issue of shares and exercise of share options between 1 April 2013 and 16 August 2013, the final dividend paid in respect of the year ended 31 March 2013 totalled HK$6,817,000.

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 656,636,638 (2013: 603,608,945) in issue during the year.

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders 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 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.

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

	2014	2013
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit/(loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation:		
From continuing operations	**56,399**	49,343
From a discontinued operation	**(53,046)**	(40,106)
	3,353	9,237

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

	Number of shares	
	2014	2013
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**656,636,638**	603,608,945
Effect of dilution – weighted average number of ordinary shares:		
Share options	**234,858**	98,930
	656,871,496	603,707,875

10. TRADE RECEIVABLES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**223,466**	228,236
Impairment	**(4,244)**	(3,708)
	219,222	224,528

The Group's trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 days of issuance, except for well-established customers, where the terms are extended to over 60 days. For customer-specific and highly specialised items, deposits in advance or letters of credit may be required prior to the acceptance and delivery of the products. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Group has been established to review and approve large customer credits. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. 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:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current	**153,722**	153,208
1 to 30 days	**46,005**	44,049
31 to 60 days	**12,524**	12,793
Over 60 days	**11,215**	18,186
	223,466	228,236

10. TRADE RECEIVABLES *(Continued)*

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
At beginning of year	**3,708**	815
Impairment losses recognised	**2,494**	2,915
Reversal of impairment losses	**(1,360)**	(28)
Amount written off as uncollectible	**(610)**	–
Exchange realignment	**12**	6
At end of year	**4,244**	3,708

The above provision is for individually impaired trade receivables which related to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not considered to be impaired is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**153,568**	153,013
Less than 1 month past due	**46,005**	43,340
1 to 3 months past due	**12,420**	12,360
3 to 6 months past due	**7,229**	15,815
	219,222	224,528

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 Group 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.

11. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Investment in an associate	**143,019**	117,621
Managed funds, outside Hong Kong, at market value	**40,282**	34,281
Listed equity investments, in Hong Kong, at market value	**6,829**	12,203
Debt securities, at market value	**8,980**	22,124
	56,091	68,608
	199,110	186,229

The above equity investments with a carrying amount of HK$56,091,000 (2013: HK$68,608,000) at 31 March 2014 were classified as held for trading.

At 31 March 2014, equity investments amounting to HK$42,302,000 (2013: HK$51,024,000) were pledged to secure certain of the Group's interest-bearing bank and other borrowings.

12. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade payables	**107,216**	201,407
Deposits received	**9,685**	9,203
Other deposits received	**–**	56,800
Accrued expenses	**14,715**	20,763
	131,616	288,173

12. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES *(Continued)*

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

	Group	
	2014	2013
	HK$'000	*HK$'000*
Trade payables:		
Current	**86,173**	166,054
1 to 30 days	**15,603**	32,924
31 to 60 days	**1,328**	574
Over 60 days	**4,112**	1,855
	107,216	201,407

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.

13. COMPARATIVE AMOUNTS

Certain comparative amounts in the statement of profit or loss have been reclassified to conform with the current year's presentation, which the directors consider to more appropriately present the results of the Group. As a result of the Group's decision to discontinue the operation of SOUL® headphone business during the year, the comparative consolidated statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

14. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 9 June 2014, New Concept Capital Limited, a wholly-owned subsidiary of the Group, entered into a sales and purchase agreement to dispose of an available-for-sale investment with a carrying amount of HK$29,773,000 as at 31 March 2014 to NEEIL, an associate of the Group, at a consideration of HK$30,000,000. The transaction is expected to be completed during the financial year ending 31 March 2015 and the financial impacts of this transaction has not been reflected in these financial statements.

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2014, with the comparative figures for the corresponding financial year of 2013.

	2014 *HK$'million*	2013 *HK$'million* (Restated)
CONTINUING OPERATIONS		
Revenue		
Semiconductor distribution	**2,677.7**	2,230.1
Consumer electronic product	**69.7**	100.8
Others	**2.5**	3.6
	2,749.9	2,334.5
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
Corporate	**(8.5)**	24.1
Venture capital	**26.1**	15.2
Semiconductor distribution	**76.5**	47.3
Consumer electronic product	**(7.8)**	(2.5)
Others	**(5.6)**	(2.9)
	80.7	81.2
Depreciation and amortisation		
Corporate	**(1.6)**	(1.7)
Venture capital	**(1.0)**	(1.5)
Semiconductor distribution	**(7.0)**	(8.5)
Consumer electronic product	**(3.2)**	(3.2)
Others	**(1.0)**	–
Total depreciation and amortisation	**(13.8)**	(14.9)
Profit before interest and tax	**67.0**	66.3
Interest expenses	**(13.1)**	(14.0)
Profit before tax from continuing operations	**53.9**	52.3
Income tax	**(0.2)**	(3.4)
Profit for the year from continuing operations	**53.7**	48.9
DISCONTINUED OPERATION		
Loss for the year from a discontinued operation	**(60.0)**	(55.8)
Loss for the year	**(6.3)**	(6.9)
Profit/(loss) for the year attributable to:		
Owners of the Company	**3.4**	9.2
Non-controlling interests	**(9.7)**	(16.1)
	(6.3)	(6.9)

BUSINESS REVIEW

Global economic growth remains dampened and the road to recovery for US and Europe remains long and rocky. Despite the challenging macro economic environment, our long established business foundation as well as our clear and prudent development strategies helped AV Concept to achieve satisfactory growth in its semiconductor distribution business. Meanwhile, the Group's joint ventures, AVP Electronics Limited and its subsidiaries ("AVPEL Group") even reached a turnover beyond expectation.

The Group's turnover from continuing operations increased 17.8% to HK$2,749.9 million in 2014, compared to HK$2,334.5 million in 2013. Gross profit from continuing operations amounted to HK$111.0 million (2013: HK$106.7 million) while gross profit margin from continuing operations was 4.04% (2013: 4.57%). This was due to the decrease of sales of the high-gross-margin consumer electronics products. Semiconductor distribution business recorded significant growth, turnover jumped 20.1% from HK$2,230.1 million in 2013 to HK$2,677.7 million in 2014. Turnover of AVPEL Group was not consolidated in the Group's financial statements, AVPEL Group recorded turnover surged 43.3% to HK$4,197.4 million (2013: HK$2,928.9 million). Consumer electronic product business turnover was HK$69.7 million (2013: HK$100.8 million).

As SOUL® headphone business has become a discontinued operation, the associated loss drove down the profit attributable to shareholders to HK$3.4 million during the year under review (2013: HK$9.2 million).

SEMICONDUCTOR DISTRIBUTION BUSINESS

During 2014, the Group's semiconductor distribution business recorded a turnover of HK$2,677.7 million (2013: HK$2,230.1 million), representing a significant growth of 20.1%. The Group continued to enjoy the economic benefits from the fast growing global demand for smartphones and handheld tablets. During the year under review, AVPEL Group recorded a significant growth of 43.3% in turnover to HK$4,197.4 million (2013: HK$2,928.9 million) mainly brought forth by the semiconductor distribution of Samsung Electronics Co., Ltd. ("Samsung Electronics"). Of which, the revenue growth from the exclusive distribution of Samsung CMOS images sensors was the most significant. While the growth in other Samsung Electronics products under distribution including multi-chip packages and ARM processors were also substantial.

According to the IDC's Global Mobile Phone Tracker ("IDC Report"), China's total smartphone shipments reached 112 million in 1Q2014. Thanks to the foresight of management, the entry into the mid to low-end smartphone markets for the semiconductor distribution business has become a key growth driver due to the sharp increase in shipments of mid to low-end smartphones in China. IDC Report also mentions, under the fierce competition among the Mainland China smartphone manufacturers, Chinese consumers nowadays tend to purchase local smartphone brands with comparable performance as of those international tier-1 brands but at a lower average selling price (ASP). This makes mainland smartphones with prices below RMB2,000 a substantial growth driver in the China's smartphone market.

CONSUMER ELECTRONIC PRODUCT BUSINESS

During the year under review, US consumer market remained sluggish, together with the intensified competition in the worldwide consumer electronic product market. The Group's consumer electronic product business was dragged. Despite our relentless effort in consolidating and promoting the consumer electronic product distribution business, the sales was far from satisfactory. The segment turnover was HK$69.7 million, dropped 30.9% compared to last year (2013: HK$100.8 million).

In view of this, the Group has planned to discontinue the SOUL® headphone business. And the Group will focus its resources in developing the semiconductor business as well as mobile phone applications and mobile games that come with synergic effects.

MOBILE APPLICATION BUSINESS

The Group invested in Me2on Co., Ltd. ("Me2on"), a fast-growing mobile games developer and publisher in Korea and Koocell Limited ("Koocell"), an innovative mobile game company with mobile games publishing platform and is dedicated in developing the most sought-after mobile applications as well as mobile games and both have brought satisfactory business performance during the period under review. The mobile phone application developed by Koocell (including the popular Free4U application) has reached a total number of 800,000 users since the launch. In January 2014, Koocell launched its first mobile puzzle RPG Three Kingdoms related mobile game called "Tales of Three Kingdoms" and is available for free download on both iOS and Android platforms. This game targets the Mainland China, Hong Kong, Taiwan and other Asian markets that are currently overwhelmed by Three Kingdoms-themed smart phone games. Mobile application business is a new business to the Group, which recorded a revenue of HK$2.5 million in 2014.

A report from global mobile internet industry data agency iMedia Research shows that the number of smart phone users in China took up as much as 33.9% of the world by 1H2014. The report also states that the expected market size of China mobile games will reach RMB19 billion in 2014 with number of mobile games users exceeding 450 million. Ministry of Industry and Information Technology of PRC released the "Mobile Internet White Paper" in May 2014 reiterating the importance of developing smart terminus industry. Further, according to the statistics from China Semiconductor Industry Association, semiconductor industry is showing signs of continuous growth. The Group will focus its resources in expanding smart phones and mobile games related businesses in order to bring greater returns for shareholders.

VENTURE CAPITAL BUSINESS

During the period under review, the venture capital business of the Group achieved a profit by recording a EBITDA of HK$26.1 million compared to last year (2013: HK$15.2 million). During the year, the Group retained 33.13% equity interest in Integrated Energy Limited. As of 31 March 2014, various funds, equity investments, and debt securities were held at fair market value of HK$199.1 million (2013: HK$186.2 million) in the Group. The management 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

Despite the sluggish emerging economy as well as the tenuous economic growth across the globe in 2014, the global mobile phone and mobile phone related business is believed to be a new economy. By leveraging on the ride of the growth in mobile phone market, the Group's semiconductor distribution business is expected to maintain a significant growth.

The success of the semiconductor distribution business has provided the Group greater and more beneficial synergic effect for developing the mobile gaming applications and mobile game publishing platforms. Therefore, the Group will devote more resources in consolidating the operating scale of the semiconductor distribution business and expanding relevant sales network. With more than two decades of solid experience in semiconductors distribution, the Group has established its market reputation and credit, together with the close ties with key mobile phone manufacturers, AV Concept is managed to pre-install the mobile games distribution platform apps Koocell in the smartphones of the semiconductor clients in order to speed up the development of Koocell among the mid-to-low end smart phone market. In future, it is the plan to leverage on this platform to further promote Me2on and mobile game apps by other developers, so as to develop the AV Concept smartphone business eco-chain which enjoys the very unique advantage.

Later in 2014, Koocell will also launch a new smartphone game named "GGO Football" which is created based on an animation cartoon series "GGO Football" in China. It has been broadcasted in over 10 countries and translated into different local languages such as Mandarin, English and Spanish. This animation cartoon was the top-10 highly-rated animation cartoon series in China. The Group believes that Koocell's innovative and highly efficient design and development ability in mobile games and other apps will help to build the Group's mobile application business eco-chain, which will be able to bring satisfactory returns in the near future. In order to speed up the growth in this area, and to show greater confidence towards Koocell team, the Group increased the equity interest in Koocell from 51% to 100% in March 2014.

Me2on grows swiftly as well, with headquarters in Korea and regional offices in Hong Kong, Taiwan, and the Mainland China. Me2on uses a push strategy in which it pushes games to gamers through active digital marketing and distribution through SNS and self-developed platforms.

To conclude, given the strong growth of the global smart phone and handheld tablet market, together with the fast development of China mobile gaming industry, the Group remains very optimistic about the semiconductor distribution business, and expects to further strengthen the competitiveness of this area to bring better returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position as at 31 March 2014 and the corresponding gearing ratio are shown as follows:

	2014 ***HK$'million***	2013 *HK$'million*
Cash and cash equivalents	**87.8**	87.0
Equity investments at fair value through profit or loss	**199.1**	186.2
Cash and cash equivalents and equity investments	**286.9**	273.2
Borrowings and finance lease payable	**511.4**	536.3
Total equity	**668.7**	647.2
Total debt to total equity	**76%**	83%

As at 31 March 2014, the Group had cash and cash equivalents (i.e., cash and bank balances and unpledged time deposits) of HK$87.8 million (2013: HK$87.0 million), while the Group's equity investments at fair value through profit or loss amounted to HK$199.1 million (2013: HK$186.2 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 2014 was 76% (2013: 83%), while the Group's total equity as at 31 March 2014 was HK$668.7 million (2013: HK$647.2 million), with the total balances of cash and cash equivalents and equity investments as at 31 March 2014 of HK$286.9 million (2013: HK$273.2 million).

The working capital position of the Group remains healthy. As at 31 March 2014, the liquidity ratio was 152% (2013: 122%).

	2014	2013
	HK$'million	*HK$'million*
Current assets	**976.3**	983.5
Current liabilities	**(641.3)**	(808.0)
Net current assets	**335.0**	175.5
Current assets to current liabilities	**152%**	122%

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.

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 Practices 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 2014. The Corporate Governance Report set out in the 2014 Annual Report serves to keep our shareholders and stakeholders abreast of our corporate governance practices and policies.

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 2014.

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, have reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the financial statements for the year ended 31 March 2014.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 15 August 2014. 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, 13 August 2014 to Friday, 15 August 2014, 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, 12 August 2014.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 March 2014 (2013: HK1 cent).

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange 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 2014 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, 27 June 2014

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