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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

YEAR ENDED 31 MARCH 2025 ANNUAL RESULTS ANNOUNCEMENT

Statement of Profit or Loss Highlights

	2025 <i>HK\$'million</i>	2024 <i>HK\$'million</i>
Revenue		
– Semiconductor distribution	1,146.2	937.3
– Consumer product and product sourcing business	43.3	46.7
– Venture capital	–	–
– Others	0.4	0.3
	<u>1,189.9</u>	<u>984.3</u>
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate expense	(34.5)	(29.6)
– Venture capital	(1.4)	(11.2)
– Semiconductor distribution	139.8	200.5
– Consumer product and product sourcing business: Selling and distribution expenses	(20.9)	(19.7)
Operating loss	(4.1)	(1.5)
	<u>(25.0)</u>	<u>(21.2)</u>
– Others	(0.2)	(1.0)
	<u>78.7</u>	<u>137.5</u>
Depreciation	<u>(1.7)</u>	<u>(1.9)</u>
Profit for the year attributable to owners of the Company	<u>53.7</u>	<u>109.2</u>

	2025 <i>HK\$'million</i>	2024 <i>HK\$'million</i>
Statement of Financial Position Highlights		
Total assets	1,899.6	1,872.1
Total assets less current liabilities	1,747.4	1,723.4
Total equity	1,734.1	1,709.5
Borrowings and lease liabilities	32.0	36.2
Cash and cash equivalents	59.0	76.3
Financial assets at fair value through profit or loss (included in current assets)	2.9	4.5
	61.9	80.8
Total debt to total equity	1.9%	2.1%
Current assets to current liabilities	123.4%	150.8%
Cash and cash equivalents and financial assets at fair value through profit or loss (included in current assets) per share (HK\$)	0.07	0.09
Total equity per share (HK\$)	1.91	1.88

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 2025, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	3	1,189,997	984,294
Cost of sales		<u>(1,176,827)</u>	<u>(947,965)</u>
Gross profit		13,170	36,329
Other income and gains	3	10,642	12,604
Changes in fair value of investment properties		(8,740)	(10,825)
Selling and distribution expenses		(28,742)	(25,382)
Administrative expenses		(68,743)	(61,432)
Impairment of financial assets, net	4	(11,693)	(18,234)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		2,843	(5,831)
Other expenses, net	4	(6,001)	(1,293)
Finance costs	5	(4,259)	(3,038)
Share of profits and losses of:			
Joint ventures		155,812	187,383
Associates		<u>(976)</u>	<u>—</u>
PROFIT BEFORE TAX	4	53,313	110,281
Income tax	6	<u>401</u>	<u>(1,118)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>53,714</u>	<u>109,163</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<u>HK5.91 cents</u>	<u>HK12.01 cents</u>
Diluted		<u>HK5.91 cents</u>	<u>HK12.01 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
PROFIT FOR THE YEAR	53,714	109,163
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(1,904)</u>	<u>(3,905)</u>
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(1,904)</u>	<u>(3,905)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u>51,810</u>	<u>105,258</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 March 2025*

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets		32,947	33,367
Investment properties		121,118	130,091
Goodwill		–	–
Other intangible assets		2,808	3,055
Investments in joint ventures		1,524,514	1,451,801
Investments in associates		371	–
Financial assets at fair value through profit or loss	<i>9</i>	28,064	27,126
Prepayments and deposits		1,913	2,396
		<hr/>	<hr/>
Total non-current assets		1,711,735	1,647,836
CURRENT ASSETS			
Inventories		96,766	89,645
Trade receivables	<i>10</i>	19,915	27,735
Prepayments, deposits and other receivables		9,316	26,048
Financial assets at fair value through profit or loss	<i>9</i>	2,889	4,506
Cash and cash equivalents		58,967	76,345
		<hr/>	<hr/>
Total current assets		187,853	224,279
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	<i>11</i>	70,543	57,586
Contract liabilities		2,374	1,892
Lease liabilities		15	119
Interest-bearing bank borrowings		31,998	36,111
Tax payable		1,822	2,893
Financial guarantee obligation		45,481	50,112
		<hr/>	<hr/>
Total current liabilities		152,233	148,713
NET CURRENT ASSETS			
		35,620	75,566
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,747,355	1,723,402

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 March 2025

	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	–	15
Deferred tax liabilities	<u>13,298</u>	<u>13,880</u>
Total non-current liabilities	<u>13,298</u>	<u>13,895</u>
Net assets	<u>1,734,057</u>	<u>1,709,507</u>
EQUITY		
Issued capital	90,866	90,866
Reserves	<u>1,643,191</u>	<u>1,618,641</u>
Equity attributable to owners of the Company	1,734,057	1,709,507
Non-controlling interests	<u>–</u>	<u>–</u>
Total equity	<u>1,734,057</u>	<u>1,709,507</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

For the year ended 31 March 2025

1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and investment properties which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 March 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's consolidated financial statements.

2. OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource 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 before tax except that bank interest income, interest income from a loan to an associate, interest income from other receivables, rental income, share of profits and losses of joint ventures and associates, impairment of investments in associates, gain on disposal of items of property, plant and equipment, impairment of other intangible assets, impairment of other receivables, changes in fair value of investment properties, finance costs and unallocated expenses are excluded from such measurement.

Segment assets exclude investment properties, investments in joint ventures and associates, balances with associates included in prepayments, deposits and other receivables, tax recoverable, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

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

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer product and product sourcing business <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2025					
Segment revenue					
Sales to external customers	1,146,221	43,340	–	436	1,189,997
Other revenue	–	–	2,989	–	2,989
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,146,221	43,340	2,989	436	1,192,986
Reconciliation:					
Less: Other revenue (<i>note</i>)					(2,989)
					<hr/>
Revenue as presented in the consolidated statement of profit or loss					<u>1,189,997</u>
Segment results	(20,647)	(33,579)	(1,572)	(170)	(55,968)
Reconciliation:					
Bank interest income					1,537
Interest income from other receivables					103
Rental income					5,419
Share of profits of joint ventures					155,812
Share of losses of associates					(976)
Impairment of investments in associates					(2,068)
Gain on disposal of items of property, plant and equipment					80
Impairment of other intangible assets					(247)
Impairment of other receivables					(2,902)
Changes in fair value of investment properties					(8,740)
Unallocated expenses					(34,478)
Finance costs					(4,259)
					<hr/>
Profit before tax					<u>53,313</u>

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer product and product sourcing business <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2024					
Segment revenue					
Sales to external customers	937,283	46,685	–	326	984,294
Other losses	–	–	(5,662)	–	(5,662)
Total	937,283	46,685	(5,662)	326	978,362
Reconciliation:					
Add: Other losses (<i>note</i>)					5,662
Revenue as presented in the consolidated statement of profit or loss					<u>984,294</u>
Segment results	8,768	(27,594)	(11,373)	(1,068)	(31,267)
Reconciliation:					
Bank interest income					1,977
Interest income from a loan to an associate					444
Interest income from other receivables					1,670
Rental income					5,552
Share of profits of joint ventures					187,383
Gain on disposal of items of property, plant and equipment					250
Impairment of other intangible assets					(430)
Impairment of other receivables					(11,819)
Changes in fair value of investment properties					(10,825)
Unallocated expenses					(29,616)
Finance costs					<u>(3,038)</u>
Profit before tax					<u>110,281</u>

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

2. OPERATING SEGMENT INFORMATION (Continued)

	Semiconductor distribution <i>HK\$'000</i>	Consumer product and product sourcing business <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
31 March 2025					
Segment assets	664,058	15,707	4,798	2,160	686,723
Reconciliation:					
Elimination of intersegment receivables					(505,995)
Investments in joint ventures					1,524,514
Investments in associates					371
Corporate and other unallocated assets					193,975
Total assets					<u>1,899,588</u>
Segment liabilities	90,920	303,021	123,482	88,374	605,797
Reconciliation:					
Elimination of intersegment payables					(505,995)
Corporate and other unallocated liabilities					65,729
Total liabilities					<u>165,531</u>
31 March 2024					
Segment assets	626,216	13,294	5,632	2,554	647,696
Reconciliation:					
Elimination of intersegment receivables					(462,881)
Investments in joint ventures					1,451,801
Corporate and other unallocated assets					235,499
Total assets					<u>1,872,115</u>
Segment liabilities	82,781	255,943	130,324	83,548	552,596
Reconciliation:					
Elimination of intersegment payables					(462,881)
Corporate and other unallocated liabilities					72,893
Total liabilities					<u>162,608</u>

2. OPERATING SEGMENT INFORMATION (Continued)

Other segment information:

	Semiconductor distribution <i>HK\$'000</i>	Consumer product and product sourcing business <i>HK\$'000</i>	Venture capital <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2025					
Depreciation of items of property, plant and equipment	563	–	349	–	912
Depreciation of right-of-use assets	864	–	–	–	864
Provision for impairment of inventories	1,714	184	–	–	1,898
Impairment of trade receivables, net	–	8,791	–	–	8,791
Capital expenditure*	72	–	1,269	–	1,341
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Year ended 31 March 2024					
Depreciation of items of property, plant and equipment	525	–	152	–	677
Depreciation of right-of-use assets	968	–	229	–	1,197
Reversal of provision for impairment of inventories	–	(367)	–	–	(367)
Impairment of trade receivables, net	–	6,415	–	–	6,415
Capital expenditure*	184	–	554	–	738
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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

2. OPERATING SEGMENT INFORMATION *(Continued)*

Geographical information

(a) Revenue from external customers

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	43,776	47,011
Mainland China	7,398	1,858
Singapore	<u>1,138,823</u>	<u>935,425</u>
	<u><u>1,189,997</u></u>	<u><u>984,294</u></u>

The revenue information above is based on the locations in which the sales originated.

(b) Non-current assets

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	1,556,874	1,484,483
Mainland China	71,056	79,109
Singapore	53,457	54,722
Other	<u>371</u>	<u>–</u>
	<u><u>1,681,758</u></u>	<u><u>1,618,314</u></u>

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

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	276,231	117,571

3. REVENUE, OTHER INCOME AND GAINS

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Semiconductor distribution	1,146,221	937,283
Consumer product sales and product sourcing business	43,340	46,685
Others	436	326
	<u>1,189,997</u>	<u>984,294</u>
Other income and gains		
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	1,537	1,977
Interest income on listed bond investments	2	7
Interest income from a loan to an associate	–	444
Interest income from other receivables	103	1,670
Dividend income from listed equity investments	–	50
Gain on disposal of items of property, plant and equipment	80	250
Rental income	5,419	5,552
Foreign exchange differences, net	2,972	1,189
Others	529	1,465
	<u>10,642</u>	<u>12,604</u>

4. PROFIT BEFORE TAX

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

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>	
Cost of inventories sold*	1,174,898	948,328
Provision/(reversal of provision) for impairment of inventories*	1,898	(367)
Depreciation of items of property, plant and equipment	912	677
Depreciation of right-of-use assets	864	1,197
Impairment of financial assets, net		
Impairment of other receivables	2,902	11,819
Impairment of trade receivables, net	<i>10</i> 8,791	6,415
	11,693	18,234
Other expenses, net:		
Impairment of investments on associates	2,068	–
Impairment of other intangible assets	247	430
Expense in relation to the financial guarantee utilised by joint ventures	65,735	121,204
Gain on derecognition of financial guarantee obligation	(65,735)	(121,204)
Others	3,686	863
	6,001	1,293
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	(2,843)	5,831
Gain on disposal of items of property, plant and equipment	(80)	(250)

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowings	4,247	3,018
Interest on lease liabilities	12	20
	4,259	3,038

6. 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 year (2024: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025 HK\$'000	2024 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the year	181	1,650
Deferred	(582)	(532)
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Total tax (credit)/charge for the year	(401)	1,118
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7. DIVIDENDS

Dividends recognised as distribution during the year:

	2025 HK\$'000	2024 <i>HK\$'000</i>
2025 – Interim – HK\$0.01 (2024: nil) per ordinary share	9,087	–
2024 – Final – HK\$0.02 (2024: 2023 final dividend HK\$0.01) per ordinary share	18,173	9,087
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	27,260	9,087
	<hr/> <hr/>	<hr/> <hr/>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2025 of HK\$0.01 (2024: final dividend in respect of the year ended 31 March 2024 of HK\$0.02) per share has been proposed by the directors and subject to approval by the shareholders in the forthcoming general meeting.

8. 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 year attributable to owners of the Company, and the number of ordinary shares of 908,663,302 (2024: 908,663,302) in issue during the year.

The Company had no dilutive potential ordinary shares in issue for the current year,

During the year ended 31 March 2024, a subsidiary of the Group issued share option to its employees and directors. No adjustment had been made to the Company's earnings per shares amounts presented for the year ended 31 March 2024 in respect of these share options issued by the Company's subsidiary as they had an antidilutive effect on the earnings per share amount presented.

The calculation of basic and diluted earnings per share is based on:

	2025 HK\$'000	2024 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	53,714	109,163
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8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (Continued)

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

	Number of shares	
	2025	2024
Shares		
Number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	908,663,302	908,663,302

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2025 HK\$'000	2024 HK\$'000
Listed equity investments		109	1,461
Listed bond investments	(a)	100	138
Equity investment traded over-the-counter	(b)	2,128	1,672
Unlisted equity investments	(c)	552	1,235
Key management insurance contracts	(d)	28,064	27,126
		30,953	31,632
Analysed for reporting purpose as:			
Current assets		2,889	4,506
Non-current assets		28,064	27,126
		30,953	31,632

The above listed equity investments, listed bond investments and an equity investment traded over-the-counter were classified as financial assets at fair value through profit or loss as they were held for trading.

The key management insurance contracts were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The unlisted equity investments were classified as financial assets at fair value through profit or loss as the Group has not irrevocably elected to classify the unlisted equity investments at fair value through other comprehensive income.

Notes:

- (a) The listed bond investments have coupon rates ranging from 0% to 8.75% (2024: 0% to 8.75%) per annum and maturity dates from 6 March 2023 to 31 January 2031 (2024: 6 March 2023 to 31 January 2031). Included in the amount was a listed bond of HK\$24,000 (2024: HK\$51,000) which was matured on 6 March 2023 and the directors considered that the amount of HK\$24,000 (2024: HK\$51,000) could be recovered.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

- (b) The Group had equity interest in Tooniplay Co., Ltd., which principally engaged in mobile game development business.
- (c) The Group has equity interests principally in Urban City Joint Stock Company, which principally engaged in e-commerce business in Vietnam.
- (d) As at 31 March 2025, the key management insurance contracts represented life insurance plans with investment elements relating to two members of key management personnel of the Group and the joint venture. The total sum insured is US\$15,800,000 (approximately HK\$122,800,000) (2024: US\$15,800,000 (approximately HK\$122,800,000)) with an annual minimum guaranteed return of 2%. Certain key management insurance contract of HK\$9,090,000 (2024: HK\$8,775,000) was pledged to secure general banking facilities granted to the Group as at 31 March 2025.

As at 31 March 2025, if the Group withdrew from the insurance contracts, the accounts value, net of surrender charges of US\$260,000 (approximately HK\$2,025,000) (2024: US\$260,000 (approximately HK\$2,023,000)), would be refunded to the Group. The amount of the surrender charges decreased over time and was no longer required from the 19th year of contract conclusion onwards.

10. TRADE RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	72,626	71,655
Impairment	<u>(52,711)</u>	<u>(43,920)</u>
	<u>19,915</u>	<u>27,735</u>

The Group's trading terms with customers vary with the type of products supplied. Invoices are normally payable within 30 to 45 days of issuance, except for well-established customers, where the terms are extended to over 60 days. For customer-specific and highly specialised items, deposits in advance or letters of credit may be required prior to the acceptance and delivery of the products. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise credit risk. A credit committee consisting of senior management and the directors of the Company has been established to review and approve large customer credits. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's associates of HK\$11,705,000 (2024: HK\$9,549,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	7,562	22,402
1 to 2 months	247	779
2 to 3 months	142	89
3 to 12 months	5,582	3,673
Over 12 months	<u>6,382</u>	<u>792</u>
	<u>19,915</u>	<u>27,735</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At beginning of year	43,920	37,505
Impairment losses, net (<i>note 4</i>)	<u>8,791</u>	<u>6,415</u>
At end of year	<u>52,711</u>	<u>43,920</u>

11. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	53,650	39,507
Deposits received	1,254	2,151
Accrued expenses	15,639	15,928
	<u>70,543</u>	<u>57,586</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables:		
Current	46,753	38,709
1 to 30 days	4,621	304
31 to 60 days	–	19
Over 60 days	2,276	475
	<u>53,650</u>	<u>39,507</u>

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

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2025, with the comparative figures for the corresponding financial year of 2024.

	2025 <i>HK\$'million</i>	2024 <i>HK\$'million</i>
<i>Revenue by segment</i>		
Semiconductor distribution	1,146.2	937.3
Consumer product and product sourcing business	43.3	46.7
Venture capital	3.0	(5.7)
Others	0.4	0.3
	<u>1,192.9</u>	<u>978.6</u>
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate expense	(34.5)	(29.6)
Venture capital	(1.4)	(11.2)
Semiconductor distribution	139.8	200.5
Consumer product and product sourcing business:		
Selling and distribution expenses	(20.9)	(19.7)
Operating loss	(4.1)	(1.5)
	<u>(25.0)</u>	<u>(21.2)</u>
Others	(0.2)	(1.0)
	<u>78.7</u>	<u>137.5</u>
<i>Depreciation</i>		
Corporate	–	–
Venture capital	(0.3)	(0.4)
Semiconductor distribution	(1.4)	(1.5)
	<u>(1.7)</u>	<u>(1.9)</u>
Total depreciation	(1.7)	(1.9)
Profit before interest and tax	56.1	111.3
Interest expenses	(4.3)	(3.0)
Bank interest income	1.5	2.0
	<u>53.3</u>	<u>110.3</u>
Profit before tax	53.3	110.3
Income tax	0.4	(1.1)
	<u>53.7</u>	<u>(1.1)</u>
Profit for the year attributable to owners of the Company	<u>53.7</u>	<u>109.2</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the year under review, the Group recorded revenue of HK\$1,190 million, which was increase 21% compared to the previous year (2024: HK\$984 million). Gross profit margin was 1.1%, slightly affected by fluctuating component prices, but disciplined cost management helped preserve profitability. Profit attributable to owners of the Company was HK\$53.7 million (2024: HK\$109.2 million), reflecting a decrease of 51% year-on-year.

In terms of segment contributions, the Semiconductor Distribution business remained the primary revenue driver. Segment revenue was HK\$1,146.2 million (2024: HK\$937.3 million) for the year, accounting for the majority of the Group's turnover. The Consumer Product and Product Sourcing business recorded revenue of HK\$43.3 million (2024: HK\$46.7 million), achieving a steady result as compared with last year. The Venture Capital segment, which comprises the Group's investments in technology ventures and financial assets, reported a segment profit of HK\$3.0 million (2024: loss of HK\$5.7 million) under market volatility. Lastly, the Internet Social Media business generated a revenue of HK\$0.4 million (2024: HK\$0.3 million), remaining a very small portion of the Group's operations.

Semiconductor Distribution Business

The semiconductor distribution segment faced a challenging year characterized by significant market swings. Global semiconductor industry sales reached record levels in 2024, but this headline growth masked considerable divergence and volatility within the sector. Early in the financial year, our semiconductor business benefited from strong demand as customers ramped up orders following the prior year's supply shortages. Key drivers included the ongoing adoption of AI-related memory chip orders. However, as the year progressed, the market experienced sharp price fluctuations and periods of correction. Memory and storage components saw particularly volatile pricing, a surge in prices during the first half was followed by a correction in the second half as inventories in the supply chain were adjusted.

Demand from the smartphone market provided only intermittent support. After two years of decline, smartphone shipments in China did rise modestly in 2024, but the recovery was uneven and fragile, varying greatly among manufacturers and models. This meant that orders for mobile-related semiconductor components were not consistently strong throughout the year. Meanwhile, other end-markets such as consumer electronics and industrial devices remained weak, partly due to global economic uncertainties.

During the year under review, the revenue of the Group's joint venture AVP Electronics Limited and its subsidiaries ("AVPEL Group") was not included in the Group's consolidated financial statements. It recorded a revenue of HK\$21,496 million (2024: HK\$24,098 million). AVPEL Group's main customers are China's major mobile phone manufacturers and component suppliers. AVPEL Group primarily engages in distribution of Samsung Electronics including CMOS image sensors and multi-layer packaged chips. Compared to the previous year, the Group's share of profit in AVPEL Group decreased. This decrease in profit sharing can be attributed to the focus on the China handset market, for China major mobile phone manufacturers and component suppliers, which have seen an decrease in both price and volume, affecting the profitability of the joint venture.

The Group's semiconductor distribution revenue experienced a slightly increase compared to the previous year. We leveraged our long-standing relationships with suppliers and focused on mainstream product lines to secure business stability amid the turbulence. To mitigate the impact of price swings, the Group adopted a cautious approach in both procurement and inventory strategy.

Consumer Product and Product Sourcing Business

The overall operation of the Group's consumer product and product sourcing business is mainly managed by one of its subsidiaries, AVC Technology (International) Limited. This subsidiary is responsible for distributing a diverse array of electronic products, encompassing small home appliances and the latest technology gadgets, all aimed at enhancing customers' quality of life and meeting their diverse needs.

The consumer products segment delivered a revenue of HK\$43.3 million (2024: HK\$46.7 million), broadly in line with the weakened consumption sentiments and cautious spending across key Asian markets. The Group continued to focus on brands like Nakamichi and SOUL, while shifting away from white goods. Key markets for this segment include Hong Kong, Japan and select Southeast Asian countries. During the year, consumer sentiment in our home market of Hong Kong was cautious. In Southeast Asia countries, we maintained our focus on e-commerce channels and partnerships, particularly in Indonesia and neighbouring markets. However, unlike the rapid growth experienced in prior periods, the Southeast Asian e-commerce sector showed signs of moderation.

We have accordingly downplayed aggressive expansion in this region, concentrating instead on optimizing operations. Elsewhere in the region, emerging markets such as Vietnam, Thailand, and Malaysia contributed incremental sales, reflecting the broad but gentle recovery in consumer demand across Asia. Moving forward, this business will continue to adopt a measured approach, seeking incremental growth through new product offerings and possibly exploring the introduction of select products into the Japanese market, where we see niche opportunities for high-quality lifestyle electronics.

Internet Social Media Business

The internet social media segment remained a minor contributor to the Group. Revenue from 830 Lab Limited ("830 Lab") was HK\$0.4 million (2024: HK\$0.3 million). This business consists of our operations in social media marketing services and related online platform initiatives. During the year under review, we maintained a minimal level of activity in this segment, as the competitive landscape and rapid evolution of social media platforms continued to pose challenges.

The Group consciously limited further investment here, aligning with our focus on core competencies. Given its small scale, the social media segment's performance had no material impact on the Group's overall results. We will keep this business under review and remain open to scaling it up in the future if we identify a clear niche and sustainable model; in the meantime, resource allocation to this segment will stay conservative.

Venture Capital Business

The Group's venture capital and investment activities experienced a profit of HK\$3.0 million for the year (2024: loss of HK\$5.7 million), mainly due to fair value gains/losses on financial assets at fair value through profit or loss, net, and dividend income from listed equity investments in the current year under review. As of 31 March 2025, listed and unlisted equity investments, listed bond investments, equity investment traded over-the-counter and key management insurance contracts were held at a fair market value of HK\$31.0 million (31 March 2024: HK\$31.6 million) by the Group. During the year under review, the Group's venture capital business recorded a fair value gain on financial assets at fair value through profit or loss, net of HK\$2.8 million (2024: fair value loss on financial assets at fair value through profit or loss, net of HK\$5.8 million).

The venture capital business has always contributed considerable income for the Group. The ultimate objective for these investments is to make capital gains on investees' equity listings or, in some circumstances, prior to listing.

On 31 March 2025, the Group's major strategic investments included investments in Tooniplay Co., Ltd. and Urban City Joint Stock Company. Tooniplay Co., Ltd. is a Korean-based mobile game developer, and Urban City Joint Stock Company is a Vietnamese e-commerce company.

Outlook

Looking ahead, the operating environment for the Group is expected to remain uncertain and challenging. Global economic growth is projected to be moderate at best, with considerable downside risks. Key issues include ongoing geopolitical tensions, notably the strained relations between major powers, and the continuation of trade barriers in the technology sector. Trade policies have become less predictable; for example, new rounds of export controls and tariffs on semiconductor-related trade were introduced in late 2024 and early 2025, complicating the supply chain and raising costs for industry players. These external factors could dampen the pace of recovery in the electronics and semiconductor markets.

Moreover, macroeconomic headwinds such as elevated inflation and more fluctuation of interest rates in many economies may weigh on consumer spending power. In our core markets, we anticipate consumer electronics demand to recover only gradually. In China, while smartphone shipments rebounded, with a 5.6% increase in 2024, totalling about 286 million units according to IDC, the recovery has been uneven, varying significantly across regions and consumer segments. Looking ahead, IDC forecasts continued but modest growth of around 3% in 2025, supported by government subsidies aimed at promoting mid-range devices. On the positive side, government stimuli including trade-in schemes and targeted fiscal spending, combined with broader 5G rollout, are expected to sustain technology spending in China. Investment in telecommunications infrastructure and digital consumption also continues to drive replacement cycles in mobile devices and consumer electronics. Outside the consumer sector, automotive electronics and industrial automation fields are also areas where semiconductor demand is forecast to grow steadily.

Considering this mixed outlook, the Group will continue to exercise caution and prudence in its business operations. Our strategy for the coming year emphasizes consolidation and selective growth. We will further strengthen our presence in Japan, where economic conditions are comparatively stable and there are structural tailwinds for technology and consumer markets. This pivot to Japan, alongside our established foothold in Greater China and Southeast Asia, should help diversify revenue sources and mitigate reliance on any single market. The semiconductor distribution business will focus on our core competencies. We plan to deepen collaboration with our suppliers and customers to improve supply chain visibility and responsiveness.

For the consumer products segment, given Japan's reputation for discerning consumers and innovation, success in this segment could not only provide meaningful revenue growth but also enhance the Group's brand visibility and product development capabilities. Across all businesses, we remain committed to risk management, closely monitoring geopolitical developments, staying adaptable to regulatory changes (like new tariffs or export rules), and hedging financial risks where appropriate.

Despite near-term uncertainties, the Board and management maintain a cautiously optimistic view on the Group's prospects. The Group has a solid equities and a resilient business model honed over decades in the industry. These strengths enable us to endure short-term volatility and be ready to capitalize on opportunities when they arise. We expect that once global conditions stabilize, the Group will be well-positioned to achieve renewed growth. In the meantime, our focus will be on preserving shareholder value through disciplined execution, strategic foresight, and agility in responding to market changes.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position and the gearing ratio as at 31 March 2025 are shown as follows:

	2025	2024
	<i>HK\$'million</i>	<i>HK\$'million</i>
Cash and cash equivalents	59.0	76.3
Financial assets at fair value through profit or loss (included in current assets)	2.9	4.5
	<u>61.9</u>	<u>80.8</u>
Borrowings and lease liabilities	<u>32.0</u>	<u>36.2</u>
Total equity	<u>1,734.1</u>	<u>1,709.5</u>
Total debt to total equity	<u>1.9%</u>	<u>2.1%</u>

As at 31 March 2025, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$59.0 million (31 March 2024: HK\$76.3 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$2.9 million (31 March 2024: HK\$4.5 million). The equity investments and 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 31 March 2025 was 1.9% (31 March 2024: 2.1%), while the Group's total equity as at 31 March 2025 was HK\$1,734.1 million (31 March 2024: HK\$1,709.5 million), with the total balances of cash and cash equivalents, and equity investments and financial assets at fair value through profit or loss (included in current assets) as at 31 March 2025 of HK\$61.9 million (31 March 2024: HK\$80.8 million).

The working capital position of the Group remains healthy. As at 31 March 2025, the liquidity ratio was 123% (2024: 151%).

	2025	2024
	<i>HK\$'million</i>	<i>HK\$'million</i>
Current assets	187.9	224.3
Current liabilities	(152.2)	(148.7)
Net current assets	35.7	75.6
Current assets to current liabilities	123%	151%

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 31 March 2025, the Group recorded financial assets at fair value through profit or loss of approximately HK\$31.0 million (31 March 2024: HK\$31.6 million). For a detailed breakdown of financial assets at fair value through profit or loss, please refer to note 9 in the consolidated statement of financial position. For the performance during the year 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 25 of this annual results announcement.

DIRECTORS' SERVICE CONTRACTS

Each of the executive directors has entered into a service agreement with the Company for a term of one year, and each of the independent non-executive directors has entered into a letter of appointment with the Company for a term of one to three years.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PLEDGE OF ASSETS

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

EMPLOYEES

As at 31 March 2025, the Group employed a total of approximately 125 (31 March 2024: approximately 134) 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. Discretionary bonuses may granted based on the Group's and individual's performances.

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

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

CORPORATE GOVERNANCE

The Company has complied with the code provisions set out in the Code on Corporate Governance and Corporate Governance Report (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 March 2025, except for the deviation of code provision C.2.1 of the Corporate Governance Code as expressly below:

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") 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 2025.

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, *PhD, SBS, JP*, Mr. Lai Yat Hung Edmund and Ms. Au-Yeung Kit Ping, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the consolidated financial statements for the year ended 31 March 2025.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2025 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PROPOSED FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK\$0.01 (2024: HK\$0.02) per share for the year ended 31 March 2025 which is subject to the shareholders' approval at the forthcoming annual general meeting of the Company.

The proposed final dividend, if approved at the forthcoming annual general meeting to be held on Friday, 5 September 2025, will be payable on Friday, 3 October 2025 to shareholders whose names appear on the registrar of members of the Company on Friday, 12 September 2025.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 5 September 2025. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 2 September 2025 to Friday, 5 September 2025, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, 1 September 2025.

In order to determine the list of shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2025, the Company's register of members will be closed from Thursday, 11 September 2025 to Friday, 12 September 2025, both days inclusive. Shareholders are reminded that in order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 10 September 2025.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the website of the Stock Exchange at www.hkexnews.hk and at the website of the Company at www.avconcept.com. An annual report for the year ended 31 March 2025 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 of
AV CONCEPT HOLDINGS LIMITED
So Yuk Kwan
Chairman

Hong Kong, 30 June 2025

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