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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

PLACING OF EXISTING SHARES SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

On 8 December 2010 (after trading hours), the Placing Agreement (as amended by the Supplemental Agreements dated 10 December 2010) was entered into, pursuant to which, the Placing Agent has agreed to place, on a best efforts basis, up to 97,200,000 existing Shares held by the Vendors, representing approximately 18.57% of the issued share capital of the Company as at the date of this announcement, at the Placing Price of HK\$1.62 per Share. The Subscription Agreements were entered into on 8 December 2010 and 10 December 2010, pursuant to which the Vendors will, subscribe for up to 97,200,000 new Shares representing approximately 18.57% of the existing issued share capital of the Company and 15.66% of the enlarged issued share capital of the Company at the Subscription Price of HK\$1.62 per Share.

The Placing is unconditional whilst the Subscription is conditional upon (i) completion of the Placing (ii) the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and (iii) if necessary, granting of approval by any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares. The Subscription Shares will be issued under the general mandate which was granted to the Directors by the Shareholders at the Company's annual general meeting held on 2 August 2010.

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

The net proceeds from the Subscription are estimated to be approximately HK\$154.2 million. It is the intention of the Company to use such net proceeds for the development of LED business of the Group and general working capital of the Group.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 9 December 2010 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 13 December 2010.

THE PLACING AGREEMENT

Date : 8 December 2010 (after trading hours) (as amended by the Supplemental Agreements dated 10 December 2010)

Parties : (1) BKS and Jade Concept, (the “Vendors”); and
(2) the Placing Agent

The Placing

The Vendors together holds 266,168,189 Shares representing approximately 50.86% of the issued share capital of the Company as at the date of this announcement.

To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the Company and its connected persons or their associates.

The major terms of the Placing Agreement are summarised as follows:

Placees : the Placing Shares will be placed by the Placing Agent to not less than six placees who will be professional, institutional and/or individual investors, and who and whose ultimate beneficial owners are independent of and not connected with or acting in concert with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates as defined in the Listing Rules or any parties acting in concert with any of them as defined in the Takeovers Code (as the case may be)

Number of Placing Shares : on a best efforts basis, up to 97,200,000 Shares (being ordinary shares of HK\$0.10 each in the issued share capital of the Company, i.e. an aggregate nominal value of up to HK\$9.72 million) representing approximately 18.57% of the existing issued share capital of the Company and approximately 15.66% of the issued share capital of the Company as enlarged by the Subscription

the Vendors and the Placing Agent acknowledge that the Placing Shares held by BKS of up to 27,804,000 Shares shall be placed in the first place to the exclusion and before the Shares held by Jade Concept. The final number of Placing Shares to be placed is to be determined by the Company, at its sole discretion, after consultation with the Placing Agent

Placing Price : HK\$1.62 per Share

Placing Commission : 1.75% of the amount equal to the Placing Price multiplied by the number of Placing Shares

The Placing is unconditional. Completion of the Placing is expected to take place on the first business day immediately after the date of the Supplemental Agreements dated 10 December 2010 (or if later, the date of resumption of trading of the Shares after publication of this announcement or such later time and/or date as the Vendors, the Company and the Placing Agent may agree in writing). In the event the Placing is not completed by 22 December 2010 (or such later date as may be agreed by the Placing Agent and the Vendors), all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

THE SUBSCRIPTION AGREEMENTS

Date : 8 December 2010 – the BKS Agreement entered into between BKS and the Company (as amended by an amendment agreement dated 10 December 2010 entered into between the same parties)

10 December 2010 – the Jade Concept Agreement entered into between Jade Concept and the Company (the BKS Agreement and the Jade Concept Agreement together, the “Subscription Agreements”)

Issuer : the Company

Subscribers : the Vendors

Number of Subscription Shares : Pursuant to the BKS Agreement, the Company has agreed to issue and BKS has agreed to subscribe for up to 27,804,000 Subscription Shares, which will be the same as the number of Shares to be placed by BKS under the Placing Agreement

Pursuant to the Jade Concept Agreement, the Company has agreed to issue and Jade Concept has agreed to subscribe for up to 69,396,000 Subscription Shares, which will be the same as the number of Shares to be placed by Jade Concept under the Placing Agreement

Subscription Price : HK\$1.62 per new Share

The Placing Price and the Subscription Price were the same and were determined after arm's length negotiations between the Company, the Vendors and the Placing Agent with reference to the recent trading prices of the Shares. The Placing Price and the Subscription Price represent (i) a discount of approximately 15.18% to the closing price per Share of HK\$1.91 on 8 December 2010, being the date of the Placing Agreement; and (ii) a discount of approximately 8.58% to the average closing price per Share of approximately HK\$1.772 for the last five trading days up to and including 8 December 2010.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 2 August 2010 pursuant to which the Directors are authorised to allot and issue up to 20% of the issued share capital of the Company (i.e. 104,672,083 Shares) as at the date of passing of the resolution approving the said general mandate. Up to the date of this announcement, save for the proposed issue of the Subscription Shares pursuant to the Subscription Agreements, the Directors has not exercised the power to allot and issue any new Shares pursuant to such general mandate. The Placing and the issuance of the Subscription Shares are not subject to Shareholders' approval.

Completion of the Subscription is conditional upon (i) completion of the Placing; and (ii) granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares; and (iii) if necessary, granting of approval by any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares. Completion of the Subscription shall take place on or before 22 December 2010 (subject to compliance with the Listing Rules).

The Vendors are substantial shareholders and connected persons of the Company under the Listing Rules. The Subscription is exempt from the reporting, announcement and independent shareholders' requirements under Chapter 14A the Listing Rules pursuant to Rule 14A.31(3)(d) of the Listing Rules.

COST AND EXPENSES

The Company will be responsible for all costs and expenses incurred in relation to the execution of the Placing Agreement and the Subscription Agreements.

RANKING

All the Subscription Shares, when fully paid for and issued, will rank pari passu in all respects among themselves and with the other Shares in issue on the date of allotment of the Subscription Shares pursuant to the Subscription Agreements.

LISTING APPLICATION

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

EFFECT OF THE PLACING AND THE SUBSCRIPTION

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after completion of the Placing but before the Subscription and (iii) immediately after completion of the Subscription (assuming there are no other changes to the issued share capital of the Company):

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Subscription	
	Shares	%	Shares	%	Shares	%
So Yuk Kwan (<i>Note 1</i>)	266,168,189	50.86%	168,968,189	32.29%	266,168,189	42.89%
So Chi On (<i>Note 2</i>)	1,000,000	0.19%	1,000,000	0.19%	1,000,000	0.16%
Placees (<i>public</i>)	–	0.00%	97,200,000	18.57%	97,200,000	15.66%
Other existing public Shareholders	<u>256,192,230</u>	<u>48.95%</u>	<u>256,192,230</u>	<u>48.95%</u>	<u>256,192,230</u>	<u>41.29%</u>
Total	<u>523,360,419</u>	<u>100.00%</u>	<u>523,360,419</u>	<u>100.00%</u>	<u>620,560,419</u>	<u>100.00%</u>
Total public shareholding	<u>256,192,230</u>	<u>48.95%</u>	<u>353,392,230</u>	<u>67.52%</u>	<u>353,392,230</u>	<u>56.95%</u>

Note 1: As at the date of this announcement, Dr. So Yuk Kwan, the chairman of the Board and an executive Director, was deemed to be interested in 266,168,189 Shares by virtue of his interests in the Vendors (BKS and Jade Concept). As at the date of this announcement, BKS owned 185,528,300 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.

As Dr. So Yuk Kwan has continuously held more than 50 percent of the voting rights of the Company (held through BKS and Jade Concept) for more than 12 months prior to the Placing and Subscription, no mandatory general offer obligation will be triggered by the Vendors as a result of the Placing and Subscription pursuant to Note 6 of the Notes on dispensations from Rule 26 of the Takeovers Code.

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

REASONS FOR THE PLACING AND THE SUBSCRIPTION

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

As mentioned in the annual report 2009 of the Company, the Group is engaged in the LED business. In view of the economy stimulation scheme and a series of measures announced by the China government to stimulate domestic demands, the Directors think that the market demand in environmentally friendly and high efficiency energy saving LED products will increase. The Board is of the view that the development of the LED business of the Group is in line with the Group's strategy to capitalise on the growing market demands for environmentally friendly and energy saving products and is looking for additional capital to meet the business development funding requirements.

The Directors consider that the Placing Agreement and the Subscription Agreements are on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds of the Subscription will be approximately HK\$157.5 million and the net proceeds will be approximately HK\$154.2 million after deducting all related expenses (including professional advisors fees, placing commission and charges and printing costs), representing a price net of expenses of approximately HK\$1.59 per Subscription Share. It is the intention of the Company to use such net proceeds for the development of LED business of the Group and general working capital of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE 12 MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

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 date of this announcement:

Announcement date	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at date of this announcement
28 April 2010	Placing of new Shares under a specific mandate of 57,000,000 Shares	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.

GENERAL

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 9 December 2010 pending the release of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on 13 December 2010.

As at the date of this announcement, the Board comprises two executive Directors, Dr. Hon. 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.

DEFINITIONS

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“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)
“Board”	the board of Directors
“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
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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

“LED”	light-emitting diode, an electronic light source
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO, acting as the placing agent pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement (as amended by the Supplemental Agreements) entered into between the Vendors and the Placing Agent dated 8 December 2010
“Placing Price”	HK\$1.62 per Placing Share
“Placing Shares”	up to 97,200,000 existing Shares owned by the Vendors to be placed by the Placing Agent under the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong SAR
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of up to 97,200,000 new Shares by the Vendors pursuant to the Subscription Agreements
“Subscription Agreements”	the BKS Agreement and the Jade Concept Agreement
“Subscription Shares”	up to 97,200,000 new Shares to be subscribed by the Vendors pursuant to the Subscription Agreements
“Subscription Price”	HK\$1.62 per Subscription Share

“Supplemental Agreements”	the two supplemental agreements entered into between the Vendors and the Placing Agent dated 10 December 2010
“Takeovers Code”	the Code on Takeovers and Mergers
“US\$”	United States Dollar, the lawful currency of the United States of America
“Vendors”	BKS and Jade Concept
“%”	per cent

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

10 December 2010, Hong Kong