

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

DISCLOSEABLE TRANSACTION: DISPOSAL OF DRAGON FAVOUR

On 9 February 2010, New Concept, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and New Concept conditionally agreed to sell, the Sale Shares and the Sale Loan for a total consideration of RMB29,662,500 (equivalent to approximately HK\$33,785,588) (subject to adjustment).

The Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

DISPOSAL OF DRAGON FAVOUR

The Board wishes to announce that on 9 February 2010, New Concept, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement. Major terms of the Sale and Purchase Agreement are set out below.

Sale and Purchase Agreement

Date:

9 February 2010

Parties:

Vendor: New Concept, a wholly-owned subsidiary of the Company. New Concept is principally engaged in investment holdings.

Purchaser: 廣州博勤網絡科技有限公司 (unofficial English translation being Guangzhou Boqin Web Technology Company Limited), a company incorporated in the PRC with limited liability and is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser is a third party independent of the Company and its connected persons.

Assets to be disposed of:

The Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares and the Sale Loan for a total consideration of RMB29,662,500 (equivalent to approximately HK\$33,785,588) (subject to the adjustment as described below). The Sale Shares represent the entire issued share capital of Dragon Favour. As at the date of the Sale and Purchase Agreement, the Sale Loan amounted to approximately HK\$29.86 million.

The Sale and Purchase Agreement does not contain any restrictions which apply to the subsequent sale of the Sale Shares.

Consideration:

Where Completion takes place on or before 31 March 2010, the Consideration payable by the Purchaser to the Group for the Sale Shares and the Sale Loan is RMB29,662,500 (equivalent to approximately HK\$33,785,588). Where Completion takes place after 31 March 2010, the Consideration will be adjusted by an adjustment amount which is calculated by reference to the number of days elapsed between 31 March 2010 and the day on which Completion takes place at a rate of RMB4,315.07 (equivalent to approximately HK\$4,914.86) per day. Assuming that Completion takes place on 10 May 2010 (being the 90th day after the date of the Sale and Purchase Agreement), the Consideration will be adjusted to approximately HK\$33,982,182.

The Consideration is payable by the Purchaser to the Vendor within 10 days after the fulfillment of all the conditions precedent as described below.

The Consideration was agreed at after arm's length negotiations between the Purchaser and the Vendor with reference to the Group's initial investment in Dragon Favour of approximately HK\$28.78 million, with a premium of approximately 17%.

Conditions precedent to the Completion:

The Completion is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

- (i) the Disposal having been approved by the Guangzhou or Guangdong Foreign Trade and Economic Cooperation Bureau and the State Administration of Foreign Exchange, Guangdong Branch;
- (ii) the issuance of the foreign investment approval and the approval of foreign exchange to the Purchaser by relevant authorities of the PRC;
- (iii) the completion of the processing of the application of planning of the Land (as defined below) at Guilin, Guangxi, PRC (relevant application fees to be borne by the Purchaser);
- (iv) there being no material adverse change or effect to the continued existence of Dragon Favour;
- (v) all warranties given by New Concept remain true and not misleading at the time of Completion.

In the event that any of the above conditions are not fulfilled within 90 days after the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall lapse and be of no further effect and no party to the Sale and Purchase Agreement shall have any claim against or liability to the other parties.

Completion:

Completion will take place within 10 days after the fulfillment of all the conditions precedent referred to above.

After the Completion, the Company will no longer have any interest in Dragon Favour and Dragon Favour will cease to be a subsidiary of the Company.

INFORMATION ON DRAGON FAVOUR

Dragon Favour is a company incorporated in Hong Kong with limited liability on 12 July 2000 and is an investment holding company. The principal business activity of Dragon Favour is investment holding and the sole non-current asset of Dragon Favour is its 50% equity interest in 桂林九鋪香麒麟酒業有限公司 (unofficial English translation being Guilin Jiupuxiang Qilin Wine Company Limited) (“**Jiupuxiang**”).

Jiupuxiang is a company incorporated in the PRC with limited liability and is holding the entire registered capital of 金偉實業有限公司 (unofficial English translation being Jin Wei Industrial Company Limited), which, being a company incorporated in the PRC with limited liability, is the owner of a piece of land occupying an area approximately 490,000 square metres in Lingui County, Guilin, Guangxi, the PRC (“**Land**”). No valuation in respect of the Land has been conducted by the Group for the purpose of the Disposal.

Set out below is a summary of certain audited financial information of Dragon Favour for the two years ended 31 March 2009:

	For the year ended 31 March 2009	For the year ended 31 March 2008
	<i>HK\$</i>	<i>HK\$</i>
Net (loss) (before taxation and extraordinary items)	(22,041)	(1,300)
Net (loss) (after taxation and extraordinary items)	(22,041)	(1,300)

The audited total asset value and net liabilities of Dragon Favour as at 31 March 2009 is approximately HK\$29.23 million and HK\$1.02 million respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group consist of the marketing and distribution of electronic components, and the design, development and sale of electronic products.

The Company expects to recognize an unaudited accounting gain of approximately HK\$4.96 million upon Completion, being the difference between the Consideration (before adjustment) and (i) the amount of unaudited net deficit of Dragon Favour of approximately HK\$1.03 million as at 31 January 2010; and (ii) the assignment of the shareholder’s loan owing by Dragon Favour to the Group which amounted to approximately HK\$29.86 million as at the date of the Sale and Purchase Agreement. The final amount of the actual gain or loss as a result of the Disposal will be determined as at the date of the Completion.

The Directors expect that the gross proceeds from the Disposal (before adjustment) of approximately HK\$33.79 million will be used as general working capital of the Company.

The Directors consider that the Disposal represents an opportunity for the Group to realize its investment in Dragon Favour at a reasonable premium. The proceeds from the Disposal can enhance the cash flow of the Company which can better utilize its resources to focus on the business with more growth potential. The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Disposal constitutes a discloseable transaction and is subject to reporting and announcement requirements of Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	AV Concept Holdings Limited, a company incorporated in the Cayman Island with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by New Concept to the Purchaser
“Dragon Favour”	Dragon Favour Technology Limited, a company incorporated in Hong Kong with limited liability, being the target of the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Concept” or “Vendor”	New Concept Capital Limited, a company incorporated in the British Virgin Islands with limited liability, being the vendor named in the Sale and Purchase Agreement and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Purchaser”	廣州博勤網絡科技有限公司 (unofficial English translation being Guangzhou Boqin Web Technology Company Limited), being a company incorporated in the PRC with limited liability and the purchaser named in the Sale and Purchase Agreement
“RMB”	Renminbi, being the lawful currency of PRC
“Sale and Purchase Agreement”	the agreement dated 9 February 2010 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Loan”	means all indebtedness, obligations and liabilities due, or owing by Dragon Favour to the Vendor as at the date of Completion
“Sale Shares”	the 200 shares of HK\$1.00 each in the issued share capital of Dragon Favour, representing the entire issued share capital of Dragon Favour
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.139. Such exchange rate has been used, where applicable, for the purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

By order of the Board
AV CONCEPT HOLDINGS LIMITED
So Yuk Kwan
Chairman

Hong Kong, 9 February 2010

As at the date of this announcement, the Board comprises two executive Directors, Mr. So Yuk Kwan (Chairman) 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.