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**XINHUA NEWS MEDIA HOLDINGS LIMITED**

**新華通訊頻媒控股有限公司**

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

**(Stock Code: 309)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE ACQUISITION OF  
THE ENTIRE ISSUED SHARE CAPITAL IN  
MIGHTY CAPITAL GROUP HOLDINGS LIMITED  
AND THE ISSUE OF CONSIDERATION SHARES  
UNDER GENERAL MANDATE**

**THE ACQUISITION**

The Board is pleased to announce that, on 15 August 2017 (after trading hours), Xinhua News Media Limited (as the Purchaser, a wholly-owned subsidiary of the Company) and the Company (as the issuer of the Consideration Shares) entered into the Share Purchase Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing entire issued share capital of Mighty Capital Group Holdings Limited, at the Consideration of HK\$40,000,000.

The Consideration of HK\$40,000,000 for the sale and purchase of the Sale Shares shall be settled by the Company allotting and issuing 136,612,022 Consideration Shares at the Issue Price of HK\$0.2928 under the General Mandate. The Consideration Shares represent approximately 9.45% of the issued share capital of the Company as at the date of this announcement and approximately 8.64% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will rank pari passu in all respects with each other and with the Shares in issue at the time of issue of the Consideration Shares.

After Completion, Mighty Capital Group Holdings Limited will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Acquisition are 5% or more but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions Precedent set out in the Share Purchase Agreement, the Acquisition may or may not proceed to the Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.**

### **INTRODUCTION**

On 15 August 2017 (after trading hours), Xinhua News Media Limited (as the Purchaser, a wholly-owned subsidiary of the Company) and the Company (as the issuer of the Consideration Shares) entered into the Share Purchase Agreement with the Vendor, pursuant to which the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell the Sale Shares, representing the entire issued share capital of Mighty Capital Group Holdings Limited, at the Consideration of HK\$40,000,000.

## **PRINCIPAL TERMS OF THE SHARE PURCHASE AGREEMENT**

The principal terms of the Share Purchase Agreement are set out as follows:

### **Date**

15 August 2017

### **Parties**

- (1) the Purchaser (as purchaser);
- (2) the Vendor (as vendor); and
- (3) the Company (as the issuer of the Consideration Shares).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

### **Subject matter of the Acquisition**

Pursuant to the Share Purchase Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares representing the entire issued share capital in Mighty Capital Group Holdings Limited.

### **Consideration**

The Consideration of HK\$40,000,000 for the sale and purchase of the Sale Shares shall be settled by the Company to allot and issue 136,612,022 Consideration Shares at the Issue Price to Mr. Chan Chun Wo (or its nominee(s)) under the General Mandate upon Completion. The Consideration Shares represent approximately 9.45% of the issued share capital of the Company as at the date of this announcement and approximately 8.64% of the issued share capital of the Company as enlarged by the issued of the Consideration Shares.

The Consideration Shares will rank pari passu in all respects with each other and with the Shares in issue at the time of issue of the Consideration Shares.

### **Basis of the Consideration**

The Consideration was arrived at after arm's length negotiations among the Company and the Vendor, taking into account among others, the net asset value of the Target Group. The Directors are of the view that the Consideration is fair and reasonable.

### **Conditions Precedent**

Unless otherwise waived by the Purchaser in writing, Completion shall be subject to the satisfaction of the following Conditions Precedent:

- (a) the Purchaser having carried out and completed the Due Diligence Review and being satisfied with the results thereof in all respects;
- (b) the Purchaser having obtained from its PRC legal advisers the PRC legal opinion in form and substance satisfactory to the Purchaser;
- (c) the Listing Committee of the Stock Exchange granting approval (either unconditionally or subject to conditions to which the Vendor shall not unreasonably object) for the listing of, and permission to deal in the Consideration Shares;
- (d) the compliance by the Purchase and the Company all applicable requirements under the Listing Rules or otherwise of the Stock Exchange or other government agency or any laws which requires compliance the Purchaser and/or the Company at any time prior to Completion; and
- (e) there is no occurrence of any material adverse change or occurrence of specific events as mentioned in the Share Purchase Agreement with respect to any member of the Target Group.

The Purchaser may at its absolute discretion at any time on or prior to 5:00 p.m. on the Longstop Date, waive any Conditions Precedent (except condition (c) and (d)) and such waiver may be subject to such terms and conditions as determined by the Purchaser.

## **Completion of the Acquisition**

Completion shall take place after the fulfillment or waiver of the Conditions Precedent (as the case may be), and subsequent to the completion of the registration of the transfer of the Sale Share.

After Completion, Mighty Capital Group Holdings Limited will become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Company.

## **ISSUE OF CONSIDERATION SHARES UNDER THE GENERAL MANDATE**

Pursuant to the Share Purchase Agreement, the Company shall allot and issue an aggregate of 136,612,022 Consideration Shares to Mr. Chan Chun Wo (or its nominee(s)) as the Consideration. The Issue Price of HK\$0.2928 per Consideration Share was determined after arm's length negotiations between the Company and the Vendor based on the average closing price of HK\$0.2928 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Sale and Purchase Agreement.

The Issue Price represents:

- (i) a premium of approximately 0.97% to the closing price of HK\$0.2900 per Share as quoted on the Stock Exchange on 15 August 2017, being the date of the Share Purchase Agreement;
- (ii) a discount of approximately 7.28% to the average closing price of HK\$0.3158 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of the Share Purchase Agreement; and
- (iii) a premium of approximately 2.52% to the closing price of HK\$0.2856 per Share as quoted on the Stock Exchange for the ten trading days immediately prior to the date of the Share Purchase Agreement.

The Consideration Shares shall be issued under the General Mandate. At the annual general meeting of the Company held on 30 September 2016, the General Mandate was granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with up to 273,497,208 new Shares, being 20% of the number of issued Shares as at the date of passing of the resolution by the Shareholders in relation to the General Mandate. As at the date of this announcement, no Shares have been issued under the General Mandate.

## **APPLICATION FOR LISTING**

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **INFORMATION ON THE VENDOR AND THE TARGET GROUP**

The Vendor is a Hong Kong Permanent Resident who engages in investment business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

The Target Group consists of Mighty Capital Group Holdings Limited, Hongkong Hi-Technology Investment Holdings Limited and 橫琴新恒融城投資有限公司 (in English for identification purpose only, Hengqin Xinheng Rongcheng Investment Limited). Hongkong Hi-Technology Investment Holdings Limited is a wholly owned subsidiary of Mighty Capital Group Holdings Limited and Hengqin Xinheng Rongcheng Investment Limited is a wholly owned subsidiary of Hongkong Hi-Technology Investment Holdings Limited. Mighty Capital Group Holdings Limited is a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by the Vendor immediately prior to the Completion. Hongkong Hi-Technology Investment Holdings Limited is a company incorporated in Hong Kong with limited liabilities and Hengqin Xinheng Rongcheng Investment Limited is a company established in the PRC with limited liabilities.

The Mighty Capital Group Holdings Limited is an investment holding company and the Target Group is principally engaged in the business of investment and possesses an exhibition venue in Hanshou County, Hunan Province, the PRC.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

Mighty Capital Group Holdings Limited was incorporated on 27 July 2017. From the date of incorporation to the date of the Share Purchase Agreement, Mighty Capital Group Holdings Limited has not commenced any operation. Therefore, there has been no turnover and profit and loss recorded. In accordance with the unaudited consolidated management account of Mighty Capital Group Holdings Limited as at the date of the Share Purchase Agreement, the total asset of it amounted to approximately US\$5,239,520.96. The asset of Mighty Capital Group Holdings Limited consists of an exhibition hall located in Hanshou County, Hunan Province, the PRC. The abovementioned unaudited consolidated management account was prepared in accordance with the Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The principal activity of the Company is investment holding. The Group is organised into business units based on their products and services and has four operating segments as follows:

- (a) The cleaning and related services segment engages in the provision of cleaning and related services for office buildings, public areas and residential areas;
- (b) The television screen broadcast business segment engages in the provision of publicly broadcasting information and advertisements on television screens services;
- (c) The medical waste treatment segment engages in the provision of non-incineration medical waste handling services for hospitals; and
- (d) The waste treatment business segment engages in the provision of organic waste treatment and sale of the by products produced.

Our Group has been actively searching for potential business opportunities to further develop our media and advertisement businesses, including expansion through mergers and acquisitions. Having considered that the Target Group has been investing in and possesses a exhibition venue, our Directors consider that the Acquisition would bring synergy effect to the Group's business. On one hand, it would enhance our geographical presence in the PRC. On the other hand, by relying on the platform provided by the Target Group, the Company would be able to further expand its media and advertisement businesses by attracting more customers to engage us for our services in both Hong Kong and the PRC.

Our Directors believe that the Acquisition is in line with the Group's business diversification strategy and represents an attractive investment opportunity for the Group to further expand and diversify its business portfolio. Further, we are of the view that the Acquisition would benefit the Company and create more value to the Shareholders.

The Directors (including the independent non-executive Directors) are of the view that the Acquisition to be on normal commercial terms, and such terms are fair and reasonable and that the Acquisition is in the interest of the Company and its Shareholders as a whole.

## EFFECT ON THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company had 1,444,927,040 Shares in issue. For reference and illustration purposes only, assuming 136,612,022 Consideration Shares will be allotted and issued pursuant to the Share Purchase Agreement and there is no other change in the shareholding structure of the Company, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement and as recorded in the register required to be kept under Section 352 of the Securities and Future Ordinance; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code under the Listing Rules; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares.

Shareholders	As at the date of this announcement		Upon completion of the Acquisition	
	Number of Shares	Approximate % (Note 1)	Number of Shares	Approximate % (Note 1)
Symphony Investments Holdings Limited	256,328,000 (L)	17.74%	256,328,000 (L)	16.21%
Xinhua News Agency Asia-Pacific Regional Bureau Limited (“APRB”) (Note 2)	214,681,040 (L)	14.86%	214,681,040 (L)	13.57%
Brave Venture Limited (Note 3)	172,925,000 (L)	11.97%	172,925,000 (L)	10.93%
PAC Consulting (Note 4)	133,387,000 (L)	9.23%	133,387,000 (L)	8.43%
Directors (Note 5)	96,801,000 (L)	6.70%	96,801,000 (L)	6.12%
Mr. Chan Chun Wo (or his nominee(s))	Nil	Nil	136,612,022 (L)	8.64%
Other public Shareholders	570,805,000 (L)	39.50%	570,805,000 (L)	36.09%
Total	<u>1,444,927,040</u>	<u>100%</u>	<u>1,581,539,062</u>	<u>100%</u>

### Notes:

- (1) The percentages are subject to rounding difference, if any.
- (2) By virtue of Part XV of the SFO, as the entire share capital of APRB was beneficially owned by Xinhua News Agency Asia Pacific Regional Bureau, Xinhua News Agency Asia-Pacific Regional Bureau was deemed to be interested in those 214,681,040 Shares.
- (3) By virtue of Part XV of the SFO, as the entire issued share capital of Brave Venture Limited was beneficially owned by WKI Hong Kong Limited, which is in return wholly and beneficially held by WKI GP Limited, which is in turn wholly and beneficially owned by WKI Partners (Holdings) Limited, each Brave Venture Limited, WKI Hong Kong Limited, WKI GP Limited and WKI Partners (Holdings) Limited is deemed to be interested in those 172,925,000 Shares.



- (4) By virtue of the SFO, the entire issued share capital of PAC Consulting was wholly owned by Huian, which was in turn wholly and beneficially owned by Mr. Yu Guang, each Huian and Mr. Yu Guang is deemed to be interested in those 133,387,000 Shares.
- (5) The 96,801,000 Shares are owned to 13,674,000 Shares by Mr. Ju Mengjun, 55,779,000 shares by Dr. Lo Kou Hong, 13,674,000 Shares by Mr. David Wei Ji and 13,674,000 Shares by Mr. Wen Xin Nian.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio in respect of the Acquisition are 5% or more but all of them are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

**As the Completion is subject to the satisfaction and/or waiver, where applicable, of the Conditions Precedent set out in the Share Purchase Agreement, the Acquisition may or may not proceed to Completion. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.**

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser in accordance with the terms and conditions of the Share Purchase Agreement
“Board”	the board of Directors
“Company”	Xinhua News Media Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on The Stock Exchange of Hong Kong Limited
“Completion”	Completion of the Acquisition pursuant to the Share Purchase Agreement, as described in the paragraph head “Principal Terms of the Share Purchase Agreement – Completion of the Acquisition”

“Conditions Precedent”	the conditions precedent to the Completion, details of which are set out under the paragraph headed “Principal Terms of the Share Purchase Agreement – Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“Consideration Shares”	the aggregate new consideration Shares to be allotted and issued by the Company to the Vendor (or his nominee(s)) pursuant to the Share Purchase Agreement as the Consideration
“Directors”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 30 September 2016 to exercise the powers of the Company to allot, issue and other wise deal with addition Shares up to 20% of the number of issued Shares as at the date of passing of the resolution in relation to such general mandate (being 1,367,486,040 Shares)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huian”	Huian International Investment Limited, a company incorporated in the British Virgin Islands with limited liabilities
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of the Company and its connected persons
“Issue Price”	HK\$0.2928, the issue price of each Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Longstop Date”	29 August 2017 (or such later date as may be agreed in writing between the Parties)
“PAC Consulting”	Pan Asia Century Consulting Limited, a company incorporated in the British Virgin Islands with limited liabilities
“Parties”	the parties to the Share Purchase Agreement, being the Purchaser, the Company, the Vendor
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Xinhua News Media Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Sale Shares”	an aggregate of 10,001 ordinary shares, representing the entire issued share capital of Mighty Capital Group Holdings Limited to be acquired by the Purchaser pursuant to the Share Purchase Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the share purchase agreement dated 15 August 2017 entered into between the Purchaser (as the purchaser), the Company (as the issuer of the Consideration Shares), the Vendor in respect of the Acquisition
“Shareholder(s)”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	The group of companies comprising Mighty Capital Group Holdings Limited, Hongkong Hi-Technology Investment Holdings Limited and 橫琴新恒融城投資有限公司 (in English for identification purpose only, Hengqin Xinheng Rongcheng Investment Limited)

“US\$”	US dollars, the lawful currency of the United States of America
“Vendor”	Mr. Chan Chun Wo
“%”	per cent.

By Order of the Board  
**Xinhua News Media Holdings Limited**  
**David Wei Ji**  
*Executive Director*

Hong Kong, 15 August 2017

*As at the date of this announcement, the Board comprises five executive directors, namely, Mr. Ju Mengjun, Dr. Lo Kou Hong, Mr. Yu Guang, Mr. David Wei Ji and Mr. Wen Xin Nian; and three independent non-executive directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Ho Hin Yip.*