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## **AV CONCEPT HOLDINGS LIMITED**

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

(Stock Code: 595)

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF INTEREST IN WAVESQUARE INC.**

After trading hours on 9 June 2014, the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares, representing approximately 10.73% of the issued share capital of the Target, for a Consideration of HK\$30 million.

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

The Board wishes to announce that after trading hours on 9 June 2014, the Purchaser and the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement in respect of the Disposal. The principal terms of the Agreement are set out below:

#### **THE AGREEMENT**

##### **Date**

9 June 2014

##### **Parties**

- Vendor : New Concept Capital Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company which is principally engaged in investment holding.
- Purchaser : Nitgen Eco & Energy International Limited, a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding.

The Purchaser is a wholly-owned subsidiary of Integrated Energy, which as at the date of the Agreement and up to the date of this announcement, was owned as to approximately 33.13% by the Group. Save as disclosed above, to the best of the Directors' knowledge, information and belief after having made all reasonable enquires, each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

### **Assets to be disposed**

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 date of Completion, for a Consideration of HK\$30 million. The Sale Shares represent approximately 10.73% 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 in the following manner:

- (1) as to HK\$3,000,000 within 14 calendar days of the date of the Agreement as first instalment; and
- (2) as to the remaining balance of HK\$27,000,000 upon Completion.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the net asset of the Target as at 31 March 2014 attributable to the Sale Shares and taking into account the Group's investment cost of the Sale Shares.

### **Completion**

Completion shall take place on 9 October 2014 (or such other date as may be agreed between the Vendor and the Purchaser).

### **INFORMATION ON THE TARGET**

The Target is a company incorporated in the Republic of Korea and principally engaged in the business of research, development and manufacturing of the super high brightness LED wafer. Immediately before the entering into of the Agreement, the Target is owned as to approximately 10.73% by the Vendor. To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, each of the other shareholders of the Target and its ultimate beneficial owners is an Independent Third Party.

The unaudited total asset value and net asset value of the Target as at 31 December 2013 were approximately HK\$242,400,000 and HK\$142,590,000 respectively.

The unaudited financial information of the Target for the two years ended 31 December 2013 are set out below:

	<b>For the year ended 31 December 2012 <i>HK\$</i></b>	<b>For the year ended 31 December 2013 <i>HK\$</i></b>
Net loss (before taxation and extraordinary items)	14,380,000	22,843,000
Net loss (after taxation and extraordinary items)	14,380,000	22,843,000

Following Completion, save that the Group will have indirect interest in the Target through the Group's interest in the Purchaser the Group will cease to have any direct interest in the Target.

## **REASONS FOR 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 Directors expect to recognise an unaudited gain of approximately HK\$227,000, being the difference between the Consideration and the carrying amount attributable to the Sale Shares. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be determined as at the date of Completion.

The Directors expect that the net proceeds from the Disposal will be used as general working capital of the Group. Given that the Group's investment in the Target did not help to improve the Group's overall operational and financial performance as expected, the Directors consider that the Group should realise its investment in the Target.

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

The Company has overlooked the requirements to comply with the relevant provisions under Chapters 14 of the Listing Rules at the time when the Group entered into the Agreement. The Company has in respect of the Disposal admitted the non-compliance and has taken steps to rectify the non-compliance, including by way of this announcement.

## **DEFINITIONS**

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

“Agreement”	the agreement dated 9 June 2014 entered into between the Purchaser and the Vendor in relation to the Disposal
“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 Disposal in accordance with the terms and conditions of the Agreement
“Consideration”	the aggregate consideration payable by the Purchaser for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares
“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
“Independent Third Party”	a third party independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Integrated Energy”	Integrated Energy Limited, a company incorporated in the Republic of Korea whose common shares are listed on the Korean Securities Dealers Automated Quotations, a trading board of the Korean Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“KRW”	the dollar unit in the lawful currency of the Republic of Korea
“Purchaser”	Nitgen Eco & Energy International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Integrated Energy
“Sale Shares”	1,486,008 shares of common stock having par value of KRW500 per share in the share capital of the Target, representing 10.73% of the issued share capital of the Target
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	WAVESQUARE INC., a company incorporated in Korea with limited liability, which immediately before the Completion, is beneficially owned as to approximately 10.73% by the Vendor
“Vendor”	New Concept Capital Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 7 July 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.*