



**AV CONCEPT ANNOUNCES FY2009/10 ANNUAL RESULTS
MANAGED TO TURN AROUND TO PROFITABILITY WITH NET PROFIT
OF HK\$77 MILLION**

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WELL PLACED FOR LONG TERM GROWTH OF LED BUSINESS

Financial Highlights

	For the year ended 31 March		
	2009/10 (HK\$ million)	2008/09 (HK\$ million)	YOY Changes
Turnover	2,457.7	2,013.3	22%
Gross profit	126.0	103.0	22%
Net profit	77.0	(66.3)	N/A
Final dividend per share	HK 4 cents	N/A	N/A

(Hong Kong, 21 June 2010) – 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 2010.

The Group recorded a 22% increase in turnover to HK\$2,457.7 million for the year under review (2009: HK\$2,013.3 million). The Group also managed to turn around to achieve profitability with net profit HK\$77.0 million (2009: net loss of HK\$66.3 million), boosted by overall improvement in operations and increase in fair value on equity investments. The significant improvement in performance was mainly due to the Group’s ability to capture strong domestic demand in the PRC market as well as its successful efforts to control costs.

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

Marketing and Distribution Business

The segmental turnover increased by 22% to HK\$2,389.3 million (2009: HK\$1,958.4 million) as it strengthened its position and gained greater market share at a time of market consolidation. By implementing stringent cost control measures and timely turn of sales, the Group’s profit margin slightly improved from 4.6% to 5.0%, while EBITDA (i.e. earnings before interest, tax, depreciation, amortisation and non-cash items) increased to HK\$46.6 million (2009: HK\$26.0 million) even amidst uncertain economic conditions.

Memory Distribution Business

In an effort to further expand its memory distribution business, the Group has set up an associate company, United Benefits Limited, which will operate memory distribution business, offering products such as solid-state drives. It is expected to capture greater market share and enjoy optimum synergies.

High Brightness LED Wafer Business

In terms of the high brightness LED wafer business which the Group entered in 2007 through investment in Wavesquare Inc. (“Wavesquare”), it completed development of an LED wafer and has already secured orders for developed products.

Distribution of LED for Display Backlight Modules Business

The Group also extended in the distribution of LED for display backlight modules during the year under review by forming the joint venture FLEX Technology Limited (“FLEX”). Commencing distribution in September 2009, FLEX has become the first and only distributor of LED for display backlight modules to Samsung for its TV screens and computer monitors in China. It has received a satisfactory amount of orders and started contributing income to the Group during the year.

The Group entered into placing and subscription agreements on 3 November 2009 to raise approximately HK\$31.21 million for future LED business growth. The placees included Value Partners Limited, Fuh Hwa SITE Asset Management (Hong Kong) Limited and other recognised institutional and individual investors, highlighting the investment community’s confidence in the Group’s development.

Product Design and Development Business

The segment generated a turnover of HK\$68.4 million and rose by 24.6% from HK\$54.9 million in 2009, and managed to lower negative EBITDA to HK\$0.6 million (2009: negative EBITDA: HK\$1.0 million). Leveraging its position of being one of the world’s largest suppliers of low-vision-aid electronics products, the Group enjoyed satisfactory results in this segment by doubling its sales effort as well as stringent cost control measures.

3D TV Glasses Business

On 15 March 2010, the Group expanded into the 3D TV glasses market by entering into a share subscription agreement to subscribe 730,000 new shares, representing 20% of the enlarged issued share of Accupix Co., Ltd. (“Accupix”) with a total consideration of US\$3.6 million (equivalent to approximately HK\$27.9 million). As a pioneer in 3D TV shutter glasses technology, Accupix has commenced production of 3D TV shutter glasses since February 2010 and supplies the respective technology to Samsung and two other leading electronics brands in Japan. It also signed a supply agreement with LG-Electronics (“LGE”) in late 2009, becoming the exclusive manufacturer of 3D shutter glasses for its 3D TVs. This strategic move allows the Group to enhance its consumer electronic products portfolio and tap the huge potential of the 3D TV market.

Prospects

Looking ahead, the Group is confident about the prospects and business potential of its high brightness LED business. To further promote long term growth of its LED business, on 28 April 2010, the Group entered into a placing agreement for the issuing of up to 57 million shares at a price of HK\$1.05 per share to raise approximately HK\$59.85 million. The placees, namely Och Ziff Capital Management and Kingsway Financial Service Group, will each subscribe to 28.5 million placing shares, representing 5.445% of the enlarged issued share capital of AV Concept.

With the available proceeds, the Group entered into a share subscription agreement on 31 May 2010 for 370,796 new shares of Wavesquare at the subscription price of US\$4 million (equivalent to approximately HK\$31.2 million), and a further 302,341 new shares at the subscription price of US\$3,261,540 (equivalent to approximately HK\$25.4 million). In addition, the Group entered into a share purchase agreement for 77,602 existing shares in Wavesquare at the consideration of US\$875,000 (equivalent to approximately HK\$6.83 million). Upon completion, the Group's share of equity interest in Wavesquare will increase from 17.02% to approximately 26.26%.

Wavesquare is now entering into the final stage of trial production for Samsung and LGE. It also expects to ramp up production in the second or third quarter of 2010. It also plans future expansion of its production capacity on top of three existing production lines. Being the sole distributor of its products in Mainland China, as well as Hong Kong, Macau and Taiwan, the Group is optimistic about potential revenue contributions derived from this business in coming years, and its ability to boost business growth in the long term.

The Group anticipates 3D TV to be the next big trend and is poised to capture tremendous opportunities, it is thus optimistic about the development of another growth driver, the distribution of LED for display backlight modules via the joint venture company FLEX. Besides, the new 3D shutter glasses business is expected to be the Group's growth driver this year. Orders for Accupix's 3D shutter glasses from TV manufacturers are expected to increase substantially. The Group will further engage in designing and developing the 3D shutter glasses that are adaptable to most TV brands. With the global distribution rights (ex-Korea) for Accupix's 3D shutter glasses, the Group will distribute the universal 3D shutter glasses globally using its own "SOUL" brand, focusing initially on the US and the PRC markets, which will be launched via retail channels soon riding on its established sales network. The Group believes such universal 3D shutter glasses will serve to capture the huge potential in the peripheral market and its higher margin will enhance the profitability of the Group.

Mr. So Chi On, Chief Executive Officer of AV Concept, concluded, "We extend our foothold into upstream markets through the strategic investments of Wavesquare and Accupix, enabling us to obtain exclusive distribution rights of their products that have favourable margin and huge growth potential. Together with the Group's well-established sales and distribution network, the Group is positive towards the sustainability of long term business development and growth. We will continue to look for opportunities to diversify our product mix and thus become a one-stop service platform that is fully capable of meeting customers' diverse needs. We will also look for green tech and LED related business opportunities, thereby enhancing shareholder value in coming years."

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About AV Concept Holdings Limited

AV Concept Holdings Limited is a dynamic and fast growing electronics group listed on the 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.

Visit AV Concept at www.avconcept.com

For press enquiries:

Strategic Financial Relations Limited

Iris Lee / Linda Pui / Janice Wong

Tel: 2864 4829 / 4873 / 4862

Fax: 2804 2789 / 2527 1196

Email: iris.lee@sprg.com.hk / linda.pui@sprg.com.hk / janice.wong@sprg.com.hk