



AV CONCEPT ANNOUNCES 2011 ANNUAL RESULTS NET PROFIT SURGED 58.3% TO HK\$121.9 MILLION

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Strategically Strive for Upstream Development and Investment in Consumer Electronics Products and LED Businesses

Financial Highlights

	For the year ended 31 March		
	2011 (HK\$ million)	2010 (HK\$ million)	YOY Changes
Turnover	2,909.1	2,457.7	+18.3%
Gross profit	139.6	126.0	+10.8%
Net profit	121.9	77.0	+58.3%
EBITDA	141.4	63.7	+121.9%
Final dividend per share	HK 4 cents	HK 4 cents	+0.0%

(Hong Kong, 20 June 2011) – Leading electronic components distributor **AV Concept Holdings Limited** (“AV Concept” or the “Company”) (stock code: 595) today announced its annual results for the year ended 31 March 2011.

During the year under review, the Group recorded a 18.3% increase in turnover to HK\$2,909.1 million (2010: HK\$2,457.7 million). The Group also achieved net profit of HK\$121.9 million (2010: HK\$77.0 million), representing a year-on-year increase of 58.3%, boosting by the overall improvement in operations and increase in fair value on equity investments. The Group’s EBITDA (i.e. earnings before interest, tax, depreciation, amortisation and non-cash items) surged by 121.9% to HK\$141.4 million as compared to HK\$63.7 million last year. The increase, was attributed to improvement in sales from the semiconductor distribution and consumer electronics businesses.

The Board of Directors recommended payment of a final dividend of HK 4 cents (2010: HK 4 cents) per share. Together with the interim dividend of HK 3 cents (2010: HK 3 cents), the total dividend for the year amounts to HK 7 cents (2009: HK 7 cents) per share.

Semiconductor Distribution Business

The segment generated a turnover of HK\$2,801.3 million and rose by 17.2% from HK\$2,389.3 million in 2010. Despite spinning off United Benefits Limited (“UBL”) whose sales revenue was not consolidated in financial statements, the Group was managed to expand our distribution business in terms of turnover. During the year, the Group continuously sought to broaden its distribution network, diversify its product mix and expand its customer base. During the year, the Group continuously sought to broaden its distribution network, diversify its product mix and expand its customer base. The Group has a very close working relationship with key electronic manufacturers such as Samsung Electronics which stretches over 20 years. This close bond has provided a solid foundation for the Group to increase its market shares while generating sustainable contributions. Moreover, the Group was able to grasp the market trend of raising power conversion efficiency. The earlier introduction of Fairchild’s new green products to customers put the Group at a competitive edge. EBITDA for this segment increased to HK\$49.8 million (2010: HK\$45.5 million) during a period in which the product price trend was relatively stable.

LED Business

Since the acquisition of equity interest in Wavesquare Inc. (“Wavesquare”), Wavesquare has become one of the few manufacturers in the world to supply vertical high brightness blue LED chips. In addition, Wavesquare’s technology enables certain key materials to be reused during the production process, thus it produces high-luminosity LED chips with physical properties comparable with LEDs from leading worldwide producers but at a much lower cost.

The three production lines of Wavesquare commenced mass production and received encouraging orders which mainly supplies to domestic LED packaging production companies in the PRC. The Group further increased its stake in Wavesquare to 31.84% on 31 March 2011 in order to better capture anticipated business growth, especially in the general lighting market.

Wavesquare, together with LED solutions and Samsung Electronics LED distribution businesses, making the turnover of the LED business to HK\$2.0 million and this segment managed to increase EBITDA to HK\$5.4 million (2010: negative EBITDA: HK\$1.9 million) for the year ended 31 March 2011.

Consumer Electronic Product Business

Turnover of the consumer electronic products business increased by 54.7% to HK\$105.8 million (2010: HK\$68.4 million). The segment managed to increase EBITDA to HK\$19.5 million (2010: EBITDA: HK\$2.4 million). During the year, the global economy, which includes the Group’s major market, North America, was strong. Among all products, iPhone accessories and headsets were well-received by the market as customers’ demand for associated peripheral electronic products has grown in recent years.

In January 2011, AV Concept subscribed for 75% of the entire issued share capital of Signeo International Limited (“Signeo”) at the subscription price of US\$800,000 (approximately HK\$6,240,000). With Signeo’s expertise in manufacturing professional and consumer audio products, the business prospects of Signeo is expected to bring potential synergies to the Group’s existing business in consumer electronics. Through Signeo, the Group has announced the worldwide launch of its superior new line of personal audio products – SOUL by Ludacris®. The new product line has received overwhelming response since its pre-launch in Atlanta in October 2010, as well as the unveiling at the 2011 Consumer Electronics Show in Las Vegas.

Separately, Accupix Co. Ltd (“Accupix”), a pioneer in 3D TV glasses technology, which the Group holds approximately 19.68% equity interest in, has tapped demand for 3D TVs, consequently delivering excellent performance and contributed significant profit to the Group during the year. Accupix has commenced mass production of 3D TV shutter glasses since February 2010, and became the exclusive manufacturer of 3D shutter glasses for LG-Electronics’ 3D TVs. In March 2011, Accupix successfully developed passive glasses and subsequently started to supply LG-Electronics with such devices. Accupix is the first 3D glasses supplier that is able to supply both shutter glasses and passive glass to LG Electronics.

Prospects

Looking ahead, the Group’s business will continue to grow, benefiting from the solid foundation built over the years.

Acquisition of P&S further strengthened the Group’s extensive distribution network

With a diversified product portfolio and expanded number of clients, semiconductor distribution business segment will be able to further enhance its economies of scale. Earlier this year, the earthquake in Japan temporarily disrupted the supply of components from the country. With the Group’s close relationship with manufacturers in Korea, it was nevertheless able to maintain a stable supply of needed components after the catastrophe. To further strengthen its distribution network, the Group acquired a Korean semiconductor distributor, P&S Semiconductor Co., Ltd. (“P&S”) in May 2011. The Group believe such acquisition will help expanding and strengthening the Group’s position in the East Asian market. Its strong relationship with related customers is expected to generate synergy with the Group’s high brightness LED businesses.

Increasing Wavesquare's production capacity helps capture anticipated business growth

Supported by efforts from governments around the world, especially the PRC, in promoting environmentalism and development of industries involved in energy conservation by way of tax rebates and so on, the Group is confident that the demand driven by end-users and business potential of its high brightness LED business will be extremely favourable. Wavesquare will further increase its capacity by three folds to a monthly production capacity of 15 million chips to tap tremendous market demand for LEDs. The production expansion will enable the Group to better capture anticipated business growth, especially in the general lighting market; hence, significant contribution is expected from this business segment in the near future.

Successfully launched SOUL by Ludacris®

The consumer electronic products sector is expected to continue flourishing in tandem with the improving economy and consumers' increasing purchasing power. The new series of high definition headphones under the SOUL by Ludacris® has been positively received in the US and Hong Kong, and started to receive encouraging orders since April this year. It will also be launched in Korea, Taiwan, and other regions. The Group targets to launch and supply SOUL by Ludacris® worldwide in the near future.

iPhone related accessories and products and 3D TV presenting enormous business potential to the Group

With iPhone dominating the global mobile electronics industry, the management sees huge potential in related accessories and products. The Group plans to provide docking products that are compatible with iPhones and iPods. Additionally, 3D TV market presents enormous business potential to the Group which it aims to further tap via its 3D shutter and passive glasses business.

Mr. So Chi On, Chief Executive Officer of AV Concept, concluded, "AV Concept turned a new page in 2010 with a clarified development direction and strategy. With stable and sustainable organic growth from the solid foundation of the semiconductor distribution business, the Group will also strategically strive for upstream development and investment in consumer electronics products and LED businesses, which offer a promising growth potential and ability to enhance the profitability of the Group. The management's vision of delivering high quality products and creating a more advantageous position for its businesses remains unchanged, and will be the basis for enhancing shareholder value in coming years."

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About AV Concept Holdings Limited (Stock Code: 595)

AV Concept Holdings Limited is a dynamic and fast growing electronics group listed on Hong Kong Stock Exchange. The Group's businesses include marketing and distribution of electronic components; design and development as well as sale of electronic products. Its wholly owned subsidiary – AV Concept Limited – is one of Asia's leading electronic component distributors for Samsung Electronics and Fairchild Semiconductor. It is also engaged in LED business through holding 31.84% issued share capital of Wavesquare Inc. which is a Korean-based company engaging in the research, development and manufacturing of blue high brightness LED chips. It is also a "One-stop Service Provider" with strong ability and intelligence in sourcing all kinds of application software designs and electronic components that match customer needs. Headquartered in Hong Kong with major sales offices in Shenzhen, Shanghai, Beijing, Singapore, the Philippines, Indonesia and India, AV Concept Limited boasts a comprehensive distribution network and strong sales expertise in China and the South East Asia region. Visit AV Concept at www.avconcept.com

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