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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 licensed securities dealer, 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, you should at once hand this circular to the purchaser or transferee or to the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**AV CONCEPT HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 595)

**MAJOR TRANSACTION**

**ACCEPTING A US\$3,000,000 12 PER CENT  
SECURED EXCHANGEABLE BOND DUE 2010**

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## DEFINITIONS

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

“2009 due Bond”	the guaranteed exchangeable bond due 2009 issued by BMSAL to AVCC on 30 January 2008 as the consideration for the AVB Disposal
“2010 due Bond”	the secured exchangeable bond due 2010 issued by BMSAL to AVCC on 1 June 2009 as a substitution for the 2009 due Bond
“AVB”	AV BreconRidge Limited, formerly known as AV Chaseway Limited, a company incorporated in Hong Kong, 50% of the issued share capital of AVB was disposed of by AVCC to BMSAL pursuant to the SP Agreement
“AVB Disposal”	the disposal of the 50% of the issued share capital of AVB by AVCC to BMSAL pursuant to the SP Agreement
“AVCC”	AV Concept (China) Industrial Co., Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“BC”	BreconRidge Corporation, formerly known as BreconRidge Manufacturing Solutions Corporation, a company incorporated in Canada
“BC Group”	BC and its subsidiaries
“BC Shares”	the common shares of BC
“BMSAL”	BreconRidge Manufacturing Solutions (Asia) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of BC
“Board”	the board of Directors of the Company
“Bondholder”	a holder of the 2010 due Bond
“Business Day”	any day (other than a Saturday or Sunday) on which banks are open for business in both Canada and Hong Kong
“Change of Control Event”	a sale, amalgamation, merger, business combination, other arrangement, transaction or reorganisation of BC or the sale of all or substantially all of the shares or assets of BC, whether by a single transaction or a series of transactions, pursuant to which, after giving effect to such transaction or series of transactions, the holders of voting securities of BC immediately prior to the transaction hold, immediately after such transaction, directly or indirectly, securities of BC representing less than 50% of the voting power of BC (save for circumstances allowed in the 2010 due Bond, including, among other things, the issuance of securities by BC from treasury for the purpose of completing an acquisition)

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## DEFINITIONS

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“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
“Controlling Shareholders”	B.K.S. Company Limited and Jade Concept Limited, each being a Shareholder and a company controlled by Mr. So Yuk Kwan, the Chairman and an Executive Director of the Company, which, in aggregate, hold 249,324,189 Shares, representing approximately 60.44% of the issued share capital of the Company as at the Latest Practicable Date
“Directors”	directors of the Company
“Exchange Price”	the exchange price of the 2010 due Bond, initially being US\$0.60 per BC Share (subject to adjustment)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars
“Latest Practicable Date”	19 June 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the 2010 due Bond, being 30 November 2010
“Relevant Period”	the period commencing on the 180th day following the occurrence of an Event of Default or Change of Control Event or if such date would fall on or after the Maturity Date, then on the Maturity Date
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SP Agreement”	the sale and purchase agreement dated 18 December 2007 entered into by AVCC, BMSAL and BC in respect of, amongst other things, the AVB Disposal. Details of which are set out in the Company’s announcement dated 3 January 2008 and the Company’s circular dated 24 January 2008
“Security Deed”	a deed dated 1 June 2009 executed by AVB in favour of AVCC, pursuant to which AVB has created a floating charge over certain of its assets as continuing security for the due and punctual payment and discharge of all present and future moneys, debts and liabilities due, owing or incurred by BMSAL under or in connection with the 2010 due Bond subject to a maximum cap of US\$3,000,000 (being the principal amount of the 2010 due Bond)

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## DEFINITIONS

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“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the issue of the 2010 due Bond
“US”	the United States of America
“US\$”	US Dollars
“%”	per cent

*For the purpose of this circular, amounts denominated in US\$ have been translated, for the purpose of illustration only, into HK\$ at a rate of US\$1 = HK\$7.8. No representation is made that any amount in US\$ or HK\$ could have been or could be converted at the above rate or at any other rates or at all.*

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## LETTER FROM THE BOARD

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### AV CONCEPT HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 595)

*Directors:*

So Yuk Kwan (*Chairman*)

Lee Jeong Kwan

So Chi On

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

Charles Edward Chapman \*

Wong Ka Kit \*

\* *Independent Non-executive Directors*

*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

23 June 2009

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION

#### ACCEPTING A US\$3,000,000 12 PER CENT SECURED EXCHANGEABLE BOND DUE 2010

#### INTRODUCTION

The Company refers to its announcement dated 2 June 2009. On 1 June 2009, BMSAL issued the 2010 due Bond to AVCC, a wholly-owned subsidiary of the Company, in consideration of:

- (1) the delivery by AVCC of the bond certificate in respect of the 2009 due Bond held by AVCC to BMSAL for cancellation; and
- (2) the release and discharge by AVCC of BC from all of BC's liabilities and obligations owing to AVCC under (i) the security agreement dated 30 January 2008 and executed by BC in favour of AVCC; and (ii) the guarantee provided by BC under the terms of the 2009 due Bond, pursuant to two deeds of release executed by AVCC and BC on 1 June 2009.

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## LETTER FROM THE BOARD

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The Transaction constitutes a major transaction for the Company and has been approved by the Controlling Shareholders by way of written approval. No extraordinary general meeting will be held by the Company for approval of the Transaction. This circular is solely for the Shareholders' information purposes only.

### PRINCIPAL TERMS OF THE 2010 DUE BOND

Date : 1 June 2009

Parties : (1) AVCC

(2) BMSAL, a wholly-owned subsidiary of BC

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, BMSAL, BC and the ultimate beneficial owners of BC are third parties independent of the Company and its subsidiaries and connected persons of the Company and its subsidiaries.

Principal amount : US\$3,000,000

Maturity date : 30 November 2010

Exchange right : The Bondholder has the right at any time to exercise the exchange rights attached to the 2010 due Bond or any part thereof in multiples of US\$60,000 to exchange such outstanding principal amount into BC Shares at any time from the date of issue of the 2010 due Bond to the Maturity Date at the Exchange Price.

Exchange price : The initial Exchange Price is US\$0.60 per BC Share.

The initial Exchange Price is subject to adjustment relating to share consolidations, share splits or re-classification of common shares into other securities. The Exchange Price shall be appropriately adjusted so that the Bondholder shall be entitled to receive the number of BC Shares which it would have held or have been entitled to receive after the happening of any of the foregoing events had the 2010 due Bond been converted immediately prior to such event.

The initial Exchange Price is the same as the prevailing exchange price under the 2009 due Bond immediately prior to its cancellation, and was then arrived at based upon arm's-length negotiation between the parties.

Exchange shares : The BC Shares falling to be issued upon exercise of the exchange rights attached to the 2010 due Bond by AVCC will rank pari passu in all respects with all other BC Shares outstanding as at the date of exchange of the 2010 due Bond.

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## LETTER FROM THE BOARD

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Upon exercise of the exchange rights attached to the 2010 due Bond by the Bondholder, the Bondholder shall be entitled to receive the accrued and unpaid interest on the outstanding principal amount of the 2010 due Bond that is being exchanged.

The 2010 due Bond is exchangeable into up to 5 million BC Shares at the initial Exchange Price of US\$0.60 per BC Share.

Interest rate : The 2010 due Bond will bear an interest rate of 12% per annum with effect from 1 June 2009 which is payable on the Maturity Date or if the 2010 due Bond (or part of it) is converted and in respect of the converted 2010 due Bond, on the date of delivery of the BC Shares.

The interest rate was arrived at based on arm's length negotiation between the Group and BC Group.

Repayment : BMSAL shall pay the outstanding principal amount to AVCC according to the following schedule:

- (i) US\$300,000 (equivalent to HK\$2,340,000) on 31 August 2009;
- (ii) US\$200,000 (equivalent to HK\$1,560,000) per month at the end of each calendar month commencing 30 September 2009 until 31 March 2010 (both dates inclusive);
- (iii) US\$100,000 (equivalent to HK\$780,000) per month at the end of each calendar month commencing 30 April 2010 until 31 October 2010 (both dates inclusive); and
- (iv) the balance outstanding principal amount together with all accrued interest on the Maturity Date.

If any of the above repayment dates would fall on a day which is not a Business Day, the repayment date will instead end on the next Business Day following such repayment date.

Other payments : As a separate and additional covenant, BMSAL shall pay to AVCC:

- (a) US\$140,279 on or before 30 August 2009 (being 50% of the amount of the accrued interest under the 2009 due Bond as at 31 March 2009 amounting to US\$280,558, the other 50% of the accrued interest was paid by BMSAL on 1 June 2009); and
- (b) US\$60,000 on or before the Maturity Date (representing the notional interest accrued at 12% per annum from 1 April 2009 to 31 May 2009).

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## LETTER FROM THE BOARD

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For the avoidance of doubt, these amounts do not constitute part of the principal amount of the 2010 due Bond.

If any of the above repayment dates would fall on a day which is not a Business Day, the repayment date will instead end on the next Business Day following such repayment date.

- Transferability : The ownership of the 2010 due Bond is not transferable or assignable except with the prior written consent of BMSAL.
- Security : AVB charges in favour of AVCC, by way of floating charge, certain equipment comprising among other things, AVB's office fixtures and equipment, and production facilities pursuant to the Security Deed.
- Change of control : BMSAL shall provide, and shall also procure BC to provide, a notice in writing to the Bondholder at least five Business Days prior to the occurrence of a Change of Control Event. Upon receipt of such notice, the Bondholder shall have the right to indicate by notice in writing to BMSAL within five Business Days of its receipt of such notice, either its intention to exercise its exchange right attached to the 2010 due Bond; failing which, the exchange right shall lapse and the entire outstanding principal amount of the 2010 due Bond and any accrued interest thereon will have to be repaid by BMSAL in cash within the Relevant Period, in any event not later than the Maturity Date.
- Events of default : The Bondholder may during the Relevant Period give notice to BMSAL that the 2010 due Bond is immediately due and repayable if:
- (1) a default is made by BMSAL in the performance or observance of any covenant, condition or provision contained in the 2010 due Bond or the Security Deed and such default continues for a period of 14 days immediately following the Bondholder has filed a relevant notice in respect of such default; or
  - (2) a resolution is passed on or an order of a court of competent jurisdiction is made that BMSAL be wound up or dissolved; or
  - (3) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of BMSAL; or
  - (4) a distress, execution or seizure before judgement is levied or enforced upon a material part of the assets or undertaking or property of BMSAL and is not discharged within seven days thereof; or

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## LETTER FROM THE BOARD

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- (5) BMSAL is unable to pay its debts as and when they fall due or BMSAL shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, winding up, reorganisation or insolvency law or make assignment for the benefit of, or enter into any composition with, its creditors; or
- (6) any bankruptcy, winding up, reorganisation or insolvency proceedings shall have been initiated against BMSAL which shall not have been discharged or stayed within a period of 21 days; or
- (7) any event analogous to any of the events referred to (3) to (6) above occurs; or
- (8) if there is not a sufficient number of authorised but unissued BC Shares available for fulfilling the exchange right; or
- (9) it is or will become unlawful for BMSAL to perform or comply with any obligations under the 2010 due Bond or the Security Deed.

### CANCELLATION OF THE 2009 DUE BOND

In consideration of the issue of the 2010 due Bond by BMSAL, among other things, AVCC shall surrender the bond certificate in respect of the 2009 due Bond to BMSAL for cancellation. Please refer to the announcement of the Company dated 3 January 2008 and the circular of the Company dated 24 January 2008 for the detailed terms of the 2009 due Bond.

The accrued interest under the 2009 due Bond as at 31 March 2009 amounted to US\$280,558 (equivalent to approximately HK\$2.19 million) payable by BMSAL to AVCC. On 1 June 2009, BMSAL made a remittance of US\$140,279 (equivalent to approximately HK\$1.09 million) to the Group for settling 50% of such accrued interest and the remaining 50% of the accrued interest will be paid on or before 30 August 2009 as a separate covenant under the 2010 due Bond as described in “other payments” in the section “Principal terms of the 2010 due Bond” above.

In consideration of the issue of the 2010 due Bond by BMSAL, on 1 June 2009, AVCC and BC executed two deeds of release pursuant to which:

- (1) AVCC agreed to release BC from all liabilities and obligations under the guarantee provided by BC under the terms of the 2009 due Bond; and
- (2) AVCC also agreed to release BC from all liabilities and obligations under a security agreement dated 30 January 2008 and executed by BC in favour of AVCC pursuant to which BC granted to AVCC security interests over certain collateral under the terms of the 2009 due Bond.

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## LETTER FROM THE BOARD

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### PRINCIPAL ACTIVITIES OF THE GROUP

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

### INFORMATION ON THE BC GROUP

The BC Group is principally engaged in the provision of electronic manufacturing services which include manufacturing, engineering services, test development, component management and global procurement, new product introduction, order fulfilling, distribution services and product repair and end of life support.

### REASONS FOR AND BENEFITS OF THE TRANSACTION

Pursuant to the SP Agreement, AVCC had sold and BMSAL had acquired 50% of the issued share capital of AVB then held by AVCC. On 30 January 2008, BMSAL issued the 2009 due Bond to AVCC as the consideration of the AVB Disposal.

Although the 2010 due Bond has a maturity date later than the 2009 due Bond, the Group expects to receive a higher interest income under the 2010 due Bond (with an interest rate of 12% per annum), as compared to the 2009 due Bond (with an interest rate of 8% per annum), if the 2010 due Bond is redeemed in full upon its maturity. The terms of the 2010 due Bond were agreed between the parties after arm's length negotiation with reference to, among other things, the terms of the 2009 due Bond and the prospective return to the Group. Having regard to the terms of the Transaction together with the Group's cost of capital, the Directors are of the view that since the Transaction will provide a reasonable return to the Group, the terms and conditions of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

The Group recorded the 2009 due Bond as a financial asset with a carrying value of approximately HK\$22.7 million (representing the present value of the principal and interest of the Bond assuming that the exchange right attached to the 2009 due Bond is not exercised from the date of issue of the 2009 due Bond to its maturity date) as at 31 March 2008.

The 2009 due Bond was issued on 30 January 2008. Under the Transaction, interest accrued under the 2009 due Bond up to 31 March 2009 has partly been paid by BMSAL to AVCC as to US\$140,279 (equivalent to approximately HK\$1.09 million), with the remaining 50% of the accrued interest to be paid on or before 30 August 2009. In addition, notional interest calculated based on 12% p.a. during the period from 1 April 2009 to 31 May 2009 (before the issue of the 2010 due Bond on 1 June 2009) is also payable by BMSAL to AVCC under a separate covenant of the 2010 due Bond.

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## LETTER FROM THE BOARD

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The principal amount of the 2009 due Bond is effectively refinanced under the Transaction. Although the repayment dates under the 2010 due Bond are after the maturity date of the 2009 due Bond, the Transaction will have a positive impact on the net asset value and earnings of the Group as a result of the higher interest rate under by the 2010 due Bond than the 2009 due Bond. The Company does not expect the Transaction to result in any material impact on the liabilities of the Group.

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The principal activities of the Group consist of the marketing and distribution of electronic components, and the design, manufacture and sale of electronic products. The Transaction will not affect the Group's principal activities. In addition, the management will continue to explore new business opportunities and develop niche and high margin markets with growth potential.

Despite the difficult market environment, the Group will endeavour to maintain the earnings prospects of the Group. The Group will continue to tighten cost control measures and diversify its distribution portfolio to achieve better cost effectiveness.

### REQUIREMENTS OF THE LISTING RULES

The transactions in relation to the issue of the 2009 due Bond constituted a discloseable transaction, details of which were disclosed in the Company's announcement dated 3 January 2008 and the Company's circular dated 24 January 2008.

The Transaction constitutes provision of financial assistance by the Company to BMSAL under Listing Rule 14.04(1)(e). Since the applicable percentage ratios as defined under Listing Rule 14.07 are higher than 25% but less than 100%, the Transaction constitutes a major transaction for the Company under Listing Rule 14.06(3) and is therefore subject to the reporting, announcement and shareholders' approval requirements.

Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction, written shareholders' approval has been obtained in lieu of holding a general meeting pursuant to Listing Rule 14.44. B.K.S. Company Limited which holds 168,684,300 Shares and Jade Concept Limited which holds 80,639,889 Shares are companies beneficially and wholly-owned by Mr. So Yuk Kwan, the Chairman and an Executive Director of the Company, and are the Controlling Shareholders. They, in aggregate, holding 249,324,189 Shares, representing approximately 60.44% of the existing issued share capital of the Company as at 1 June 2009, being the date on which they provided their written approval in respect of the Transaction, have given their written approval in respect of the Transaction.

Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Transaction.

The Directors consider that the terms and conditions of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors would recommend the Shareholders to vote in favour of the Transaction if an extraordinary general meeting were convened for approving the Transaction.

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## LETTER FROM THE BOARD

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Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board of  
**AV CONCEPT HOLDINGS LIMITED**  
**So Yuk Kwan**  
*Chairman*

**1. INDEBTEDNESS STATEMENT****Borrowings**

As at the close of business on 30 April 2009, being the latest practicable date for the purpose of this statement of indebtedness, the Group had (i) outstanding secured and unguaranteed mortgage loans of approximately HK\$7,122,000; (ii) unsecured and unguaranteed bank borrowings of approximately HK\$277,929,383; and (iii) unsecured and unguaranteed finance lease payable for the Group's office equipment of approximately HK\$290,099.

**Mortgages and charges**

As at the close of business on 30 April 2009, certain land and buildings with a carrying value of approximately HK\$34,315,244 held by the Group were pledged to a bank to secure general banking facilities granted to the Group.

**Contingent liabilities**

As at the close of business on 30 April 2009, the Group had contingent liabilities in respect of guarantees issued for banking facilities utilised by subsidiaries of the Company of approximately HK\$1,374,121,000.

**Debt securities**

As at the close of business on 30 April 2009, the Group did not have any outstanding debt security.

**Disclaimers**

Save as aforesaid or otherwise disclosed in this circular, and apart from intra-group liabilities, and normal trade payables in the ordinary course of business, none of the companies in the Group had any outstanding debt securities, liabilities under acceptances, acceptance credits, finance lease or hire purchase commitments, mortgages, charges, loan capital and overdraft or other similar indebtedness, as at the close of business on 30 April 2009.

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 April 2009.

**2. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that after taking into account the internal resources and present banking facilities available to the Group, the Group has sufficient working capital for its requirements for at least the next twelve months from the Latest Practicable Date in the absence of unforeseeable circumstances.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code or were required to be entered into the register required to be kept under section 352 of SFO were as follows:

#### (i) Long position in the Shares

Name of Director	Capacity	Number of Shares and nature of interests			Approximate percentage of shareholding
		Personal interests	Corporate interests	Total	
So Yuk Kwan	Interest of controlled corporations	–	249,324,189 (Note)	249,324,189	60.44%

*Note:* This refers to the total number of shares held by B.K.S. Company Limited (“BKS”) and Jade Concept Limited (“Jade Concept”). Mr. So Yuk Kwan is deemed to be interested in 249,324,189 Shares by virtue of his interests in BKS and Jade Concept, the particulars are more fully described in the section headed “Interest and short positions of substantial shareholders and other person required to be disclosed under the SFO” below.

*(ii) Interests in underlying Shares*

Certain Directors were granted share options to subscribe for Shares under the share option scheme of the Company, details of which as at the Latest Practicable Date were as follows:

Name of Director	Date of grant	Number of share options outstanding as at the Latest Practicable Date	Exercise period (both dates inclusive)	Exercise price per Share HK\$
Lee Jeong Kwan	18/7/2007	2,000,000	19/7/2007 – 12/5/2012	0.5
So Chi On	18/7/2007	3,500,000	19/7/2007 – 12/5/2012	0.5

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code or which were required to be entered into the register required to be kept under section 352 of the SFO.

**(b) Directors' other interests**

- (i) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2008, being the date to which the latest published audited consolidated accounts of the Company were made up.
- (ii) There were no contracts or arrangement subsisting as at the Latest Practicable Date in which a Director is materially interested in and which is significant in relation to the business of the Group.

(c) **Interest and short positions of substantial shareholders and other person required to be disclosed under the SFO**

As at the Latest Practicable Date, so far as is known to, or can be ascertained after reasonable enquiry by the Directors and chief executive of the Company, the following persons or corporations (other than the Directors or chief executive of the Company whose interests are set out in the paragraph headed “2.(a) Directors’ and chief executive’s interests and short positions in the securities of the Company and its associated corporations” above) has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

*Long position in the Shares*

Name	Capacity	Number of Shares held	Approximate percentage of shareholding
B.K.S. Company Limited (“BKS”)	Beneficial owner	168,684,300 ( <i>Note 1</i> )	40.89%
Jade Concept Limited (“Jade Concept”)	Beneficial owner	80,639,889 ( <i>Note 2</i> )	19.55%
Madam Yeung Kit Ling (“Madam Yeung”)	Interest of spouse	249,324,189 ( <i>Note 3</i> )	60.44%

*Notes:*

1. BKS is beneficially owned by Mr. So Yuk Kwan (“Mr. So”). By virtue of the SFO, Mr. So is deemed to be interested in 168,684,300 Shares of the Company held by BKS.
2. Jade Concept is beneficially owned by Mr. So. By virtue of the SFO, Mr. So is deemed to be interested in 80,639,889 Shares of the Company held by Jade Concept.
3. As Madam Yeung is the spouse of Mr. So, by virtue of the SFO, she is deemed to be interested in all Shares of the Company in which Mr. So is interested.
4. Mr. So is a director of each of BKS and Jade Concept.

Save as disclosed above, so far as is known to the Directors and chief executive of the Company, there is no other person or corporation (other than the Director(s) and chief executive of the Company whose interests is/are disclosed in 2.(a) above) who/which, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who/which was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

**3. COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business which competes or is likely to compete with the business of the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors nor proposed Directors had entered, or is proposing to enter, into any service contract with the Company which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

**5. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

**6. MATERIAL CONTRACTS**

Save as disclosed below, there were no contracts that have been entered into by members of the Group not in the ordinary course of business within the two years preceding the Latest Practicable Date which are or may be material.

- (a) The 2009 due Bond, together with the security agreement dated 30 January 2008 executed by BC in favour of AVCC;
- (b) The 2010 due Bond, together with two deeds of release executed by AVCC and BC on 1 June 2009, and the Security Deed;
- (c) The agreement dated 1 February 2008 entered into between New Concept Capital Limited (a wholly-owned subsidiary of the Company) and Zheng Cheng in relation to the acquisition of the entire issued share capital of and shareholder's loan to Dragon Favour Technology Limited as detailed in the Company's announcement dated 22 February 2008 and the Company's circular dated 11 March 2008;
- (d) The SP Agreement and other agreements/deeds entered into by the Group in relation to or incidental to the transactions under the SP Agreement as detailed in the Company's announcement dated 3 January 2008 and circular dated 24 January 2008; and
- (e) The subscription agreement dated 26 October 2007 entered into between New Concept Capital Limited (a wholly-owned subsidiary of the Company) and Wavesquare Inc., as revised by a supplemental agreement dated 15 November 2007 entered into by the same parties, in respect of the subscription of common shares in Wavesquare Inc. Details of the agreement are set out in the Company's announcements dated 29 October 2007 and 19 November 2007, and the Company's circular dated 23 November 2007.

**7. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial and trading position of the Group since 31 March 2008, being the date to which the latest published audited financial statements of the Company were made up.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong from the date of this circular up to and including 7 July 2009:

- (a) the memorandum and articles of association or equivalent documents of the Company;
- (b) the audited consolidated financial statements of the Group for the two years ended 31 March 2008; and
- (c) the material contracts set out above.

**9. MISCELLANEOUS**

- (a) The qualified accountant, company secretary and Chief Financial Officer of the Company is Mr. Ho Choi Yan, Christopher. Mr. Ho obtained a Bachelor's degree in Accountancy from The Hong Kong Polytechnic University in 1995. He is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. In addition, Mr. Ho possesses the qualification of a company secretary as required under Rule 8.17 of the Listing Rules.
- (b) The registered office of the Company is at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office and principal place of business of the Company in Hong Kong is at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong.
- (c) The share registrar and transfer office of the Company in the Cayman Islands is HSBC Financial Services (Cayman) Limited, P.O. Box 1109, 90 North Church Street, Strathvale House, 2nd Floor, Grand Cayman KY1-1102, Cayman Islands. The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The English language text of this circular shall prevail over the Chinese language text in the case of inconsistency.