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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)

SETTLEMENT AGREEMENT IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARES IN THE TARGET COMPANY INVOLVING ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE

References are made to the announcements of Xinhua News Media Holdings Limited (the “**Company**”) dated 21 September 2018, 20 December 2018, 12 March 2019, 14 March 2019, and 20 March 2019 in relation to the acquisition of the entire issued shares in the Target Company (collectively, the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless otherwise stated.

As disclosed in the announcement dated 20 March 2019, Completion of the Agreement (as amended and/or supplemented by the First Supplemental Agreement and the Second Supplemental Agreement) took place on 20 March 2019 and the Company allotted and issued an aggregate of 66,666,666 Escrow Consideration Shares to the Vendors. After Completion, certain contractual obligations of the Vendors are yet to be fulfilled, including but not limited to, the Guaranteed Profit for the years of FY2020 to FY2023 and the procurement of shooting, post-production, sales and distribution of the Dramas by Mr. Gao pursuant to the Undertaking.

In view of the continuing imposition of policies by the National Radio and Television Administration in relation to restrictions on the shooting, broadcasting and distribution of ancient costume dramas, of which the Dramas are being categorised as, the Vendors have commenced negotiation with the Company on how to proceed with the fulfillment of the contractual obligations of the parties as the restrictions on ancient costume dramas have become more stringent since mid-2019 to such extent that it is uncertain when will the Dramas be allowed to be shoot, broadcasted or distributed.

On 19 June 2020, the Purchaser, the Vendors and the Company reached certain mutual understandings on settlement of the outstanding contractual obligations under the Agreement and entered into a settlement agreement (the “**Settlement Agreement**”). Pursuant to the Settlement Agreement, the parties shall appoint a licensed securities brokerage firm to sell the Escrow Consideration Shares on the Stock Exchange with all sales consideration being paid to the Company as liquidated damages, whilst the Purchaser shall transfer the Sale Shares back to the Vendors. After completion of the obligations under the Settlement Agreement, the Agreement shall be terminated with any unfulfilled obligations being released and all parties shall waive any claim or legal rights against the others under the Agreement.

By order of the Board
Xinhua News Media Holdings Limited
Tsui Kwok Hing
Executive Director

Hong Kong, 19 June 2020

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lo Kou Hong, Mr. Tsui Kwok Hing, Mr. Fu Jun and Mr. Leung Cheung Hang; and three independent non-executive Directors, namely, Mr. Wang Qi, Mr. Tsang Chi Hon and Mr. Wong Hon Kit.