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**香港經濟日報集團有限公司**

HONG KONG ECONOMIC TIMES HOLDINGS LIMITED

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

**(Stock Code: 00423)**

## **MAJOR TRANSACTION DISPOSAL OF PROPERTY**

The Board is pleased to announce that on 26 January 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Property for a consideration of HK\$135,000,000, subject to fulfilment of the Conditions. Upon Completion, the Purchaser (as licensor) shall enter into the Licence Agreement with the Vendor (as licensee) in relation to right to use the Licensed Area after Completion.

One or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, while all of the applicable percentage ratios in respect of the acquisition of right-of-use asset under the Licence Agreement are less than 5%. Pursuant to Rule 14.24 of the Listing Rules, since the transaction contemplated under the Provisional Agreement involves both an acquisition and a disposal, the transaction will be classified by reference to the larger of the two i.e. the Disposal. As the Disposal constitutes major transaction for the Company, it is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal. A circular containing, among other things, details of the Disposal (including a valuation report in respect of the Property) and a notice convening the EGM is expected to be despatched to the Shareholders on or before 20 February 2024.

**Shareholders and potential investors of the Company should note that Completion of the Disposal is conditional upon the satisfaction of the Conditions. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **THE DISPOSAL**

The Board is pleased to announce that on 26 January 2024 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell the Property, for a consideration of HK\$135,000,000, subject to fulfilment of the Conditions.

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

Date: 26 January 2024

Parties: (i) the Vendor, an indirect wholly-owned subsidiary of the Company  
(ii) the Purchaser

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

Property: Factories A, B (including Flat Roof appurtenant thereto), C and D on 2nd Floor of Tai Ping Industrial Centre, Block 1, No. 57 Ting Kok Road, Tai Po, New Territories, Hong Kong

Handover condition: The Property shall be sold to the Purchaser on an "as-is" basis and vacant possession will be delivered on Completion.

**Vendor's Works:** The Vendor shall carry out the Vendor's Works at its own costs and expenses. In the event that completion of the Vendor's Works can only take place after Completion, the Purchaser shall still be obliged to complete the purchase of the Property. Subject to the aforesaid, the Vendor shall use its best endeavors to complete the Vendor's Works on or before 30 April 2024.

**Conditions:** Completion is conditional upon (i) the Shareholders having approved the Provisional Agreement and/or the Formal Agreement (if entered into) and the transaction contemplated thereunder at the EGM in accordance with the Listing Rules and (ii) the Company having complied with all other applicable requirements of the Listing Rules.

In the event the Conditions are not satisfied on or before the Longstop Date or if the Vendor is of the view that any of the Conditions cannot be satisfied on or before the Longstop Date, the Vendor may terminate the Provisional Agreement by serving a written notice on the Purchaser and, in such event, all deposits paid by the Purchaser shall be refunded by the Vendor without interest and the parties thereto shall have no claim against each other.

**Formal Agreement:** The Vendor and the Purchaser will negotiate a formal agreement in respect of the Disposal to be signed on or before 9 February 2024, which is expected to incorporate the terms of the Provisional Agreement and other customary terms adopted in similar transactions. If the Vendor and the Purchaser do not reach an agreement on the terms of the formal agreement, the Provisional Agreement remains valid and of full force and effect.

**Completion:** Subject to satisfaction of the Conditions, Completion shall take place on the 2nd business day after the date on which all the Conditions are satisfied (or such later date as may be agreed between the Vendor and the Purchaser in writing).

Consideration:

The consideration payable by the Purchaser to the Vendor in respect of the Disposal shall be HK\$135,000,000, which is to be paid as follows:

- (i) an initial deposit of HK\$6,750,000 shall be paid upon signing of the Provisional Agreement;
- (ii) a further deposit of HK\$6,750,000 shall be paid within 14 days of the Provisional Agreement or upon signing of the Formal Agreement, whichever is earlier;
- (iii) the balance of the consideration of HK\$121,500,000 shall be paid on the Completion Date.

The consideration has been negotiated between the Vendor and the Purchaser on an arm's length basis taking into account, among other things, the valuation of the Property by an independent valuer at HK\$122,600,000 as at 10 January 2024.

Licence Agreement:

Upon Completion, the Purchaser (as licensor) shall enter into the Licence Agreement for granting the right to the Vendor (as licensee) to use and occupy the Licensed Area located in the flat roof of the Property. The principal terms of the Licence Agreement shall be as follows:-

- (i) Initial Term – 5 years commencing from the Completion Date
- (ii) Licence fee – HK\$4,000 per month for the Initial Term
- (iii) User – The Licensed Area shall be used for the purpose of placing two cooling towers serving Factories A, B, C and D on the Third Floor where one of the Group's printing plants is located
- (iv) Option to renew – The Vendor (as licensee) shall have an option to renew the Licence Agreement for an additional 3 years after expiration of the Initial Term at a licence fee of HK\$5,000 per month

## **INFORMATION ON THE GROUP AND THE PARTIES**

The Company is an investment holding company and the Group is principally engaged in the businesses of (i) the printing and publication of newspapers, magazines and books and the operation of digital platforms, including recruitment, finance and lifestyle and (ii) the provision of electronic financial and property market information and related solutions. The principal business activity of the Vendor is the holding of properties in Hong Kong.

The Purchaser is a company incorporated in Hong Kong and, based on information available to the Company, the Purchaser is an indirect wholly-owned subsidiary of China Mobile Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. The China Mobile Group is principally engaged in the business of providing telecommunications and information related services in the mainland of the PRC and Hong Kong. The principal business activity of the Purchaser is the provision of telecommunications and related services in Hong Kong.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Property was classified as property, plant and equipment in the accounts of the Group as at 30 September 2023 with an unaudited carrying value of approximately HK\$9,988,000.

Based on, inter alia, the consideration under the Provisional Agreement, the unaudited carrying value of the Property as at 30 September 2023 and the related expenses for the Disposal, the Group currently expects to record a gain on disposal of approximately HK\$122,000,000 upon Completion.

The net proceeds arising from the Disposal are expected to be approximately HK\$132,000,000 and are expected to be applied as general working capital of the Group.

Pursuant to HKFRS 16, the Group if entering into a lease transaction as a lessee should recognise the right-of-use asset and lease liability in the consolidated financial statements of the Company. Accordingly, the entering into of the Licence Agreement by the Vendor (as licensee) will be regarded as an acquisition of asset of the Group under the definition of transaction set out in Rule 14.04(1)(a) of the Listing Rules. Subject to Completion and the signing of the Licence Agreement, a right-of-use asset will be recognised by the Company at the commencement date of the Licence Agreement in accordance with HKFRS 16.

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

The Property was originally used by the Group as one of its printing plants for the provision of printing services for publications. The management of the Group noted there was a reduction in the market demand of newspaper printing, partly due to the digital transformation of printed media and partly due to the Group's strategic focus on digital platforms in the recent years. As such, the Group had recently undergone a consolidation of its printing resources to rationalise and re-deploy resources so as to maximise the utilization of its factory spaces in a more effective, efficient and productive manner. As a result, the printing plant located at the Property has ceased to operate since December 2023.

The Group continues to operate its printing plant located on the Third Floor of the same building. In view of this, the Vendor will enter into the Licence Agreement with the Purchaser upon Completion such that the Group can continue to place the two cooling towers serving the printing equipment of the printing plant on the Third Floor in the Licensed Area at a reasonable licence fee, without interrupting the operation of the said printing plant.

The Directors are of the view that the Disposal represents a good opportunity for the Company to realise the value of the Property at a reasonable price. As the net proceeds from the Disposal will be applied as working capital of the Group, this will strengthen the financial position of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Provisional Agreement are on normal commercial terms and are fair and reasonable, and the Disposal is in the interest of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

One or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceed 25% but all of them are less than 75%, while all of the applicable percentage ratios in respect of the acquisition of right-of-use asset under the Licence Agreement are less than 5%. Pursuant to Rule 14.24 of the Listing Rules, since the transaction contemplated under the Provisional Agreement involves both an acquisition and a disposal, the transaction will be classified by reference to the larger of the two i.e. the Disposal. As the Disposal constitutes major transaction for the Company, it is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Disposal. A circular containing, among other things, details of the Disposal (including a valuation report in respect of the Property) and a notice convening the EGM is expected to be despatched to the Shareholders on or before 20 February 2024.

**Shareholders and potential investors of the Company should note that Completion of the Disposal is conditional upon the satisfaction of the Conditions. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	Board of Directors of the Company
“China Mobile Group”	China Mobile Limited (a company incorporated in Hong Kong with limited liability whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange) and its subsidiaries
“Company”	Hong Kong Economic Times Holdings Limited (香港經濟日報集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Hong Kong Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the date on which Completion shall take place
“Conditions”	the conditions precedent to Completion pursuant to the Provisional Agreement as set out in this announcement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Disposal”	the proposed disposal of the Property to the Purchaser pursuant to the terms and conditions of the Provisional Agreement
“EGM”	the extraordinary general meeting of the Shareholders to be convened by the Company to consider and if thought fit, approve the Disposal
“Formal Agreement”	the formal agreement (if any) in relation to the Disposal to be entered into between the Vendor and the Purchaser pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected persons
“Licence Agreement”	the licence agreement to be entered into between the Purchaser (as licensor) and the Vendor (as licensee) upon Completion in relation to the right to use the Licensed Area after Completion
“Licensed Area”	a portion of the flat roof of the Property as identified on a plan annexed to the Provisional Agreement, with a usable floor area of approximately 760 square feet
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Longstop Date”	26 March 2024 or such later date as the Vendor and the Purchaser may agree in writing



“PRC”	the People’s Republic of China
“Property”	Factories A, B (including Flat Roof appurtenant thereto), C and D on 2nd Floor of Tai Ping Industrial Centre, Block 1, No. 57 Ting Kok Road, Tai Po, New Territories, Hong Kong, with a gross floor area of approximately 41,570 square feet for Factories A, B, C and D and approximately 11,847 square feet for the Flat Roof
“Provisional Agreement”	the conditional provisional agreement for sale and purchase dated 26 January 2024 entered into between the Vendor and the Purchaser in relation to the Disposal
“Purchaser”	China Mobile Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability
“Share(s)”	ordinary share(s) of HK0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Third Floor”	Factories A, B, C and D on 3rd Floor of Tai Ping Industrial Centre, Block 1, No. 57 Ting Kok Road, Tai Po, New Territories, Hong Kong, which are occupied by the Group as of the date of this announcement
“Vendor”	Asianway (Far East) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

“Vendor’s Works”

various works to be carried out by the Vendor at the Property, including but not limited to dismantling and discarding certain pipes, conduits and metal flooring located in the Property and certain metal fences and cooling towers located on the flat roof of the Property.

“%”

per cent.

On behalf of the Board  
**Hong Kong Economic Times Holdings Limited**  
**Fung Siu Por, Lawrence**  
*Chairman*

Hong Kong, 26 January 2024

*As at the date of this announcement, the Board comprises: (a) Executive Directors: Mr. Fung Siu Por, Lawrence, Ms. See Sau Mei Salome and Ms. Wong Ching; (b) Non-executive Director: Mr. Chu Yu Lun; and (c) Independent Non-executive Directors: Mr. Lo Foo Cheung, Mr. O’Yang Wiley and Mr. Sin Hendrick.*

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