



JOINT ANNOUNCEMENT

ACQUISITION OF SHARES IN AV CONCEPT HOLDINGS LIMITED BY JADE CONCEPT LIMITED AND POSSIBLE CONDITIONAL MANDATORY CASH OFFER BY CENTURION CORPORATE FINANCE LIMITED ON BEHALF OF JADE CONCEPT LIMITED FOR ALL THE ISSUED ORDINARY SHARES IN AV CONCEPT HOLDINGS LIMITED (OTHER THAN THOSE SHARES ALREADY OWNED BY JADE CONCEPT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)
FINANCIAL ADVISER TO JADE CONCEPT LIMITED



CENTURION CORPORATE FINANCE LIMITED

The Directors announce that they were informed that on 5 October 2006, the Offeror entered into a Sale and Purchase Agreement with each of the Vendors for the acquisition of the Sale Shares. Pursuant to the Sale and Purchase Agreements, each of the Vendors has agreed to sell, and the Offeror has agreed to purchase, 19,180,000 and 12,000,000 Sale Shares respectively for HK\$0.50 per Sale Share, subject to the terms and conditions in the respective Sale and Purchase Agreements. The terms of the Sale and Purchase Agreements between the Offeror and the respective Vendors are identical except in so far as they relate to the identity of the Vendor and the number of Sale Shares involved.

The Sale Shares represent in aggregate approximately 7.70% of the existing issued share capital of AV Concept Holdings Limited (the "Company"). The aggregate consideration of HK\$15,590,000 was arrived at after arm's length negotiations between the Offeror and each of the Vendors, which will be settled in cash upon Completion.

Upon Completion of the respective Sale and Purchase Agreements, the Offeror and parties acting in concert with it will own in aggregate 171,994,300 Shares, representing approximately 42.46% of the issued share capital of the Company as at the date of this announcement. The Offeror is required under Rule 26.1 of the Code to make a conditional mandatory cash offer for all the issued Shares not already owned or agreed to be acquired by it or parties acting in concert with it.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 6 October 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 10 October 2006.

Shareholders should be aware that the Offer will only be made after Completion and if made, is subject to the condition set out in the paragraph headed "Condition of the Offer" below. Shareholders should therefore exercise caution when dealing in the Shares. Completion is expected to take place on or about 10 October 2006 following the resumption of trading in the Shares.

The Offeror intends to continue to acquire Shares in the marketplace at prices no higher than the Offer price of HK\$0.53 per Share following the resumption of trading in the Shares. Shareholders should be advised that the Offer will only become unconditional upon the Offeror having received acceptances of the Offer which, together with voting rights of the Shares acquired before or during the Offer, will result in the Offeror holding more than 50% of the Shares. Shareholders are advised to carefully review the composite offer document to be despatched to the Shareholders, which will set out, amongst other things, the terms and conditions of the Offer, the recommendation from the independent board committee and the letter of advice from the independent financial adviser.

THE SALE AND PURCHASE AGREEMENTS

On 5 October 2006, the Offeror entered into a Sale and Purchase Agreement with each of the Vendors for the acquisition of the Sale Shares, details of which are as follows:

Vendors:	Number of Sale Shares to be sold to the Offeror
Koh Kai Boo	19,180,000
Cheung Mun Fai	12,000,000
TOTAL	31,180,000

The terms of the Sale and Purchase Agreements between the Offeror and the respective Vendors are identical except in so far as they relate to the identity of the Vendor and the number of Sale Shares involved. Based on the information provided by the Vendors, the Offeror confirms that the Vendors are independent third parties not connected to the Offeror and parties acting in concert with it.

Offeror: Jade Concept Limited, a company incorporated in the BVI, the shareholding information of which is set out in the section headed "Information on the Offeror".

Sale Shares: an aggregate of 31,180,000 Shares, representing approximately 7.70% of the entire issued share capital of the Company as at the date of this announcement. The Sale Shares will be acquired free from all claims, options, charges, liens, equity, encumbrances, rights of pre-emption or any other third party rights and together with all rights attached to them as at the date of the Sale and Purchase Agreements entered into between the Offeror and the Vendors.

Consideration: HK\$15,590,000 for all the Sale Shares (equivalent to HK\$0.50 per Sale Share), which was arrived at after arm's length negotiation between the Offeror and each of the Vendors. The Offeror will finance the acquisition of the Sale Shares by way of bank financing.

The purchase price of HK\$0.50 per Sale Share represents a premium of approximately 2.00% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on 5 October 2006, being the last trading day prior to the date of this announcement and a premium of approximately 4.17% to the average closing price of approximately HK\$0.48 per Share for the 10 trading days up to and including 5 October 2006. The aggregate consideration amounts to HK\$15,590,000 and will be paid in cash by the Offeror on Completion. Stamp duty on the sale and purchase of the Sale Shares are to be paid by the Vendors and the Offeror in equal share.

Condition: Completion was subject to a condition in relation to financing but such condition was satisfied prior to the issue of this announcement.

Completion: It is expected that Completion will take place on or about 10 October 2006 upon resumption of trading of the Shares, but in any event within 14 days of the date of the respective Sale and Purchase Agreements.

POSSIBLE CONDITIONAL MANDATORY CASH OFFER
Shareholdings in the Company immediately before and after Completion
Upon Completion, the Offeror and parties acting in concert with it will own an aggregate of 171,994,300 Shares, representing approximately 42.46% of the entire issued share capital of the Company. Under Rule 26.1 of the Code, the Offeror is required to make a conditional mandatory cash offer for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

Accordingly, Centurion, for and on behalf of the Offeror, will make the conditional mandatory cash offer for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it on the terms set out below.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately after Completion but before the Offer (assuming no change in shareholding since then):

	As at the date of this announcement		Immediately after Completion but before the Offer	
	Number of Shares (with voting rights)	% of the total issued Shares and voting rights	Number of Shares (with voting rights)	% of the total issued Shares and voting rights
Holders of Shares				
Offeror and parties acting in concert with it (including parties presumed to be acting in concert with the Offeror)*	140,814,300	34.76%	171,994,300	42.46%
Vendors	31,180,000	7.70%	0	0%
Other public shareholders	233,088,119	57.54%	233,088,119	57.54%
TOTAL	405,082,419	100%	405,082,419	100%

* As at the date of this announcement, B.K.S. Company Limited, which is a wholly-owned subsidiary of Credit Cash Limited ("CCL"), is the legal and beneficial owner of 140,814,300 Shares. The issued share capital of CCL is held as to 50% by Mr. So Yuk Kwan, a director of the Company, and as to 50% by Ms. Yeung Kit Ling (the wife of Mr. So Yuk Kwan). As both B.K.S. Company Limited and the Offeror are controlled by Mr. So Yuk Kwan and/or his close relatives, Mr. So Yuk Kwan, Ms. Yeung Kit Ling and B.K.S. Company Limited are presumed to be acting in concert with the Offeror under the Code.

As at the date of this announcement, (1) there are 405,082,419 Shares in issue which are fully paid up and rank equally in all aspects with each other, including in particular as to dividends, voting rights and capital; and (2) the Company did not have any outstanding warrants, options, convertible securities or derivatives in respect of securities which carry voting rights in the Company.

Terms of the Offer

Centurion, for and on behalf of the Offeror, after Completion, will make the Offer which will be subject to the terms and conditions set out in this announcement and to be set out in the composite offer document when issued, on the following basis:

The Share Offer

For each Share HK\$0.53 in cash
The cash Offer price per Share is at a premium to the price paid by the Offeror to each of the Vendors for the Sale Shares under the respective Sale and Purchase Agreements.

Comparisons of value

The Offer price of HK\$0.53 per Share represents:

- a premium of approximately 8.2% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on 5 October 2006, being the last trading day prior to the date of this announcement;
- a premium of approximately 10.4% to the average closing price of approximately HK\$0.48 per Share over the 10 trading days up to and including 5 October 2006;
- a premium of approximately 10.4% to the average closing price of approximately HK\$0.48 per Share over the 30 trading days up to and including 5 October 2006; and
- a discount of approximately 48.5% to the audited consolidated net asset value of the Company as at 31 March 2006 of approximately HK\$1.03 (based on the net asset value of the Company of about HK\$417.116 million and 405,082,419 Shares in issue as stated in the Company's 2006 annual report dated 25 July 2006).

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period prior to the date of this announcement were HK\$0.64 per Share on 11, 13 and 18 April 2006 and HK\$0.45 per Share on 29 August and 4 October 2006 respectively.

Condition of the Offer

Pursuant to Rule 30.2 of the Code, the Offer is conditional upon the Offeror having received acceptances of the Offer by Shareholders in respect of the voting rights of the Shares which, together with voting rights of the Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Shares. If Shares tendered in acceptance of the Offer together with the Shares acquired before or during the Offer, would result in the Offeror and parties acting in concert with it holding 50% or less of the voting rights of all the issued Shares, the Offer could not become unconditional and would lapse.

Total Consideration

As at the date of this announcement, there are 405,082,419 Shares in issue. At a cash Offer price of HK\$0.53 per Share, the Offer values the entire issued share capital of the Company at approximately HK\$214.7 million. In the event that the Offer was accepted in full, the aggregate amount payable by the Offeror would be approximately HK\$123.5 million.

Financial resources

The Offeror will finance the Offer by way of bank financing. Centurion, as the financial adviser to the Offeror, is satisfied that the Offeror has sufficient financial resources available to satisfy full acceptance of the Offer and the payment of the consideration for the acquisition of the Sale Shares.

Effects of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this announcement, including all dividends and distributions, if any, declared, paid or made on or after the date of this announcement.

Payment

Payment in cash in respect of the acceptances of the Offer will be made as soon as possible but in any event, within 10 days of the date on which the relevant documents of title are received by the Offeror to render each such acceptance complete and valid, or the Offer become or is declared unconditional, whichever is the later.

Stamp Duty

Ad valorem stamp duty arising in connection with acceptance of the Offer at a rate of HK\$1.00 for every HK\$1,000 (or part thereof) of the consideration payable in respect of the relevant acceptance by the Shareholders will be deducted from the consideration payable to such Shareholders on acceptance of the Offer. The Offeror will also pay stamp duty payable by it as purchaser of Shares and will arrange for payment of the stamp duty in connection with such sale and purchase.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the BVI on 18 July 2006 and is an investment holding company, whose entire issued share capital is held by Mr. So Yuk Kwan, the chairman of the Company. Apart from the entering into of the Sale and Purchase Agreements in respect of the Sale Shares, the Offeror has not been engaged in any business since its incorporation and does not have any assets.

As at the date of this announcement, B.K.S. Company Limited, which is a wholly-owned subsidiary of CCL, is the legal and beneficial owner of 140,814,300 Shares, representing approximately 34.76% of the issued share capital of the Company. The issued share capital of CCL is held as to 50% by Mr. So Yuk Kwan, a director of the Company, and as to 50% by Ms. Yeung Kit Ling (the wife of Mr. So Yuk Kwan). As both B.K.S. Company Limited and the Offeror are controlled by Mr. So Yuk Kwan and/or his close relatives, Mr. So Yuk Kwan, Ms. Yeung Kit Ling and B.K.S. Company Limited are presumed to be acting in concert with the Offeror under the Code.

Apart from the entering into of the Sale and Purchase Agreements, neither the Offeror nor any of the parties acting in concert with it had dealt in any Shares, options, warrants, derivatives or securities convertible into Shares during the past six months from the date of this announcement.

INFORMATION ON THE COMPANY

The Company was incorporated in the Cayman Islands with limited liability and its Shares are listed on the Stock Exchange. The principal activities of the Company are marketing and distribution of semiconductors and electronic components, and design and manufacturing of electronic products and Internet appliances.

The audited consolidated net asset value of the Company as at 31 March 2006 as stated in the annual report of the Company dated 25 July 2006 was approximately HK\$417.116 million.

INTENTION OF OFFEROR REGARDING THE COMPANY

It is the intention of the Offeror that the existing principal activities of the Company will remain unchanged and currently, the Offeror has no intention of injecting any material assets or businesses into the Company or disposing of any of its major assets or businesses (other than those transactions which have been previously announced). However, the Offeror may, after it has had a chance to review the Company's business activities following the Offer and having considered the then market conditions, bring additional business ideas to the board of the Company for its consideration. The Offeror launches the Offer in order to consolidate its equity control in the Company and the Offeror intends to hold the controlling block of its equity interest in the Company as a long-term investment. The Offeror has no intention to re-deploy the employees or the fixed assets of the Company other than in the ordinary course of business.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends that the Shares will remain listed on the Stock Exchange after Completion and the close of the Offer. The Offeror and the Company will undertake to the Stock Exchange that appropriate steps following the close of the Offer will be taken to ensure that not less than 25% of the Shares will be held by the public. The Stock Exchange has stated that it will closely monitor trading in the Shares if, at the close of the Offer, less than 25% of the Shares are held by the public.

When the Offer closes, should there be less than 25% of the Shares in public hands, the sole director of the Offeror intends to take appropriate steps which may include, placing down Shares in the Company to independent third parties.

If the Stock Exchange believes that (i) a false market exists or may exist in the Shares; or (ii) there are too few Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares. In this connection, it should be noted that upon the close of the Offer, there may be insufficient public float for the Shares and therefore trading in the Shares may be suspended until a sufficient level of public float is attained.

GENERAL

Completion is expected to take place on or about 10 October 2006 following the resumption of trading in the Shares.

Shareholders should be aware that the Offer will only be made after Completion and if made, is subject to the condition set out in the paragraph headed "Condition of the Offer" above and the Offer may or may not become unconditional. Shareholders should therefore exercise caution when dealing in the Shares.

Centurion has been appointed as the financial adviser to the Offeror in connection with the Sale and Purchase Agreement and the Offer.

An independent committee of the Board comprising Dr. Hon. Lui Ming Wah, Charles Edward Chapman and Wong Ka Kit, all being independent non-executive directors of the Company, has been formed to advise the Independent Shareholders as to what action they should take in response to the Offer. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders pursuant to the Code. A further announcement will be made when the independent financial adviser is appointed.

A composite offer document setting out, amongst other things, the terms and conditions of the Offer, the recommendation from the independent board committee and the letter of advice from the independent financial adviser together with the form of acceptance and transfer of the Shares, will be sent to the Shareholders within the period required by the Code or such later date as may be agreed by the Executive.

OFFEROR'S INTENTION TO PURCHASE SHARES DURING OFFER PERIOD

The Offeror intends to continue to acquire Shares in the marketplace at prices no higher than the Offer price of HK\$0.53 per Share following resumption of trading in the Shares as set out herein. Shareholders should be advised that as set out in the above section headed "Condition of the Offer", the Offer will only become unconditional upon the Offeror having received acceptances of the Offer by Shareholders in respect of the voting rights of the Shares which, together with voting rights of the Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Shares. Consequently, if such 50% threshold could not be reached, all the Shares tendered in acceptance of the Offer could not be taken up and paid for by the Offeror and instead, those Shares would need to be returned to their respective Shareholders.

Shareholders are advised to carefully review the composite offer document to be despatched to the Shareholders, which will set out, amongst other things, the terms and conditions of the Offer, the recommendation from the independent board committee and the letter of advice from the independent financial adviser.

CODE REQUIREMENTS FOR DISCLOSURE OF DEALINGS DURING OFFER PERIOD

Each of the Offeror, the Company and Centurion wishes to remind their respective associates (as defined in the Code) to disclose their dealings in any securities of the Company pursuant to the requirements of the Code.

Stockbrokers, banks and others who deal in the relevant securities of the Company on behalf of their clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules under the Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in the relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 6 October 2006. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 10 October 2006.

DEFINITIONS

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

"BVI"	British Virgin Islands
"CCASS"	The Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited.
"Centurion"	Centurion Corporate Finance Limited, a deemed licensed corporation under SFO permitted to engage in types 1, 4, 6, 9 of the regulated activities defined in the SFO
"Code"	The Hong Kong Code on Takeovers and Mergers
"Company"	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	Completion of the acquisition of the Sale Shares pursuant to the respective Sale and Purchase Agreements
"Directors"	the directors of the Company
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Shareholders"	the Shareholders other than the Offeror and parties acting in concert with it
"Offer"	The conditional mandatory cash offer to be made by Centurion on behalf of the Offeror for all the Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it at HK\$0.53 per Share
"Offeror"	Jade Concept Limited, a company incorporated in the BVI with limited liability whose entire issued share capital is held by Mr. So Yuk Kwan
"parties acting in concert"	has the meanings ascribed to it in the Code
"Sale and Purchase Agreements"	the share and purchase agreements dated 5 October 2006 entered into between the Offeror and each of the Vendors for the sale and purchase of the respective Sale Shares
"Sale Shares"	31,180,000 Shares in aggregate, representing approximately 7.70% of the issued share capital of the Company, to be acquired by the Offeror pursuant to the Sale and Purchase Agreements
"Shareholders"	holders of Shares of the company
"Shares"	the ordinary shares of HK\$0.10 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SFC"	The Securities and Futures Commission
"SFO"	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
"Vendors"	Mr. Koh Kai Boo and Mr. Cheung Mun Fai

By Order of the Board
AV CONCEPT HOLDINGS LIMITED
Lee Jeong Kwan
Director & CEO

By Order of the Board
Jade Concept Limited
So Yuk Kwan
Director

Hong Kong, 9 October 2006

As at the date of this announcement, the Board comprises three executive directors, Mr. So Yuk Kwan (Chairman), Mr. Lee Jeong Kwan and Mr. So Chi On, and three independent non-executive directors, Dr. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.

As at the date of this announcement, the sole director of the Offeror is: Mr. So Yuk Kwan.

The Directors jointly and severally accept full responsibility for the accuracy of the information (except for the information relating to the Offeror) contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The director of the Offeror accepts full responsibility for the accuracy of the information (except for the information relating to Company and its subsidiaries) contained in this announcement and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.