
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in AV Concept Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**AV CONCEPT HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

**PROPOSED REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 3 to 6 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 7 of this circular. A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 8 to 13 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 6th Floor, Enterprises Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 30 April 2010 at 10:30 a.m. is set out on pages 14 to 16 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

15 April 2010

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2009 AGM”	the annual general meeting of the Company held on 31 August 2009
“Access Capital”	Access Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate and a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Dr. So”	Dr. Hon. So Yuk Kwan, the chairman of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 6th Floor, Enterprises Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong, at 10:30 a.m. on 30 April 2010, Friday
“Existing General Mandate”	the existing general and unconditional mandate granted by the Shareholders to the Directors at the 2009 AGM to allot, issue and deal in up to 82,504,883 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising the independent non-executive Directors, namely Dr. Hon. Lui Ming Wah, <i>SBS, JP</i> , Mr. Charles Edward Chapman and Mr. Wong Ka Kit, established for the purpose of advising the Independent Shareholders on the New General Mandate

DEFINITIONS

“Independent Shareholders”	holders of the Shares other than B.K.S. Company Limited and Jade Concept Limited and their respective associates
“Investment”	the subscription of the 730,000 new shares of Accupix Co., Ltd. by the Group pursuant to the investment agreement dated 15 March 2010, details of which are stated in the announcement of the Company dated 16 March 2010
“Latest Practicable Date”	14 April 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New General Mandate”	the general mandate proposed to be granted to the Directors at the EGM to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) for the share(s) of the Company
“Share Purchase Agreement”	the agreement dated 18 November 2009 entered into between the Group and an independent third party in respect of an acquisition of 4.3% of the shareholding in Wavesquare Inc., details of which are stated in the announcement of the Company dated 18 November 2009
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	per cent.

LETTER FROM THE BOARD



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

Directors:

Dr. Hon. So Yuk Kwan (*Chairman*)

So Chi On

Dr. Hon. Lui Ming Wah, *SBS, JP**

Charles Edward Chapman*

Wong Ka Kit*

* *Independent non-executive Director*

Registered office:

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

*Head office and principal place of
business in Hong Kong:*

6th Floor

Enterprise Square Three

39 Wang Chiu Road

Kowloon Bay

Hong Kong

15 April 2010

*To the Shareholders and, for information only,
holders of options*

Dear Sir or Madam,

**PROPOSED REFRESHMENT OF GENERAL MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

The purpose of this circular is (i) to provide the Shareholders with information on the proposed refreshment of general mandate; (ii) to set out the recommendation of the Independent Board Committee and the advice of Access Capital in relation to the proposed grant of the New General Mandate; and (iii) to give you the notice of the EGM to be convened for the purpose of considering and, if thought fit, approving the necessary resolution in relation to the proposed grant of the New General Mandate.

LETTER FROM THE BOARD

PROPOSED REFRESHMENT OF GENERAL MANDATE

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders for approving the grant of the New General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The New General Mandate will continue in force until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the relevant resolution being passed by the Shareholders in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held.

On the basis of a total of 466,360,419 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the EGM, the New General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 93,272,083 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE NEW GENERAL MANDATE

At the 2009 AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate under which the Directors were authorised to allot, issue and deal with up to 82,504,883 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

The Existing General Mandate was utilised for the allotment and issue of 45,836,000 new Shares pursuant to a top-up subscription agreement dated 3 November 2009, details of which are stated in the Company's announcement dated 3 November 2009 entered into between the Company and B.K.S. Company Limited at a price of HK\$0.681 per Share. As at the Latest Practicable Date, the Company may issue up to 36,668,883 new Shares under the Existing General Mandate after the top-up subscription. It was stated in the announcement of the Company dated 3 November 2009 that the placing and the top-up subscription were carried out to broaden the capital base of the Company and the net proceeds from such issue of new Shares of approximately HK\$30.7 million would be used for the development of LED business of the Group and as general working capital of the Group. On 18 November 2009, the Company published an announcement regarding the Share Purchase Agreement, in which the Group has agreed to purchase from an independent third party 4.3% of the shareholding in Wavesquare Inc., a company incorporated in the Republic of Korea, at a consideration of approximately HK\$17.16 million. The Company has utilised HK\$17.16 million of the net proceeds from the top-up subscription to pay for the transactions contemplated under the Share Purchase Agreement up to the Latest Practicable Date. On 16 March 2010, the Company published an announcement regarding the Investment, in which the Company stated that the consideration for the Investment would be financed by the Group's internal resources. The Company has utilised the remaining balance of the net proceeds from the top-up subscription to pay the deposit for the Investment up to the Latest Practicable Date. Save for the above placing and top-up subscription, the Company has not carried out any other equity fund raising in the 12 months prior to the Latest Practicable Date.

LETTER FROM THE BOARD

The New General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Company did not have any specific plan which may utilise any part of the New General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the New General Mandate, it will make further announcement(s) as and when required. The Directors consider that the proposed grant of the New General Mandate is fair and reasonable and is in the interests and for the benefit of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the Independent Shareholders' approval at a general meeting of the Company. The controlling Shareholder and its associates shall abstain from voting in favour of the resolution in connection with the New General Mandate. Dr. So, the chairman of the Company, through B.K.S. Company Limited and Jade Concept Limited, was interested in 261,916,189 Shares of the Company, being approximately 56.16% of the issued share capital of the Company as at the Latest Practicable Date. B.K.S. Company Limited and Jade Concept Limited and their respective associates will abstain from voting in favour of the resolution in connection with the New General Mandate as set out in the notice of EGM. B.K.S. Company Limited and Jade Concept Limited and their respective associates have indicated that they will not vote against the resolution.

Further, pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Independent Shareholders at the EGM will be taken by poll.

EXTRAORDINARY GENERAL MEETING

Set out on pages 14 to 16 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the ordinary resolution relating to the proposed grant of the New General Mandate.

A form of proxy for the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon, as soon as possible and in any event not less than 48 hours before the time of the meeting to the office of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

According to clause 76 of the current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least five Shareholders present in person or by proxy and entitled to vote; or
- (iii) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (iv) any Shareholder or Shareholders present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (v) the rules and regulations prescribed by the Stock Exchange from time to time.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 7 of this circular which contains its recommendation to the Independent Shareholders on the New General Mandate. Your attention is also drawn to the letter from Access Capital as set out on pages 8 to 13 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the above.

The Directors consider that the proposed grant of the New General Mandate is fair and reasonable and is in the interests of the Group and the Shareholders as a whole, so they recommend the Independent Shareholders to vote in favour of the ordinary resolution in connection with the New General Mandate to be proposed at the EGM.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
By order of the Board
So Yuk Kwan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation from the Independent Board Committee to the Independent Shareholders which has been prepared for the purpose of inclusion in this circular:



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

15 April 2010

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 15 April 2010 (the “Circular”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the New General Mandate. Access Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 8 to 13 of this Circular. Your attention is also drawn to the letter from the Board in the Circular.

Having considered the terms of the New General Mandate and the advice of Access Capital, in particular the principal factors and reasons set out in its letter on pages 8 to 13 of the Circular, we consider that the terms of the New General Mandate are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and the grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the grant of the New General Mandate.

Yours faithfully,

Independent Board Committee

Dr. Hon. Lui Ming Wah, SBS, JP
Independent non-executive Director

Charles Edward Chapman
Independent non-executive Director

Wong Ka Kit
Independent non-executive Director

LETTER FROM ACCESS CAPITAL

Set out below is the text of a letter of advice from Access Capital to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

15 April 2010

*To: The Independent Board Committee and
the Independent Shareholders of AV Concept Holdings Limited*

Dear Sirs,

PROPOSED REFRESHMENT OF GENERAL MANDATE

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate, details of which are set out in the letter from the Board contained in the circular of the Company dated 15 April 2010 to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

At the EGM, an ordinary resolution will be proposed to the Independent Shareholders for approving the grant of the New General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the EGM. The New General Mandate will continue in force until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the revocation or variation of the authority given under the relevant resolution being passed by the Shareholders in general meeting; or (iii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held.

On the basis of a total of 466,360,419 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased whatsoever between the Latest Practicable Date and the EGM, the New General Mandate (if granted) will empower the Directors to allot, issue and deal in up to a maximum of 93,272,083 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

LETTER FROM ACCESS CAPITAL

Pursuant to Rule 13.36(4)(a) of the Listing Rules, any refreshment of the existing general mandate before the next annual general meeting shall be subject to the Independent Shareholders' approval at a general meeting of the Company. The controlling Shareholder and its associates shall abstain from voting in favour of the resolution in connection with the New General Mandate. Dr. So, the chairman of the Company, through B.K.S. Company Limited and Jade Concept Limited, was interested in 261,916,189 Shares of the Company, being approximately 56.16% of the issued share capital of the Company as at the Latest Practicable Date. B.K.S. Company Limited and Jade Concept Limited and their respective associates will abstain from voting in favour of the resolution in connection with the New General Mandate. B.K.S. Company Limited and Jade Concept Limited and their respective associates have indicated that they will not vote against the resolution.

BASIS OF OUR OPINION

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular.

We have assumed that all the opinions and representations made or provided by the Directors and/or the senior management staff of the Company contained in the Circular has been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company or any of its subsidiaries.

LETTER FROM ACCESS CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the New General Mandate, we have taken into consideration the following principal factors and reasons:

A. Background to and reasons for the New General Mandate

The Group is principally engaged in the marketing and distribution of electronic components, and the design, development and sale of electronic products.

At the 2009 AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate under which the Directors were authorised to allot, issue and deal with up to 82,504,883 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

The Existing General Mandate was utilized for the allotment and issue of 45,836,000 new Shares pursuant to a top-up subscription agreement dated 3 November 2009, details of which are stated in the Company's announcement dated 3 November 2009, entered into between the Company and B.K.S. Company Limited at a price of HK\$0.681 per Share. Following the issuance and allotment of the Shares after the top-up subscription, only 36,668,883 new Shares could be further issued under the Existing General Mandate. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and assuming that no Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the EGM, the Company would be allowed to allot and issue up to 93,272,083 Shares under the New General Mandate, representing approximately 20% of the issued share capital of the Company of 466,360,419 Shares as at the Latest Practicable Date.

It was stated in the announcement of the Company dated 3 November 2009 that the placing and the top-up subscription were carried out to broaden the capital base of the Company and the net proceeds from such issue of new Shares of approximately HK\$30.7 million would be used for the development of LED business of the Group and as general working capital of the Group. On 18 November 2009, the Company published an announcement regarding the Share Purchase Agreement, in which the Group has agreed to purchase from an independent third party 4.3% of the shareholding in Wavesquare Inc., a company incorporated in the Republic of Korea, at a consideration of approximately HK\$17.16 million. The Company has utilized HK\$17.16 million of the net proceeds from the top-up subscription to pay for the transactions contemplated under the Share Purchase Agreement up to the Latest Practicable Date. On 16 March 2010, the Company published an announcement regarding the Investment, in which the Company stated that the consideration for the Investment would be financed by the Group's internal resources. The Company has utilized the remaining balance of the net proceeds from the top-up subscription to pay the deposit for the Investment up to the Latest Practicable Date. Save for the above placing and top-up subscription, the Company has not carried out any other equity fund raising in the 12 months prior to the Latest Practicable Date.

LETTER FROM ACCESS CAPITAL

We note from the Company's interim report for the six months ended 30 September 2009 (the "Interim Report") that the Group had unaudited cash and bank balances of approximately HK\$80.1 million and interest-bearing bank borrowing repayable within one year or on demand of approximately HK\$327.5 million as at 30 September 2009. The Group has to either refinance the bank borrowings or repay the outstanding amount when they fall due. Issuing new Shares would improve the Group's capital structure by having more long-term financing in the form of equity.

We also note from the Interim Report that the Group has been diversifying the distribution product mix to protect business margin. On 26 October 2007, the Group acquired approximately 18.9% of the share capital of Wavesquare Inc. based in Korea at a consideration of approximately HK\$15.6 million and further increased the investment in Wavesquare Inc. at a consideration of approximately HK\$17.2 million. On 16 July 2009, the Group entered into a joint venture agreement for the formation of FLEX Technology Limited. The joint venture company is principally engaged in the distribution of the LED for the display backlight modules, which will complement the Group's relationship with key electronic manufacturers. These investments, along with the approximately HK\$27.9 million subscription in Accupix Co. Ltd. by the Group pursuant to the investment agreement dated 15 March 2010, allow the Group to carry out its corporate strategy of diversifying its distribution product mix.

As stated in the Letter from the Board, the New General Mandate will empower the Directors to issue new Shares under the refreshed limit speedily as and when necessary, and without the need to seek further approval from the Shareholders. This could provide the Company with flexibility and ability to capture any appropriate capital raising or investment or business opportunity when they arise. The Company will explore appropriate equity fund raising opportunities and/or investment opportunities which may or may not require the use of the New General Mandate. As at the Latest Practicable Date, the Company did not have any specific plan which may utilize any part of the New General Mandate. If the Company proposes to issue any new Shares for business acquisitions or equity fund raising using the New General Mandate, it will make further announcement(s) as and when required. We concur with the management of the Company that funding requirements or appropriate investment opportunities may arise at any time and such funding or investment decisions may have to be made within a short period of time. Should the issuance of new Shares be required and a specific mandate be sought, the Directors are uncertain as to whether the requisite approval from Shareholders or Independent Shareholders, as the case may be, could be obtained in a timely manner. Accordingly, the New General Mandate will provide the Group with the flexibility of issuing new Shares to raise capital within a short period of time.

LETTER FROM ACCESS CAPITAL

We understand from the management of the Company that apart from equity financing, the Directors will also consider other financing alternatives such as debt financing as possible fund raising method for the Group to meet its financial requirements, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. We note that on 7 April 2010, the Company announced that it acted as guarantor for credit facilities provided by commercial banks to AV Concept Limited (“AVC”), AVC Technology (International) Limited (“AVCTI”) and Plus Good Enterprises Limited (“PGEL”), which are wholly owned subsidiaries of the Company and FLEX Technology Limited (“JVC”), a company owned as to 50% by the Group. Details of the credit facilities provided by the four commercial banks to AVC, AVCTI, PGEL and/or JVC are set out in the announcement of the Company dated 7 April 2010. However, additional debt financing shall inevitably increase the interest burden to the Group and it may subject to lengthy due diligence and negotiations between the Group and its financiers.

In view of the above and having considered that the approval of the New General Mandate shall (i) provide the Company with the flexibility to raise additional fund to carry out its corporate strategy of diversifying its distribution product mix and to enable the Group to readily invest in attractive opportunities should such opportunities arise; (ii) provide the Directors with greater autonomy and more flexibility in their decision making process in responding to the rapidly changing capital market in a timely manner; and (iii) offer the Group an opportunity to finance its long-term growth with long-term funding in the form of equity, which will strengthen the Group’s capital structure and will not have refinancing risk and interest burden, we concur with the Directors’ view that the New General Mandate will provide the Company with an additional alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and/or possible investment opportunities should they arise. Accordingly, we consider that the New General Mandate is in the interests of the Company and the Shareholders as a whole.

B. Potential dilution to shareholdings of the Independent Shareholders

Assuming full utilization of the New General Mandate and no Shares will be issued and/or repurchased during the period between the Latest Practicable Date and the date of EGM, 93,272,083 new Shares will be issued. Upon full utilization of the New General Mandate to independent third parties, (i) the aggregate shareholding of the Independent Shareholders will be reduced from approximately 43.84% to approximately 36.53% and (ii) Dr. So’s shareholding in the Company (through B.K.S. Company Limited and Jade Concept Limited) will be reduced from approximately 56.16% to approximately 46.80%. Under such circumstances, Dr. So and parties acting in concert with him would be subject to the 2% creeper under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (“Takeovers Code”) and, when exceeding the 2% creeper, they would be obliged to make a mandatory general offer under the Takeovers Code.

LETTER FROM ACCESS CAPITAL

Taking into account the benefits of the New General Mandate mentioned in the section headed “Background to and reasons for the New General Mandate” above and the fact that the shareholdings of all Shareholders will be diluted to the same extent as long as no new Shares under the New General Mandate are issued to existing Shareholders, we consider the potential dilution of shareholdings to be acceptable.

RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, we concur with the view of the Board that the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to approve the New General Mandate.

Yours faithfully,

For and on behalf of

Access Capital Limited

Alexander Tai
Principal Director

Jimmy Chung
Principal Director

NOTICE OF EXTRAORDINARY GENERAL MEETING



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of AV Concept Holdings Limited (“**Company**”) will be held at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Friday, 30 April 2010 at 10:30 a.m. to consider and, if thought fit, transact the following ordinary businesses:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) subject to paragraph (c) below, pursuant to the Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), the exercise by the directors of the Company during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with the unissued shares (each a “**Share**”) of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers after the expiry of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

(bb) (if the directors of the Company are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly;

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the directors of the Company and which are still in effect be and are hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution); and

(e) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the directors of the Company to holders of Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or

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the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

By order of the Board of
AV CONCEPT HOLDINGS LIMITED
So Yuk Kwan
Chairman

Hong Kong, 15 April 2010

Head office and principal place of business in Hong Kong:

6th Floor
Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Hong Kong

Notes:

1. A form of proxy for use at the EGM is being despatched to the shareholders of the Company together with a copy of this notice.
2. Any shareholder of the Company entitled to attend and vote at the EGM convened by the above notice shall be entitled to appoint one proxy or, if he is the holder of two or more Shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such shares shall alone be entitled to vote.
7. In accordance with the Listing Rules, B.K.S. Company Limited and Jade Concept Limited and their respective associates shall abstain from voting in respect of the ordinary resolution set out in the notice as set out above.