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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

PROPOSED BONUS ISSUE OF SHARES

PROPOSED BONUS ISSUE

The Board proposes a bonus issue to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date by the Qualifying Shareholders for approval by the Shareholders at the AGM. The Bonus Issue will be credited as fully paid at par by way of capitalisation of a portion of the share premium account. The register of members of the Company will be closed from Monday, 4 September 2017 to Tuesday, 5 September 2017 (both days inclusive) in order to determine the entitlement of the Shareholders under the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Bonus Shares. The Bonus Shares, upon issue, will rank pari passu with the Shares then existing in all respects.

GENERAL INFORMATION

A circular containing, amongst other things, further information on the Bonus Issue, the enquiry and, where applicable, explanation for the exclusion of Overseas Shareholders (if any), together with the notice of the AGM, will be dispatched to the Shareholders as soon as practicable.

PROPOSED BONUS ISSUE

The Board is pleased to announce that the Directors recommended the Bonus Issue to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date. The Bonus Issue will be credited as fully paid at par by way of capitalisation of a portion of the share premium account. The terms of the Bonus Issue are set out below.

Basis of Bonus Issue

Subject to the conditions as set out under the heading “Conditions of the Bonus Issue” below, the Bonus Shares will be issued and credited as fully paid at par on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date by the Qualifying Shareholders.

Assuming that no further Shares will be issued or repurchased before the Record Date, 154,588,883 Bonus Shares will be issued pursuant to the Bonus Issue. The Bonus Shares will rank pari passu in all respects with the then existing Shares and the Company will not allot any fractions of Bonus Shares.

Conditions of the Bonus Issue

The Bonus Issue is conditional, amongst other things, upon:

- (i) the passing of an ordinary resolution by the Shareholders at the AGM for approving the Bonus Issue;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Bonus Shares; and
- (iii) compliance with the relevant legal procedures and requirements (if any) under the applicable laws of the Cayman Islands and the articles of the Company to effect the Bonus Issue.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Bonus Shares.

Overseas Shareholders

The Directors will seek advice from overseas counsel(s) on the applicable procedural requirements for extending the Bonus Issue to Overseas Shareholders. Upon such enquiry, if the Board is of the view that the exclusion of the Overseas Shareholders is necessary or expedient, the Bonus Shares will not be granted to those Overseas Shareholders, i.e. the Non-Qualifying Shareholders. In such circumstances, arrangements will be made for the Bonus Shares, which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealing in the Bonus Shares commences. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Non-Qualifying Shareholders, if any, pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such persons is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

Status of the Bonus Shares and fractional entitlements

The Bonus Shares, upon issue, will rank pari passu with the then existing Shares in all respects, including the entitlement of receiving dividends (except that they are not entitled to the proposed final dividend for the year ended 31 March 2017) and other distributions the record date for which is on or after the date of allotment and issue of those Bonus Shares. There will not be any fractional entitlements to the Bonus Shares.

Record Date and closure of register of members

The Bonus Shares will be issued to the Qualifying Shareholders. Arrangement for the Non-Qualifying Shareholders are further elaborated under the heading “Overseas Shareholders” above.

The register of members of the Company will be closed from Monday, 4 September 2017 to Tuesday, 5 September 2017 (both days inclusive) in order to determine the entitlement of the Shareholders under the Bonus Issue.

Shareholders are reminded that in order to qualify for the Bonus Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Hong Kong share registrar of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 September 2017. The exact total number of Bonus Shares to be issued under the Bonus Issue will not be capable of determination until the Record Date.

Reason for the Bonus Issue

In recognition of the recent substantial increase in net profits for the relevant period and to encourage the Shareholders to continue to support the Company’s future development, the Board decided to propose the Bonus Issue.

The Board believes the Bonus Issue will, on the one hand, enable the Company to maintain its cash position for future development, and on the other hand, enable the Shareholders to enjoy a pro-rata increase in the number of Shares being held in the Company without incurring any significant costs to the Shareholders.

Adjustments to the Share Options

As at the date of this announcement, there were 600,000 outstanding share options issued under the Share Option Scheme (the “Share Options”). The Bonus Issue may lead to adjustment to the exercise price and/or the number of Shares which may fall to be issued upon exercise of the outstanding Share Options. Such adjustments, if any, will be certified by the auditor of the Company.

Saved for the above, the Company has no outstanding options, warrants or convertible securities to subscribe for any securities of the Company.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or before Tuesday, 19 September 2017 after all the conditions of the Bonus Issue shall have been fulfilled at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company on the Record Date. Dealings in the Bonus Shares are expected to commence on Wednesday, 20 September 2017.

Expected timetable

The expected timetable of the Bonus Issue is set out below:

Circular relating to the Bonus Issue to be despatched on or before Friday, 28 July 2017

Latest time for lodging forms of proxy for the AGM 10:00 a.m. on Saturday,
26 August 2017

AGM. 10:00 a.m. on Monday,
28 August 2017

Last day of trading in Shares cum entitlements
to the Bonus Issue. Wednesday, 30 August 2017

First day of trading in Shares ex entitlements
to the Bonus Issue. Thursday, 31 August 2017

Latest time for lodging transfer forms of Shares
to qualify for the Bonus Issue 4:30 p.m. on Friday,
1 September 2017

Closure of register of members. Monday, 4 September 2017 to
Tuesday, 5 September 2017
(both days inclusive)

Record date. Tuesday, 5 September 2017

Register of members re-opens. Wednesday, 6 September 2017

Certificates for the Bonus Shares expected to be despatched Tuesday, 19 September 2017

Dealings in Bonus Shares commence Wednesday, 20 September 2017

Note: All references to dates and times are Hong Kong dates and times.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

A circular containing, amongst other things, further information on the Bonus Issue, the enquiry and, where applicable, explanation for the exclusion of Overseas Shareholders (if any), together with a notice convening the AGM, will be dispatched to the Shareholders as soon as practicable. No Shareholder is required to abstain from voting on the ordinary resolution to approve the Bonus Issue at the AGM.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the meanings as set out below:

“AGM”	the annual general meeting of the Company to be held at 10:00 a.m. on Monday, 28 August 2017
“Board”	board of Directors
“Bonus Issue”	the proposed issue of Bonus Shares to the Qualifying Shareholders on the basis of one (1) Bonus Share for every five (5) existing Shares held on the Record Date
“Bonus Share(s)”	new Share(s) to be issued by way of Bonus Issue by the Company as described herein
“Company”	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Director(s)”	directors of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and granting of listing
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board, after making enquiries, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant foreign regulatory body or stock exchange in that place not to extend the Bonus Issue to them

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are outside Hong Kong
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date (excluding the Non-Qualifying Shareholders), who are entitled to the Bonus Issue
“Record Date”	Tuesday, 5 September 2017, being the date for determining the entitlement to the Bonus Issue
“Share(s)”	existing ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 3 August 2012
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong

By order of the Board
AV Concept Holdings Limited
So Yuk Kwan
Chairman

Hong Kong, 26 June 2017

As at the date of this announcement, the Board comprises four executive Directors, Dr. So Yuk Kwan (Chairman), Mr. So Chi On, Mr. So Kevin Chi Heng and Mr. So Chi Sun Sunny and three independent non-executive Directors, Dr. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.