



AV CONCEPT EXPANDS INTO SUPER HIGH BRIGHTNESS LED WAFER INDUSTRY

* * *

INNOVATIVE TECHNOLOGY REPLACES TRADITIONAL INCANDESCENT LIGHTING PRODUCTS

(Hong Kong, 31 October 2007) – Leading electronics distributor and manufacturer **AV Concept Holdings Limited** (“AV Concept” or the “Group”) (stock code: 595) has signed a share subscription agreement with Korea-based **Wavesquare Inc.** (“Wavesquare”), which will carry on the business of research, development and manufacturing of super high brightness LED (Light Emitting-diode) wafer. This is a strategic move of the Group to expand into the LED wafer product market.

Pursuant to the agreement, the Group will subscribe for 21% equity interests in Wavesquare (as enlarged by the subscription of shares) at a total US\$2 million (equivalent to HK\$15.6 million) to be funded by the Group’s internal resources. Upon the completion of the subscription, Wavesquare will become an associated company of the Group. AV Concept will exclusively distribute all Wavesquare’s products in certain specified territories, inter alia, the Greater China region via its well-established and extensive distribution network. The arrangement is in line with the Group’s growth strategy and will enhance its portfolio of electronic components. The deal is expected to be finalised in December 2007.

Mr So Chi On, Chief Executive Officer of AV Concept, said, “Set up in 2006 by a group of high calibre professors from Korea and Japan, Wavesquare has good expertise and in-depth professional industry know-how over the market and, we believe, will prove to be a good investment for the Group. Riding on AV Concept’s extensive network, our intellectual protected super high brightness LED wafer products enabled by breakthrough technology unmatched by other market players and growing global demand for LED lighting products, the Group believes the acquisition is going to help boost its profit margin.”

“LED has wide applications, but this new business segment will start off focusing on the LED lighting market. With the global lighting product market growing alongside booming economies around the world, we believe our super high brightness LED will be able to capture an increasing share of the traditional light market.”

LEDs are semiconductor devices that emit light when plug into a power source, unlike traditional incandescent lighting that requires a vacuum to work or fluorescent light a gas-filled tube, and LED wafer is the most critical component of LEDs.

-more-

Advantages of LEDs over the traditional lighting include:

1. **Higher energy efficiency:** Traditional lighting sources send electric currents through a conductor and heating the conductor up until it produces light; resulting in 90% of the energy dissipated as heat rather than light. LEDs, however, generate almost no heat, thus boast very low energy loss or high energy efficiency;
2. **Longer lifespan:** According to the US Department of Energy, LED-based light sources can last up to 10 times longer than traditional light sources, thus reduce maintenance and replacement costs;
3. **Safer and environmentally friendly:** LEDs do not contain hazardous materials such as mercury used in traditional lighting;
4. **Digital control:** LEDs are semiconductor devices which light emission can be digitally controlled, hence LED lighting applications can be programmed in ways impossible with traditional lighting

LED lighting is deemed as the next generation lighting technology with wide applications including Illumination, LCD Back Light Unit and Automobile LED Lighting, etc. According to a Strategies Unlimited research, the global LED lighting market is projected to grow at a CAGR of 36.9% between 2005 and 2011 to reach the worth of about US\$1 billion. The Group expects its LED wafer products to benefit from the growth market.

Looking ahead, **Mr So** concluded, “Combing Wavesquare’s strengths with our proven distribution network and strong sales expertise, we will have boosted capabilities to explore and exploit profitable business opportunities in the future and bring more fruitful returns to our shareholders.”

- end -

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; and the design, manufacture as well as sale of electronic products and niche medical products. 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

For press enquiries:

Strategic Financial Relations Limited

Iris Lee / Emily Au/ Linda Pui

Tel: 2864 4829 / 4864/ 4873 Fax: 2804 2789 / 2527 1196

Email: iris.lee@sprg.com.hk / emily.au@sprg.com.hk / linda.pui@sprg.com.hk