



AV CONCEPT Announces 2010/11 Interim Results Improve in Earnings Quality

Consumer Electronics Business Managed to Turn Around to Profitability

Financial Highlights

- Turnover reached HK\$1,173,100,000
- Net profit increased 1.38% to HK\$36,700,000
- Interim dividend of HK\$3 cents per share

(Hong Kong, November 18, 2010) – Leading electronic components distributor AV Concept Holdings Limited (“AV Concept” or the “Group”) (stock code: 595) today announced its interim results for the six months ended 30 September 2010.

During the review period, the turnover of the Group amounted to HK\$1,173,100,000, while the Group’s net profit reached HK\$36,700,000. The Group’s overall operating performance was better than the corresponding period in 2009. The sales of the Group’s consumer electronics business also managed to turn around to profitability, boosted by the sales increase of iPhone accessories and headsets. As a result, the Group recorded an EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) of HK\$13,700,000 during the period (2009: Negative EBITDA HK\$2,200,000). The Group has established two joint ventures in the previous year, namely FLEX Technology Limited (「FLEX」) and United Benefits Limited (「UBL」) to maximize the profit by spinning-off and merging its businesses so as to increase synergistic effect in the market. In order to achieve the accounting policy, the sales of those businesses will not be included in the consolidated financial statement after spin-off, which resulted in a slightly decrease in turnover compared with the corresponding period last year. The Group’s core

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operating income significantly increased 4 times to HK\$30,015,000 (2009:

HK\$6,655,000), after eliminating the gains and losses on investments. The increase in operating income was mainly contributed by the improving business environment in 2010, where the Group was able to grasp opportunities arising from strong market demand in the PRC to seek new business horizon, and managed to control costs.

The Board of Directors recommended payment of an interim dividend of HK\$3 cents per share (2009: HK\$3 cents per share).

The Group's businesses mainly classify into 2 categories: **electronic component distribution business** and **electronics and related product business**.

Electronic component distribution business

Despite the equivalent development cost of HK\$4,000,000 for the lithium-ion battery distribution business, the Group's segment still recorded an EBITDA of \$29,900,000 due to the satisfactory growth of semiconductor and Samsung Electronics LED distribution business.

The Group's electronic component distribution business mainly includes semiconductors distribution, Samsung Electronics LED distribution, lithium-ion battery distribution and vertical high brightness LED chip distribution business.

Semiconductors distribution business

Leveraging its long-term relationships with the leading global electronic components manufacturers, including Samsung Electronics and Fairchild etc., the Group successfully identified new clientele through proactive industrial reorganization during the review period, leading to the further expansion of the market share in semiconductor distribution.

Distribution of LED for display backlight modules business

The Group extended to the distribution of LED for display backlight modules business by forming the joint venture FLEX in 2009. The company is currently the first and only distributor of components to Samsung Electronics LED in the Greater China region for its TV screens and computer monitors. Benefited from the

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industry enhancement and continuous increase in market demand for LED TV

and notebook, the joint venture developed rapidly and received an increasing amount of orders during the review period. Added with the satisfactory selling prices, the business contributed earnings of HK\$10,100,000 to the Group.

Lithium ion battery distribution business

Early in 2009, the Group had already captured the opportunity to establish a global marketing partnership with Boston-Power®, Inc. in the business of environmental friendly lithium-ion battery distribution, with focus in the PRC and Korean markets. Since the business is still in the initial stage of development, the Group spent HK\$4,000,000 for its business development during the period. However, as green energy gradually becomes popular, the global demand for lithium ion batteries is expected to grow continually. Taking into consideration that the PRC and Korea are among the top three countries in terms of market share in the lithium ion battery market, the Group is confident that the lithium ion battery distribution business will generate substantial income to the Group in the future.

Vertical high brightness LED chip distribution business

The Group's Korea-based associated company Wavesquare started production on Sept 2010. During the review period, Wavesquare garnered the Minister of Knowledge and Economy Award at the first National Green Tech Awards presented by the Korean Government. The aim of the Awards is to encourage and honour electronics companies to develop green technology and Wavesquare is the only LED vendor to be cited. As green technologies are becoming the dominant trend in the future, the Group is confident in the prospect of the high brightness LED business and has further increased its holding stake in Wavesquare to 26.9%.

Mr. Billy So, the Group's Chief Executive Officer said, "As the global economy regained its footing, the Group expects another round of steady growth in the retail business of electronics and related products. Following the active promotion of environmental protection strategies by the PRC government and the rapid growth of energy conservation industries, high brightness LED chips will promise long-term development prospect as it can provide superior illumination and consume less energy than traditional lighting. Therefore, LED chip business is expected to have remarkable growth in the next half of the fiscal year."

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Electronics and related product business.

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Leveraging on a reasonable positioning, the Group's consumer electronics business that it has long been operating has managed to turn around to profitability and recorded an EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of HK\$13,700,000 during the review period (2009: Negative EBITDA HK\$2,200,000). iPhone accessories and headsets were the best-selling items among other consumer electronics as consumers have taken to have increasing expectations on the peripherals of electronic products in recent years. Therefore, the Group will continue to keep an eye on market demand so as to tap into the potential of consumer electronics business.

Besides, the Group has increased its shareholdings in Accupix Co., Ltd. ("Accupix") to 22.66%. In addition to the supply agreement entered into between Accupix and LG-Electronics, Accupix, being a pioneer in 3D shutter glasses technology, also provided relevant technologies to Samsung Electronics and two renowned Japanese brands. The Group holds a bullish view on the business outlook and believes that the business of 3D glasses has immense potential and will contribute a stable and recurring income to the Group. Furthermore, Accupix entered into an agreement with Tellord Co., Ltd. ("Tellord"), a listed company in Korea, and shall become the controlling shareholder of the listed company upon approvals at their respective general meeting. Based on the appraisal of the valuer, the current appraised value of Accupix is approximately US\$147,000,000. During the Review Period, the production volume of Accupix continued to increase and generated a profit of HK\$12,700,000 for the Group.

Looking forward, Mr. So concluded, "The Group will continue to expand its distribution product portfolio in response to market demand and reinforce its partnership by expertise and knowledge, to create competitive advantages for our business development and bring better returns for shareholders."

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About AV Concept Holdings Limited

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 Semiconductors. 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.

AV Concept website: www.avconcept.com

This press release is distributed by Wonderful Sky Financial Group Limited on behalf of AV Concept Holdings Limited.

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