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## **AV CONCEPT HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 595)

### **PLACING OF NEW SHARES UNDER A SPECIFIC MANDATE ADJOURNMENT OF AN EXTRAORDINARY GENERAL MEETING CONVENED TO BE HELD ON 30 APRIL 2010 AND RESUMPTION OF TRADING**

#### **THE PLACING**

The Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 57,000,000 Placing Shares to the Placees whom the Placing Agent reasonably believes to be independent investors not connected with or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, at the Placing Price of HK\$1.05 per Placing Share, representing a discount of approximately 12.50% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on 26 April 2010, being the last trading day prior to the Placing Agreement; and (ii) a discount of approximately 7.89% to the average of the closing prices per Share of HK\$1.14 as quoted on the Stock Exchange for the last five trading days up to and including 26 April 2010.

The Placing is conditional upon (i) the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Placing Shares; and (ii) the granting of approval by the Shareholders for the allotment and issue of the Placing Shares. The Placing Shares are to be issued under a specific mandate to be sought at the EGM.

The net proceeds from the Placing are estimated to be approximately HK\$58.1 million. The Company intends to use such net proceeds in the development of LED business including but not limited to possible increase in investment in Wavesquare Inc.'s LED chips business.

## **ADJOURNMENT OF AN EXTRAORDINARY GENERAL MEETING**

The Company considers that the Placing constitutes material information on the Proposed Refreshment of General Mandate that comes to the Directors' attention after the Refreshment Circular is issued. The Refreshment EGM will be adjourned until further notice pending the issuing of a circular containing supplemental information for the Shareholders to consider the Proposed Refreshment of General Mandate in accordance with Listing Rule 13.73.

A circular containing, among other things, details of the Placing and the supplemental information on the Proposed Refreshment of General Mandate, together with the notice of EGM will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

## **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 27 April 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 29 April 2010.

## **THE PLACING AGREEMENT**

The Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 57,000,000 Placing Shares.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The major terms of the Placing Agreement are as follows:

### **Placees**

The Placing Agent has agreed to procure Placees to whom it reasonably believes to be independent investors not connected with or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries. It is expected that, upon Completion, none of the Placees will become a substantial shareholder of the Company. If any of the Placees become a substantial shareholder of the Company after Completion, further announcement will be made by the Company.

As at the date of this announcement, the Company understands that the Placing Shares will possibly be placed to the following parties:

- (i) Kingsway Lion Spur Technology Limited
- (ii) OZ Master Fund, Ltd
- (iii) OZ Asia Master Fund, Ltd
- (iv) OZ Global Special Investments Master Fund, L.P.
- (v) OZ Select Master Fund, Ltd
- (vi) Gordel Holdings Limited

Completion of the Placing Agreement is subject to the conditions as detailed below.

### **Number of Placing Shares**

The maximum number of Placing Shares of 57,000,000 Shares represent approximately 12.22% of the existing issued share capital of the Company as at the date of this announcement and approximately 10.89% of the issued share capital of the Company as enlarged by the Placing (assuming there is no new issue nor repurchase of Shares during the period).

### **Placing Price**

The Placing Price of HK\$1.05 per Placing Share was determined with reference to the prevailing market price of the Shares. It represents a discount of approximately 12.50% to the closing price of HK\$1.20 per Share as quoted on the Stock Exchange on 26 April 2010, being the last trading day prior to the Placing Agreement; and (ii) a discount of approximately 7.89% to the average of the closing prices per Share of HK\$1.14 as quoted on the Stock Exchange for the last five trading days up to and including 26 April 2010.

### **Placing fees and expenses**

Upon Completion, the Placing Agent will receive a placing fee of 2.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares. In addition, the Company will be responsible for all costs and expenses incurred in relation to the execution of all transactions in connection with the Placing.

### **Ranking of Placing Shares**

The Placing Shares will rank pari passu in all respects among themselves and with the other Shares in issue as at the date of allotment.

## Conditions of the Placing

The Placing is conditional upon (i) the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Placing Shares; and (ii) the granting of approval by the Shareholders for the allotment and issue of the Placing Shares. If these conditions are not fulfilled by 31 May 2010 (or such later date as may be agreed by the Placing Agent and the Company), all rights and obligations of the Company and the Placing Agent in relation to the Placing shall cease and none of the parties shall have any claim against any other party in respect of the Placing.

## LISTING APPLICATION

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## MANDATE TO ISSUE THE PLACING SHARES

The issue of the Placing Shares is subject to Shareholders' approval at an EGM to be convened at which a specific mandate would be sought to approve the Placing Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Placing Shares at the Placing Price.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company after completion of the Placing (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	
	Shares	%	Shares	%
Dr. Hon. So Yuk Kwan ( <i>Note</i> )	261,916,189	56.16%	261,916,189	50.05%
Placees (public)	-	0.00%	57,000,000	10.89%
Other existing public Shareholders	<u>204,444,230</u>	<u>43.84%</u>	<u>204,444,230</u>	<u>39.06%</u>
Total	<u>466,360,419</u>	<u>100.00%</u>	<u>523,360,419</u>	<u>100.00%</u>
Total public shareholding	<u>204,444,230</u>	<u>43.84%</u>	<u>261,444,230</u>	<u>49.95%</u>

*Note:* As at the date of this announcement, Dr. Hon. So Yuk Kwan, the chairman of the Board and an executive director of the Company, was deemed to be interested in 261,916,189 Shares by virtue of his interests in B.K.S. Company Limited and Jade Concept Limited. As at the date of this announcement, B.K.S. Company Limited owned 181,276,300 Shares and Jade Concept Limited owned 80,639,889 Shares.

As Madam Yeung Kit Ling is the spouse of Dr. Hon. So Yuk Kwan, by virtue of the SFO, she is deemed to be interested in all Shares in which Dr. Hon. So Yuk Kwan is interested.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

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

The Board considers that the Placing represents an opportunity to raise additional funds for the Company while broadening the capital base of the Company. Based on the Placing Price of HK\$1.05 per Placing Share and up to 57,000,000 Placing Shares to be issued to the Placees, the gross proceeds of the Placing will be up to approximately HK\$59.85 million and the net proceeds, after the deduction of all related expenses (including professional advisors fees, placing fees and charges and printing costs), are estimated to be up to approximately HK\$58.1 million, representing a net issue price of approximately HK\$1.02 per Placing Share. The Company intends to use such net proceeds in the development of LED business including but not limited to possible increase in investment in Wavesquare Inc.'s LED chips business.

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

## **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:

<b>Announcement date</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
3 November 2009	Top-up subscription of 45,836,000 Shares at a price of HK\$0.681 per Share	Approximately HK\$30.70 million	Development of LED business of the Group and as a general working capital of the Group	(i) HK\$17.16 million was utilised for the acquisition of 4.3% shareholding in Wavesquare Inc., details of which were announced by the Company on 18 November 2009; and  (ii) The remaining balance of the net proceeds was utilised to pay for the deposit for the Investment, details of which were announced by the Company on 16 March 2010.

## **ADJOURNMENT OF AN EXTRAORDINARY GENERAL MEETING CONVENED TO BE HELD ON 30 APRIL 2010 TO CONSIDER THE PROPOSED REFRESHMENT OF GENERAL MANDATE**

Reference is made to the Company's announcement published on the website of the Stock Exchange at 1:57 p.m. on 28 April 2010 and the Refreshment Circular which contains information relating to, among other things, the Company's history of refreshments of mandate since the last annual general meeting, the amount of proceeds raised from the utilisation of the Existing General Mandate and the use of proceeds. Notices of the Refreshment EGM have been issued to the Shareholders together with the Refreshment Circular. The Company considers that the Placing constitutes material information on the Proposed Refreshment of General Mandate that comes to the Directors' attention after the Refreshment Circular is issued.

The Refreshment EGM will be adjourned until further notice pending the issuing of a circular containing, among other things, details of the Placing and the supplemental information for the Shareholders to consider the Proposed Refreshment of General Mandate. The Company will issue a notice of meeting for reconvening the Refreshment EGM together with the supplemental circular in accordance with Listing Rule 13.73 as soon as practicable.

### **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 27 April 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 29 April 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
“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
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement

“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for approving, among other matters, the grant of a specific mandate to allot and issue new Shares in connection with the Placing
“Existing General Mandate”	the existing general and unconditional mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 31 August 2009 to allot, issue and deal in up to 82,504,883 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	Independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Investment”	the subscription of the 730,000 new shares of Accupix Co., Ltd. by the Group pursuant to the investment agreement dated 15 March 2010, details of which are stated in the announcement of the Company dated 16 March 2010
“LED”	light-emitting diode, an electronic light source
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any person or entity whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“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 entered into between the Company and the Placing Agent dated 27 April 2010 as amended by a supplemental agreement dated 28 April 2010
“Placing Price”	HK\$1.05 per Placing Share
“Placing Shares”	up to 57,000,000 new Shares to be placed by the Placing Agent under the Placing Agreement
“Proposed Refreshment of General Mandate”	the Company’s proposal to refresh a general and unconditional mandate to be granted by the Shareholders to the Directors to allot, issue and deal in Shares not exceeding 20% of the issued share capital of the Company as at the date of the Shareholders’ approval
“Refreshment Circular”	the circular issued by the Company dated 15 April 2010 in respect of the Proposed Refreshment of General Mandate
“Refreshment EGM”	an extraordinary general meeting convened to be held at 10:30 a.m. on Friday, 30 April 2010 to consider and approve the Proposed Refreshment of General Mandate
“Share(s)”	ordinary share(s) of HK\$0.10 each in the 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

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

28 April 2010, Hong Kong