

**AV CONCEPT ANNOUNCES 2009 INTERIM RESULTS  
NET PROFIT SURGED 230% TO HK\$36.2 MILLION**

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***FOCUSES ON EXPANSION OF LED BUSINESS WITH HUGE POTENTIAL***

(Hong Kong, 19 November 2009) – Leading electronic components distributor **AV Concept Holdings Limited** (“AV Concept” or the “Group”) (stock code: 595) announced its interim results for the six months ended 30 September 2009.

The Group achieved turnover of HK\$1,239.7 million, representing an increase of 8.2% over the last corresponding period (2008: HK\$ 1,145 million). EBITDA (earnings before interest, tax, depreciation, amortization and non-cash items) for the period reported a gain to reach HK\$51.7 million (2008: negative EBITDA HK\$17.7 million), surged 392%. The improved performance was achieved due to the Group’s ability to tap the domestic and mainland market, which has been less severely affected by the global economic downturn than its North American counterpart, and effective cost control measures. Profit attributable to equity holders amounted to HK\$36.2 million, representing an increase of 231.6%. Basic earnings per share recorded HK8.8 cents (2008: Loss per share HK6.6 cents). The Board recommends payment of an interim dividend of HK3 cents per ordinary share in issue (2008: Nil).

**Marketing and Distribution Business**

The segmental turnover increased by 8.9% to HK\$1,209.2 million (2008: HK\$1,109.5 million). Due to the departure of weaker competitors and by capitalizing on its long-term relationship with leading global electronics manufacturers, including Samsung Electronics, Fairchild and other top suppliers, the Group took advantage of market consolidation to strengthen its market position despite a weak demand for flash memory cards.

In terms of our involvement in the high brightness LED wafer business which the Group entered in 2007 through investment in Wavesquare Inc., a Korea-based company, it remains in the investment stage with research and development work progressing at a satisfactory pace.

The Group has entered into a joint venture agreement leading to the formation of FLEX Technology Limited, which will principally be engaged in the distribution of the LED for the display backlight modules, complementing relationship with key electronic manufacturers. Demand for the application of LED backlight module is expected to grow substantially in the coming years and the establishment of the joint venture company represents a step to further expand semiconductor distribution business.

**Design and Manufacturing Business**

Due to the stalling economy in North America, demand for dedicated electronic products has fallen in large extent. However, equipping with the most advanced technology and having one of the world’s largest market players of low-vision-aid electronic products as a client, the Group dropped slightly by 14% in turnover of HK\$30.5 million in sales of niche market electronic and special care products for the elderly and customers with special needs (2008: HK\$35.5 million). The segment recorded a negative EBITDA of HK\$2.2 million during the review period (2008: segmental positive EBITDA: HK\$0.1 million).

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Looking ahead, the Group will prudently expand its distribution portfolio with high growth electronic components, keeping in mind growing demand for environmental and energy efficient products, particularly in Mainland China. To enhance competitiveness and bolster its market position, the Group will continue to control costs as well as expand its customer base.

The Group remains confident that the high brightness LED sector possesses significant potential. As high brightness LED wafer can provide superior illumination and consume less energy than traditional lighting, such attributes perfectly correspond with the PRC Government's initiatives of promoting environmentalism and industries involved in energy conservation.

**Mr. So Yuk Kwan, Chairman of AV Concept**, said, "The development of LED wafer chip of Wavesquare is completed, and Wavesquare has secured orders for such developed products. On 18 November 2009, we signed an agreement to increase our share of equity interest in Wavesquare from 17.02% to 21.32%. Being the sole distributor of all Wavesquare's products in Mainland China, as well as Hong Kong, Macau and Taiwan, we anticipate high growth and strong potential revenue contribution from our high brightness LED business in the coming years."

The Group is similarly optimistic about distribution of the LED for the display backlight modules via FLEX Technology Limited. The company will become the first and only distributor of these high growth components to Samsung for its TV screens and computer monitors – commencing distribution from mid-September.

To facilitate further growth of the LED business, the Group entered into placing and subscription agreements on 3 November 2009, for placement and subscription of approximately 46 million shares at HK\$0.681 per share to raise approximately HK\$31.21 million. The placees included Value Partners Limited, Fuh Hwa SITE Asset Management (Hong Kong) Limited and other recognized institutional and individual investors, thus underlining the confidence that the Group inspires.

**Mr. So** concluded, "While exploring the niche and high margin markets where there are greater opportunities for business growth, we will seek to make further progress in the distribution of traditional components, and will strengthen our position in Indian market as well as other markets. The Group will continue to source more components for distribution, thus becoming a one-stop service platform fully capable of meeting our customers' diverse needs."

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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 and niche medical 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](http://www.avconcept.com)

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