

INTERIM REPORT

2020/21



AV CONCEPT HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code : 595

STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
Revenue		
– Semiconductor distribution	518.8	677.2
– Consumer product and brand omni-channel business	23.0	46.8
– Others	1.7	1.7
	543.5	725.7
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(21.6)	(13.3)
– Venture capital	1.6	(1.3)
– Semiconductor distribution	127.7	81.5
– Consumer product and brand omni-channel business	(3.4)	(9.3)
– Others	(3.3)	(4.5)
	101.0	53.1
Depreciation and amortisation	(2.0)	(2.6)
Profit for the period attributable to:		
Owners of the Company	100.8	52.3
Non-controlling interests	(0.7)	(1.7)
	100.1	50.6

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS

	30 September 2020	31 March 2020
	HK\$'million	HK\$'million
Total assets	1,398.2	1,393.8
Total assets less current liabilities	1,277.7	1,198.4
Total equity	1,261.6	1,181.0
Borrowings and lease liabilities	30.6	104.5
Cash and cash equivalents	65.9	87.7
Financial assets at fair value through profit or loss (included in current assets)	77.4	79.8
	143.3	167.5
Total debt to total equity	2%	9%
Current assets to current liabilities	221%	176%
Cash and cash equivalents, and financial assets at fair value through profit or loss (included in current assets) per share (HK\$)	0.16	0.18
Total equity per share (HK\$)	1.39	1.30

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 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Six months ended	
		30 September 2020 (unaudited)	30 September 2019 (unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	543,539	725,723
Cost of sales		(518,808)	(708,066)
Gross profit		24,731	17,657
Other income and gains	4	8,165	5,775
Selling and distribution expenses		(5,381)	(7,503)
Administrative expenses		(43,225)	(40,443)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		1,395	(1,199)
Other expenses, net		(825)	(1,487)
Finance costs	5	(875)	(2,539)
Share of profits and losses of:			
Joint ventures		116,259	80,657
Associates		(21)	(187)
Profit before tax	6	100,223	50,731
Income tax	7	(128)	(156)
Profit for the period		100,095	50,575

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		Six months ended	
		30 September 2020 (unaudited)	30 September 2019 (unaudited)
	Note	HK\$'000	HK\$'000
Attributable to:			
Owners of the Company		100,812	52,293
Non-controlling interests		(717)	(1,718)
		<u>100,095</u>	<u>50,575</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
	9		
Basic		<u>HK11.09 cent</u>	<u>HK5.75 cent</u>
Diluted		<u>HK11.09 cent</u>	<u>HK5.75 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	100,095	50,575
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	3,212	(2,424)
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	3,212	(2,424)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	103,307	48,151
Attributable to:		
Owners of the Company	104,080	49,869
Non-controlling interests	(773)	(1,718)
	103,307	48,151

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

		30 September 2020 (unaudited)	31 March 2020 (audited)
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets	10	33,693	35,423
Investment properties		121,243	120,437
Other intangible assets		3,841	3,850
Investments in joint ventures		924,404	843,019
Investments in associates		627	248
Financial assets at fair value through profit or loss	11	23,891	23,891
Prepayments and deposits		24,165	23,968
		<u>1,131,864</u>	<u>1,050,836</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		47,674	82,678
Trade receivables	12	49,538	78,935
Due from associates		115	115
Prepayments, deposits and other receivables		25,634	13,669
Financial assets at fair value through profit or loss	11	77,404	79,839
Tax recoverable		–	1
Cash and cash equivalents		65,939	87,747
		<u>266,304</u>	<u>342,984</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	13	35,329	43,480
Contract liabilities		12,158	5,785
Lease liabilities		3,001	3,624
Interest-bearing bank borrowings		25,743	97,811
Tax payable		935	1,436
Financial guarantee obligation		43,301	43,301
		<u>120,467</u>	<u>195,437</u>
Total current liabilities			
NET CURRENT ASSETS		<u>145,837</u>	<u>147,547</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,277,701</u>	<u>1,198,383</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2020

		30 September 2020 (unaudited)	31 March 2020 (audited)
	<i>Note</i>	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		1,834	3,088
Deferred tax liabilities		14,280	14,298
Total non-current liabilities		<u>16,114</u>	<u>17,386</u>
Net assets		<u>1,261,587</u>	<u>1,180,997</u>
EQUITY			
Issued capital	14	90,866	90,866
Reserves		1,159,985	1,078,622
Equity attributable to owners of the Company		<u>1,250,851</u>	1,169,488
Non-controlling interests		<u>10,736</u>	11,509
Total equity		<u>1,261,587</u>	<u>1,180,997</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Other reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	90,866	429,719	19,484	(38,483)	38,765	2,171	558,959	1,101,481	14,112	1,115,593
Profit/(loss) for the period	-	-	-	-	-	-	52,293	52,293	(1,718)	50,575
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,424)	-	(2,424)	-	(2,424)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(2,424)	52,293	49,869	(1,718)	48,151
Dividend paid (Note 8)	-	-	-	-	-	-	(18,173)	(18,173)	-	(18,173)
At 30 September 2019 (unaudited)	90,866	429,719	19,484	(38,483)	38,765	(253)	593,079	1,133,177	12,394	1,145,571
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)	90,866	429,719	19,484	(38,483)	38,765	(1,824)	712,324	1,250,851	10,736	1,261,587

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
OPERATING ACTIVITIES		
Purchases of financial assets at fair value through profit or loss	(23,266)	(21,196)
Proceeds from disposal of financial assets at fair value through profit or loss	28,126	37,477
Dividend income received from a joint venture	34,965	34,965
Other operating cash flows, net	37,106	(35,207)
NET CASH FLOWS FROM OPERATING ACTIVITIES	76,931	16,039
INVESTING ACTIVITIES		
Bank interest received	27	185
Purchases of items of property, plant and equipment	(79)	(2,725)
Purchases of items of right-of-use assets	–	(1,773)
Investment in an associate	(400)	–
Other investing cash flows, net	1,535	2,332
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	1,083	(1,981)
FINANCING ACTIVITIES		
Net decrease in import and trust receipt loans	(75,059)	(3,550)
Dividend paid	(22,717)	(18,173)
Other financing cash flows, net	(2,674)	(4,047)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(100,450)	(25,770)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(22,436)	(11,712)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	87,747	105,989
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	628	(477)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	65,939	93,800

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 brand omni-channel business, 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 2020 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020, except for the adoption of the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA effective as of 1 April 2020.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of material</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions (early adoption)</i>

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted. The Group has early adopted the amendment on 1 April 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the period ended 30 September 2020.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 brand omni-channel business segment engages in the design, development and sale of consumer products, and brand management, brand licensing 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 2020

3. OPERATING SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below.

Six months ended 30 September 2020 (Unaudited)

	Semiconductor distribution	Consumer product and brand omni- channel 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
Total	518,814	23,057	3,002	1,668	546,541
Reconciliation:					
Less: Other revenue (note)					(3,002)
Revenue as presented in the condensed consolidated statement of profit or loss					543,539
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					(875)
Profit before tax					100,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 September 2019 (Unaudited)

	Semiconductor distribution	Consumer product and brand omni- channel business	Venture capital	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:					
Sales to external customers	677,230	46,829	–	1,664	725,723
Other revenue	–	–	1,089	–	1,089
Total	677,230	46,829	1,089	1,664	726,812
Reconciliation:					
Less: Other revenue (note)					(1,089)
Revenue as presented in the condensed consolidated statement of profit or loss					725,723
Segment results	(452)	(9,811)	(1,850)	(4,611)	(16,724)
Reconciliation:					
Bank interest income					185
Rental income					2,609
Share of profits of joint ventures					80,657
Share of losses of associates					(187)
Unallocated expenses					(13,270)
Finance costs					(2,539)
Profit before tax					50,731

Note: Other revenue 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 2020

3. OPERATING SEGMENT INFORMATION (Continued)

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

	Semiconductor distribution	Consumer product and brand omni- channel business	Venture capital	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Period ended 30 September 2020 (unaudited)					
Segment assets	622,600	123,116	96,934	3,237	845,887
Reconciliation:					
Elimination of intersegment receivables					(489,411)
Investments in joint ventures					924,404
Investments in associates					627
Corporate and other unallocated assets					116,661
Total assets					<u>1,398,168</u>
Segment liabilities	23,352	238,762	205,895	59,883	527,892
Reconciliation:					
Elimination of intersegment payables					(489,411)
Corporate and other unallocated liabilities					98,100
Total liabilities					<u>136,581</u>
Year ended 31 March 2020 (audited)					
Segment assets	673,365	113,590	100,094	4,050	891,099
Reconciliation:					
Elimination of intersegment receivables					(479,199)
Investments in joint ventures					843,019
Investments in associates					248
Corporate and other unallocated assets					138,653
Total assets					<u>1,393,820</u>
Segment liabilities	32,873	229,927	211,098	54,641	528,539
Reconciliation:					
Elimination of intersegment payables					(479,199)
Corporate and other unallocated liabilities					163,483
Total liabilities					<u>212,823</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. REVENUE, OTHER INCOME AND GAINS

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

Revenue

	Six months ended	
	30 September 2020 (unaudited) HK\$'000	30 September 2019 (unaudited) HK\$'000
Revenue from contracts with customers		
Semiconductor distribution	518,814	677,230
Consumer product sales and brand omni-channel business	23,057	46,829
Others	1,668	1,664
	543,539	725,723

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 September 2020 (Unaudited)

Segments	Semiconductor distribution HK\$'000	Consumer product and brand omni-channel business HK\$'000	Others HK\$'000	Total 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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

For the six months ended 30 September 2019 (Unaudited)

Segments	Semiconductor distribution	Consumer product and brand omni-channel business	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total revenue from contracts with customers	677,230	46,829	1,664	725,723
Geographical markets				
Hong Kong	5,871	40,692	1,664	48,227
Singapore	671,359	3,534	-	674,893
Taiwan	-	2,118	-	2,118
Indonesia	-	485	-	485
Total revenue from contracts with customers	677,230	46,829	1,664	725,723
Timing of revenue recognition				
Transferred at a point in time	677,230	46,829	1,664	725,723

Other income and gains

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Bank interest income	27	185
Interest income on listed bond investments	1,524	2,193
Dividend income from listed equity investments	11	23
Rental income	1,957	2,609
Government grants	3,127	-
Foreign exchange differences, net	669	301
Others	850	464
	8,165	5,775

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

5. FINANCE COSTS

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	766	2,385
Interest on lease liabilities	109	154
	<u>875</u>	<u>2,539</u>

6. PROFIT BEFORE TAX

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

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	692	1,605
Depreciation of right-of-use assets	1,271	950
Amortisation of other intangible assets	9	9
Loss on disposal of other intangible assets	–	60
Foreign exchange differences, net	(669)	(301)
	<u>(669)</u>	<u>(301)</u>

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (for the six months ended 30 September 2019: 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 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Current – Elsewhere		
Charge for the period	128	156
	<u>128</u>	<u>156</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

8. DIVIDEND

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Declared interim dividend – HK\$0.010 (2019: nil) per ordinary share	9,087	–

During the current period, final dividend of HK\$0.025 (for the six months ended 30 September 2019: HK\$0.020) per share in respect of the year ended 31 March 2020, totalling HK\$22,717,000 (for the six months ended 30 September 2019: HK\$18,173,000), was declared and paid.

Subsequent to 30 September 2020, the Board of Directors has resolved to declare an interim dividend of HK\$0.010 (2019: nil) per share for the six months ended 30 September 2020, payable on or around 31 December 2020 to shareholders whose names appear on the register of members of the Company on 16 December 2020.

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 2019: 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 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	100,812	52,293
	Number of shares	
	30 September 2020	30 September 2019
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	908,663,302	908,663,302

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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

	30 September 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Property, plant and equipment	7,741	8,220
Right-of-use assets	25,952	27,203
	<u>33,693</u>	<u>35,423</u>

During the six months ended 30 September 2020, the Group acquired property, plant and equipment at an aggregate cost of approximately HK\$79,000 (six months ended 30 September 2019: HK\$2,725,000) and acquired right-of-use assets at an aggregate cost of approximately nil (six months ended 30 September 2019: HK\$1,773,000).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Investment in convertible bonds	4,405	4,405
Listed equity investments	1,453	12,919
Listed bond investments	44,768	42,206
Unlisted equity investments	26,778	20,309
Key management insurance contracts	23,891	23,891
	<u>101,295</u>	<u>103,730</u>
Analysed for reporting purpose as:		
Current assets	77,404	79,839
Non-current assets	23,891	23,891
	<u>101,295</u>	<u>103,730</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

12. TRADE RECEIVABLES

	30 September 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Trade receivables	60,346	89,743
Impairment	(10,808)	(10,808)
	49,538	78,935

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

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 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Within 1 month	19,307	35,125
1 to 2 months	9,478	24,995
2 to 3 months	2,847	3,643
Over 3 months	17,906	15,172
	49,538	78,935

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	30 September 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Trade payables	9,550	21,626
Deposits received	1,822	1,534
Accrued expenses	23,957	20,320
	35,329	43,480

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 2020 (unaudited)	31 March 2020 (audited)
	HK\$'000	HK\$'000
Current	1,426	17,225
1 to 30 days	3,081	697
31 to 60 days	711	15
Over 60 days	4,332	3,689
	9,550	21,626

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 2020

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Nominal value
		HK\$'000
Authorised:		
At 1 April 2019 (audited), 30 September 2019 (unaudited), 31 March 2020 (audited) and 30 September 2020 (unaudited)	<u>2,000,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 April 2019 (audited), 30 September 2019 (unaudited), 31 March 2020 (audited) and 30 September 2020 (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 2020

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 2020	Fair value hierarchy	Valuation techniques and key inputs
Investment in convertible bonds classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$4,405,000 (As at 31 March 2020: HK\$4,405,000)	Level 3	Values are estimated with reference to the available published financial information
Listed equity investments, at market value classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$1,453,000 (As at 31 March 2020: HK\$12,919,000)	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\$44,768,000 (As at 31 March 2020: HK\$42,206,000)	Level 1	Quoted market prices 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\$26,778,000 (As at 31 March 2020: HK\$20,309,000)	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, at fair value classified as financial assets at fair value through profit or loss in the condensed consolidated statement of financial position	HK\$23,891,000 (As at 31 March 2020: HK\$23,891,000)	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 2020

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 2020 and 30 September 2019.

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 2019 (audited)	54,638
Total losses recognised in profit or loss	<u>(1,127)</u>
At 30 September 2019 (unaudited)	53,511
Total losses recognised in profit or loss	(15,736)
Purchases	8,692
Transferred from Level 2	3,881
Exchange realignment	<u>(1,743)</u>
At 31 March 2020 (audited)	48,605
Purchases	5,439
Exchange realignment	<u>1,030</u>
At 30 September 2020 (unaudited)	<u><u>55,074</u></u>

Fair value measurement and valuation processes

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

For the valuation of key management insurance contracts, investment in convertible bonds 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 2020

16. RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30 September 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Joint venture:		
Dividend income (<i>note</i>)	<u>34,965</u>	<u>34,965</u>

Note: The dividends declared by the joint venture of the Group were for the interim dividend for six months ended 30 June 2020 and 30 June 2019.

(b) Compensation of key management personnel

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 2020 (unaudited)	30 September 2019 (unaudited)
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	6,812	6,822
Pension scheme contributions	<u>268</u>	<u>134</u>
	<u>7,080</u>	<u>6,956</u>

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

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2020, with the comparative figures for the corresponding six months period of 2019.

	Six months ended 30 September	
	2020	2019
	HK\$'million	HK\$'million
<i>Revenue by segment</i>		
Semiconductor distribution	518.8	677.2
Consumer product and brand omni-channel business	23.0	46.8
Venture capital	3.0	1.1
Others	1.7	1.7
	546.5	726.8
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate	(21.6)	(13.3)
Venture capital	1.6	(1.3)
Semiconductor distribution	127.7	81.5
Consumer product and brand omni-channel business	(3.4)	(9.3)
Others	(3.3)	(4.5)
	101.0	53.1
<i>Depreciation and amortisation</i>		
Corporate	-	-
Venture capital	(0.7)	(0.7)
Semiconductor distribution	(1.1)	(1.3)
Consumer product and brand omni-channel business	(0.2)	(0.5)
Others	-	(0.1)
Total depreciation and amortisation	(2.0)	(2.6)
Profit before interest and tax	101.1	53.1
Interest expenses	(0.9)	(2.5)
Bank interest income	-	0.2
Profit before tax	100.2	50.8
Income tax	(0.1)	(0.2)
Profit for the period	100.1	50.6
Profit for the period attributable to:		
Owners of the Company	100.8	52.3
Non-controlling interests	(0.7)	(1.7)
	100.1	50.6

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW

Although the COVID-19 pandemic has had a huge impact on the global economy, the period of economic stagnation is relatively short. Commercial and trading activities gradually recovered in May 2020 after experiencing a sharp decline in March 2020 and April 2020. According to Fitch's "Global Economic Outlook" report released in September 2020, the growth rate of gross domestic product ("GDP") of multinational economies in the third quarter of this year was faster than previously expected. Among them, China's GDP has returned to the level before the COVID-19 pandemic, and the Asian region is expected to benefit from the recovery of global trade to achieve mild annual growth. COVID-19 pandemic is pushing technology forward in unexpected ways. Among them, 5G, cloud computing, big data, Internet of Things, and artificial intelligence continue to accelerate across the globe, offsetting the negative impact of the Sino-US trade dispute in last year, and driving the entire technology industry, especially the semiconductor industry to fly high.

During the period under review, in light of the challenging external environment and the volatile global economic environment, the Group's revenue by segment was HK\$546.5 million (2019: HK\$726.8 million) decreased by 24.8%. Among which semiconductor distribution business recorded a revenue of HK\$518.8 million (2019: HK\$677.2 million), consumer product and brand omni-channel business recorded a revenue of HK\$23.0 million (2019: HK\$46.8 million), venture capital business recorded a profit of HK\$3.0 million (2019: HK\$1.1 million) and internet social media business recorded a revenue of HK\$1.7 million (2019: HK\$1.7 million).

Semiconductor Distribution Business

According to the report released by Gartner, an international research and advisory organization, COVID-19 pandemic has impacted the supply chain and demand for semiconductor market. However, it is estimated that the global semiconductor business in year 2020 will only slightly decline by 0.9% from last year, and the overall memory market is expected to grow by 13.9% against the trend. Looking back at year 2020, many revolutionary technologies such as artificial intelligence, big data and 5G became mature with more extensive applications. The semiconductor market is expected to maintain considerable growth upon the gradual recovery of the global economy, with industry's long-term prospect remains optimistic. In addition, as per Deloitte's "The Rise of the Four Asia-Pacific Semiconductor Markets" report, Asian region has become the world's largest semiconductor market under the vigorous promotion of local governments, with sales accounting for 60% of the world's total, of which China market accounts for more than 30%.

During the period under review, the semiconductor distribution business recorded a turnover of HK\$518.8 million (2019: HK\$677.2 million) which is mainly contributed by the subsidiary in Singapore. The main products sold to the Singapore market are thin film transistor liquid crystal displays and panels which are widely used in LCD televisions, followed by memory chips for smartphone. Singapore focuses business in Southeast Asian countries such as India, Thailand, Malaysia and Philippines.

BUSINESS REVIEW AND PROSPECTS

During the period under review, the joint venture of the Group, AVP Electronics Limited and its subsidiaries (“AVPEL Group”) continued to record satisfactory results. Its turnover, though not being consolidated into the Group’s consolidated financial statements, recorded 4.5% decrease to HK\$11,204 million (2019: HK\$11,735 million). Profit sharing of AVPEL Group is increased when comparing to the previous period due to a better gross profit margin for AVPEL Group during the period under review. The main customers of AVPEL Group are China’s major mobile phone manufacturers and mobile phone component suppliers. AVPEL Group mainly engaged in the distribution of Samsung Electronics including (i) CMOS image sensors (ii) multi-layer packaged chips, and (iii) ARM processors.

According to Gartner’s latest sales data, COVID-19 pandemic has led to physical store closures and reduced consumption willingness, driving global smartphone sales to drop by 20.4% to 295 million units in the second quarter of year 2020. However, 5G is expected to become a catalyst for the recovery of the smartphone market and will play an active role in promoting the global smartphone market in year 2021.

Consumer Product and Brand Omni-Channel Business

With the integration and update for the consumer product and brand omni-channel business in year 2018, the business segment is managed by one of the subsidiaries, E-GoGo Limited (“E-GoGo”). In terms of consumer product business, we mainly carry electronic products including long-lasting traditional household white goods to the latest technology gadgets which target markets in Hong Kong, Macau, Singapore, Indonesia and Vietnam. In addition to the three major businesses namely brand management, brand licensing and product procurement, E-GoGo also actively develops online and offline omni-channel services.

During the period under review, the business of consumer products and brand omni-channel business recorded a turnover of HK\$23.0 million (2019: HK\$46.8 million). Under the impact of the COVID-19 pandemic, Hong Kong’s retail business has been hit hard. On the contrary, Southeast Asia, as one of the hottest e-commerce markets in the world, has recorded satisfactory growth. Indonesia’s e-commerce platform has continued to prosper in the past few years. “Online payment” and “contactless economy” have been on the rapid rise. Indonesian government relaxed its COVID-19 pandemic prevention and control further boosted the surge in e-commerce transaction volume and brought new opportunities to the industry. During the period under review, E-GoGo continued its effort in e-commerce development in Indonesia, providing one-stop marketing solution that includes brand strategy, e-commerce, digital advertising, client relations, community management, IT solution, consultation services, warehouse management and logistics for the well-known companies such as Philips and Lining in the local market.

In addition to B2B business, the Group is also actively expanding the business model of other businesses such as B2C business to diversify income and strengthen the brand’s omni-channel business. The Group is committed to becoming a provider of technology development and solutions for leading e-commerce business partner brands in the Southeast Asian market, with the aim of promoting and cooperating with the development of the enterprises and making them known to the public.

BUSINESS REVIEW AND PROSPECTS

In terms of brand management, the Group is currently carrying a wide range of products, including traditional and durable household white goods, personal gadgets, high-tech products and lifestyle goods with brands coming from home and abroad. In terms of brand licensing, the Group has secured the brand licensing from multiple brands, including main brands such as Nakamichi and Philips. In addition to its rapidly growing market share in the consumer product industry, these world-renowned brands have started using E-GoGo's e-commerce service, providing comprehensive online and offline marketing strategies and appropriate market analysis, channel coverage recommendations and assessment for the Southeast Asia markets.

Internet Social Media Business

During the period under review, revenue from 830 Media Limited ("830 Media") was HK\$1.7 million (2019: HK\$1.7 million), which was contributed from 830 Lab Limited ("830 Lab") and Whizoo Media Limited ("Whizoo Media").

830 Lab is dedicated on helping clients to build online presence for their business. The services provided by 830 Lab are not only the website design and development, but also capable in creating the online content in both photography and videography. Whizoo Media is an internet social media company that specializes in video production of popular topics and publishes these original creative videos on major social media platforms including Facebook, YouTube, Instagram, etc. to attract the new generation of young consumers to become loyal fans of these original content. During the period under review, Whizoo Media received a lot of attention and had started cooperation with well-known international and local brands and organizations, such as K11, Nestlé, Lipton, Pizza Hut, Dutch Lady, Whisper, First Aid Beauty, BIODERMA, Sun Life Financial, Mandatory Provident Fund Scheme Authority, Vocational and Professional Education and Training, Investors and Financial Education Council and other brand and institutional clients through different levels of one-stop creative content solutions and introductions of related products or services on the Facebook page and YouTube channel of Whizoo Media. Its high-quality original videos are acclaimed, attracting a lot of pageviews. It attracted approximately 290,000 fans on its Facebook page and 135,000 subscribers on its YouTube channels. Business environment is more difficult under the COVID-19 pandemic and corporate brands have successively reduced their advertising expenditures, Whizoo Media has been affected accordingly.

On the other hand, with Whizoo Media's operating strategy and experience, 830 Media also launched the Facebook page "He She Kids" for parents. The page is developing rapidly and is popular among parents. It provides lots of baby care information and videos.

BUSINESS REVIEW AND PROSPECTS

In addition to its commitment to develop original brands, 830 Media has also invested in OneShot Concept Limited (“OneShot”), an associate company which owns the “冬 OT” brand, for a more diversified development strategy in the internet social media business. OneShot aims at providing customers with a variety of media services through its creativity, especially focusing on social media-based content marketing and dedicated to providing innovative solutions for marketing campaigns. In addition, OneShot also provides photo production and video production related services for a wide range of brands.

With the increasing penetration of the global Internet and mobile phones in recent years, social media penetration is also on the rise, and it is an indisputable fact that online marketing is becoming the major trend. Network influence is more important to individuals and even companies. Platforms, tools and strategies leading the network development emerge anytime and anywhere. The Group will continue to leverage its existing resources to manage its internet social media business through space creation and creative channels in order to thrive in the internet world.

Venture Capital Business

During the period under review, the turnover for venture capital business recorded a profit of HK\$3.0 million (2019: HK\$1.1 million), that is mainly for the 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 in the current period. As of 30 September 2020, various funds, convertible bonds, listed and unlisted equity investments, listed bond investments and key management insurance contracts were held at fair market value of HK\$101.3 million (31 March 2020: HK\$103.7 million) by the Group. During the period under review, the venture capital business of the Group recorded a fair value gain on financial assets at fair value through profit or loss, net of HK\$1.4 million (2019: fair value loss of HK\$1.2 million).

The venture capital business has always brought considerable income to the Group. The ultimate objective for investments in venture capital business is to obtain capital gains on investee's equity listing or, in some circumstances, prior to listing. It also includes investments in real estate, managed funds, convertible bonds and listed bonds.

At 30 September 2020, the Group owned small strategic investments in Mad Runway Holdings Limited, Luxury Choice Investments Limited and Urban City Joint Stock Company. Mad Runway Holdings Limited is a member of the ELLE family, which is dedicated to creating the most authoritative one-stop fashion shopping platform, while Luxury Choice Investments Limited is one of the world's leading fast-growing custom watch brands and Urban City Joint Stock Company is an e-commerce company in Vietnam.

BUSINESS REVIEW AND PROSPECTS

PROSPECT

Since the beginning of the epidemic, the World Bank has issued the “Global Economic Outlook Report” and the “Global Financial Stability Report” twice in April and June 2020, respectively. The April 2020 report significantly reduced the 2020 global economic growth rate from 3.3% to -3.0%; the June 2020 report further lowered the 2020 economic growth forecast by 1.9% to -4.9%. It can be seen that the negative impact of the COVID-19 pandemic on the global economy in year 2020 is increasing.

Economic forecast for the whole year 2020 is still uncertain under the current COVID-19 situation. Fortunately, China’s economic development has returned to pre-epidemic levels, and commercial activities in parts of Southeast Asia have gradually returned to the right track. Most economies in the world have stepped up the precautionary and control efforts and seize the opportunity to restart normal economic activities as soon as possible. The World Bank has issued a new round of forecasts in recent months, stating that the global economic recovery will likely begin in year 2021 at an expected growth rate of 5.4%.

Science and technology developed rapidly during the COVID-19 pandemic, among which the global high-tech, media and telecommunications industries continued their high growth. According to Deloitte, the deployment of 5G private networks by enterprises has not been affected by the epidemic. In addition, enterprises and individual users are paying more attention to network equipment and communication technologies, thereby accelerating the deployment of 5G networks and the adoption of 5G equipment. It is expected that 5G will bring new opportunities to the Group as well as the industry.

In addition, many countries and cities implemented relevant epidemic prevention measures and lockdowns restrict civil activities. Citizens began to adapt to the “new normal” of working or engaging in leisure and entertainment activities at home. The technology and hardware and software related to the contactless economy and the stay-at-home economy are being launched successively, which is expected to create a more ideal development environment for e-commerce and Internet social media business.

The Group will continue to leverage its leading industry position, strong reputation, stable development of the Asia-Pacific market and competitive advantages to adopt a proactive and prudent development strategy and to seize every opportunity to achieve sustainable growth and bring satisfactory returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position and the gearing ratio as at 30 September 2020 and 31 March 2020 are shown as follows:

	30 September 2020	31 March 2020
	HK\$'million	HK\$'million
Cash and cash equivalents	65.9	87.7
Financial assets at fair value through profit or loss (included in current assets)	77.4	79.8
	143.3	167.5
Borrowings and lease liabilities	30.6	104.5
Total equity	1,261.6	1,181.0
Total debt to total equity	2%	9%

As at 30 September 2020, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$65.9 million (31 March 2020: HK\$87.7 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$77.4 million (31 March 2020: HK\$79.8 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 2020 was 2% (31 March 2020: 9%), while the Group's total equity as at 30 September 2020 was HK\$1,261.6 million (31 March 2020: HK\$1,181.0 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 2020 of HK\$143.3 million (31 March 2020: HK\$167.5 million).

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

The working capital position of the Group remains healthy. As at 30 September 2020, the liquidity ratio was 221% (31 March 2020: 176%).

	30 September 2020	31 March 2020
	HK\$'million	HK\$'million
Current assets	266.3	343.0
Current liabilities	(120.5)	(195.4)
Net current assets	145.8	147.6
Current assets to current liabilities	221%	176%

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 2020, the Group recorded financial assets at fair value through profit or loss of approximately HK\$101.3 million (31 March 2020: HK\$103.7 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 30 of this report.

EMPLOYEES

As at 30 September 2020, the Group employed a total of approximately 178 (31 March 2020: approximately 178) 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.

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

As at 30 September 2020, 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

(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	
	Beneficial owner	52,058,400	61.56%
		(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.

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

Name of Director and chief executive	Nature of interest and capacity	Name of associated corporations	Number of ordinary shares of associated corporations	Approximate percentage of interest in associated corporations
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 2020, 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 2020. No share options had been granted or agreed to be granted, exercised, cancelled or lapsed under the AV Scheme as at 30 September 2020.

Share option scheme adopted by a subsidiary

As at 30 September 2020, options to subscribe for shares of 830 Lab, a subsidiary of the Company, which were granted to the director of the Company and 830 Lab and employees of 830 Lab were as follows:

Name or category of participant	Number of share options						At 30 September 2020	Date of grant of share options	Exercise period of share options	Exercise price of share options
	Balance at 1 April 2020	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										
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			

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 2020, 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 2020, 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.

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 2020, 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.

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 2020.

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 Dr. Lui Ming Wah, *SBS, JP*, Mr. Charles Edward Chapman and Mr. Lai Yat Hung Edmund, 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 2020.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.010 (2019: nil) per share for the six months ended 30 September 2020. The interim dividend will be payable on or around 31 December 2020 to shareholder whose names appear on the register of members of the Company on 16 December 2020.

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 2020, the Company's register of members will be closed from Tuesday, 15 December 2020 to Wednesday, 16 December 2020, 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 Monday, 14 December 2020.

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

Hong Kong, 30 November 2020

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.