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AV CONCEPT HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 595)

VOLUNTARY ANNOUNCEMENT SUBSCRIPTION FOR CONVERTIBLE NOTES

The Board is pleased to announce that on 11 January 2011, the Subscriber, a wholly-owned subsidiary of the Company, and Signeo, entered into the Subscription Agreement pursuant to which the Subscriber has agreed to subscribe for the Convertible Notes at the Subscription Price.

This is a voluntary announcement made by the Company.

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 11 January 2011, the Subscriber, a wholly-owned subsidiary of the Company, and Signeo, entered into the Subscription Agreement pursuant to which the Subscriber has agreed to subscribe for the Convertible Notes at the Subscription Price.

Conditions precedent to the Subscription Agreement

Subscription by the Subscriber of the Convertible Notes shall be conditional upon the following conditions being fulfilled:

- (1) the shareholders of Signeo having approved the issue of the Convertible Notes to the Subscriber and the allotment and issue of Conversion Shares pursuant to the exercise of the conversion rights attaching to the Convertible Notes at an extraordinary general meeting of Signeo to be convened;
- (2) none of the representations, warranties and undertakings of Signeo under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has been remedied), or is misleading or untrue in any material respects;
- (3) all requisite consents, authorizations and approval, including but not limited to the approval of the Stock Exchange and/or the shareholders of the Subscriber (if required) having been obtained;

- (4) if so required, the Company having complied with all applicable requirements under the Listing Rules;
- (5) Signeo having increased its authorised share capital to HK\$1,000,000 comprising 1,000,000 ordinary shares of HK\$1.00 each;
- (6) the paid up capital of Signeo having been increased to HK\$100,000 comprising 100,000 shares of HK\$1.00 each; and
- (7) Signeo having recognised revenue of not less than US\$4 million and generated gross profit of not less than US\$1 million, in each case, in the period from 1 January 2011 to 20 April 2011 (both dates inclusive), as evidenced in management accounts of Signeo for such period, which shall be prepared in accordance with the applicable accounting standards as approved by the Subscriber in advance.

If any of the Conditions Precedent are not fulfilled or (as the case may be) waived by the Subscriber by 5:00 p.m. (Hong Kong time) on 20 April 2011 (or such other date as may be agreed by Signeo and the Subscriber in writing), the Subscription Agreement shall terminate and the respective obligations of the parties under the Subscription Agreement shall forthwith cease and terminate.

Completion

Completion shall take place on the third Business Day following the date on which the Conditions Precedent are fulfilled (or such other date as may be agreed between Signeo and the Subscriber in writing), provided that such date shall not be later than 30 April 2011 (or such other date as may be agreed between Signeo and the Subscriber in writing).

Principal terms of the Convertible Notes

Set out below are the principal terms of the Convertible Notes

- Maturity Date** : the second anniversary of the date of issue of the Convertible Notes
- Interest** : 6% per annum and interest shall accrue on a daily basis and shall be calculated on the basis of a 365-day year
- Conversion** : The holder(s) of the Convertible Notes shall have the right to convert its/their Convertible Notes into Conversion Shares at any time during the period commencing from the day immediately following the date of first issue of the Convertible Notes up to 4:00 p.m. on the Maturity Date.
- Conversion Price** : The initial Conversion Price per share of Signeo shall be US\$2.6666, subject to adjustment upon alteration to the nominal value of the shares of Signeo as a result of consolidation or subdivision.

Conversion Shares : Assuming the conversion rights attaching to the Convertible Notes are all exercised in full at the initial Conversion Price of US\$2.6666 per share, a maximum of 300,007 shares of HK\$1 each in the capital of Signeo will be allotted and issued, representing approximately 3000.07% of the entire issued share capital of Signeo at the date of this announcement, approximately 300.01% of the entire issued share capital of Signeo at Completion (assuming the issued share capital of Signeo at Completion being HK\$100,000, divided into 100,000 shares of HK\$1 each) and approximately 75.00% of the entire issued share capital as enlarged by the Conversion Shares.

Redemption : Signeo will redeem each Convertible Note on the Maturity Date at the redemption amount which is 100% of the principal amount of the outstanding Convertible Notes together with interest accrued up to (and including) the Maturity Date.

Any holder of the Convertible Notes may give notice to Signeo that the Convertible Notes are immediately due and repayable if occurrence of certain events as set out in the Subscription Agreement such as default of Signeo in the performance or observance of any covenant, condition or provision contained in the conditions of the Convertible Notes and on its part to be performed or observed and such default continues for the period of 14 days next following the service by any holder of the Convertible Notes on Signeo of notice specifying brief details of such default and requiring such default to be remedied, a material breach of any of the terms of the Subscription Agreement, a resolution is passed or an order of a court of competent jurisdiction is made that Signeo be wound up or dissolved or Signeo disposes of all or substantially all of its assets etc.

Transferability : The Conversion Notes are freely transferable.

GENERAL

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

Signeo is principally engaged in manufacturing professional and consumer audio products.

In arriving at the terms of the Subscription Agreement, the Directors have considered the business prospects of Signeo and potential synergies to the Group's existing business. The Directors are of the view that it is in the interests of the Company and its shareholders as a whole to enter into the Subscription Agreement, the terms of which are fair and reasonable.

The transaction contemplated under the Subscription Agreement does not constitute any transaction discloseable under Chapter 14 or 14A of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks in Hong Kong are open for business throughout their normal business hours
“Company”	AV Concept Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription of the Convertible Notes
“Conditions Precedent”	the conditions precedent to which Completion is subject as set out in the paragraph headed “Conditions precedent to the Subscription Agreement” above
“Conversion Notes”	the US\$800,000 six (6) per cent. convertible notes due 2013 to be issued by Signeo in accordance with the Subscription Agreement and for the time being outstanding or, as the context may require, any number of them
“Conversion Price”	the conversion price per share of Signeo
“Conversion Share(s)”	Share(s) of Signeo allotted and issued upon an exercise of the Conversion Rights
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$” and “HK dollars”	the Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Maturity Date”	the date falling two years after the date of first issue of the Convertible Notes or, if that is not a Business Day, the first Business Day thereafter

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Signeo”	Signeo International Limited, a company incorporated in Hong Kong with limited liability, a third party who is not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	AVC Technology (International) Limited, a wholly-owned subsidiary of the Company
“Subscription Agreement”	the subscription agreement entered into between Signeo as issuer and the Subscriber as subscriber in relation to the subscription of the Convertible Notes
“Subscription Price”	US\$800,000
“US\$”	the United States dollars, the lawful currency for the time being of the United States of America

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

Hong Kong, 11 January 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.