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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

DISCLOSEABLE TRANSACTION: ACQUISITION OF PROPERTIES

ACQUISITION OF THE PROPERTIES

The Board is pleased to announce that on 2 June 2011, New Concept and the Vendor entered into the Provisional Agreements, pursuant to which New Concept has agreed to purchase, and the Vendor has agreed to sell, the Properties at an aggregate consideration of HK\$51,500,000.

IMPLICATIONS UNDER THE LISTING RULES

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

ACQUISITION OF THE PROPERTIES

The Board wishes to announce that on 2 June 2011, New Concept, a wholly-owned subsidiary of the Company, and the Vendor entered into the Provisional Agreements. Major terms of the Provisional Agreements are set out below.

The Provisional Agreements

Date:

2 June 2011

Parties:

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

Vendor: Hunter Enterprises Limited, a company incorporated in Hong Kong with limited liability and based on the information provided by the Vendor, is principally engaged in finance business.

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

Assets to be acquired:

Pursuant to the Provisional Agreements, New Concept has agreed to purchase, and the Vendor has agreed to sell, the Properties at an aggregate consideration of HK\$51,500,000.

The Properties, being the Office Premises and the Carparks, shall be sold to New Concept free from encumbrances. The Properties are for non-residential use.

The Leased Carparks (i.e four of the Carparks) are currently leased by the Vendor to certain third parties independent of the Company and its connected persons under existing tenancy agreements at a total monthly rent of HK\$9,300 (inclusive of management fees and government rates). Save for the tenancy agreement of one of the Leased Carparks with monthly rental of HK\$2,400 which will expire on 18 March 2012, the other existing tenancy agreements may be terminated by either party with one month's notice.

The information of the net profits (both before and after taxation and extraordinary items) attributable to the Properties for the past two financial years was not made available to the Group.

Consideration:

The aggregate consideration payable by New Concept to the Vendor for the Properties (which is also the value of the Properties as taken by the Group) is HK\$51,500,000 and its payment schedule is as follows:

- (1) HK\$2,575,000, being the initial deposit, was paid by New Concept to the Vendor at the time of the signing of the Provisional Agreements;
- (2) HK\$2,575,000, being the further deposit, is payable by New Concept to the Vendor on or before 15 June 2011; and
- (3) the balance of the Consideration of HK\$46,350,000 is payable by New Concept to the Vendor upon completion of the Acquisition on or before 1 August 2011.

The Consideration of the Properties was determined after arm's length negotiations between the parties to the Provisional Agreements on normal commercial terms with reference to the market value of similar properties in similar locations. No formal valuation has been conducted in respect of the Properties.

Completion:

Formal agreement for the Acquisition is scheduled to be signed on or before 15 June 2011 and completion of the Acquisition is scheduled to take place on or before 1 August 2011.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

It is the current intention of the Group that the Properties will be used by the Group for future expansion. For this propose, the Group currently proposes to terminate the tenancy agreements of the Leased Carparks after completion of the Acquisition, save for the tenancy agreement in respect of one of the Leased Carparks of which the fixed term will expire on 18 March 2012 as mentioned above.

The Directors are of the view that the Acquisition is in the interests of the Company and the terms of the Acquisition are on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a discloseable transaction for the Company 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:

“Acquisition”	the acquisition of the Properties by New Concept
“Board”	the board of Directors
“Carparks”	six carparks located at Parking Space No.P24, P25, P26, P27, P28, P29 on 2nd Floor, Enterprise Square Two, No.3 Sheung Yuet Road, Kowloon, Hong Kong, being part of the subject matters of the Acquisition
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Acquisition payable by New Concept to the Vendor
“Director(s)”	the director(s) of the Company
“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
“Leased Carparks”	Four Carparks (being carparks located at the Parking Space No.P25, P26, P27 and P28 on 2nd Floor, Enterprise Square Two, No.3 Sheung Yuet Road, Kowloon, Hong Kong) which are currently leased out by the Vendor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Concept”	New Concept Capital Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Office Premises”	seven units located at Unit 1, 2, 3, 5, 6, 7 and 8 on 12th Floor, Enterprise Square Two, No.3 Sheung Yuet Road, Kowloon, Hong Kong, being part of the subject matters of the Acquisition
“Properties”	the Office Premises and the Carparks
“Provisional Agreements”	the two provisional agreements for sale and purchase dated 2 June 2011 entered into between New Concept and the Vendor in relation to the Acquisition
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Hunter Enterprises Limited, a company incorporated in Hong Kong with limited liability

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

Hong Kong, 3 June 2011

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. Hon. Lui Ming Wah, SBS, JP, Mr. Charles E. Chapman and Mr. Wong Ka Kit.