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## **AV CONCEPT HOLDINGS LIMITED**

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

**(Stock Code: 595)**

### **TERMINATION OF ACQUISITION OF PROPERTY**

Reference is made to the announcement of AV Concept Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) dated 4 October 2019 (the “**Announcement**”) in relation to the acquisition of the Property. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

#### **THE TERMINATION**

The Company was recently approached by the Vendor who proposed to terminate the Pre-Sale Contract (the “**Proposal**”), and return the Consideration of RMB20,000,000 (equivalent to approximately HK\$24,600,000) paid by the Purchaser for the Acquisition under the Pre-Sale Contract and compensate an amount of RMB3,600,000 (equivalent to approximately HK\$4,428,000) to the Purchaser (collectively, the “**Total Return Amount**”).

In assessing the Proposal, the Company has considered various factors such as:

- (i) the recent turmoil and uncertainties in the property sector in the PRC;
- (ii) the tightening controls over borrowing by the PRC government which slow down the property market;
- (iii) the on-going COVID-19 pandemic which could adversely affect the PRC economy and thus the demand for commercial properties;
- (iv) the latest market value of the Property. In this regard, the Company has engaged ValQuest Advisory (Hong Kong) Limited, an independent valuer, to conduct a valuation on the Property. Based on its valuation, the market value of the Property as at 31 December 2021 amounted to approximately RMB24,000,000 (equivalent to approximately HK\$29,520,000) based on comparable property prices in Chengdu City under the market approach (the “**Valuation**”); and
- (v) the Total Return Amount will be higher than the market value of the Property as stated in the Valuation after deducting the relevant tax payable if the Property is to be sold by the Company.

After having taken into account the aforesaid factors, the Directors are of the view that (i) the Proposal represents a good opportunity to help the Company to avoid the uncertainties and mitigate the related risks; and (ii) the terms of the Settlement Agreement (details of which are set out below) are fair and reasonable and in the interests of the Shareholders as a whole.

Accordingly, on 13 January 2022 (after trading hour), the Purchaser and the Vendor entered into a settlement agreement (the “**Settlement Agreement**”), pursuant to which the parties agreed that:

- (i) the Pre-Sale Contract shall be terminated and the Acquisition shall not proceed to completion;
- (ii) the Vendor shall return the Consideration of RMB20,000,000 (equivalent to approximately HK\$24,600,000) paid by the Purchaser for the Acquisition under the Pre-Sale Contract, and compensate an amount of RMB3,600,000 (equivalent to approximately HK\$4,428,000) to the Purchaser; and
- (iii) upon termination of the Pre-Sale Contract, the Purchaser and the Vendor will have relieved all their obligations, liabilities, claims and debts under the Pre-Sale Contract.

The Directors are of the view that the transactions as contemplated under the Settlement Agreement will not have any significant impact on the operations of the Group.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 13 January 2022

*As at the date of this announcement, the Board comprises three executive Directors, Dr. So Yuk Kwan (Chairman), Mr. So Kevin Chi Heng and Mr. So Chi Sun Sunny and three independent non-executive Directors, Dr. Lui Ming Wah, SBS, JP, Mr. Charles Edward Chapman and Mr. Lai Yat Hung Edmund.*

*Unless otherwise specified, the conversion of RMB into HK\$ are based on the exchange rate of RMB1.00 to HK\$1.23. No representation is made that any amounts in RMB and HK\$ have been or could be converted at the relevant dates at the above rate or other rates or at all.*

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*