
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**



Hooray Capital Limited

A letter from the Board is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 9 of this circular. A letter from Hooray Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 16 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at 6th Floor, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong on Tuesday, 25 January 2011 at 10:30 a.m. is set out on pages 17 to 19 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.

10 January 2011

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DEFINITIONS

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

“2010 AGM”	the annual general meeting of the Company held on 2 August 2010
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BKS”	B.K.S. Company Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Dr. So Yuk Kwan
“BKS Agreement”	the subscription agreement entered into between BKS and the Company dated 8 December 2010 (as amended by an amendment agreement entered into by the same parties on 10 December 2010)
“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, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong, at 10:30 a.m. on Tuesday, 25 January 2011
“Existing General Mandate”	the existing general and unconditional mandate granted by the Shareholders to the Directors at the 2010 AGM to allot, issue and deal in up to 104,672,083 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hooray Capital”	Hooray Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the New General Mandate, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

DEFINITIONS

“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
“Independent Shareholders”	holders of the Shares other than BKS and Jade Concept and their respective associates
“Jade Concept”	Jade Concept Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Dr. So Yuk Kwan
“Jade Concept Agreement”	the subscription agreement entered into between Jade Concept and the Company dated 10 December 2010
“Latest Practicable Date”	7 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“LED”	light-emitting diode, an electronic light source
“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
“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
“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

Ho Choi Yan, Christopher

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

Charles Edward Chapman*

Wong Ka Kit*

Registered office:

P.O. Box 309

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

British West Indies

* *Independent non-executive Director*

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

6th Floor

Enterprise Square Three

39 Wang Chiu Road

Kowloon Bay

Hong Kong

10 January 2011

*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 Hooray 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 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 New General Mandate by a 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 620,560,419 Shares in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased 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 124,112,083 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE NEW GENERAL MANDATE

The Group is principally engaged in (a) marketing and distribution of electronic components; and (b) design, development and sale of electronic products.

At the 2010 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 104,672,083 Shares, which is equivalent to the then 20% issued share capital of the Company as at the date of the said resolution was passed.

On 8 December 2010, a placing agreement (as amended by two supplemental agreements dated 10 December 2010) was entered into between BKS, Jade Concept and a placing agent, pursuant to which the placing agent has agreed to place, on a best efforts basis, up to 97,200,000 existing Shares held by BKS and Jade Concept at a placing price of HK\$1.62 per Share. The BKS Agreement and the Jade Concept Agreement were entered into on 8 December 2010 and 10 December 2010 respectively, pursuant to which the Company has issued and BKS and Jade Concept together have subscribed for 97,200,000 new Shares (BKS has subscribed for 27,804,000 Shares and Jade Concept has subscribed for 69,396,000 Shares). The above top-up placing raised net proceeds of approximately HK\$154.2 million for the development of LED business of the Group and general working capital of the Group. The Existing General Mandate was utilised for the allotment and issue of 97,200,000 new Shares pursuant to the top-up subscriptions under the BKS Agreement and the Jade Concept Agreement, details of which are stated in the Company's announcement dated 10 December 2010. After completion of the BKS Agreement and the Jade Concept Agreement, the Existing General Mandate has been utilised as to approximately 92.9%. As at the Latest Practicable Date, the Company may issue up to only 7,472,083 new Shares under the Existing General Mandate after the top-up subscriptions.

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

LETTER FROM THE BOARD

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.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE

Save as disclosed below, the Company did not conduct any fund raising activities involving the issue of its securities in the past 12 months immediately preceding the Latest Practicable Date:

Announcement date	Event	Net proceeds	Intended used of proceeds	Actual use of proceeds as at the Latest Practicable Date
28 April 2010	Placing of new Shares under a specific mandate of 57,000,000 Shares at HK\$1.05 per Share	Approximately HK\$58.1 million	Development of LED business including but not limited to possible increase in investment in Wavesquare Inc.'s LED chips business	(i) approximately HK\$56.64 million (US\$7,261,540) was utilized for the acquisition of 673,137 commons shares of Wavesquare Inc., details of which were announced by the Company on 1 June 2010 (ii) the remaining balance of approximately HK\$1.46 million was utilized as the general working capital of the Group
10 December 2010	Top-up placing of 97,200,000 Shares under the Existing General Mandate at HK\$1.62 per Share	Approximately HK\$154.2 million	Development of LED business of the Group and general working capital of the Group	(i) approximately HK\$10 million was utilised as the general working capital of the Group (ii) the remaining balance of approximately HK\$144.2 million has been placed in bank deposits

LETTER FROM THE BOARD

POTENTIAL DILUTION TO SHAREHOLDING INTERESTS OF THE INDEPENDENT SHAREHOLDERS

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) upon full utilization of the New General Mandate, for illustrative and reference purposes:

Shareholders	As at the Latest Practicable Date		Immediately after full utilisation of the New General Mandate (Note 3)	
	Number of Shares	%	Number of Shares	%
So Yuk Kwan (Note 1)	268,530,189	43.27%	268,530,189	36.06%
So Chi On (Note 2)	1,000,000	0.16%	1,000,000	0.13%
Existing public Shareholders	351,030,230	56.57%	351,030,230	47.14%
Shares potentially to be issued pursuant to the New General Mandate	—	—	124,112,083	16.67%
TOTAL	<u>620,560,419</u>	<u>100.00%</u>	<u>744,672,502</u>	<u>100.00%</u>

Note 1: As at the Latest Practicable Date, Dr. So Yuk Kwan, the chairman of the Board and an executive Director, was deemed to be interested in 268,530,189 Shares by virtue of his interests in BKS and Jade Concept. As at the Latest Practicable Date, BKS owned 187,890,300 Shares and Jade Concept owned 80,639,889 Shares.

Madam Yeung Kit Ling is the spouse of Dr. So Yuk Kwan. Under the SFO, she is deemed to be interested in all Shares in which Dr. So Yuk Kwan is interested.

Note 2: Mr. So Chi On is an executive Director of the Company and as at the Latest Practicable Date, Mr. So Chi On holds 1,000,000 Shares and 3,500,000 share options of the Company.

Note 3: Assuming (i) the resolution in relation to the New General Mandate is approved by the Company at the EGM; (ii) the issued share capital of the Company remains at 620,560,419 Shares and no Shares are issued or repurchased by the Company from the Latest Practicable Date to the date of the EGM (both dates inclusive); and (iii) upon full utilization of the New General Mandate, the Shares to be issued pursuant to the New General Mandate represent (i) 20% of the existing issued share capital of the Company as at the Latest Practicable Date and (ii) approximately 16.67% of the enlarged issued share capital of the Company. Accordingly, the shareholding of the existing public Shareholders will decrease from approximately 56.57% as at the Last Practicable Date to approximately 47.14% upon full utilization of the New General Mandate.

LETTER FROM THE BOARD

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 general meeting of the Company. The controlling Shareholders and their respective 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 BKS and Jade Concept, was interested in 268,530,189 Shares of the Company being approximately 43.27% of the issued share capital of the Company as at the Latest Practicable Date. BKS, Jade Concept 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. BKS and Jade Concept 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 17 to 19 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.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 9 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 Hooray Capital as set out on pages 10 to 16 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.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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)

10 January 2011

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF GENERAL MANDATE

We refer to the circular of the Company dated 10 January 2011 (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. Hooray 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 10 to 16 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 Hooray Capital, in particular the principal factors and reasons set out in its letter on pages 11 to 16 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 HOORAY CAPITAL

HOORAY 好盈

10 January, 2011

To: *the independent board committee and the independent shareholders of AV Concept Holdings Limited*

Dear Sirs,

GRANTING OF NEW GENERAL MANDATE

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the granting of the New General Mandate (“Granting of New General Mandate”), details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular to the Shareholders dated 10 January 2011 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

Pursuant to Rules 13.36(4) of the Listing Rules, the Granting of New General Mandate is subject to the approval of the Independent Shareholders at the EGM by way of poll. Accordingly, the Independent Board Committee (comprising Dr. Lui Ming Wah, Mr. Charles Edward Chapman and Mr. Wong Ka Kit, all being the independent non-executive Directors) has been established to advise Independent Shareholders as to whether the Granting of New General Mandate fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. We have been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the Granting of New General Mandate.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and management of the Company, and have assumed that all information, opinions and representations contained or referred to in this Circular were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading.

HOORAY CAPITAL LIMITED

Unit 2706-07, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong
Tel: (852) 2802 2816 Fax: (852) 3007 8501

LETTER FROM HOORAY CAPITAL

We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention before and after the EGM.

Our opinions are formulated only and exclusively for the purpose of the Granting of New General Mandate and shall not be used, in whole or in part, for any other purpose in any circumstance nor for any comparable purpose with any other opinions without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and to the Independent Shareholders in respect of the Granting of New General Mandate, we have taken into consideration the following principal factors and reasons:

1. Background to the Granting of New General Mandate

The Group is principally engaged in (a) marketing and distribution of electronic components; and (b) design, development and sale of electronic products.

LETTER FROM HOORAY CAPITAL

According to the Letter from the Board, at the 2010 AGM, the Shareholders approved, among other things, an ordinary resolution to grant the Directors the Existing General Mandate to allot up to 104,672,083 Shares, being 20% of the entire issued share capital of the Company as at the date of the 2010 AGM where the said resolution was passed.

According to the Letter from the Board, as at the Latest Practicable Date, the Existing General Mandate had been utilised as to 97,200,000 Shares, representing approximately 92.86% of the aggregate number of Shares which were issued and allotted under the Existing General Mandate. There has not been any Granting of New General Mandate since the 2010 AGM.

According to the Letter from the Board and as set out in the announcement of the Company dated 10 December 2010, 97,200,000 Shares were issued under a placing agreement (the "Placing"). The Placing was issued pursuant to the Existing General Mandate and the net proceeds from the Placing were intended for the development of LED business of the Group and general working capital of the Group as set out in the Company's announcements dated 10 December 2010.

2. Reasons for the Granting of New General Mandate

According to the Letter from the Board of the Circular, 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. 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 New General Mandate is proposed to the Shareholders prior to the Company's next annual general meeting and therefore, under Rule 13.36(4) of the Listing Rules, the Granting of New General Mandate will be subject to the Independent Shareholders' approval at the EGM.

LETTER FROM HOORAY CAPITAL

3. Fund Raising Activities of the Company in the Past Twelve Months

Set out below is the fund raising activities conducted by the Company in the past twelve months prior to the Latest Practicable Date:

Announcement date	Event	Net proceeds	Intended used of proceeds	Actual use of proceeds as at the Latest Practicable Date
28 April 2010	Placing of new Shares under a specific mandate of 57,000,000 Shares at HK\$1.05 per Share	Approximately HK\$58.1 million	Development of LED business including but not limited to possible increase in investment in Wavesquare Inc.'s LED chips business	(i) approximately HK\$56.64 million (US\$7,261,540) was utilized for the acquisition of 673,137 commons shares of Wavesquare Inc., details of which were announced by the Company on 1 June 2010 (ii) the remaining balance of approximately HK\$1.46 million was utilized as the general working capital of the Group
10 December 2010	Top-up placing of 97,200,000 Shares under the Existing General Mandate at HK\$1.62 per Share	Approximately HK\$154.2 million	Development of LED business of the Group and general working capital of the Group	(i) approximately HK\$10 million was utilised as the general working capital of the Group (ii) the remaining balance of approximately HK\$144.2 million has been placed in bank deposits

Save as and except for the above, the Company had not conducted any other fund raising activities in the past twelve months immediately prior to the Latest Practicable Date.

LETTER FROM HOORAY CAPITAL

4. Flexibility in Financing

Upon our enquiries, the Directors confirmed that the Group had approximately HK\$254,049,000 of cash and bank deposits as at 31 December 2010. The Directors also confirmed that the Group has sufficient cash on hand to meet its current needs. The Directors expected that more financing flexibility is required (i) for working capital for the existing business of the Group including but not limited to the development of the LED related business; (ii) for the reduction of the liabilities of the Group, in particular, the short term borrowings; and (iii) to finance any future investment opportunities to be identified by the Company.

Given that equity financing (i) does not incur any interest paying obligations on the Group as compared with bank financing, which would affect the cashflow of the Group; (ii) is less costly and time consuming than raising funds by way of rights issue or open offer; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises, it is fair and reasonable to infer that it is not unreasonable for the Directors to propose the Granting of New General Mandate in the EGM in order to give the Company greater flexibility in the issuance of new Shares and/or convertible instruments in future as and when the Company considers desirable for the benefit of the development of the Company.

We consider that the Granting of New General Mandate is in the interests of the Company and the Shareholders as a whole.

5. Other Alternatives of Financing

We are represented that it is the Directors' belief the New General Mandate will provide the Company with an additional alternative of equity funding when there is funding requirement or when any business opportunities arise in the future. It is reasonable to suggest that the New General Mandate could enhance the financing flexibility of the Company to raise equity funds, if and when required, by way of the issuance of new Shares and/or convertible instruments for further development of the Group.

The Granting of New General Mandate would provide the Group with higher degree of flexibility as allowed under the Listing Rules to issue new Shares and/or convertible instruments to raise capital and strengthen the capital base of the Company as consideration or otherwise for such potential investments and/or acquisitions in the future as and when such opportunities arise. On the above basis, it is fair and reasonable to infer that there are reasonable grounds for the Directors to propose the Granting of New General Mandate at the EGM.

LETTER FROM HOORAY CAPITAL

6. Potential Dilution to Shareholding Interests of the Independent Shareholders

Based on information available from public source and from the Directors, we set out below a table setting out the shareholding structure of the Company as at the Latest Practicable Date and upon full utilization of the New General Mandate, for illustrative and reference purpose:

Shareholders	As at the Latest Practicable Date		After full utilisation of the New General Mandate (subject to the passing of the proposed resolution for the Granting of New General Mandate and assuming that no other Shares are issued or repurchased by the Company prior to the EGM)	
	Number of Shares	%	Number of Shares	%
So Yuk Kwan (<i>Note 1</i>)	268,530,189	43.27%	268,530,189	36.06%
So Chi On (<i>Note 2</i>)	1,000,000	0.16%	1,000,000	0.13%
Public Shareholders	351,030,230	56.57%	351,030,230	47.14%
Shares potentially to be issued	N/A	N/A	124,112,083	16.67%
TOTAL	<u>620,560,419</u>	<u>100.00%</u>	<u>744,672,502</u>	<u>100.00%</u>

Note 1: As at the Latest Practicable Date, Dr. So Yuk Kwan, the chairman of the Board and an executive Director, was deemed to be interested in 268,530,189 Shares by virtue of his interests in (BKS and Jade Concept). As at the date of this announcement, BKS owned 187,890,300 Shares and Jade Concept owned 80,639,889 Shares.

Note 2: Mr. So Chi On is an executive Director of the Company and as at the Latest Practicable Date Mr. So Chi On holds 1,000,000 Shares and 3,500,000 share options of the Company.

Assuming that (i) the Granting of New General Mandate will be approved by the Company at the EGM; (ii) the issued share capital of the Company remains at 620,560,419 shares and no Shares will be repurchased and no new Shares will be issued from the Latest Practicable Date up to the date of the EGM (both dates inclusive); and (iii) upon full utilization of the New General Mandate, Shares are to be issued, representing 20% and approximately 16.67% of the existing issued share capital as at the Latest Practicable Date and the enlarged issued share capital of the Company respectively, the table above illustrate that the shareholding of the existing public Shareholders will decrease from approximately 56.57% as at the Last Practicable Date to approximately 47.14% upon full utilization of the New General Mandate, which represents a dilution of approximately 9.43%.

LETTER FROM HOORAY CAPITAL

Taken into consideration that the benefits of the Granting of New General Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted to the same extent, we consider that the potential dilution effect to shareholding of existing Independent Shareholders upon full utilization of the New General Mandate is acceptable.

RECOMMENDATION

Having considered the above principal factors and reasons and Directors' representations, on balance and in general terms, we are of the opinion that in such circumstances of the Group and at this stage, the Granting of New General Mandate is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned and the Granting of New General Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Granting of New General Mandate at the forthcoming EGM.

Yours faithfully,
For and on behalf of
HOORAY CAPITAL LIMITED
Simon Ng
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 Tuesday, 25 January 2011 at 10:30 a.m., to consider and, if thought fit, with or without amendments, 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:
 - (i) 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

- (ii) (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 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, 10 January 2011

NOTICE OF EXTRAORDINARY GENERAL MEETING

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.

As at the date hereof, the Board comprises three executive Directors, Dr. Hon. So Yuk Kwan (Chairman), Mr. So Chi On and Mr. Ho Choi Yan, Christopher and three independent non-executive Directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.