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## **ASIA TELEVISION HOLDINGS LIMITED**

### **亞洲電視控股有限公司**

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

(Stock Code: 707)

## **DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF MILLION FEDERAL INTERNATIONAL LIMITED**

### **THE AGREEMENT**

The Board is pleased to announce that, on 26 May 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 60% of the entire issued share capital of the Target Company, at the Consideration of HK\$62,000,000 (subject to adjustment), which shall be paid to the Vendor at the Completion Date by cash.

Completion is subject to and conditional upon fulfillment (or waiver, where applicable) of certain conditions precedent as more particularly set out in sub-paragraph “Conditions Precedent” below before the Long Stop Date. Upon Completion, the Target Company will cease to be a subsidiary of the Company.

### **THE LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is subject to the fulfillment (or waiver) of the conditions precedent under the Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

The Board is pleased to announce that, on 26 May 2020 (after trading hours), the Vendor has entered into the Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 60% of the entire issued share capital of the Target Company, at the Consideration of HK\$62,000,000 (subject to adjustment), which shall be paid to the Vendor at the Completion Date by cash.

## THE AGREEMENT

The principal terms of the Agreement are summarised as follows:–

Date: 26 May 2020

Parties: (1) Vendor: Co-Prosperity Investment (International) Limited; and  
(2) Purchaser: O.S.R. Advisory Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### Sale Shares to be disposed

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 60% of the entire issued share capital of the Target Company. As at the date of this announcement, Sincere Securities, the wholly-owned subsidiary of the Target Company, is licenced to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Upon Completion, the Vendor will cease to own any issued share capital of the Target Company and thus the Target Company will no longer be an indirect non-wholly owned subsidiary of the Company.

Based on the financial statements of the Target Group, prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS), a summary of the financial information of the Target Group for the two years ended 31 December 2018 and 2019 is as follows:

	<b>Year ended 31 December 2018</b>	<b>Year ended 31 December 2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Profit/(Loss) before taxation	5,378	(18,827)
Profit/(Loss) after taxation	3,741	(18,985)
Net assets	117,267	96,282

The audited total asset value of the Target Group as at 31 December 2019 was approximately HK\$191,152,812.

### Consideration

The amount of Consideration is HK\$62,000,000, subject to adjustment as set out in the section headed "Adjustment mechanism to the Consideration" below. The Consideration shall be settled and paid by the Purchaser to the Vendor at the Completion Date by cash.

### Determination of the Consideration

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, amongst others, (1) the audited net asset value of the Target Group as at 31 December 2019; and (2) the past operation and business performance of the Target Group.

## **Adjustment mechanism to the Consideration**

After determining the NAV as at the Cut-off Date, the Consideration should be adjusted as follow:-

- (a) if the NAV as at the Cut-off Date is higher than the 2019 NAV,

$$\text{Adjusted Consideration} = \text{HK\$62,000,000} + (\text{NAV as at the Cut-off Date} - \text{2019 NAV}) \times 60\%; \text{ and}$$

- (b) if the NAV as at the Cut-off Date is lower than the 2019 NAV,

$$\text{Adjusted Consideration} = \text{HK\$62,000,000} - (\text{2019 NAV} - \text{NAV as at the Cut-off Date}) \times 60\%$$

However, the maximum limits of adjusted Consideration should not be more than HK\$75,000,000 or less than HK\$49,000,000.

## **Conditions Precedent**

Completion is subject to and conditional upon satisfaction of (or waiver) the following conditions precedent before the Long Stop Date:-

- (a) the Purchaser is reasonably satisfied with the results of the due diligence investigation on the Target Group;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Target Group and the Purchaser in respect of the Agreement and the transactions contemplated thereunder having been obtained;
- (c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereunder having been obtained, including but not limited to the SFC's approval of the Purchaser becoming a substantial shareholder of the Target Group;
- (d) Sincere Securities remaining a licensed corporation by the SFC to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO and such license not being revoked or suspended; and
- (e) the warranties under the Agreement remaining true and accurate in all material respects.

## **Completion**

Completion shall take place on the Completion Date.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

The Group is principally engaged in four major business streams including (i) processing, printing and sales of finished fabrics and subcontracting services and the trading of fabric and clothing business; (ii) money lending business; (iii) securities investment and broker service business; and (iv) media, cultural and entertainment business.

The Group is intended to focus on the expansion of the media, cultural and entertainment business. With reference to the annual report of the Company for the year ended 31 December 2019, the Company aims to revitalise the media, cultural and entertainment business through innovation and repositioning, including but not limited to the setting up of a media platform, mainly targeted users in Hong Kong, Taiwan, Singapore and Malaysia as to boarder the Group's Asian market. The Board considers that the Disposal will align with the future development strategies of the Group and also believes that the Disposal will reflect a more appropriate corporate image and strategy of the Group.

The Board considers that the Disposal represents an opportunity for the Group to realise its investment in the Target Group and reallocate the resources to develop the media, cultural and entertainment business. It is intended that the net proceeds from the Disposal will be applied for repayment of the borrowings of the Group and/or for the general working capital of the Group.

After taking into account the above factors, the Board considers that the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### **INFORMATION OF THE PURCHASER**

As at the date of this announcement, the Purchaser is a company incorporated in Hong Kong and is principally engaged in consultancy and advisory services in relation to corporate management, accounting and taxation. The Purchaser is ultimately beneficially owned as to 60% by Mr. Leung Wai Kwan and 40% by Ms. Lai Pou Lam Mina.

#### **FINANCIAL IMPACT OF THE DISPOSAL**

Upon Completion, the Vendor will cease to own any issued share capital of the Target Company, the Target Company will cease to be an indirect non-wholly owned subsidiary of the Company and its financial results and position will not be consolidated into the financial statements of the Company. The Company expects to record a gain on disposal arising from the Disposal in the amount of approximately HK\$275,000, calculated with reference to (i) the carrying amount of the net assets of the Target Group; (ii) the carrying amount of non-controlling interest in the Target Group; and (iii) the Consideration. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the determination of the net asset value of the Target Company based on the final Completion Date and to review and final audit by the auditors of the Company.

#### **THE LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is subject to the fulfillment (or waiver) of the conditions precedent under the Agreement. As the Disposal may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

The following terms shall have the following meanings ascribed to them respectively in this announcement unless the context otherwise requires:

“2019 NAV”	the audited net asset value of the Target Group as at 31 December 2019
“Agreement”	the sale and purchase agreement dated 26 May 2020 entered into between the Purchaser and the Vendor in respect of the Disposal
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Asia Television Holdings Limited 亞洲電視控股有限公司, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 707)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	the date falling on or before the tenth Business Day after determining the NAV (or such other date to be agreed by the parties)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of HK\$62,000,000 for the Disposal, subject to adjustment
“Cut-off Date”	the date on which all of the conditions precedent pursuant to the Agreement have been fulfilled (or waived)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling on or before the sixth calendar month after the date of the Agreement (or such other date to be agreed by the parties)

“NAV”	the audited net asset value of the Target Group as at the Cut-off Date
“Purchaser”	O.S.R. Advisory Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares”	15,000,000 shares, representing 60% of the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the Share(s)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571, as amended, of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Sincere Securities”	Sincere Securities Limited (訊匯證券有限公司), a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Target Company
“Vendor”	Co-Prosperity Investment (International) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Target Company”	Million Federal International Limited (萬方國際有限公司), a company incorporated under the laws of Hong Kong, which is owned as to 60% by the Vendor
“Target Group”	the Target Company together with its subsidiaries, including Sincere Securities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*By order of the Board*  
**Asia Television Holdings Limited**  
**Deng Junjie**  
*Co-Chairman and executive Director*

Hong Kong, 26 May 2020

*As at the date of this announcement, the Board comprises Mr. Deng Junjie, Mr. Leong Wei Ping 梁瑋珮先生\*, Mr. Chan Wai Kit, Mr. Sze Siu Bun and Ms. Sun Tingting as executive Directors, Dato' Sri Lai Chai Suang 拿督斯里賴彩雲博士\* and Mr. Andy Yong Kim Seng 楊錦成先生\* as non-executive Directors, Ms. Han Xingxing, Mr. Li Yu, Ms. Wong Chi Yan and Mr. Lee Cheung Yuet Horace as independent non-executive Directors.*

*\* For identification purpose only*