

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

Statement of Profit or Loss Highlights

	Six months ended 30 September	
	2024 <i>HK\$'million</i>	2023 <i>HK\$'million</i>
Revenue		
– Semiconductor distribution	606.5	381.4
– Consumer product and product sourcing business	22.7	23.8
– Others	0.1	0.5
	<u>629.3</u>	<u>405.7</u>
Profit/(loss) before interest, tax, depreciation and non-cash items		
– Corporate	(13.9)	(15.6)
– Venture capital	(2.1)	(9.6)
– Semiconductor distribution	88.6	65.0
– Consumer product and product sourcing business:		
Selling and distribution expenses	(12.0)	(9.4)
Operating (loss)/profit	(2.3)	0.7
	<u>(14.3)</u>	<u>(8.7)</u>
– Others	(0.1)	(0.5)
	<u>58.2</u>	<u>30.6</u>
Depreciation	<u>(0.8)</u>	<u>(1.1)</u>
Profit for the period attributable to owners of the Company	<u>56.3</u>	<u>31.6</u>

Statement of Financial Position Highlights

	30 September 2024 <i>HK\$'million</i>	31 March 2024 <i>HK\$'million</i>
Total assets	1,942.3	1,872.1
Total assets less current liabilities	1,765.2	1,723.4
Total equity	1,751.4	1,709.5
Borrowings and lease liabilities	71.9	36.2
Cash and cash equivalents	95.8	76.3
Financial assets at fair value through profit or loss (included in current assets)	4.0	4.5
	99.8	80.8
Total debt to total equity	4.1%	2.1%
Current assets to current liabilities	141.7%	150.8%
Cash and cash equivalents and financial assets at fair value through profit or loss (included in current assets) per share (<i>HK\$</i>)	0.11	0.09
Total equity per share (<i>HK\$</i>)	1.93	1.88

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 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	<i>Notes</i>	Six months ended 30 September	
		2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Revenue	4	629,302	405,739
Cost of sales		(619,637)	(395,421)
Gross profit		9,665	10,318
Other income and gains	4	9,519	5,028
Selling and distribution expenses		(13,896)	(11,822)
Administrative expenses		(33,382)	(30,981)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		109	(7,773)
Other expenses, net		(569)	(1,965)
Finance costs	5	(3,112)	(1,328)
Share of profits of joint ventures		88,094	70,310
Profit before tax	6	56,428	31,787
Income tax	7	(111)	(148)
Profit for the period attributable to owners of the Company		56,317	31,639
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		HK6.20 cents	HK3.48 cents
Diluted		HK6.20 cents	HK3.48 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
PROFIT FOR THE PERIOD	56,317	31,639
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	<u>3,700</u>	<u>(2,313)</u>
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	<u>3,700</u>	<u>(2,313)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY	<u><u>60,017</u></u>	<u><u>29,326</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2024

		30 September	31 March
		2024	2024
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
NON-CURRENT ASSETS			
Property, plant and equipment and right-of-use assets		33,027	33,367
Investment properties		132,269	130,091
Other intangible assets		3,055	3,055
Investments in joint ventures		1,493,395	1,451,801
Investments in associates		–	–
Financial assets at fair value through profit or loss	<i>10</i>	27,126	27,126
Prepayments and deposits	<i>12</i>	2,542	2,396
		<hr/>	<hr/>
Total non-current assets		1,691,414	1,647,836
CURRENT ASSETS			
Inventories		111,551	89,645
Trade receivables	<i>11</i>	23,192	27,735
Prepayments, deposits and other receivables	<i>12</i>	16,381	26,048
Financial assets at fair value through profit or loss	<i>10</i>	3,986	4,506
Cash and cash equivalents		95,787	76,345
		<hr/>	<hr/>
Total current assets		250,897	224,279
CURRENT LIABILITIES			
Trade payables, deposits received and accrued expenses	<i>13</i>	50,999	57,586
Contract liabilities		2,032	1,892
Lease liabilities		49	119
Interest-bearing bank borrowings		71,878	36,111
Tax payable		2,011	2,893
Financial guarantee obligation		50,112	50,112
		<hr/>	<hr/>
Total current liabilities		177,081	148,713
NET CURRENT ASSETS			
		<hr/> 73,816	<hr/> 75,566
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 1,765,230	<hr/> 1,723,402

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
AT 30 SEPTEMBER 2024

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
NON-CURRENT LIABILITIES		
Lease liabilities	–	15
Deferred tax liabilities	<u>13,879</u>	<u>13,880</u>
Total non-current liabilities	<u>13,879</u>	<u>13,895</u>
Net assets	<u><u>1,751,351</u></u>	<u><u>1,709,507</u></u>
EQUITY		
Issued capital	90,866	90,866
Reserves	<u>1,660,485</u>	<u>1,618,641</u>
Equity attributable to owners of the Company	1,751,351	1,709,507
Non-controlling interests	<u>–</u>	<u>–</u>
Total equity	<u><u>1,751,351</u></u>	<u><u>1,709,507</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

1. BASIS OF PREPARATION

The Company is an investment holding company. Its subsidiaries are principally engaged in marketing and distribution of electronic components, design, development and sale of consumer products and product sourcing services, and venture capital investment.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 30 September 2024 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA effective as of 1 April 2024.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. OPERATING SEGMENT INFORMATION

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

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

3. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, interest income from other receivables, rental income, share of profits of joint ventures, finance costs and unallocated expenses are excluded from such measurement.

Information regarding the above segments is reported below.

Six months ended 30 September 2024 (Unaudited)

	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>
Segment revenue:					
Sales to external customers	606,461	22,768	–	73	629,302
Other revenue	–	–	181	–	181
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	606,461	22,768	181	73	629,483
Reconciliation:					
Add: Other revenue (<i>note</i>)					<hr/> (181)
Revenue as presented in the condensed consolidated statement of profit or loss					<hr/> <hr/> 629,302
Segment results	(1,719)	(14,326)	(2,199)	(93)	(18,337)
Reconciliation:					
Bank interest income					945
Interest income from other receivables					103
Rental income					2,665
Share of profits of joint ventures					88,094
Unallocated expenses					(13,930)
Finance costs					<hr/> (3,112)
Profit before tax					<hr/> <hr/> 56,428

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 September 2023 (Unaudited)

	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>
Segment revenue:					
Sales to external customers	381,487	23,799	–	453	405,739
Other losses	–	–	(7,651)	–	(7,651)
Total	381,487	23,799	(7,651)	453	398,088
Reconciliation:					
Add: Other losses (<i>note</i>)					7,651
Revenue as presented in the condensed consolidated statement of profit or loss					<u>405,739</u>
Segment results	(7,378)	(8,693)	(9,642)	(495)	(26,208)
Reconciliation:					
Bank interest income					1,333
Interest income from other receivables					565
Rental income					2,675
Share of profits of joint ventures					70,310
Unallocated expenses					(15,560)
Finance costs					<u>(1,328)</u>
Profit before tax					<u>31,787</u>

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

3. OPERATING SEGMENT INFORMATION (Continued)

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

	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>
Period ended 30 September 2024 (unaudited)					
Segment assets	642,197	24,099	6,004	2,356	674,656
Reconciliation:					
Elimination of intersegment receivables					(473,748)
Investments in joint ventures					1,493,395
Corporate and other unallocated assets					248,008
					<u>1,942,311</u>
Total assets					<u>1,942,311</u>
Segment liabilities	109,030	273,230	125,336	85,369	592,965
Reconciliation:					
Elimination of intersegment payables					(473,748)
Corporate and other unallocated liabilities					71,743
					<u>190,960</u>
Total liabilities					<u>190,960</u>
Year ended 31 March 2024 (audited)					
Segment assets	626,216	13,294	5,632	2,554	647,696
Reconciliation:					
Elimination of intersegment receivables					(462,881)
Investments in joint ventures					1,451,801
Corporate and other unallocated assets					235,499
					<u>1,872,115</u>
Total assets					<u>1,872,115</u>
Segment liabilities	82,781	255,943	130,324	83,548	552,596
Reconciliation:					
Elimination of intersegment payables					(462,881)
Corporate and other unallocated liabilities					72,893
					<u>162,608</u>
Total liabilities					<u>162,608</u>

4. REVENUE, OTHER INCOME AND GAINS

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

Revenue

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (unaudited)	2023 <i>HK\$'000</i> (unaudited)
Revenue from contracts with customers		
Semiconductor distribution	606,461	381,487
Consumer product sales and product sourcing business	22,768	23,799
Others	73	453
	629,302	405,739

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 September 2024 (Unaudited)

Segments	Semiconductor distribution <i>HK\$'000</i>	Consumer product and product sourcing business <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total revenue from contracts with customers	606,461	22,768	73	629,302
Geographical markets				
Hong Kong	–	22,768	73	22,841
Singapore	606,461	–	–	606,461
Total revenue from contracts with customers	606,461	22,768	73	629,302
Timing of revenue recognition				
Transferred at a point in time	606,461	22,768	73	629,302

4. REVENUE, OTHER INCOME AND GAINS (Continued)

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

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

For the six months ended 30 September 2023 (Unaudited)

Segments	Semiconductor distribution HK\$'000	Consumer product and product sourcing business HK\$'000	Others HK\$'000	Total HK\$'000
Total revenue from contracts with customers	<u>381,487</u>	<u>23,799</u>	<u>453</u>	<u>405,739</u>
Geographical markets				
Hong Kong	392	23,799	453	24,644
Singapore	<u>381,095</u>	<u>–</u>	<u>–</u>	<u>381,095</u>
Total revenue from contracts with customers	<u>381,487</u>	<u>23,799</u>	<u>453</u>	<u>405,739</u>
Timing of revenue recognition				
Transferred at a point in time	<u>381,487</u>	<u>23,799</u>	<u>453</u>	<u>405,739</u>

Other income and gains

	Six months ended 30 September	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Bank interest income	945	1,333
Interest income from other receivables	103	565
Dividend income from listed equity investments	–	50
Rental income	2,665	2,675
Foreign exchange differences, net	5,583	–
Others	<u>223</u>	<u>405</u>
	<u>9,519</u>	<u>5,028</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	3,106	1,317
Interest on lease liabilities	6	11
	<u>3,112</u>	<u>1,328</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of items of property, plant and equipment	401	324
Depreciation of right-of-use assets	432	729
Foreign exchange differences, net	(5,583)	1,574
	<u>(5,583)</u>	<u>1,574</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 2023: 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	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current – Elsewhere		
Charge for the period	111	148
	<u>111</u>	<u>148</u>

8. DIVIDEND

Dividend recognised as distribution during the period:

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend declared and paid – HK\$0.02 (2023: HK\$0.01) per ordinary share	<u>18,173</u>	<u>9,087</u>

On 26 November 2024, the Board of Directors resolved to declare an interim dividend of HK\$0.01 (for the six months ended 30 September 2023: Nil) per share for the six months ended 30 September 2024, amounting to a total of approximately HK\$9,087,000 (for the six months ended 30 September 2023: Nil), payable on or around 30 December 2024 to shareholders whose names appear on the register of members of the Company on 12 December 2024.

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 number of ordinary shares of 908,663,302 (for the six months ended 30 September 2023: 908,663,302) in issue during the period.

Certain subsidiaries of the Group issued share option to their employees and directors for the period ended 30 September 2023. No adjustment has been made to the Company's earnings per shares amounts presented for the period ended 30 September 2023 in respect of these share options issued by the Company's subsidiaries as they had an antidilutive effect on the earnings per share amount presented. The Company had no dilutive potential ordinary shares in issue for the current period.

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

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>56,317</u>	<u>31,639</u>
Shares		
Number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>908,663,302</u>	<u>908,663,302</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Listed equity investments	785	1,461
Listed bond investments	130	138
Equity investment traded over-the-counter	1,836	1,672
Unlisted equity investments	1,235	1,235
Key management insurance contracts	<u>27,126</u>	<u>27,126</u>
	<u>31,112</u>	<u>31,632</u>
Analysed for reporting purpose as:		
Current assets	3,986	4,506
Non-current assets	<u>27,126</u>	<u>27,126</u>
	<u>31,112</u>	<u>31,632</u>

11. TRADE RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade receivables	67,112	71,655
Impairment	<u>(43,920)</u>	<u>(43,920)</u>
	<u>23,192</u>	<u>27,735</u>

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

Included in the Group's trade receivables are amounts due from the Group's associates of HK\$14,336,000 (31 March 2024: HK\$9,549,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Within 1 month	10,396	22,402
1 to 2 months	577	779
2 to 3 months	1,512	89
3 to 12 months	10,475	3,673
Over 12 months	232	792
	<u>23,192</u>	<u>27,735</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Prepayments	1,260	1,905
Deposits	11,171	8,887
Other receivables	29,609	40,769
	<u>42,040</u>	<u>51,561</u>
Provision for impairment of other receivables	(23,117)	(23,117)
	18,923	28,444
Portion classified as non-current:		
Prepayments and deposits	(2,542)	(2,396)
	<u>16,381</u>	<u>26,048</u>

13. TRADE PAYABLES, DEPOSITS RECEIVED AND ACCRUED EXPENSES

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade payables	31,947	39,507
Deposits received	3,006	2,151
Accrued expenses	<u>16,046</u>	<u>15,928</u>
	<u>50,999</u>	<u>57,586</u>

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

	30 September 2024 HK\$'000 (unaudited)	31 March 2024 HK\$'000 (audited)
Trade payables:		
Current	25,445	38,709
1 to 30 days	4,192	304
31 to 60 days	–	19
Over 60 days	<u>2,310</u>	<u>475</u>
	<u>31,947</u>	<u>39,507</u>

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

BUSINESS REVIEW AND PROSPECTS

The following sets out the financial highlights for the six months ended 30 September 2024, with the comparative figures for the corresponding six months period of 2023.

	Six months ended 30 September	
	2024	2023
	<i>HK\$'million</i>	<i>HK\$'million</i>
<i>Revenue by segment</i>		
Semiconductor distribution	606.5	381.4
Consumer product and product sourcing business	22.7	23.8
Venture capital	0.2	(7.6)
Others	0.1	0.5
	629.5	398.1
<i>Profit/(loss) before interest, tax, depreciation and non-cash items</i>		
Corporate	(13.9)	(15.6)
Venture capital	(2.1)	(9.6)
Semiconductor distribution	88.6	65.0
Consumer product and product sourcing business:		
Selling and distribution expenses	(12.0)	(9.4)
Operating (loss)/profit	(2.3)	0.7
	(14.3)	(8.7)
Others	(0.1)	(0.5)
	58.2	30.6
<i>Depreciation</i>		
Corporate	–	(0.1)
Venture capital	(0.1)	(0.3)
Semiconductor distribution	(0.7)	(0.7)
Total depreciation	(0.8)	(1.1)
Profit before interest and tax	58.6	31.7
Interest expenses	(3.1)	(1.3)
Bank interest income	0.9	1.3
Profit before tax	56.4	31.7
Income tax	(0.1)	(0.1)
Profit for the period attributable to owners of the Company	56.3	31.6

BUSINESS REVIEW

During the period under review, the global economy demonstrated resilience, with growth stabilizing at a moderate pace. Central banks are proceeding with monetary policy rate cuts as inflation continues to moderate and labour market pressures ease. Organisation for Economic Co-operation and Development (OECD) projections suggest that global GDP growth will hold steady at 3.2% in both 2024 and 2025. This stability is expected to be supported by ongoing disinflation, improving real incomes, and less restrictive monetary policies across many economies. However, the outlook remains tempered by persisting geopolitical and trade tensions, which potentially threaten to dampen investment and raise import prices.

In addressing the challenges confronting global economies, the Group displayed exceptional resilience and adaptability in its strategic approach. The Group's revenue amounted to HK\$629.5 million, representing an increase of 55% compared to the previous period (2023: HK\$398.1 million). Among which, the semiconductor distribution business generated a revenue of HK\$606.5 million (2023: HK\$381.4 million). The consumer product and product sourcing business recorded a revenue of HK\$22.7 million (2023: HK\$23.8 million). The venture capital business experienced a profit of HK\$0.2 million (2023: a loss of HK\$7.6 million). Lastly, the internet social media business reported a revenue of HK\$0.1 million (2023: HK\$0.5 million).

Semiconductor Distribution Business

Global semiconductor revenue is expected to see significant growth, with projections indicating a 19% increase in 2024 to US\$630 billion and a further 14% rise in 2025, reaching US\$717 billion, according to Gartner, Inc. This growth is primarily fuelled by the surging demand for artificial intelligence ("AI") related semiconductors and a recovery in electronic production. Graphics processing units ("GPUs") have emerged as a critical driver of semiconductor revenue, particularly in AI model development and training. High-bandwidth memory ("HBM"), a vital component for next-generation AI servers, is experiencing explosive growth, with revenues projected to rise by 284% in 2024 and another 70% in 2025, totalling US\$21 billion.

The memory market is also poised for robust expansion. Global memory revenue is forecast to growth by 20.5% in 2025, reaching US\$196.3 billion, driven by DRAM and NAND markets. Among which, DRAM revenues are anticipated to rebound significantly, reaching US\$115.6 billion in 2025, up from US\$90.1 billion in 2024, supported by improving supply dynamics and increasing demand for high-performance memory solutions like DDR5 and HBM. This rapid growth reflects the pivotal role of advanced memory technologies in enabling the next wave of AI and electronic innovation.

During the period under review, the Group's semiconductor distribution business recorded a revenue of HK\$606.5 million (2023: HK\$381.4 million) which came mainly from its Singapore subsidiary that focuses on Southeast Asian countries such as India, Indonesia, Malaysia, Thailand and Vietnam. 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.

After an underwhelming 2023, the semiconductor industry is back on course for stellar growth. According to Deloitte's 2024 Global Semiconductor Industry Outlook report, the memory chip segment, is projected to rebound, largely due to the surging demand for AI-related semiconductors. The increasing need for high-performance memory solutions to support AI applications is expected to bolster the memory chip market significantly. Notably, the Group's Singapore subsidiary, which handles operations across the Asia-Pacific region, focuses on memory chips for servers and is poised to benefit significantly from the increasing demand for AI server capabilities. The integration of AI elements into server demands is expected to enhance performance and efficiency, further driving the positive impact on the semiconductor business in this sector.

During the period 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\$12,664 million (2023: HK\$10,895 million). AVPEL Group's main customers are China's major mobile phone manufacturers and component suppliers. AVPEL Group primarily engages in distribution of Samsung Electronics including CMOS image sensors and multi-layer packaged chips. Compared to the previous year, the Group's share of profit in AVPEL Group increased, attributed to the continued recovery in the China handset market. In 2024, China's smartphone market experienced a notable recovery after consecutive years of decline. According to the International Data Corporation ("IDC"), In the second quarter of 2024, China's smartphone shipments totalled 71.6 million units, marking an 8.9% year-over-year ("YoY") increase, the third consecutive quarter of growth as the market continued to recover from a multi-year decline. This momentum carried into the third quarter, with shipments rising by 3.2% YoY to reach 68.8 million units. Cumulatively, by the end of the third quarter, the market had shipped approximately 209.7 million units in 2024.

Consumer Product and Product Sourcing Business

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

During the period under review, the Group's consumer product and product sourcing business recorded a revenue of HK\$22.7 million (2023: HK\$23.8 million). The strategic focus has been concentrated in the Indonesian and Hong Kong markets, with particular attention on brands like Nakamichi and SOUL, while shifting away from white goods.

Indonesia's e-commerce sector has experienced significant growth in recent years and is continuously expanding. According to Statista, the Indonesian market is projected to reach US\$50.22 billion, with an expected annual growth rate of 9.57% from 2024 to 2029, culminating in a market volume of US\$79.30 billion by 2029. This robust growth is primarily driven by increased internet and smartphone penetration, a burgeoning middle class, and a growing preference for online shopping. The number of e-commerce users in Indonesia is expected to reach 99.1 million by 2029, up from 23.9% user penetration in 2024 to 34.8% by 2029.

However, the market does face challenges, including regulatory measures aimed at protecting local businesses. In October 2024, the Indonesian government requested tech giants like Apple and Google to block certain foreign e-commerce apps, such as China's Temu, to prevent unhealthy competition and safeguard local enterprises. Nevertheless, the growing trend in Indonesia's e-commerce market is expected to persist.

During the period under review, the Group continued strengthening its foothold in Indonesia's thriving e-commerce market through a localized and adaptive strategy, focusing on tailored offerings, mobile optimization, and strategic partnerships with local logistics providers and influencers. By enhancing customer service, optimizing digital platforms, and staying agile to trends, the Group deepened its market presence, laying a solid foundation for future growth.

Internet Social Media Business

During the period under review, revenue from 830 Lab Limited ("830 Lab") was HK\$0.1 million (2023: HK\$0.5 million). 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, photography, and post-production.

The Group remains committed to the dynamic internet social media business landscape, which is continually evolving and giving rise to a wide array of supplementary businesses offering new opportunities. Leveraging its extensive brand resources and drawing from its wealth of experience in operational strategy, the Group is well-prepared to navigate this ever-changing terrain. In addition to actively monitoring of the latest industry developments, the Group recognizes the crucial role of creativity and cutting-edge technologies in capitalizing on emerging trends and staying at the forefront of the evolving social media ecosystem.

Venture Capital Business

During the period under review, the Group's venture capital business recorded a profit of HK\$0.2 million (2023: a loss of HK\$7.6 million), mainly due to fair value gains/losses on financial assets at fair value through profit or loss, net, and dividend income from listed equity investments in the current period. As of 30 September 2024, listed and unlisted equity investments, listed bond investments, equity investment traded over-the-counter and key management insurance contracts were held at a fair market value of HK\$31.1 million (31 March 2024: HK\$31.6 million) by the Group. During the period under review, the Group's venture capital business recorded a fair value gains on financial assets at fair value through profit or loss, net of HK\$0.1 million (2023: fair value loss on financial assets at fair value through profit or loss, net of HK\$7.8 million). The venture capital business has always contributed considerable income for the Group. The ultimate objective for these investments is to make capital gains on investee's equity listings or, in some circumstances, prior to listing.

On 30 September 2024, 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

Looking ahead, the global economic outlook is shaped by a mix of optimism and uncertainty. The election of President-elect Donald Trump has brought renewed focus on protectionist trade policies, with proposed tariffs on imports raising concerns over potential disruptions to global supply chains and higher costs for businesses and consumers. Geopolitical tensions, particularly in the Middle East and Eastern Europe, continue to pose risks to global stability. Inflation pressures have been a concern, with the Federal Reserve indicating a cautious approach to further interest rate cuts, citing a resilient economy and higher-than-expected inflation data.

Globally, monetary and fiscal policies are in a state of transition, with central banks balancing the need to support growth while managing inflationary pressures. The International Monetary Fund's October 2024 World Economic Outlook reports stable but underwhelming global growth, with the balance of risks tilted to the downside. Overall, the economic landscape remains complex, requiring careful navigation of policy decisions to sustain growth and stability.

Apart from the political shifts and evolving monetary measures, other transformative forces are reshaping the global landscape, with AI standing out as a key driver of change. The global semiconductor industry, essential to powering AI advancements, continues to experience robust growth, fuelled by surging demand for AI technologies, advanced memory solutions, and a rapid digital transformation across sectors. However, this booming landscape is not without uncertainties. Some dynamics happened in the industry add an element of unpredictability to the otherwise optimistic outlook for the sector.

As AI revolutionizes the semiconductor industry, its transformative influence is fuelling advancements across other sectors, with e-commerce emerging as a key beneficiary. As the largest e-commerce market in Southeast Asia, Indonesia is leveraging its rapidly expanding digital infrastructure, youthful population, and increasing internet penetration to drive significant economic change. AI-powered innovations, from personalized shopping experiences to streamlined logistics, are accelerating this growth, positioning Indonesia as a pivotal player in the global e-commerce landscape and a hub of immense potential for years to come.

Moving forward, the Group remains committed to its core business in semiconductor distribution, while actively adapting to the major trends reshaping the industry. With the surge in demand driven by AI advancements, growing e-commerce markets, and the increasing importance of advanced memory solutions, the Group is strategically positioned to leverage these opportunities. At the same time, the Group remains vigilant of potential challenges, including geopolitical tensions, evolving trade policies, and rapid technological shifts that could influence market dynamics. With our extensive industry knowledge, a robust business foundation, and a forward-looking approach, the Group is prepared to navigate uncertainties, confront challenges, and capitalize on emerging opportunities. We are confident that our resilience, adaptability, and strategic foresight will enable us to thrive in this transformative era of global industry evolution.

LIQUIDITY AND FINANCIAL RESOURCES

The total debt position and the gearing ratio as at 30 September 2024 and 31 March 2024 are shown as follows:

	30 September 2024	31 March 2024
	<i>HK\$'million</i>	<i>HK\$'million</i>
Cash and cash equivalents	95.8	76.3
Financial assets at fair value through profit or loss (included in current assets)	4.0	4.5
	99.8	80.8
Borrowings and lease liabilities	71.9	36.2
Total equity	1,751.4	1,709.5
Total debt to total equity	4.1%	2.1%

As at 30 September 2024, the Group had cash and cash equivalents (i.e. cash and bank balances and deposits with other financial institutions) of HK\$95.8 million (31 March 2024: HK\$76.3 million), while the Group's financial assets at fair value through profit or loss (included in current assets) amounted to HK\$4.0 million (31 March 2024: HK\$4.5 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 2024 was 4.1% (31 March 2024: 2.1%), while the Group's total equity as at 30 September 2024 was HK\$1,751.4 million (31 March 2024: HK\$1,709.5 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 2024 of HK\$99.8 million (31 March 2024: HK\$80.8 million).

The working capital position of the Group remains healthy. As at 30 September 2024, the liquidity ratio was 142% (31 March 2024: 151%).

	30 September 2024	31 March 2024
	<i>HK\$'million</i>	<i>HK\$'million</i>
Current assets	250.9	224.3
Current liabilities	(177.1)	(148.7)
Net current assets	73.8	75.6
Current assets to current liabilities	142%	151%

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

SIGNIFICANT INVESTMENTS

As at 30 September 2024, the Group recorded financial assets at fair value through profit or loss of approximately HK\$31.1 million (31 March 2024: HK\$31.6 million). For a detailed breakdown of financial assets at fair value through profit or loss, please refer to note 10 in the 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 21 of this announcement.

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 30 September 2024, the Group employed a total of approximately 140 (31 March 2024: approximately 134) full-time employees. The Group recruits and promotes individuals based on merit and their development potentials for the positions offered. Remuneration package is determined with reference to their performance and the prevailing salary levels in the market. Discretionary bonuses may be granted based on the Group’s and individual’s performances.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 of Hong Kong Limited (the “Listing Rules”) throughout the six months ended 30 September 2024, except for the deviation of code provision C.2.1 of the Corporate Governance Code as express 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 period under review, 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 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 for Securities Transactions by Directors of Listed Issuers (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 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”), which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting processes and internal controls. The Audit Committee, comprising three independent non-executive Directors, namely Mr. Lai Yat Hung Edmund (Chairman of Audit Committee), Dr. Lui Ming Wah, PhD, SBS, JP and Ms. Au-Yeung Kit Ping, has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including a review of the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2024.

INTERIM DIVIDEND

The Board of Directors has resolved to declare an interim dividend of HK\$0.01 (2023: Nil) per share for the six months ended 30 September 2024. The interim dividend will be payable on or around 30 December 2024 to shareholder whose names appear on the register of members of the Company on 12 December 2024.

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 2024, the Company's register of members will be closed from Wednesday, 11 December 2024 to Thursday, 12 December 2024, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 December 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is available for viewing on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and on the website of the Company at www.avconcept.com. The interim report for the six months ended 30 September 2024 containing all the information required by the Listing Rules will be despatched 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, 26 November 2024

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