



AV CONCEPT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 595

INTERIM REPORT 2021/22



STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

	Six months ended 30 September	
	2021	2020
	HK\$'million	HK\$'million
Revenue		
– Semiconductor distribution	442.1	518.8
– Consumer product and product sourcing business	15.9	23.0
– Others	0.4	1.7
	458.4	543.5
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(17.2)	(21.6)
– Venture capital	(2.5)	1.6
– Semiconductor distribution	156.9	127.7
– Consumer product and product sourcing business	(2.9)	(3.4)
– Others	(4.4)	(3.3)
	129.9	101.0
Depreciation and amortisation	(1.7)	(2.0)
Profit for the period attributable to:		
Owners of the Company	126.6	100.8
Non-controlling interests	–	(0.7)
	126.6	100.1

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	30 September 2021	31 March 2021
	HK\$'million	HK\$'million
Total assets	1,671.2	1,586.6
Total assets less current liabilities	1,537.8	1,440.2
Total equity	1,522.6	1,425.0
Lease liabilities	1.7	1.6
Cash and cash equivalents	120.8	124.3
Financial assets at fair value through profit or loss (included in current assets)	18.6	48.2
	139.4	172.5
Total debt to total equity	0.1%	0.1%
Current assets to current liabilities	184.3%	175.6%
Cash and cash equivalents and financial assets at fair value through profit or loss (included in current assets) per share (HK\$)	0.15	0.19
Total equity per share (HK\$)	1.68	1.57

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 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	Six months ended 30 September	
		2021 (unaudited)	2020 (unaudited)
		HK\$'000	HK\$'000
Revenue	4	458,366	543,539
Cost of sales		(438,206)	(518,808)
Gross profit		20,160	24,731
Other income and gains	4	4,150	8,165
Selling and distribution expenses		(4,064)	(5,381)
Administrative expenses		(35,160)	(43,225)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		(1,370)	1,395
Other income/(expenses), net		1,071	(825)
Finance costs	5	(38)	(875)
Share of profits and losses of:			
Joint ventures		145,262	116,259
Associates		(1,160)	(21)
Profit before tax	6	128,851	100,223
Income tax	7	(2,228)	(128)
Profit for the period		126,623	100,095



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

		Six months ended 30 September	
		2021	2020
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
Attributable to:			
Owners of the Company		126,623	100,812
Non-controlling interests		—	(717)
		<u>126,623</u>	<u>100,095</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		<u>HK13.94 cent</u>	<u>HK11.09 cent</u>
Diluted		<u>HK13.94 cent</u>	<u>HK11.09 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	126,623	100,095
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,737)	3,212
OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(1,737)	3,212
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	124,886	103,307
Attributable to:		
Owners of the Company	124,886	104,080
Non-controlling interests	–	(773)
	124,886	103,307

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

		30 September 2021 (unaudited)	31 March 2021 (audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	10	31,156	32,371
Investment properties		127,927	128,085
Other intangible assets		3,827	3,832
Investments in joint ventures		1,207,610	1,108,848
Investments in associates		6,572	7,732
Financial assets at fair value through profit or loss	11	24,701	24,701
Prepayments and deposits		23,599	23,910
Total non-current assets		<u>1,425,392</u>	<u>1,329,479</u>
CURRENT ASSETS			
Inventories		58,972	33,736
Trade receivables	12	31,401	34,886
Due from associates		7,103	987
Prepayments, deposits and other receivables		8,936	15,045
Financial assets at fair value through profit or loss	11	18,609	48,184
Tax recoverable		2	–
Cash and cash equivalents		120,799	124,298
Total current assets		<u>245,822</u>	<u>257,136</u>
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	13	42,915	28,615
Contract liabilities		10,327	36,410
Lease liabilities		851	870
Tax payable		5,658	6,924
Financial guarantee obligation		73,646	73,646
Total current liabilities		<u>133,397</u>	<u>146,465</u>
NET CURRENT ASSETS		<u>112,425</u>	<u>110,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,537,817</u>	<u>1,440,150</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2021

		30 September 2021 (unaudited)	31 March 2021 (audited)
	Note	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		813	775
Deferred tax liabilities		14,369	14,366
Total non-current liabilities		15,182	15,141
Net assets		1,522,635	1,425,009
EQUITY			
Issued capital	14	90,866	90,866
Reserves		1,421,701	1,324,075
Equity attributable to owners of the Company		1,512,567	1,414,941
Non-controlling interests		10,068	10,068
Total equity		1,522,635	1,425,009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Other reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	90,866	429,719	19,484	(38,483)	38,765	(5,092)	634,229	1,169,488	11,509	1,180,997
Profit/(loss) for the period	-	-	-	-	-	-	100,812	100,812	(717)	100,095
Other comprehensive income/(loss) for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	3,268	-	3,268	(56)	3,212
Total comprehensive income/(loss) for the period	-	-	-	-	-	3,268	100,812	104,080	(773)	103,307
Dividend paid (Note 8)	-	-	-	-	-	-	(22,717)	(22,717)	-	(22,717)
At 30 September 2020 (unaudited)	<u>90,866</u>	<u>429,719</u>	<u>19,484</u>	<u>(38,483)</u>	<u>38,765</u>	<u>(1,824)</u>	<u>712,324</u>	<u>1,250,851</u>	<u>10,736</u>	<u>1,261,587</u>
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>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Purchases of financial assets at fair value through profit or loss	–	(23,266)
Proceeds from disposal of financial assets at fair value through profit or loss	27,195	28,126
Dividend income received from a joint venture	46,620	34,965
Other operating cash flows, net	(49,106)	37,106
NET CASH FLOWS FROM OPERATING ACTIVITIES	24,709	76,931
INVESTING ACTIVITIES		
Bank interest received	19	27
Purchases of items of property, plant and equipment	(52)	(79)
Investment in an associate	–	(400)
Other investing cash flows, net	(185)	1,535
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	(218)	1,083
FINANCING ACTIVITIES		
Net decrease in import and trust receipt loans	–	(75,059)
Dividend paid	(27,260)	(22,717)
Other financing cash flows, net	(489)	(2,674)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(27,749)	(100,450)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,258)	(22,436)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	124,298	87,747
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(241)	628
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	120,799	65,939



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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 2021 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2021, except for the adoption of the amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA effective as of 1 April 2021.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i>
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The adoption of the above amendments to 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 2021

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 real estate, 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, finance costs and unallocated expenses are excluded from such measurement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

3. OPERATING SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below.

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					<u>458,366</u>
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					<u>128,851</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 September 2020 (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	518,814	23,057	–	1,668	543,539
Other revenue	–	–	3,002	–	3,002
					<u>3,002</u>
Total	518,814	23,057	3,002	1,668	546,541
Reconciliation:					
Less: Other revenue (note)					<u>(3,002)</u>
Revenue as presented in the condensed consolidated statement of profit or loss					<u><u>543,539</u></u>
Segment results	10,378	(3,531)	894	(3,267)	4,474
Reconciliation:					
Bank interest income					27
Rental income					1,957
Share of profits of joint ventures					116,259
Share of losses of associates					(21)
Unallocated expenses					(21,598)
Finance costs					<u>(875)</u>
Profit before tax					<u><u>100,223</u></u>

Note: Other revenue/(losses) in segment revenue was classified as other income and gains, and fair value gains/(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 2021

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 2021 (unaudited)					
Segment assets	630,103	111,080	37,489	2,206	780,878
Reconciliation:					
Elimination of intersegment receivables					(503,520)
Investments in joint ventures					1,207,610
Investments in associates					6,572
Corporate and other unallocated assets					179,674
Total assets					<u>1,671,214</u>
Segment liabilities	36,997	246,648	186,236	74,481	544,362
Reconciliation:					
Elimination of intersegment payables					(503,520)
Corporate and other unallocated liabilities					107,737
Total liabilities					<u>148,579</u>
Year ended 31 March 2021 (audited)					
Segment assets	634,034	104,153	67,914	3,384	809,485
Reconciliation:					
Elimination of intersegment receivables					(516,044)
Investments in joint ventures					1,108,848
Investments in associates					7,732
Corporate and other unallocated assets					176,594
Total assets					<u>1,586,615</u>
Segment liabilities	46,867	246,894	209,653	69,657	573,071
Reconciliation:					
Elimination of intersegment payables					(516,044)
Corporate and other unallocated liabilities					104,579
Total liabilities					<u>161,606</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

4. REVENUE, OTHER INCOME AND GAINS

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

Revenue

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers		
Semiconductor distribution	442,078	518,814
Consumer product sales and product sourcing business	15,923	23,057
Others	365	1,668
	<u>458,366</u>	<u>543,539</u>

Disaggregated revenue information for revenue from contracts with customers

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	<u>442,078</u>	<u>15,923</u>	<u>365</u>	<u>458,366</u>
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	<u>442,078</u>	<u>15,923</u>	<u>365</u>	<u>458,366</u>
Timing of revenue recognition				
Transferred at a point in time	<u>442,078</u>	<u>15,923</u>	<u>365</u>	<u>458,366</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

For the six months ended 30 September 2020 (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	518,814	23,057	1,668	543,539
Geographical markets				
Hong Kong	81	18,865	1,668	20,614
Singapore	518,733	1,718	-	520,451
Taiwan	-	418	-	418
Indonesia	-	2,056	-	2,056
Total revenue from contracts with customers	518,814	23,057	1,668	543,539
Timing of revenue recognition				
Transferred at a point in time	518,814	23,057	1,668	543,539

Other income and gains

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Bank interest income	19	27
Interest income on listed bond investments	341	1,524
Dividend income from listed equity investments	11	11
Rental income	2,094	1,957
Government grants	611	3,127
Foreign exchange differences, net	606	669
Others	468	850
	4,150	8,165

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

5. FINANCE COSTS

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	6	766
Interest on lease liabilities	32	109
	38	875

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	735	692
Depreciation of right-of-use assets	975	1,271
Amortisation of other intangible assets	5	9
Foreign exchange differences, net	(606)	(669)

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 2020: 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	
	2021 (unaudited)	2020 (unaudited)
	HK\$'000	HK\$'000
Current – Elsewhere		
Charge for the period	2,228	128

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

8. DIVIDEND

The final dividend for the year ended 31 March 2021 was approved and paid during the period:

	Six months ended 30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend declared and paid – HK\$0.030 (2020: HK\$0.025) per ordinary share	<u>27,260</u>	<u>22,717</u>

On 26 November 2021, the Board of Directors has resolved to declare an interim dividend of HK\$0.010 (for the six months ended 30 September 2020: HK\$0.010) per share for the six months ended 30 September 2021, amounting to a total of approximately HK\$9,087,000 (for the six months ended 30 September 2020: HK\$9,087,000), payable on or around 31 December 2021 to shareholders whose names appear on the register of members of the Company on 16 December 2021.

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 weighted average number of ordinary shares of 908,663,302 (for the six months ended 30 September 2020: 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	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000

Earnings

Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>126,623</u>	<u>100,812</u>
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Number of shares	
30 September	30 September
2021	2020

Shares

Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>908,663,302</u>	<u>908,663,302</u>
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

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

	30 September 2021 (unaudited)	31 March 2021 (audited)
	HK\$'000	HK\$'000
Property, plant and equipment	6,386	7,098
Right-of-use assets	24,770	25,273
	31,156	32,371

During the six months ended 30 September 2021, the Group acquired property, plant and equipment at an aggregate cost of approximately HK\$52,000 (six months ended 30 September 2020: HK\$79,000) and acquired right-of-use assets at an aggregate cost of approximately HK\$502,000 (six months ended 30 September 2020: nil).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 (unaudited)	31 March 2021 (audited)
	HK\$'000	HK\$'000
Listed equity investments	2,158	2,547
Listed bond investments	5,739	33,040
Equity investment traded over-the-counter	7,490	9,375
Unlisted equity investments	3,222	3,222
Key management insurance contracts	24,701	24,701
	43,310	72,885
Analysed for reporting purpose as:		
Current assets	18,609	48,184
Non-current assets	24,701	24,701
	43,310	72,885

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

12. TRADE RECEIVABLES

	30 September 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Trade receivables	43,347	46,832
Impairment	(11,946)	(11,946)
	31,401	34,886

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 2021 (unaudited) HK\$'000	31 March 2021 (audited) HK\$'000
Within 1 month	2,508	11,079
1 to 2 months	3,453	3,573
2 to 3 months	3,344	376
Over 3 months	22,096	19,858
	31,401	34,886

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	30 September 2021 (unaudited)	31 March 2021 (audited)
	HK\$'000	HK\$'000
Trade payables	19,950	4,990
Deposits received	2,126	2,357
Accrued expenses	20,839	21,268
	42,915	28,615

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 2021 (unaudited)	31 March 2021 (audited)
	HK\$'000	HK\$'000
Trade payable:		
Current	18,047	437
1 to 30 days	177	–
31 to 60 days	–	76
Over 60 days	1,726	4,477
	19,950	4,990

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 2021

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	HK\$'000
Authorised:		
At 1 April 2020 (audited), 30 September 2020 (unaudited), 31 March 2021 (audited) and 30 September 2021 (unaudited)	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 2020 (audited), 30 September 2020 (unaudited), 31 March 2021 (audited) and 30 September 2021 (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 2021

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 2021	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\$2,158,000 (As at 31 March 2021: HK\$2,547,000)	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\$5,739,000 (As at 31 March 2021: HK\$33,040,000)	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\$7,490,000 (As at 31 March 2021: HK\$9,375,000)	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\$3,222,000 (As at 31 March 2021: HK\$3,222,000)	Level 3	Values are estimated with reference to multiples of comparable listed companies, such as average of the enterprise value to sales ratio 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\$24,701,000 (As at 31 March 2021: HK\$24,701,000)	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 2021

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 2021 and 30 September 2020.

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 2020 (audited)	48,605
Purchases	5,439
Exchange realignment	1,030
At 30 September 2020 (unaudited)	55,074
Total losses recognised in profit or loss	(14,027)
Purchases	194
Transferred to Level 1	(14,093)
Exchange realignment	775
At 31 March 2021 (audited) and 30 September 2021 (unaudited)	27,923

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 2021

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	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Joint venture:			
Dividend income	(i)	46,620	34,965
Associates:			
Sale of products	(ii)	2,595	–
Purchase of products	(ii)	547	–
		<u> </u>	<u> </u>

Notes:

- (i) The dividends declared by the joint venture of the Group were for the interim dividends for the six months ended 30 June 2021 and 30 June 2020.
- (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	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Salaries and other short-term employee benefits	7,422	6,812
Pension scheme contributions	367	268
	<u> </u>	<u> </u>
	<u>7,789</u>	<u>7,080</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2021, with the comparative figures for the corresponding six months period of 2020.

	Six months ended 30 September	
	2021	2020
	HK\$'million	HK\$'million
<i>Revenue by segment</i>		
Semiconductor distribution	442.1	518.8
Consumer product and product sourcing business	15.9	23.0
Venture capital	(1.0)	3.0
Others	0.4	1.7
	457.4	546.5
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate	(17.2)	(21.6)
Venture capital	(2.5)	1.6
Semiconductor distribution	156.9	127.7
Consumer product and product sourcing business	(2.9)	(3.4)
Others	(4.4)	(3.3)
	129.9	101.0
<i>Depreciation and amortisation</i>		
Corporate	-	-
Venture capital	(0.6)	(0.7)
Semiconductor distribution	(1.1)	(1.1)
Consumer product and product sourcing business	-	(0.2)
Others	-	-
Total depreciation and amortisation	(1.7)	(2.0)
Profit before interest and tax	128.8	101.1
Interest expenses	-	(0.9)
Bank interest income	-	-
Profit before tax	128.8	100.2
Income tax	(2.2)	(0.1)
Profit for the period	126.6	100.1
Profit for the period attributable to:		
Owners of the Company	126.6	100.8
Non-controlling interests	-	(0.7)
	126.6	100.1



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With the broadening rollout of COVID-19 vaccines, continued fiscal and monetary policy support across economies, and starting from a low base in 2020, the global economy grew steadily in the first half of 2021, with gross domestic product (“GDP”) rebounding in many countries. According to the Organization for Economic Cooperation and Development, the Group of Twenty recorded 0.9% and 0.4% GDP growth in the first and second quarters of 2021, respectively. However, with temporal uncertainties brought by the rampant Delta Variant, together with geopolitical concerns and rising inflation, the global economy may still be pulled down with negative impacts felt across different sectors.

During the period under review, in light of continuous external challenges and a volatile global economic environment, the Group’s total revenue by segment was HK\$457.4 million (2020: HK\$546.5 million), decreasing by around 16.3%. Among this, the semiconductor distribution business recorded a revenue of HK\$442.1 million (2020: HK\$518.8 million); the consumer product and product sourcing business recorded a revenue of HK\$15.9 million (2020: HK\$23.0 million); the venture capital business recorded a loss of HK\$1.0 million (2020: profit of HK\$3.0 million); and the internet social media business recorded a revenue of HK\$0.4 million (2020: HK\$1.7 million).

Semiconductor Distribution Business

Despite the COVID-19 outbreak significantly impacting the global economy, the semiconductor market performed strongly in 2021. According to International Data Corp (“IDC”), the semiconductor market is expected to grow by 17.3% in 2021 versus 10.8% in 2020, driven by rising demand for products such as mobile phones, notebooks, servers, automotive, smart home, gaming, wearables, and Wi-Fi access points.

The semiconductor supply chain is affected by COVID-19 and other geopolitical factors. Global chipmakers and semiconductor players are working hard to rebuild flexible and agile supply chains to cope with these changes. IDC believes that integrated circuit shortages will continue to ease in the fourth quarter of 2021 as production capacity ramps up. By mid-2022, the industry’s chip shortage will normalize and return to balance, with the potential for overcapacity in 2023 as large-scale capacity expansions start coming online towards the end of 2022.

During the period under review, the semiconductor distribution business recorded a turnover of HK\$442.1 million (2020: HK\$518.8 million), mainly contributed by the subsidiary in Singapore that focuses 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.

During the period under review, the Groups’ joint venture, AVP Electronics Limited and its subsidiaries (“AVPEL Group”), continued to record satisfactory results. Though not consolidated into the Group’s condensed consolidated financial statements, its turnover recorded a 21.2% increase to HK\$13,582 million (2020: HK\$11,204 million). Profit sharing for the Group increased comparing to the previous period due to the better performance of the AVPEL Group during the period under review. AVPEL Group’s main customers are China’s major mobile phone manufacturers and component suppliers. AVPEL Group mainly engages in the distribution of Samsung Electronics including (i) CMOS image sensors (ii) multi-layer packaged chips, and (iii) ARM processors.



MANAGEMENT DISCUSSION AND ANALYSIS

According to IDC, consumption remains healthy despite another wave of COVID-19 caused by the Delta variant. Semiconductor foundries are on track to reach almost full capacity utilization for the rest of 2021. Moreover, 5G semiconductor revenues will surge by 128%, with total mobile phone semiconductors expected to grow by 28.5%.

Consumer Product and Product Sourcing Business

During the period under review, the consumer product and product sourcing businesses recorded a turnover of HK\$15.9 million (2020: HK\$23.0 million). We distribute wide range of international electronic products, from small home appliances to the latest trendy technology gadgets, targeting markets including Hong Kong, Macau, Singapore and Indonesia.

Retail demand in Hong Kong continues to improve, with the total value of retail sales increasing for eight consecutive months as of November 2021, according to the Census and Statistics Department. However, demand for tourism is expected to stay weak as various global travel and quarantine restrictions remain in place, and there is still no specific timeline for traveler clearance between Hong Kong and the Mainland. In terms of e-commerce, more brick-and-mortar retailers in Hong Kong are establishing online sales channels and investing more to keep pace with current trends and remain resilient amid the ongoing turmoil.

On the other hand, the internet economy in Southeast Asia (“SEA”) is developing rapidly. According to a research report jointly published by Google, Temasek Holdings and Bain & Company, SEA’s gross merchandise value is expected to grow from US\$174 billion in 2021 to US\$363 billion in 2025, with e-commerce continuing to be a key growth driver. While the COVID-19 pandemic persists in SEA, more retailers have expressed a desire to embrace e-commerce. The industry is steadily moving towards end-to-end digitization, with both front-end digital tools that attract customers, and back-end digital solutions that strengthen operations growing rapidly. These positive factors may contribute to the future growth of our consumer product and product sourcing business.

Internet Social Media Business

During the period under review, 830 Media Limited (“830 Media”) recorded a revenue of HK\$0.4 million (2020: HK\$1.7 million) from its subsidiaries 830 Lab Limited (“830 Lab”) and Whizoo Media Limited (“Whizoo Media”).

830 Lab is dedicated to help clients building an online presence for their businesses. Services provided by 830 Lab include website design & development, and online content creation in terms of both photography and videography. Also, 830 Media has been developing its “He She Kids” Facebook page for parents. Sharing various kinds of parenting information and videos, it is widely welcomed by parents with increasing popularity.

Whizoo Media is an internet social media company specializing in video production for popular topics and publishes original creative videos on major social media platforms including Facebook, YouTube and Instagram.



MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the business environment in Hong Kong remained difficult. With corporate brands continuously shifting business priorities, realigning business needs and reduced advertising expenditures, Whizoo Media was also affected to a certain extent.

The Group will continue to review and leverage its existing resources to manage its internet social media business, pay close attention to new developments in the industry and formulate timely development strategies, and creatively deploy through various channels as it prepared for market recovery.

Venture Capital Business

During the period under review, the turnover for our venture capital business recorded a loss of HK\$1.0 million (2020: profit of HK\$3.0 million), mainly due to fair value gains/(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 during the current period. As of 30 September 2021, listed and unlisted equity investments, listed bond investments, equity investment traded over-the-counter and key management insurance contracts were held at a fair value of HK\$43.3 million (31 March 2021: HK\$72.9 million) by the Group. During the period under review, the Group's venture capital business recorded a net fair value losses on financial assets at fair value through profit or loss of HK\$1.4 million (2020: net fair value gains of HK\$1.4 million).

The venture capital business has always generated considerable income for the Group. The ultimate objective for venture capital business investments is to obtain capital gains on investee's equity listing or, in some circumstances, prior to listing.

As of 30 September 2021, the Group's major strategic investments are Mad Runway Holdings Limited, Luxury Choice Investments Limited, Urban City Joint Stock Company, and Connectivity Ventures Fund, LP. Mad Runway Holdings Limited, a member of the ELLE family, is dedicated to creating the most authoritative one-stop fashion shopping platform; Luxury Choice Investments Limited is one of the world's fastest-growing custom watch brands; Urban City Joint Stock Company is an e-commerce company based in Vietnam; and, Connectivity Ventures Fund, LP is a fund that principally invests in developing microchip businesses.



MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECT

Although the global economy rebounded this year from its 2020 trough, global economic activity and growth will begin slowing down in the second half of 2021 amid uncertainties such as the COVID-19 pandemic, geopolitics and supply chain disruptions. The U.S. and China have announced lower-than-expected GDP growth of 2% and 4.9% in the third quarter of this year, respectively.

The International Monetary Fund has slightly lowered its 2021 global GDP forecast by 0.1 percentage point to 5.9%, with supply disruptions being one of the reasons for this downward revision. COVID-19 outbreaks, and the effects of climate-change in some countries, have led to shortages of key production inputs, resulting in weak manufacturing activity. On the other hand, supply shortages and growing demand for commodities, which has caused prices to rebound, have led to rising inflation risks. Many countries have hinted at increased economic downside pressure and are working to address the risks.

In terms of chips, shortages and supply chain issues have persisted since the beginning of the COVID-19 pandemic, but the supplies should eventually return to normal as multiple parties re-examine and adjust their supply chains. Chipmakers and suppliers still face challenges regarding production capacity, semiconductor usage and geopolitical factors. Industry players must therefore be able to identify potential threats or risks, and develop flexible plans to coordinate inventory and tailor logistics to meet different conditions.

The COVID-19 pandemic continues to accelerate technological development, with increasing focus and investment in 5G. According to Deloitte, global enterprises are focusing on deploying 5G and other next-generation wireless technologies to effectively cope with the pandemic's current and future impact, and are increasingly developing new solutions, products and services. Ericsson also released a report estimating that there will be 580 million 5G users worldwide by the end of 2021, with this number increasing to 3.5 billion by the end of 2026. The rapid development of 5G should create major opportunities for the industry.

Riding on its established reputation and substantial inputs, the Group can cope with the new normal, created by the pandemic, of complexity, volatility and uncertainty. The Group will maintain a prudent development approach, steadily growing its market in the Asia-Pacific region and consolidating its existing competitive advantages, trying to achieve stable growth for the Group and provide reasonable returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position and the gearing ratio as at 30 September 2021 and 31 March 2021 are shown as follows:

	30 September 2021	31 March 2021
	HK\$'million	HK\$'million
Cash and cash equivalents	120.8	124.3
Financial assets at fair value through profit or loss (included in current assets)	18.6	48.2
	139.4	172.5
Lease liabilities	1.7	1.6
Total equity	1,522.6	1,425.0
Total debt to total equity	0.1%	0.1%

As at 30 September 2021, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$120.8 million (31 March 2021: HK\$124.3 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$18.6 million (31 March 2021: HK\$48.2 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 2021 was 0.1% (31 March 2021: 0.1%), while the Group's total equity as at 30 September 2021 was HK\$1,522.6 million (31 March 2021: HK\$1,425.0 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 2021 of HK\$139.4 million (31 March 2021: HK\$172.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

The working capital position of the Group remains healthy. As at 30 September 2021, the liquidity ratio was 184% (31 March 2021: 175%).

	30 September 2021	31 March 2021
	HK\$'million	HK\$'million
Current assets	245.8	257.1
Current liabilities	(133.4)	(146.5)
Net current assets	112.4	110.6
Current assets to current liabilities	184%	175%

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 2021, the Group recorded financial assets at fair value through profit or loss of approximately HK\$43.3 million (31 March 2021: HK\$72.9 million). For a detailed breakdown of financial assets at fair value through profit or loss, please refer to note 11 in 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 29 of this report.

PLEDGE OF ASSETS

Certain of the Group's property, plant and equipment and right-of-use assets with a carrying amount of HK\$23,320,000 (31 March 2021: HK\$23,762,000) and certain key management insurance contracts of HK\$7,990,000 (31 March 2021: HK\$7,990,000) included in financial assets at fair value through profit or loss have been pledged to secure the bank facilities of the Group.

EMPLOYEES

As at 30 September 2021, the Group employed a total of approximately 136 (31 March 2021: approximately 164) full-time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates share option schemes for eligible employees to provide incentive to the participants for their contribution and continuing efforts to promote the interests of the Group. Share options and discretionary bonuses are granted based on the Group's and individual's performances.



OTHER INFORMATION

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

As at 30 September 2021, 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	507,275,468	61.56%
	Beneficial owner	52,058,400 (Note)	

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.



OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Long position in the shares of the Company and associated corporation (Continued)

(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.

Save as disclosed above, as at 30 September 2021, 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.

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 Company had no outstanding share options under the AV Scheme as at 30 September 2021. No share options had been granted or agreed to be granted, exercised, cancelled or lapsed under the AV Scheme as at 30 September 2021.

OTHER INFORMATION

SHARE OPTION SCHEMES (Continued)

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 2021	Date of grant of share options	Exercise period of share options	Exercise price of share options
	Balance at 1 April 2021	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	220,000	-	-	-	-	-	220,000	5/8/2013	6/9/2015 – 5/8/2023	HK\$8.0 per share
Employees of 830 Lab	15,000	-	-	-	-	-	15,000	5/8/2013	6/9/2015 – 5/8/2023	HK\$8.0 per share
Total	235,000	-	-	-	-	-	235,000			

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 2021	Date of grant of share options	Exercise period of share options	Exercise price of share options
	Balance at 1 April 2021	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	300	-	(200)	-	-	-	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 2021, 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 2021, 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

CHANGES IN DIRECTORS' INFORMATION

Changes in directors' information since the date of the 2021 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Director	Details of Changes
Dr. Lui Ming Wah, SBS, JP	– Ceased to be the Chairman of Audit Committee and Nomination Committee of the Company but continuing being the member of Audit Committee and Nomination Committee, with effect from 6 August 2021.
Mr. Charles Edward Chapman	– Appointed as the Chairman of the Nomination Committee of the Company with effect from 6 August 2021.
Mr. Lai Yat Hung Edmund	– Appointed as the Chairman of the Audit Committee of the Company with effect from 6 August 2021.

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

In the opinion of the Board of Directors, the Company has complied with the code provisions set out in the Code on Corporate Governance and Corporate Governance Report contained in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2021, except for the deviation of code provision A.2.1 of the Corporate Governance Code as express below:

Code provision A.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 A.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.



OTHER INFORMATION

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 2021.

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, SBS, JP and Mr. Charles Edward Chapman, has reviewed with management the accounting principles and practices adopted by the Group and discussed 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 2021.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.010 (2020: HK\$0.010) per share for the six months ended 30 September 2021. The interim dividend will be payable on or around 31 December 2021 to shareholder whose names appear on the register of members of the Company on 16 December 2021.

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 2021, the Company's register of members will be closed from Wednesday, 15 December 2021 to Thursday, 16 December 2021, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 14 December 2021.

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

Hong Kong, 26 November 2021

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, SBS, JP, Mr. Charles Edward Chapman and Mr. Lai Yat Hung Edmund.