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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

ACQUISITION OF ENTIRE INTERESTS IN THE TARGET COMPANY

The Board is pleased to announce that, on 18 April 2019 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company at the Consideration of RMB33,000,000.

Upon Completion, (a) the Purchaser will own the entire issued share capital in the Target Company and indirectly owns the Property; and (b) the Target Company will become indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Agreements will constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

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THE AGREEMENT

Date

18 April 2019

Parties to the Agreement

- (1) the Purchaser; and
- (2) the Vendor.

As at the date of this announcement, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor, the Target Company and their respective ultimate beneficial owners are Independent Third Parties of the Company and its connected persons.

Nature of the transaction and assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the entire issued share capital in the Target Company. Upon Completion, (a) the Purchaser will own the entire issued share capital in the Target Company, which in turn indirectly owns the Property; and (b) the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

Consideration and payment

The Consideration is RMB33,000,000, of which RMB23,100,000 (70% of the Consideration) is payable in cash within 10 business days after the Completion date or a date mutually agreed and RMB9,900,000 (30% of the Consideration) is payable in cash within 12 months after the Completion Date or a date mutually agreed.

The Consideration was arrived at after arms' length negotiations between the Purchaser and the Vendor and taken into account the valuation of the Property at approximately RMB40,300,000 based on a preliminary valuation appraisal conducted on 28 February 2019 by an independent valuer commissioned by the Company.

Conditions precedent and Completion:

Completion shall be conditional upon and subject to:

1. no approval is required from the Shareholders in relation to the Acquisition;
2. the Board being satisfied with the results of valuation report on the Property issued by the valuer commissioned by the Company;
3. the Board being satisfied with the results of due diligence review (included but not limited to legal and financial);
4. the entering into an agreement concerning the leasing and outsourcing hotel operation; and
5. all necessary consents, licenses and approvals required to be obtained on the part of the Company in respect of the Acquisition thereby having been obtained and remained in full force and effect.

In the event that any of the above conditions precedent is not fulfilled and/or waived by the Purchaser, as the case may be within three months from the date of the Agreement, the Agreement shall be terminated by the parties and the parties shall be released from any obligations thereunder. The parties to the Agreement can extend the long stop date for fulfilment of the conditions precedent in writing.

INFORMATION ON THE PROPERTY

The Property, named Wuyishan Zhong Sheng Hotel (武夷山中盛大酒店), is located at Wuyishan National Tourism District, Wuyishan Town, Nanping, Fujian Province, the PRC (中國福建省南平武夷山市國家旅遊度假區). It has a gross area of approximately 5,391.96 sq.m., 104 rooms and is for hotel use. The terms of the underlying land use rights of the Property is from 27 January 2000 to 26 January 2050.

It is expected that the Property will be for the hotel use, e.g. provision of hotel accommodation, business conference and hotel catering services.

INFORMATION OF THE VENDOR AND THE TARGET COMPANY

The Vendor is a PRC resident and sole shareholder of the Target Company.

The Target Company is a company established under the laws of the PRC and is principally engaged in property investment and management.

Immediately after the Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements.

As at the date of this announcement, to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor, the Target Company and their respective ultimate beneficial owners are Independent Third Parties of the Company and its connected persons.

Financial information of the Target Company

Set below is the financial information of the Target Company, provided by the Vendor, for the year ended 31 December 2017 and 2018, respectively, and the following three months:

	For the year ended		For the
	31 December		following
	2017	2018	three
	(unaudited)	(unaudited)	months
	<i>RMB'000</i>	<i>RMB'000</i>	2019
			(unaudited)
			<i>RMB'000</i>
Revenue	—	—	—
Net profit/(losses) before taxation	(662.9)	(878.4)	(168.5)
Net profit/(losses) after taxation	(662.9)	(878.4)	(168.5)

The unaudited consolidated total net asset value of the Target Company as at 31 March 2019 was approximately RMB37,740,800.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in the provision of cleaning and related services, the provision of medical waste treatment service, the provision of waste treatment service and the provision of advertising media service. As stated in the chairman statement and the report of the directors of 2017/ 2018 annual report, the Group has been also seeking opportunities in properties investment, property agency business, technology, media and telecommunication (TMT).

The Purchaser, an indirect wholly-owned subsidiary of the Group, was established under the laws of the PRC. It is principally engaged in advertising, production, marketing planning and property agency and property management advisory services.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors believe that the Acquisition would further enhance the implementation of one of the Group's business strategies.

The Acquisition offers the Group an invaluable property investment opportunity for capital preservation, capital appreciation and stable rental income in the future.

In view of the foregoing, the Directors consider that the terms of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the transaction contemplated under the Agreements will constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the Completion is subject to the fulfilment and/or waiver of the conditions precedent set out in the Agreement, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:

“Acquisition”	the acquiring of the entire issued share capital of the Target Company by the Purchaser in accordance with the terms of the Agreement
“Agreement”	the agreement dated 18 April 2019 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Xinhua News Media Holdings Limited (新華通訊頻媒控股有限公司), a limited company incorporated in the Cayman Islands and whose Shares are listed on main board of the Stock Exchange (stock code: 309)
“Completion”	completion of the Agreement
“Completion Date”	within 10 days after the fulfilment and/or waiver of the condition precedents of the Agreement or such other date as the Purchaser and the Vendor may agree in writing
“Consideration”	the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“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 PRC

“Independent Third Party(ies)”	party(ies) who are independent of and not connected with or acting in concert (as defined under the Codes of Takeovers and Mergers and Share Buy-backs of Hong Kong) with, the Company, any of its connected persons (as defined under the Listing Rules) or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	a real estate located at Wuyishan National Tourism District, Wuyishan Town, Nanping, Fujian Province, the PRC* (中國福建省南平武夷山市國家旅遊度假區), wholly-owned by the Target Company as at the date of the Agreement
“Purchaser”	Hengqin Hetong Cultural Broadcast Company Limited* (橫琴和同文化傳播有限公司), a company established under the law of the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Reminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Fujian Jiye Property Management Co., Ltd.* (福建吉燁物業管理有限公司), a company established under the laws of the PRC and a direct wholly-owned subsidiary of the Vendor

“Vendor”

Mr. Yu Wei Kun (俞煒坤), a PRC resident and sole shareholder of the Target Company

“%”

per cent.

By order of the Board
Xinhua News Media Holdings Limited
Chan Chun Wo
Co-Chairman & Executive Director

Hong Kong, 18 April 2019

As at the date of this announcement, the Board comprises six executive Directors, namely, Mr. Lo Kou Hong, Mr. Chan Chun Wo, Mr. David Wei Ji, Mr. Huang Wen Kai, Ms. Chen Ming and Mr. Li Bing; and four independent non-executive Directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon, Mr. Ho Hin Yip and Ms. Lee Suen.

* *For identification purpose only*