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## **Co-Prosperity Holdings Limited**

**協盛協豐控股有限公司\***

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

(Stock Code: 707)

### **MAJOR TRANSACTION IN RELATION TO THE ACQUISITION OF SALE SHARES AND MAJOR DEBTS OF ASIA TELEVISION LIMITED**

#### **THE ACQUISITION**

Reference is made to the Announcements and the Circular.

As disclosed in the Company's announcement dated 29 July 2016, the Lender has exercised its rights under the relevant security documents by, inter alia, enforcing the Share Pledge. Accordingly, on 29 July 2016, the Lender became the legal and beneficial owner of the entire issued share capital of the Borrower. As a result of enforcing the Share Pledge, the Lender has stepped into the shoes of the Borrower with respect to, inter alia, the Acquisition.

On 30 April 2016, the Purchaser (i.e. the Borrower) and, among others, the Vendors entered into the Sale and Purchase Agreement, pursuant to which (i) the Borrower has conditionally agreed to acquire and the relevant Vendors have conditionally agreed to sell the Major Debts at the Major Debts Consideration of HK\$490,000,000; and (ii) the Borrower has conditionally agreed to acquire and the relevant Vendors have conditionally agreed to sell the Sale Shares at the Sale Shares Consideration of HK\$10,000,000. The two acquisitions are interconditional. As at the date of this Announcement, an aggregate amount of HK\$280,000,000 has been paid to the relevant Vendors.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Sale and Purchase Agreement was entered into between the parties thereto at the time when the Purchaser was not a subsidiary of the Company, the entering of the Sale and Purchase Agreement did not require Shareholders' approval. However, after the Borrower (i.e. the Purchaser) became a subsidiary of the Company when the Lender enforced the Share Pledge, proceeding with the Completion and making payment of the Balance Amount would constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Board's decision to proceed with the Completion and to make the payment of the Balance Amount constitute a major transaction under Chapter 14 of the Listing Rules, and the applicable percentage ratio(s) in respect of the Acquisition are more than 25% but all percentage ratios are less than 100%, such constitutes a major transaction for the Company under the Listing Rules and is subject to notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Completion is subject to the Shareholders' approval. The EGM will be convened for the purpose of, among other things, considering, and if thought fit, approving, among others, making payment of the Balance Amount and proceeding to the Completion.

A circular containing, among other things, (i) details of the Acquisition, the Sale and Purchase Agreement, the transactions contemplated thereunder and the Completion; and (ii) the notice of the EGM are expected to be despatched to the Shareholders on or before 17 October 2016.

## **THE SALE AND PURCHASE AGREEMENT**

The principal terms of the Sale and Purchase Agreement are set out below:

**Date:** 30 April 2016

**Parties:**

- (1) Star Platinum Enterprises Limited
- (2) Hero Luxury Limited
- (3) China Culture Media International Holdings Limited
- (4) Si Rongbin
- (5) Wong Ching (王征)
- (6) Treasure Ridge Limited
- (7) David Wong Ben Koon (黄炳均)
- (8) Absolute Star Limited
- (9) Panfair Holdings Limited
- (10) Dragon Race Limited
- (11) Dragon Viceroy Limited
- (12) Power Hill Limited
- (13) China Light Group Limited

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save as otherwise disclosed in the Announcements and the Circular, each of the parties to the Sale and Purchase Agreement and their ultimate beneficial owner(s) (if any) are Independent Third Parties as at the date of the Sale and Purchase Agreement. The Purchaser/Borrower and Hero Luxury became wholly-owned subsidiaries of the Company on 29 July 2016 as a result of the Lender enforcing the Share Pledge.

**Assets/Debts  
being  
acquired:**

- (i) the Sale Shares, being the aggregate of 689,934,950 issued shares in the share capital of ATV, representing approximately 52.42% of the entire issued share capital of ATV;
- (ii) the major debts, being the debts and its consequential interests as follows (the “**Major Debts**”):
  - all forms of loans provided by Wong Ching (王征) to the ATV Group;
  - Treasure Ridge's loans to ATV in the principal amount of HK\$290,000,000;
  - China Light's convertible notes issued by ATV with a total principal amount of HK\$8,888,948;
  - Dragon Viceroy's convertible notes issued by ATV with a total principal amount of HK\$206,111,052;
  - Panfair's convertible notes issued by ATV with a total principal amount of HK\$26,208,333.33;
  - all forms of loans provided by David Wong Ben Koon (黄炳均) to the ATV Group; and
  - all forms of loans provided by Panfair, Dragon Viceroy and China Light to the ATV Group.

**Consideration:** HK\$500,000,000 comprising the Sale Shares Consideration of HK\$10,000,000 and the Major Debts Consideration of HK\$490,000,000.

As at the date of this Announcement, an amount of HK\$280,000,000 has already been paid to the relevant Vendors.

So far as the Company is aware, the Consideration was arrived at after arm's length negotiations between the Vendors and the Purchaser on normal commercial terms with reference to (among other things), the financial conditions of ATV, the tangible assets of ATV as well as the intellectual properties of ATV. So far as the Company is aware, based on the draft audited financial statements of the ATV Group for the year ended 31 December 2014, the assets of the ATV Group comprise tangible assets in the form of cash, account receivables, purchased and self-produced programs, prepayments and other receivables in a sum of approximately HK\$65 million and fixed assets such as property, plant and equipment in a sum of approximately HK\$484 million, and intangible assets such as intellectual properties, which include trademarks, and copyrights to television programs, news, films etc. However, the value of the intellectual properties or their future economic benefits cannot be reasonably estimated at this stage.

The balance of the Consideration will be funded by debt financing or borrowings.

**Guarantee:** Mr. Deng Jun Jie, a substantial shareholder of the Company, has entered into a deed of guarantee and indemnity in favour of Wong Ching (王征) to guarantee, as a continuing obligation, the due and punctual payment and performance of all the obligations of the Purchaser which are or may become owing by the Purchaser to Wong Ching (王征) pursuant to the Sale and Purchase Agreement, limited to the aggregate amount of HK\$150,000,000 (excluding, inter alia, the fees and expenses incurred in or incidental to the preservation or enforcement of the said deed).

Mr. Deng Jun Jie, a substantial shareholder of the Company, has entered into a deed of guarantee and indemnity in favour of Treasure Ridge to guarantee, as a continuing obligation, the due and punctual payment and performance of all the obligations of the Purchaser which are or may become owing by the Purchaser to Treasure Ridge pursuant to the Sale and Purchase Agreement, limited to the aggregate amount of HK\$70,000,000 (excluding, inter alia, the fees and expenses incurred in or incidental to the preservation or enforcement of the said deed).

**Conditions Precedent:** (a) The ATV Shareholders' warranties in the Sale and Purchase Agreement remaining true and accurate in all respects and are not misleading, and each of the ATV Shareholders not having been in breach of the Sale and Purchase Agreement in any respect, during the period from the date of the Sale and Purchase Agreement up to the date of Completion (both dates inclusive);

- (b) Wong Ching (王征)'s warranties in the Sale and Purchase Agreement remaining true and accurate in all respects and are not misleading, and Wong Ching (王征) not having been in breach of the Sale and Purchase Agreement in any respect, during the period from the date of the Sale and Purchase Agreement up to the date of Completion (both dates inclusive);
- (c) Treasure Ridge's warranties in the Sale and Purchase Agreement remaining true and accurate in all respects and are not misleading, and Treasure Ridge not having been in breach of the Sale and Purchase Agreement in any respect, during the period from the date of the Sale and Purchase Agreement up to the date of Completion (both dates inclusive);
- (d) the Purchaser's warranties in the Sale and Purchase Agreement remaining true and accurate in all respects and are not misleading, and the Purchaser not having been in breach of the Sale and Purchase Agreement in any respect, during the period from the date of the Sale and Purchase Agreement up to the date of Completion (both dates inclusive);
- (e) the ATV Shareholders informing Antenna pursuant to the ATV Shareholders' Agreement of its pre-emptive right to acquire all the Sale Shares based on the terms under the Sale and Purchase Agreement, and Antenna giving up its pre-emptive right and tag along rights in writing; or Antenna failing to give a reply within the time prescribed by the ATV Shareholders' Agreement, and Panfair, Dragon Viceroy and China Light informing the parties of the Sale and Purchase Agreement that no reply has been received from Antenna;
- (f) obtaining the approval from the Court of Hong Kong in respect of the transfer of Sale Shares in accordance with section 182 of Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong); and
- (g) no order has been made by the Court of Hong Kong to wind up ATV prior to the fulfilment of conditions precedent (e) and (f) above.

As at the date of this Announcement, save for the conditions precedent which, by virtue of their nature, can only be fulfilled on the date of Completion, all other conditions precedent have been fulfilled.

Completion of the acquisition of the Sale Shares and Major Debts are interconditional.

## **INFORMATION ON ATV**

ATV is a company incorporated in Hong Kong with limited liability on 6 April 1973. A petition to wind up ATV was filed at the High Court of Hong Kong on 5 February 2016 and the Provisional Liquidators have been appointed by order of the High Court of Hong Kong on 24 February 2016. ATV was engaged in television broadcasting and was the holder of the domestic free television programme service licence (which expired on 1 April 2016) and the non-domestic television programme service licence (which expired on 31 May 2016) in Hong Kong.

## **APPLICATION FOR WAIVER**

Provisional Liquidators are appointed to ATV by the High Court of Hong Kong and ATV no longer has an effective board of directors. The Company also does not have any control or access to the books and records of ATV. In the circumstance, the Company is unable to provide any accurate and complete financial statements of the ATV Group at this stage. It was estimated that the ATV Group has, on a liquidation scenario, estimated assets (excluding the value of the intangible assets and the cash balance of ATV) of between approximately HK\$22.4 million to HK\$50.4 million, and estimated liabilities (including the Major Debts) of approximately HK\$3.0 billion (including approximately HK\$728.8 million payable to subsidiaries of ATV) as at 7 July 2016. However, it has now come to the attention of the Company that as at the date hereof, the estimated assets of the ATV Group is likely to be less than this amount and as such the above may not give an accurate financial position of the ATV Group as at the date of this Announcement.

Accordingly, the Company will apply to the Stock Exchange for waiver from strict compliance with the disclosure requirements under (i) Rules 14.67 (6) and (7) of the Listing Rules; and (ii) any other relevant rule under Rules 14.66 and 14.67 of the Listing Rules in relation to the financial information of ATV to be included in the circular of the Company which is expected to be despatched to the Shareholders on 17 October 2016 and to defer in complying with such disclosure requirements until after Completion.

## **REASONS FOR PROCEEDING WITH COMPLETION**

Reference is made to the Announcements and the Circular.

As disclosed in the Company's announcement dated 29 July 2016, the Lender has exercised its rights under the relevant security documents by, inter alia, enforcing the Share Pledge. Accordingly, on 29 July 2016, the Lender became the legal and beneficial owner of the entire issued share capital of the Borrower. As a result of enforcing the Share Pledge, the Lender has stepped into the shoes of the Borrower with respect to, inter alia, the Acquisition. The total amount of loan advanced by the Lender to the Borrower is HK\$310,000,000 to date.

The Borrower has provided certain undertakings to the High Court of Hong Kong in respect of the rescue of ATV before becoming a subsidiary of the Company, including (i) acquiring the debts of ATV's ex-employees; (ii) providing working capital to ATV

in the aggregate amount of HK\$30,000,000 (of which HK\$20,000,000 has been paid as at the date of this Announcement); and (iii) paying for the fees of the Provisional Liquidators. If the Borrower failed to fulfil those undertakings, it may be deemed to be in breach of certain obligations under the Sale and Purchase Agreement as well as in contempt of court, resulting in serious legal consequences. In addition, the Borrower has almost no assets. The Board is of the view that if the Borrower failed to complete the Acquisition, its investment in ATV could become a total loss. As a result, the Group would be unable to recover the loan of HK\$310,000,000 previously granted to the Borrower and the interest incurred thereof. As such, the Board is of the view that the Acquisition should be completed so that the value of the Borrower's investment in ATV could be preserved and realised. After the completion of the Acquisition, the Borrower shall propose a scheme of arrangement (the "**Scheme of Arrangement**") to the creditors of ATV by which all liabilities of ATV shall be assumed by the Borrower and a debt-equity swap would be executed. As a result, ATV shall be debt-free and given a fresh start. In addition, it is proposed that in the interim, certain transitional arrangements relating to ATV be vested in the Borrower and that after completion of the Scheme of Arrangement when the Provisional Liquidators have been discharged, management of ATV will vest in the Borrower. The Borrower has been in discussion and negotiation with various vendors in the industry of advertisement, media, culture and entertainment such as, but not limited to, content providers, programme producers, distributors, cable TV operators, and satellite transmission operators for future cooperation with ATV and further business development. If the plan to rescue ATV can proceed as planned, the Directors believe that the Borrower will be able to recover its investment in ATV and the Company can also recover the loan granted to the Borrower. On this basis, it is fair and reasonable and in the interest of the Company and the Shareholders to continue to provide financial support to the Borrower and to proceed with the Completion, with a view to realising the value of ATV.

## **GENERAL**

The Group is principally engaged in the businesses of (i) the processing, printing and sales of finished fabrics; (ii) the trading of fabric and clothing; (iii) money lending; and (iv) securities investment. In addition, the Group has entered into the business in the advertising, cultural, media and entertainment industry since late 2015.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Sale and Purchase Agreement was entered into between the parties thereto at the time when the Purchaser was not a subsidiary of the Company, the entering of the Sale and Purchase Agreement did not require Shareholders' approval. However, after the Borrower (i.e. the Purchaser) became a subsidiary of the Company when the Lender enforced the Share Pledge, proceeding with the Completion and making payment of the Balance Amount would constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Board's decision to proceed with the Completion and to make the payment of the Balance Amount constitute major transaction under Chapter 14 of the Listing Rules, and the applicable percentage ratio(s) in respect of the Acquisition are more than 25% but

all percentage ratios are less than 100%, such constitutes a major transaction for the Company under the Listing Rules and is subject to notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Completion is subject to the Shareholders' approval. The EGM will be convened for the purpose of, among other things, considering, and if thought fit, approving, among others, making payment of the Balance Amount and proceeding to the Completion.

A circular containing, among other things, (i) details of the Acquisition, the Sale and Purchase Agreement, the transactions contemplated thereunder and the Completion; and (ii) the notice of the EGM are expected to be despatched to the Shareholders on or before 17 October 2016.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Absolute Star”	Absolute Star Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Acquisition”	the acquisition of the Major Debts and the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“Announcements”	the Company's announcements dated 13 December 2015, 1 February 2016, 30 April 2016 and 29 July 2016
“Antenna”	Antenna Investment Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“ATV”	Asia Television Limited, a company incorporated in Hong Kong with limited liability
“ATV Group”	ATV and its subsidiaries
“ATV Shareholders”	collectively David Wong Ben Koon (黄炳均), Absolute Star, Panfair, Dragon Race, Dragon Viceroy, Power Hill and China Light
“ATV Shareholders' Agreement”	the shareholders' agreement entered into between, among others, ATV, Panfair, Dragon Viceroy and China Light dated 15 June 2007 and the deed of adherence and assignment entered into between, among others, Antenna, ATV, Panfair, Dragon Viceroy and China Light dated 26 March 2009



“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Balance Amount”	HK\$220,000,000
“Board”	the board of Directors
“Borrower” or “Purchaser”	Star Platinum Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“BVI”	British Virgin Islands
“China Light”	China Light Group Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Circular”	the Company’s circular dated 22 February 2016
“Company”	Co-Prosperity 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 Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the Major Debts Consideration and the Sale Shares Consideration
“Director(s)”	the director(s) of the Company
“Dragon Race”	Dragon Race Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Dragon Viceroy”	Dragon Viceroy Limited, a company incorporated in Hong Kong with limited liability and an Independent Third Party
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the payment of the Balance Amount and the Completion
“Group”	the Company and its subsidiaries

“Hero Luxury”	Hero Luxury Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Lender”	Rende Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Debts Consideration”	HK\$490,000,000 payable by the Purchaser to the relevant Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
“Panfair”	Panfair Holdings Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Power Hill”	Power Hill Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Provisional Liquidators”	the joint and several provisional liquidators of ATV appointed by the High Court of Hong Kong by an order dated 24 February 2016
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 April 2016 entered into between, among others, the Borrower (i.e. the Purchaser) and the Vendors (as supplemented by an agreement dated 30 July 2016 entered into between the Purchaser, Wong Ching (王征) and Treasure Ridge)
“Sale Shares”	the aggregate of 689,934,950 issued shares in the share capital of ATV, representing approximately 52.42% of the entire issued share capital of ATV
“Sale Shares Consideration”	HK\$10,000,000 payable by the Purchaser to the relevant Vendors pursuant to the terms and conditions of the Sale and Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Share Pledge”	the pledge of 99 shares in the Borrower by Si Rongbin in favour of the Lender for all monies and obligations from time to time owing by the Borrower to the Lender, including the amounts under the loan agreements entered into between the Lender (as lender), the Borrower (as borrower) and Si Rongbin (as guarantor) dated 30 April 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Treasure Ridge”	Treasure Ridge Limited, a company incorporated in the BVI with limited liability and an Independent Third Party
“Vendors”	collectively Wong Ching (王征), Treasure Ridge, David Wong Ben Koon (黄炳均), Panfair, Dragon Viceroy and China Light
“%”	per cent.

By order of the Board  
**Co-Prosperity Holdings Limited**  
**Tang Hon Kwo**  
*Co-Chairman*

Hong Kong, 23 September 2016

*As at the date of this announcement, the Board comprises Mr. Tang Hon Kwo, Mr. Li Wenfeng, Mr. Lam Chi Keung, Mr. Ip Ka Po, Mr. Sze Siu Bun and Mr. Ma Zhi, as executive Directors and Ms. Tao Feng, Ms. Han Xingxing and Mr. Cheung Ngai Lam as independent non-executive Directors.*

\* *For identification purpose only*