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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

SUBSCRIPTION OF SHARES

On 19 December 2014 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which subject to the terms and conditions therein the Company agreed to issue and the Subscriber agreed to subscribe for 61,836,000 Shares at an aggregate subscription price of approximately HK\$24.80 million.

THE SUBSCRIPTION

On 19 December 2014 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for the Subscription Shares.

Date

19 December 2014

Parties

(1) Subscriber: Koh Business Groups Pte Ltd

(2) Issuer: the Company

The Company understands that the Subscriber is principally engaged in distribution of electronic components.

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

Number of Subscription Shares

The number of Subscription Shares shall be 61,836,000 Shares (with an aggregate nominal value of HK\$6,183,600) representing (1) approximately 8.70% of the issued share capital of the Company as at the date of this announcement; and (2) approximately 8.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects with the Shares in issue as at the date of allotment of the Subscription Shares.

Subscription Price

The Subscription Price is HK\$0.401 per Subscription Share which represents:

- (1) a discount of approximately 17.32% to the closing price of HK\$0.485 per Share as quoted on the Stock Exchange on 19 December 2014, being the date of the Subscription Agreement; and
- (2) a discount of approximately 19.96% to the average closing price per Share of approximately HK\$0.501 as quoted on the Stock Exchange for the last five consecutive trading days up to and including 18 December 2014, being the last trading day prior to the date of the Subscription Agreement.

The Subscription Price was determined on an arm's length basis between the parties with reference to the prevailing market price of the Shares and the current market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition to Completion

Completion of the Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to delivery of definitive share certificate(s) representing the Subscription Shares).

If the above condition is not fulfilled on or prior to 16 January 2015 (or such date as agreed between the parties), the Subscription Agreement shall terminate and neither of the parties to the Subscription Agreement have any claim against each other save for antecedent breach of the Subscription Agreement.

The Subscription is not subject to the Shareholders' approval.

Completion of the Subscription

Completion shall take place on the Completion Date.

Lock-up undertaking

The Subscriber undertakes that during the period commencing from the Completion Date and ending on the date which is two year therefrom, it shall not, without the prior written consent of the Company:

- (1) offer, accept subscription for, pledge, issue, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Subscription Shares;
- (2) enter into any swap or other arrangement or any transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Subscription Shares;
- (3) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transaction referred to in (1) or (2) above; or
- (4) announce any intention to enter into or effect any of the transactions referred to in (1), (2) or (3) above, where any of the foregoing transactions is to be settled by delivery of the Subscription Shares or such other securities, in cash or otherwise.

GENERAL MANDATE

The Subscription Shares will be issued under the General Mandate. As at the date of this announcement, none of the Shares have been issued by the Company under the General Mandate, thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 142,221,683 Shares (not exceeding 20% of the aggregate nominal amount of the total issued share capital of the Company of 711,108,419 Shares as at the date of the Annual General Meeting on 15 August 2014). As such, no Shareholders' approval is required for the allotment and issue of the Subscription Shares.

LISTING APPLICATION

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

USE OF PROCEEDS

The gross proceeds and the net proceeds of the Subscription will be approximately HK\$24.80 million and HK\$24.59 million respectively. The net issue price per Subscription Share based on the above net proceeds is approximately HK\$0.398. The Company intends to use the net proceeds from the Subscription for the purpose of the Group's general working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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

The Company understands that the Subscriber is principally engaged in distribution of electronic components.

The Directors consider that the Subscription provides the Company with an opportunity to enhance its shareholders' base and raise additional funds for the Group. The Company understands that the Subscriber intends to hold a long-term interest in the Company and the Subscription would bring in the Subscriber as a strategic investor of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement are fair and reasonable and in the interests of the Company and Shareholders as a whole.

SHAREHOLDING TABLE

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue of the Subscription Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion (other than as a result of the allotment and issue of the Subscription Shares on Completion)), are summarised as follows:

	As at the date of this announcement		After completion of the Subscription	
	No. of Shares	%	No. of Shares	%
Dr. Hon. So Yuk Kwan (“Dr. So”) (<i>Note</i>)	241,372,189	33.94	241,372,189	31.23
The Subscriber	–	–	61,836,000	8.00
Other Shareholders	469,736,230	66.06	469,736,230	60.77
	<u>711,108,419</u>	<u>100.00</u>	<u>772,944,419</u>	<u>100.00</u>

Note:

The 241,372,189 Shares represent the total number of shares held by Dr. So as to (i) 147,252,300 Shares held by B.K.S. Company Limited which is beneficially owned by Dr. So; (ii) 80,639,889 Shares held by Jade Concept Limited which is beneficially owned by Dr. So; and (iii) 13,480,000 Shares personally held by Dr. So.

Dr. So also holds 600,000 share options as at the date of this announcement.

FUNDRAISING IN THE PAST 12 MONTHS

There was no fund-raising activity of the Company in the 12 months immediately preceding the date of this announcement.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company held on 15 August 2014
“Board”	the board of Directors

“Business Day”	any day (not being a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“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 Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“Completion Date”	the third Business Day after fulfillment (or waiver as applicable) of the condition set out in the Subscription Agreement or such other date as may be agreed in writing by the Company and the Subscriber
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the Annual General Meeting to issue and allot additional shares of the Company not exceeding 20% of the total nominal amount of the issued share capital of the Company as at the date of such annual general meeting
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company

“Subscription Agreement”	the conditional share subscription agreement dated 19 December 2014 entered into between the Company and the Subscriber in relation to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Koh Business Groups Pte Ltd
“Subscription”	the subscription of the Subscription Shares pursuant to the Subscription Agreement
“Subscription Price”	HK\$0.401 per Subscription Share
“Subscription Share(s)”	61,836,000 new Shares to be subscribed for by the Subscriber pursuant to the Subscription Agreement

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

Hong Kong, 19 December 2014

As at the date of this announcement, 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. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.