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## **AV CONCEPT HOLDINGS LIMITED**

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

(Stock Code: 595)

### **DISCLOSEABLE TRANSACTION: ACQUISITION OF 49% INTEREST IN THE TARGET**

After the trading hours on 5 March 2014, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares, representing 49% of the issued share capital of the Target, for a Consideration of HK\$39,000,000.

The Acquisition, in aggregate with the Previous Acquisition, constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements of Chapter 14 of the Listing Rules.

The Board wishes to announce that after the trading hours on 5 March 2014, the Purchaser and the Vendor entered into the Agreement in respect of the Acquisition.

The principal terms of the Agreement are set out below:

#### **THE AGREEMENT**

##### **Date**

5 March 2014

##### **Parties**

Purchaser : Signeo Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company.

Vendor : Amber Treasure Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, each of the Vendor and its ultimate beneficial owner is a third party independent of the Company and the connected persons of the Company.

## **Assets to be acquired**

The Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares free from all encumbrances together with all rights now or thereafter attaching thereto, including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date, for a Consideration of HK\$39,000,000. The Sale Shares represents 49% of the issued share capital of the Target.

## **Consideration**

The Consideration for the Sale Shares shall be paid by the Purchaser to the Vendor in cash upon Completion. The Consideration for the Sale Shares will be funded by internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of 100% of the Target as at 28 February 2014 of approximately HK\$86.5 million as valued by an independent professional valuer, using market approach method.

## **Completion**

Completion will take place on 5 June 2014 (or such other date agreed by the Vendor and the Purchaser in writing).

## **INFORMATION ON THE TARGET**

The Target is a company incorporated in the British Virgin Islands with limited liability and is investment holding company. Immediately before completion of the Acquisition, the Target was owned as to 51% by the Group and 49% by the Vendor.

The major asset of the Target is its 100% interest in Koocell. Koocell, a company incorporated in Hong Kong with limited liability, is a mobile phone application program and game developer. The mobile applications launched by Koocell include a mobile game application named "Tales of Three Kingdoms" (三國異誌) which consists of puzzle, simulation and role-play, and a mobile application named "Free4u" which offers its users e-gifts and coupons from different labels like Eslite Bookstore, Starbucks, Meji, H&M, Haagen-Dazs, Mcdonalds, Broadway and UA, which are available for downloading free of charge at each of the iOS and Android platform. Currently, the users of the games and applications launched by Koocell are around 800,000.

The unaudited combined total assets value and net liability value of the Target as at 31 December 2013 were approximately HK\$1,600,000 and HK\$1,900,000 respectively. The Target and Koocell were incorporated on 30 May 2013 and 7 June 2013 respectively and therefore there are no financial information for the last two financial years of the Target and Koocell.

Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

## **REASONS FOR 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.

The major asset of the Target is Koocell, and the mobile applications launched by Koocell such as “Tales of Three Kingdoms” and “Free4u” are successful in Taiwan and Hong Kong and the growth of its users are remarkable, having achieved a total of 800,000 users during the past few months. The Group is confident in Koocell’s ability to design and develop innovative and efficient smartphone game programs and other mobile phone application programs. Koocell will develop more games and applications and it plans to develop another major game, GGO Football, in March 2014 of the animated television series “Artificial Intelligent Football GGO”. “Artificial Intelligent Football GGO” is an animated television series about football and future technology produced by a large animation company in China. It has been broadcasted in more than 10 countries with more than 100 million audience so far.

Following Completion, the Target, and in turn Koocell, shall become wholly-owned subsidiaries of the Group. With a view to further develop the Group’s smartphone business, the Group will support Koocell in the marketing and sale of smartphone game application and mobile phone application programs in the Greater China region, so as to bringing satisfactory return to the Group. In this regard, the Group is exploring the opportunities to cooperate with the Group’s semi-conductor customers to pre-install Koocell’s games and applications into their smartphones. The Directors consider that it is in the interest of the Company to increase its interest in the Target through the Acquisition.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Acquisition, in aggregate with the Previous Acquisition, constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification 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 Sale Shares
“Agreement”	the agreement dated 5 March 2014 entered into between the Purchaser and the Vendor in relation to the Acquisition

“Board”	the board of Directors
“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 Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares under the Agreement
“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
“Koocell”	Koocell Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of 51% equity interest in the Target by the Purchaser from the Vendor at the consideration of HK\$24,000,000, which was completed on 1 October 2013

“Purchaser”	Signeo Limited, a company incorporated in the Cayman Islands with limited liability, which as at the date of this announcement, is a wholly-owned subsidiary of the Company
“Sale Shares”	4,900 ordinary shares of par value US\$1.00 each in the share capital of the Target, representing 49% of the entire issued share capital of the Target
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Koocell Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Amber Treasure Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

On behalf of the Board  
**AV Concept Holdings Limited**  
**So Yuk Kwan**  
*Chairman*

Hong Kong, 5 March 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.*