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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

YEAR ENDED 31 MARCH 2022 ANNUAL RESULTS ANNOUNCEMENT

Statement of Profit or Loss Highlights

	2022	2021
	HK\$'million	HK\$'million
Revenue		
– Semiconductor distribution	1,012.7	1,190.4
– Consumer product and product sourcing business	29.0	47.1
– Venture capital	–	–
– Others	0.7	3.7
	<u>1,042.4</u>	<u>1,241.2</u>
Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items		
– Corporate	(26.6)	(33.9)
– Venture capital	11.3	(19.4)
– Semiconductor distribution	285.2	354.7
– Consumer product and product sourcing business	(6.9)	(16.5)
– Others	(6.4)	(13.5)
	<u>256.6</u>	<u>271.4</u>
Depreciation and amortisation	(3.5)	(3.6)
Profit for the year attributable to:		
Owners of the Company	231.0	269.8
Non-controlling interests	–	(0.3)
	<u>231.0</u>	<u>269.5</u>

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Statement of Financial Position Highlights		
Total assets	1,745.5	1,586.6
Total assets less current liabilities	1,637.1	1,440.2
Total equity	1,622.0	1,425.0
Borrowings and lease liabilities	7.6	1.6
Cash and cash equivalents	152.2	124.3
Financial assets at fair value through profit or loss (included in current assets)	28.4	48.2
	180.6	172.5
Total debt to total equity	0.5%	0.1%
Current assets to current liabilities	238.7%	175.6%
Cash and cash equivalents and financial assets at fair value through profit or loss (included in current assets) per share (HK\$)	0.20	0.19
Total equity per share (HK\$)	1.79	1.57

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 2022, together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
REVENUE	3	1,042,449	1,241,160
Cost of sales		<u>(1,004,696)</u>	<u>(1,186,183)</u>
Gross profit		37,753	54,977
Other income and gains	3	12,564	16,615
Changes in fair value of investment properties		7,415	4,305
Selling and distribution expenses		(10,172)	(11,028)
Administrative expenses		(61,450)	(88,973)
Impairment of financial assets, net	4	(33,021)	(1,138)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		14,639	(17,983)
Other income/(expenses), net	4	(313)	3,916
Finance costs	5	(87)	(971)
Share of profits and losses of:			
Joint ventures		272,128	316,859
Associates		<u>(3,422)</u>	<u>139</u>
PROFIT BEFORE TAX	4	236,034	276,718
Income tax	6	<u>(5,013)</u>	<u>(7,192)</u>
PROFIT FOR THE YEAR		<u>231,021</u>	<u>269,526</u>
Attributable to:			
Owners of the Company		231,021	269,788
Non-controlling interests		<u>–</u>	<u>(262)</u>
		<u>231,021</u>	<u>269,526</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		<u>HK25.42 cent</u>	<u>HK29.69 cent</u>
Diluted		<u>HK25.42 cent</u>	<u>HK29.69 cent</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2022

	2022	2021
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	231,021	269,526
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	2,353	7,258
Reclassification adjustments for a foreign operation disposed of during the year	<u>–</u>	<u>108</u>
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>2,353</u>	<u>7,366</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>233,374</u>	<u>276,892</u>
Attributable to:		
Owners of the Company	233,374	277,256
Non-controlling interests	<u>–</u>	<u>(364)</u>
	<u>233,374</u>	<u>276,892</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets		29,743	32,371
Investment properties		136,665	128,085
Goodwill		–	–
Other intangible assets		3,485	3,832
Investments in joint ventures		1,266,363	1,108,848
Investments in associates		4,310	7,732
Financial assets at fair value through profit or loss	9	25,482	24,701
Prepayments and deposits		1,716	23,910
Loan to an associate		19,061	–
		<hr/>	<hr/>
Total non-current assets		1,486,825	1,329,479
CURRENT ASSETS			
Inventories		44,797	33,736
Trade receivables	10	8,599	34,886
Due from associates		2,763	987
Prepayments, deposits and other receivables		21,865	15,045
Financial assets at fair value through profit or loss	9	28,385	48,184
Tax recoverable		2	–
Cash and cash equivalents		152,228	124,298
		<hr/>	<hr/>
Total current assets		258,639	257,136
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	11	23,848	28,615
Contract liabilities		20,559	36,410
Lease liabilities		698	870
Interest-bearing bank borrowings		6,435	–
Tax payable		4,789	6,924
Financial guarantee obligation		52,032	73,646
		<hr/>	<hr/>
Total current liabilities		108,361	146,465

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 March 2022

	2022 HK\$'000	2021 <i>HK\$'000</i>
NET CURRENT ASSETS	<u>150,278</u>	<u>110,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,637,103</u>	<u>1,440,150</u>
NON-CURRENT LIABILITIES		
Lease liabilities	490	775
Deferred tax liabilities	<u>14,575</u>	<u>14,366</u>
Total non-current liabilities	<u>15,065</u>	<u>15,141</u>
Net assets	<u>1,622,038</u>	<u>1,425,009</u>
EQUITY		
Issued capital	90,866	90,866
Reserves	<u>1,521,748</u>	<u>1,324,075</u>
Equity attributable to owners of the Company	1,612,614	1,414,941
Non-controlling interests	<u>9,424</u>	<u>10,068</u>
Total equity	<u>1,622,038</u>	<u>1,425,009</u>

NOTES

1.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for 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 2022. 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required 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 HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 9, HKAS 39,
HKFRS 7, HKFRS 4 and HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform – Phase 2
Covid-19-Related Rent Concessions beyond
30 June 2021

The nature and the impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

These amendments did not have any significant impact on the Group's consolidated financial statements.

- (b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the 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 by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

This amendment did not have any significant 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/loss before tax except that bank interest income, 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, compensation income from termination of acquisition of an investment property, impairment of other intangible assets, impairment of a loan to an associate, 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, a loan to an associate, 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 2022					
Segment revenue					
Sales to external customers	1,012,713	29,001	–	735	1,042,449
Other revenue	–	–	15,358	–	15,358
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,012,713	29,001	15,358	735	1,057,807
Reconciliation:					
Less: Other revenue (<i>note</i>)					(15,358)
					<hr/>
Revenue as presented in the consolidated statement of profit or loss					<u>1,042,449</u>
Segment results	9,561	(36,178)	11,521	(6,378)	(21,474)
Reconciliation:					
Bank interest income					21
Rental income					4,362
Share of profits of joint ventures					272,128
Share of losses of associates					(3,422)
Gain on disposal of items of property, plant and equipment					9
Compensation income from termination of acquisition of an investment property					4,434
Impairment of other intangible assets					(342)
Impairment of a loan to an associate					(364)
Changes in fair value of investment properties					7,415
Unallocated expenses					(26,646)
Finance costs					(87)
					<hr/>
Profit before tax					<u>236,034</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 2021					
Segment revenue					
Sales to external customers	1,190,417	47,082	–	3,661	1,241,160
Other losses	–	–	(15,240)	–	(15,240)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	1,190,417	47,082	(15,240)	3,661	1,225,920
Reconciliation:					
Add: Other losses (<i>note</i>)					15,240
					<hr/>
Revenue as presented in the consolidated statement of profit or loss					<u>1,241,160</u>
					<hr/>
Segment results	34,474	(15,546)	(19,511)	(12,685)	(13,268)
Reconciliation:					
Bank interest income					33
Rental income					4,151
Share of profits of joint ventures					316,859
Share of profits of associates					139
Impairment of investments in associates					(588)
Changes in fair value of investment properties					4,305
Unallocated expenses					(33,942)
Finance costs					(971)
					<hr/>
Profit before tax					<u>276,718</u>
					<hr/>

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 2022					
Segment assets	572,873	82,140	40,186	2,291	697,490
Reconciliation:					
Elimination of intersegment receivables					(536,578)
Investments in joint ventures					1,266,363
Investments in associates					4,310
Corporate and other unallocated assets					313,879
					<u>1,745,464</u>
Segment liabilities	39,754	253,458	207,232	78,209	578,653
Reconciliation:					
Elimination of intersegment payables					(536,578)
Corporate and other unallocated liabilities					81,351
					<u>123,426</u>
31 March 2021					
Segment assets	539,482	104,153	61,114	3,384	708,133
Reconciliation:					
Elimination of intersegment receivables					(516,044)
Investments in joint ventures					1,108,848
Investments in associates					7,732
Corporate and other unallocated assets					277,946
					<u>1,586,615</u>
Segment liabilities	46,867	246,894	209,653	69,657	573,071
Reconciliation:					
Elimination of intersegment payables					(516,044)
Corporate and other unallocated liabilities					104,579
					<u>161,606</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 2022					
Depreciation of property, plant and equipment	1,069	2	292	116	1,479
Depreciation of right-of-use assets	1,041	85	874	–	2,000
Amortisation of other intangible assets	5	–	–	–	5
Reversal of provision for impairment of inventories	–	(6,852)	–	–	(6,852)
Impairment of other intangible assets	–	–	–	–	342
Impairment of a loan to an associate	–	–	–	–	364
Impairment/(reversal of impairment) of trade receivables, net	–	32,670	–	(13)	32,657
Impairment of property, plant and equipment	–	10	–	–	10
Impairment of right-of-use assets	515	–	–	–	515
Changes in fair value of investment properties	–	–	–	–	(7,415)
Capital expenditure*	<u>515</u>	<u>12</u>	<u>–</u>	<u>666</u>	<u>776</u>
Year ended 31 March 2021					
Depreciation of property, plant and equipment	1,007	7	347	106	1,467
Depreciation of right-of-use assets	1,047	124	1,000	–	2,171
Amortisation of other intangible assets	19	–	–	–	19
Reversal of provision for impairment of inventories	(475)	(251)	–	–	(726)
Impairment/(reversal of impairment) of trade receivables, net	–	1,144	–	(6)	1,138
Reversal of impairment of property, plant and equipment	–	(933)	–	–	(933)
Impairment/(reversal of impairment) of right-of-use assets	171	(365)	–	–	(194)
Impairment of investments in associates	–	–	–	–	588
Changes in fair value of investment properties	–	–	–	–	(4,305)
Capital expenditure*	<u>47</u>	<u>39</u>	<u>–</u>	<u>99</u>	<u>185</u>

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

2. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	30,335	41,546
Singapore	1,011,722	1,196,033
Taiwan	392	816
Indonesia	–	2,765
	<u>1,042,449</u>	<u>1,241,160</u>

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

(b) Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	1,304,715	1,148,556
Mainland China	104,759	121,344
Singapore	31,092	32,822
Korea	–	124
	<u>1,440,566</u>	<u>1,302,846</u>

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

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	155,211	<i>Note</i>
Customer B	119,129	<i>Note</i>
Customer C	118,608	<i>Note</i>

Note: For the year ended 31 March 2021, no revenue from the Group's sales to a single customer amounted to 10% or above of the Group's total revenue.

3. REVENUE, OTHER INCOME AND GAINS

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers		
Semiconductor distribution	1,012,713	1,190,417
Consumer product sales and product sourcing business	29,001	47,082
Others	735	3,661
	<u>1,042,449</u>	<u>1,241,160</u>

Other income and gains

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	21	33
Interest income on listed bond investments	564	2,589
Dividend income from listed equity investments	11	11
Gain on disposal of items of property, plant and equipment	9	–
Rental income	4,362	4,151
Government grants	668	3,823
Foreign exchange differences, net	281	853
Revision of a lease term arising from a change in the non-cancellable period of a lease	146	2,526
Compensation income from termination of acquisition of an investment property	4,434	–
Others	2,068	2,629
	<u>12,564</u>	<u>16,615</u>

4. PROFIT BEFORE TAX

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

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Cost of inventories sold**		1,011,493	1,184,974
Reversal of provision for impairment of inventories**		(6,852)	(726)
Depreciation of property, plant and equipment		1,479	1,467
Depreciation of right-of-use assets		2,000	2,171
Amortisation of other intangible assets*		5	19
Impairment of financial assets, net			
Impairment of a loan to an associate		364	–
Impairment of trade receivables	<i>10</i>	32,657	1,138
		33,021	1,138
Other expenses/(income), net:			
Impairment of other intangible assets		342	–
Impairment of investments in associates		–	588
Impairment of investments in joint ventures		101,541	82,197
Gain on derecognition of financial guarantee obligation		(101,541)	(82,197)
Impairment/(reversal of impairment) of property, plant and equipment		10	(933)
Impairment/(reversal of impairment) of right-of-use assets		515	(194)
Gain on disposal of a subsidiary	<i>12</i>	(1,256)	–
Gain on deemed disposal of subsidiaries	<i>13</i>	–	(4,924)
Others		702	1,547
		313	(3,916)
Fair value (gains)/losses on financial assets at fair value through profit or loss, net		(14,639)	17,983
Gain on disposal of items of property, plant and equipment		(9)	–

* This balance is included in “Administrative expenses” on the face of the consolidated statement of profit or loss.

** 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Interest on bank borrowings	9	794
Interest on lease liabilities	78	177
	87	971

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. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current – Elsewhere		
Charge for the year	4,803	7,098
Deferred	<u>210</u>	<u>94</u>
Total tax charge for the year	<u><u>5,013</u></u>	<u><u>7,192</u></u>

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend declared and paid – HK\$0.010 (2021: HK\$0.010) per ordinary share	9,087	9,087
Final dividend declared and paid – HK\$0.030 (2021: HK\$0.025) per ordinary share	<u>27,260</u>	<u>22,716</u>
	<u><u>36,347</u></u>	<u><u>31,803</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2022 of HK\$0.040 (2021: final dividend in respect of the year ended 31 March 2021 of HK\$0.030) 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 (2021: 908,663,302) in issue during the year.

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u><u>231,021</u></u>	<u><u>269,788</u></u>

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	
	2022	2021
Shares		
Number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u>908,663,302</u>	<u>908,663,302</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Listed equity investments		1,635	2,547
Listed bond investments	(a)	1,186	33,040
Equity investment traded over-the-counter	(b)	25,144	9,375
Unlisted equity investments	(c)	420	3,222
Key management insurance contracts	(d)	<u>25,482</u>	<u>24,701</u>
		<u>53,867</u>	<u>72,885</u>
Analysed for reporting purpose as:			
Current assets		28,385	48,184
Non-current assets		<u>25,482</u>	<u>24,701</u>
		<u>53,867</u>	<u>72,885</u>

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 8.00% to 8.75% (2021: 4.70% to 8.75%) per annum and maturity dates from 28 September 2022 to 6 March 2023 (2021: 19 April 2021 to 28 September 2022).

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

- (b) As at 31 March 2022, the Group had equity interest in Tooniplay Co., Ltd. (“Tooniplay”), which principally engaged in mobile game development business.

As at 31 March 2021, the Group held more than 20% equity interests in Tooniplay, which is an associate of the Group. As this associate was held as part of the venture capital organisation’s investment portfolio, it was carried in the consolidated statement of financial position at fair value. This treatment is permitted by HKAS 28 “*Investments in Associates and Joint Ventures*” which allows investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with HKFRS 9, with changes in fair value recognised in the consolidated statement of profit or loss in the period of change.

- (c) The Group has equity interests principally in Urban City Joint Stock Company (which principally engaged in e-commerce business in Vietnam) and Connectivity Ventures Fund, LP (which was an investment fund and principally invested in development of microchips business).
- (d) As at 31 March 2022, 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) (2021: US\$15,800,000 (approximately HK\$122,800,000)) with an annual minimum guaranteed return of 2%. Certain key management insurance contract of HK\$8,233,000 (2021: HK\$7,990,000) was pledged to secure general banking facilities granted to the Group as at 31 March 2022.

As at 31 March 2022, if the Group withdrew from the insurance contracts, the accounts value, net of surrender charges of US\$324,000 (approximately HK\$2,517,000) (2021: US\$340,000 (approximately HK\$2,642,000)), 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	53,203	46,832
Impairment	<u>(44,604)</u>	<u>(11,946)</u>
	<u>8,599</u>	<u>34,886</u>

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	7,814	11,079
1 to 2 months	44	3,573
2 to 3 months	96	376
3 to 12 months	327	15,456
Over 12 months	<u>318</u>	<u>4,402</u>
	<u>8,599</u>	<u>34,886</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of year	11,946	10,808
Impairment losses, net (<i>note 4</i>)	32,657	1,138
Exchange realignment	<u>1</u>	<u>–</u>
At end of year	<u>44,604</u>	<u>11,946</u>

11. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	4,277	4,990
Deposits received	1,320	2,357
Accrued expenses	<u>18,251</u>	<u>21,268</u>
	<u>23,848</u>	<u>28,615</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables:		
Current	2,587	437
1 to 30 days	26	–
31 to 60 days	7	76
Over 60 days	<u>1,657</u>	<u>4,477</u>
	<u>4,277</u>	<u>4,990</u>

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

12. DISPOSAL OF A SUBSIDIARY

2022
HK\$'000

Net liabilities disposed of:	
Property, plant and equipment	2
Cash and cash equivalents	546
Inventories	293
Trade receivables	684
Prepayments, deposits and other receivables	248
Trade payables, deposits received and accrued expenses	<u>(3,029)</u>
	(1,256)
Fair value of investment retained upon disposal	–
Gain on disposal of a subsidiary (<i>note 4</i>)	<u>1,256</u>
Satisfied by cash	<u><u>–</u></u> * <u><u>–</u></u>

* This item was with amount less than a thousand.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary was as follows:

2022
HK\$'000

Cash and bank balances disposed of and net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>(546)</u></u>
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13. DEEMED DISPOSAL OF SUBSIDIARIES

In the prior year, E-gogo Holdings Limited, a non-wholly owned subsidiary of the Group before 2 November 2020, entered into subscription agreements with E-GoGo Limited and Signeo Design International Limited, which were wholly-owned subsidiaries of the Group, and three independent third parties, pursuant to which E-GoGo Limited and three independent third parties agreed to participate in capital injection in E-gogo Holdings Limited. Prior to the capital injection, the Group held 69% equity interest in E-gogo Holdings Limited, which had a wholly-owned subsidiary, namely PT Egogo Hub Indonesia. After the completion of the capital injection on 2 November 2020, the Group retained 49.375% equity interest in E-gogo Holdings Limited and had lost control over E-gogo Holdings Limited. The transaction was accounted for as a deemed disposal of subsidiaries and the 49.375% equity interest in E-gogo Holdings Limited was accounted for as investments in associates.

13. DEEMED DISPOSAL OF SUBSIDIARIES (Continued)2021
HK\$'000

Net assets disposed of:

Property, plant and equipment and right-of-use assets	1,196
Cash and cash equivalents	1,561
Trade receivables	2,406
Prepayments, deposits and other receivables	1,840
Due from a fellow subsidiary	105
Other payables and accrued expenses	(1,799)
Due to a fellow subsidiary	(1,829)
Non-controlling interests	(1,079)

2,401

Exchange fluctuation reserve	108
Fair value of investments retained upon disposal	(7,433)
Gain on deemed disposal of subsidiaries (note 4)	4,924

Satisfied by cash

–

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries was as follows:

2021
HK\$'000

Cash and bank balances disposed of and net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(1,561)
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BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the year ended 31 March 2022, with the comparative figures for the corresponding financial year of 2021.

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
<i>Revenue by segment</i>		
Semiconductor distribution	1,012.7	1,190.4
Consumer product and product sourcing business	29.0	47.1
Venture capital	15.4	(15.3)
Others	0.7	3.7
	<u>1,057.8</u>	<u>1,225.9</u>
<i>Profit/(loss) before interest, tax, depreciation, amortisation and non-cash items</i>		
Corporate	(26.6)	(33.9)
Venture capital	4.7	(19.4)
Semiconductor distribution	291.8	354.7
Consumer product and product sourcing business	(6.9)	(16.5)
Others	(6.4)	(13.5)
	<u>256.6</u>	<u>271.4</u>
<i>Depreciation and amortisation</i>		
Corporate	(0.1)	–
Venture capital	(1.2)	(1.3)
Semiconductor distribution	(2.1)	(2.1)
Consumer product and product sourcing business	(0.1)	(0.1)
Others	–	(0.1)
	<u>(3.5)</u>	<u>(3.6)</u>
Total depreciation and amortisation	(3.5)	(3.6)
Profit before interest and tax	236.0	277.7
Interest expenses	–	(1.0)
Bank interest income	–	–
	<u>236.0</u>	<u>276.7</u>
Profit before tax	236.0	276.7
Income tax	(5.0)	(7.2)
	<u>231.0</u>	<u>269.5</u>
Profit for the year	231.0	269.5
Profit for the year attributable to:		
Owners of the Company	231.0	269.8
Non-controlling interests	–	(0.3)
	<u>231.0</u>	<u>269.5</u>

BUSINESS REVIEW

In 2021, several major economies around the world regained momentum and returned to growth as vaccination rates increased and business activities gradually saw a return to normalcy. The Chinese government adopted prompt and effective prevention and control measures to halt the spread of COVID-19 and ensure steady economic development following the recovery. According to the National Bureau of Statistics of China, China's economy grew by 8.1% year-on-year during 2021, higher than the Chinese government's "GDP growth of over 6%" target set at the beginning of the year. Yet, China's economic growth slowed down. Its economy grew by just 4.0% in the fourth quarter of 2021, with a drop from 7.9% in the second quarter. Geopolitical issues, runaway inflation, ongoing COVID-19 situation, the uneven pace of economic recovery around the globe and other factors will create continued uncertainty within the global economy. At the beginning of 2021, massive fiscal stimulus packages and monetary easing measures introduced by governments across the globe to boost their economies and maintain financial stability have caused commodity and energy prices, including oil and natural gas, to steadily soar, triggering high inflation. According to international credit-rating agency Fitch International, inflation rates in 2021 were at multi-year highs in several countries and regions around the world. In early 2022, inflation and supply and demand imbalances for commodities were exacerbated by geopolitical issues. Inflationary pressures persisted, spurring expectations within the market that the U.S. Federal Reserve would further tighten monetary policy. In November 2021, the U.S. Federal Reserve announced that it would begin reducing bond purchases, and capital markets expect that it will hike interest rates, adding further uncertainty to global economic recovery. World gross domestic product ("GDP") growth in 2022 is forecast to deteriorate as geopolitical tensions worsen and global supply chains remain severely disrupted. Fitch International has forecast that world GDP growth will reduce by 0.7 percentage points in 2022. Downside risks in the economy persist, which may negatively impact the industry's prospects.

Given the challenging external environment and volatile global economy during the year under review, the Group's revenue by segment was HK\$1,057.8 million (2021: HK\$1,225.9 million), a decrease of around 13.7%. Among which semiconductor distribution business recorded revenue of HK\$1,012.7 million (2021: HK\$1,190.4 million), its consumer product and product sourcing business recorded a revenue of HK\$29.0 million (2021: HK\$47.1 million), venture capital business recorded a profit of HK\$15.4 million (2021: a loss of HK\$15.3 million) and internet social media business recorded a revenue of HK\$0.7 million (2021: HK\$3.7 million).

Semiconductor Distribution Business

According to market research company International Data Corp (“IDC”), several factors including the COVID-19 pandemic affected semiconductor supply chains in 2021, resulting in sporadic shortages and tight supply within the semiconductor market. Global chip manufacturers and semiconductor players cannot yet fully meet demand from consumer markets for electronics, smartphones, personal computers, servers and more.

The consumer semiconductor segment was also affected by weaker-than-expected growth in smartphones. According to the study conducted by IDC, though global smartphone shipments performed strongly in the first half of 2021, they declined by 6.7% in the third quarter and 3.2% in the fourth quarter of 2021. Global shipment volume for smartphones in 2021 was approximately 1,350,000,000 units, an increase of just 5.7% compared to 2020. Furthermore, due to evolving habits and demand, consumers are more inclined to buy entry-level or mid-range smartphones instead of high-end models. Suppliers have therefore reduced the number of semiconductors they are purchasing for CMOS image sensors and the other components that smartphones require.

During the year under review, new COVID-19 variants emerged in various countries and regions, and the pandemic still poses challenges for economic recovery. In early 2022, the Chinese government adopted temporary, localized lockdown measures to prevent the spread of COVID-19 which had some impact on semiconductor supply chains and consumer demand for related products.

During the year under review, the semiconductor distribution business recorded a revenue of HK\$1,012.7 million (2021: HK\$1,190.4 million) which came mainly from its Singapore subsidiary that focuses on Southeast Asian countries such as India, Thailand, Malaysia and the Philippines. Memory chips are the main product sold to the Singapore market followed by thin-film transistor liquid crystal displays and panels which are widely used in LCD televisions.

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\$26,279 million (2021: HK\$28,612 million). Compared to the previous year, the Group’s share of profit in AVPEL Group decreased, mainly due to a slight decline in revenue for AVPEL Group during the year under review. 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 (i) CMOS image sensors, (ii) multi-layer packaged chips, and (iii) ARM processors.

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, E-GoGo Limited, which distributes a wide range of electronic products, ranging from small home appliances to the latest fashionable technology gadgets, with a view to improving the customers’ quality of life and cater for their needs. The consumer product and product sourcing business targets at various markets including Hong Kong, Macau, Singapore, Malaysia, Thailand, and Indonesia.

During the year under review, its consumer product and product sourcing business recorded a revenue of HK\$29.0 million (2021: HK\$47.1 million). The Hong Kong retail market failed to reverse the downward trend due to international tourism being shut down and local social-distancing requirements. In early 2022, the fifth wave of COVID-19 dealt the most severe blow yet to Hong Kong, at a time when people were already depleted by two years of COVID “fatigue”, disrupting economic activity and weakening consumer sentiment. Persistently weak spending by local consumers negatively impacted the Group’s related businesses to a certain extent. In Southeast Asian markets, the ongoing COVID-19 pandemic has created new consumption patterns and sales models for economic and business activities. More retailers are expected to shift their operations online, driving a massive transition towards end-to-end digitalization. According to a research report jointly published by Google, Temasek Holdings and Bain and Company, Southeast Asia’s internet economy, fueled by a fast-growing base of digital consumers and merchants and the rapid rise of e-commerce and food delivery services, is estimated to be worth approximately US\$360 billion in gross merchandise value by 2025, increased from US\$174 billion as at the end of 2021. The rise of e-commerce in Southeast Asia is attracting customers keen to develop front-end digital tools and back-end digital solutions for their operations. These positive factors may continue to contribute to the solid development of the consumer product and product sourcing business.

The Group will keep on monitoring the development of the pandemic and effectively deploy and utilize the resources related to the consumer product and product sourcing business to prepare well in time for the recovery from the pandemic and the recovery of the local consumer market so as to continue to provide quality and reliable services to more customers, in both the offline and online market.

Internet Social Media Business

During the year under review, revenue from 830 Media Limited (“830 Media”) was HK\$0.7 million (2021: HK\$3.7 million), mainly contributed by 830 Lab Limited (“830 Lab”).

830 Lab is dedicated to helping its clients to promote their brands and businesses online. 830 Lab offers not only web design and development services, but also online content creation services including filming and photography.

Furthermore, 830 Media has been developing its “He She Kids” Facebook page for parents. Since its inception, “He She Kids” has engaged in creating and producing high-quality videos. Providing extensive baby care information and videos on both “He She Kids” website and Facebook page, the platform, which keeps up with hot topics, is becoming increasingly recognized and valued by parents.

The Group will continue to review and deploy its existing brand resources, and draw on its experience in operational strategy to manage the Internet social media business. The Group will pay close attention to the latest industry developments. Moreover, through various space creation and creative channels, the Group will formulate development strategies to meet the prevailing situation and seize the opportunities in the Internet social media market arising from COVID-19.

Venture Capital Business

During the year under review, the Group's venture capital business recorded a profit in revenue of HK\$15.4 million (2021: loss of HK\$15.3 million), mainly due to fair value gains/(losses) on financial assets at fair value through profit or loss, net, interest income on listed bond investments, and dividend income from listed equity investments in the current year. As of 31 March 2022, listed and unlisted equity investments, listed bond investments, over-the-counter equity investment and key management insurance contracts were held at a fair market value of HK\$53.9 million (31 March 2021: HK\$72.9 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\$14.6 million (2021: fair value losses of HK\$18.0 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 investee's equity listings or, in some circumstances, prior to listing.

On 31 March 2022, 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.

PROSPECT

According to the World Economic Outlook (April 2021) of the International Monetary Fund, global growth is projected to grow by a mere 3.6% in 2022, 0.8 percentage points lower projected in January of the same year. According to the "Global Semiconductor Industry Outlook 2022" published by KPMG, the three most important drivers for the semiconductor industry in the coming years will be wireless communications, automotive applications, and Internet of Things. Wireless communications – including 5G infrastructure, smartphones, and other mobile devices – are considered to be the most important revenue driver for the semiconductor industry with Sensors/Micro-Electro-Mechanical Systems viewed as the semiconductor product with the highest growth potential. Microprocessors are predicted to be the semiconductor products with the second greatest growth potential. According to a forecast made by World Semiconductor Trade Statistics, the global semiconductor market will grow by 8.8% to US\$601 billion in 2022, with sensors and logic devices expected to grow by over 10%.

Nonetheless, the global semiconductor industry will likely continue to face supply chain challenges. According to findings from the "Global Semiconductor Industry Outlook 2022", most senior executives in the U.S. semiconductor industry believe that imbalances between chip supply and demand will persist into 2023. Chip shortages and a lack of talent should pose major challenges to global semiconductor industry revenues. Semiconductor companies pay close attention to how their business is impacted by geopolitical matters, supply chain issues, related trade deals and others. As an integral component of the global internet economy, the semiconductor industry supports the development of countless applications in many industries. As they develop towards end markets, numerous companies will actively diversify and adjust their supply chains to meet rapidly-changing market needs.

COVID-19 continues to accelerate technological development and reinforce the consumer market's interest in 5G. Global companies are also actively adopting forward-looking measures to invest in next-generation wireless technologies such as 5G. They are also committed to developing new solutions, products and services to cope with current and future challenges. However, the COVID-19 pandemic is still far from over. In early 2022, there were periodic outbreaks of the pandemic in certain cities and regions across mainland China. The Chinese government adopted rigorous and localized lockdown measures to contain the pandemic, which slowed the steady pace of economic recovery. Nevertheless, by promptly implementing these effective prevention and control measures to control the spread of COVID-19, and with the uptake in COVID-19 vaccines effectively reducing the severity of symptoms and mortality rates, China's economic and social development should quickly return to balanced growth.

The global political and economic situation remains complicated and volatile. Coupled with rising protectionism, the COVID-19 pandemic and its various consequences persist. In response to the pandemic, the leading countries and economies have implemented fiscal and monetary policies that have contributed to mixed economic recovery. They have, however, produced certain adverse effects on the political and economic environment, creating ongoing uncertainty about the strength of global economic growth. Leveraging its massive talent, operational and technological resources, the Group will make every effort to address the various challenges posed by this new landscape from a people, operational, and technological perspective. Relying on prudent development strategies and industry leadership, the Group will meet every challenge and strive to achieve stable growth – consolidating its market position, maintaining its competitive advantages, and remaining steadfast in delivering reasonable returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

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

	2022 <i>HK\$'million</i>	2021 <i>HK\$'million</i>
Cash and cash equivalents	152.2	124.3
Financial assets at fair value through profit or loss (included in current assets)	28.4	48.2
	180.6	172.5
Borrowings and lease liabilities	7.6	1.6
Total equity	1,622.0	1,425.0
Total debt to total equity	0.5%	0.1%

As at 31 March 2022, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$152.2 million (31 March 2021: HK\$124.3 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$28.4 million (31 March 2021: HK\$48.2 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 2022 was 0.5% (31 March 2021: 0.1%), while the Group's total equity as at 31 March 2022 was HK\$1,622.0 million (31 March 2021: HK\$1,425.0 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 2022 of HK\$180.6 million (31 March 2021: HK\$172.5 million).

The working capital position of the Group remains healthy. As at 31 March 2022, the liquidity ratio was 239% (2021: 175%).

	2022	2021
	<i>HK\$'million</i>	<i>HK\$'million</i>
Current assets	258.6	257.1
Current liabilities	(108.4)	(146.5)
Net current assets	150.2	110.6
Current assets to current liabilities	239%	175%

Management is confident that the Group follows a prudent policy in managing its treasury position, and maintains a high level of liquidity to ensure that the Group is well placed to take advantage of growth opportunities for the business.

SIGNIFICANT INVESTMENTS

As at 31 March 2022, the Group recorded financial assets at fair value through profit or loss of approximately HK\$53.9 million (31 March 2021: HK\$72.9 million). For a detailed breakdown of financial assets at fair value through profit or loss, please refer to note 9 in 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 28 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 year.

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 2022, the Group employed a total of approximately 137 (31 March 2021: approximately 164) full-time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. In addition, the Group operates share option schemes for eligible employees to provide incentive to the participants for their contribution and continuing efforts to promote the interests of the Group. Share options and discretionary bonuses are granted based on the Group's and individual's performances.

EVENT AFTER THE REPORTING PERIOD

On 17 June 2022, the Group entered into a sale and purchase agreement with an independent third party to dispose one of its investment properties situated in Singapore for a cash consideration of SGD4,250,000 (equivalent to approximately HK\$24,013,000). This transaction has completed on 20 June 2022 and had no material gain or loss on disposal before tax. For details of the transaction, please refer to the announcement of the Company dated 17 June 2022.

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 2022, 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 2022.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee, comprising three independent non-executive Directors, namely Dr. Lui Ming Wah, *SBS, JP*, Mr. Charles Edward Chapman and Mr. Lai Yat Hung Edmund, 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 2022.

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 2022 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 consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants 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\$0.040 (2021: HK\$0.030) per share for the year ended 31 March 2022 which is subjected 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, 2 September 2022, will be payable on Monday, 26 September 2022 to shareholders whose names appear on the registrar of members of the Company on Friday, 9 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting of the Company is scheduled on Friday, 2 September 2022. 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, 30 August 2022 to Friday, 2 September 2022, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 29 August 2022.

In order to determine the list of shareholders who are entitled to receive the proposed final dividend for the year ended 31 March 2022, the Company's register of members will be closed from Thursday, 8 September 2022 to Friday, 9 September 2022, 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 7 September 2022.

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 2022 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, 24 June 2022

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