



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

<For immediate release>

**AV CONCEPT ESTABLISHES NEW BUSINESS UNIT – AVC MEDICAL
DIVERSIFIES INTO NICHE MEDICAL PRODUCTS INDUSTRY**

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**STRATEGIC COOPERATION WITH FALL PREVENTION
CO-DEVELOPS BALANCEBACK™ TO TARGET WORLDWIDE AGING
POPULATION**

(Hong Kong, 31 August 2005) – Leading electronics distributor and manufacturer **AV Concept Holdings Limited** (“AV Concept” or the “Group”) (stock code: 595) today announced the founding of a new wholly-owned subsidiary AVC Medical Technology Limited (“AVC Medical”), marking its diversification into the niche medical products industry. AVC Medical will be engaging in the development, manufacture and distribution of quality medical equipments, targeting at the elderly and special needs market segments.

Mr. So Yuk Kwan, Chairman of AV Concept, said, ‘Backed by its solid electronics business, AV Concept has been proactively exploring profitable business opportunities in recent years. I am pleased to announce our latest strategic move into the niche medical products industry, which we believe possesses enormous business potential. As the problem of aging of the global population get more and more serious, the demand for medical equipment tailored for the more senior in age will rise. The phenomena present AVC Medical with good prospects in the long run.’

AVC Medical’s strategy is to develop, manufacture and distribute quality medical equipment that have registered intellectual properties, which will be difficult to imitate because of their requirement of the relevant technology-know-how during production. As the niche medical products industry enjoys high entry barriers and global demand for its products is increasing, the Group believes the business will generate significantly higher profit margins for it.

AVC Medical’s first strategic move is to cooperate with a US-based company, Fall Prevention Technologies LLC (“Fall Prevention”), in the development of the state-of-the-art balanceback™ equipments for the treatment of balance disorders. Flagship products include the balanceback Intuitive VNG™ and the balanceback Dynamic Postural Stability Platform™. AVC Medical will be the exclusive manufacturer and sole distributor of these equipments in Asia.

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Mr. Billy So, Chief Executive Officer of AVC Medical, said, “Our strategy is to cooperate with world renowned medical professionals to develop high quality medical products which are in demand now and which demand is expected continue to grow in the future. The strategic cooperation with Fall Prevention will involve exclusive manufacturing contracts and distribution rights, generating long-term revenue streams for the Group.”

According to market statistics, balance-related falls account for more than half of the accidental deaths of elderly in the US, while medical expense relating to balance disorders caused the US an economic loss of around USD 23 billion in 2004 alone. Significant resources are thus allocated to encouraging medical consultations relating to ‘fall prevention’ in the US. The same is expected in other developed countries around the world as the aging problem continues to worsen.

The first US shipment of the balanceback™ products is expected to be in November 2005 and Asian sales are expected to commence in mid 2006. Estimated market size in the US is approximately 160,000 sets, while Asia is expected to consume approximately 40% of what the US market is going to take up.

Mr. So Yuk Kwan concluded, “Further to balanceback™, AVC Medical will continue to develop quality medical equipment with high marginal returns and growth potentials. We expect AVC Medical to become another growth driver for the Group. Looking ahead, AV Concept will continue to explore profitable business opportunities in niche markets with the aim of enhancing shareholders’ value.”

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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 the sale and distribution of electronic components; the design and manufacture of MP3 players. It is also a leading electronic manufacturing services provider in China’s fast growing Pearl River Delta region. 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, Singapore, Malaysia, 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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