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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



ASA SECURITIES LIMITED

On 17 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 324,130,204 new Shares at the Placing Price of HK\$0.0882 per Placing Share.

The Placing Shares represent approximately 19.34% of the existing total number of issued shares of the Company as at the date of this announcement, and approximately 16.21% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The maximum gross proceeds of the Placing will amount to approximately HK\$28,588,283. The maximum net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$27,916,518.

As the Placing may or may not proceed, shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 17 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 324,130,204 new Shares at the Placing Price of HK\$0.0882 per Placing Share.

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

17 August 2020 (after trading hours)

Issuer

The Company

Placing Agent and Fees

ASA Securities Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and whose ultimate beneficial owners are Independent Third Parties.

The Placing Agent has conditionally agreed to place a maximum of 324,130,204 Placing Shares on a best endeavor basis and it will charge the Company a placing commission of 2% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the terms of the Placing Agreement. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission is fair and reasonable.

Placees

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, which will be individuals, corporate and/or institutional investors on a best efforts basis. The Placing Agent will also use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be Independent Third Parties, and that none of the Placees will, immediately upon completion of the Placing, become a substantial shareholder of the Company.

Number of Placing Shares

The maximum number of 324,130,204 new Shares to be placed, representing (i) approximately 19.34% of the existing total number of issued shares of the Company as at the date of this announcement, and (ii) approximately 16.21% of the total number of issued shares of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The aggregate nominal value of all Placing Shares amounts to HK\$3,241,302.

Placing Price

The Placing Price of HK\$0.0882 represents:

- (i) a discount of approximately 11.80% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 15.03% to the average closing price of HK\$0.1038 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The net issue price per Placing Share (after deduction of the Placing commission and other related expenses as described below) is approximately HK\$0.0861, assuming that the Placing is completed in full.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank pari passu in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

Completion of the Placing is conditional upon the following conditions:

- (a) the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares;
- (b) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with its terms;
- (c) all necessary written consents and approvals (if any) from the relevant authorities in respect of the Placing having been obtained by the Company, if applicable; and
- (d) all the representations and warranties given under the Placing Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Placing Agreement and Completion.

If the foregoing condition is not fulfilled on or prior to 26 August 2020 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Completion of the Placing

Completion of the Placing shall take place on the second Business Day after the fulfilment of the condition of the Placing as aforesaid, or such other date as the Company and the Placing Agent may agree in writing.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the Directors are authorized to issue and allot up to 335,173,959 Shares. The Company has not exercised the power to allot and issue new Shares pursuant to such mandate prior to the date of the Placing Agreement. Therefore, the issue of the Placing Shares is not subject to approval of the Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares as soon as practicable.

Termination of the Placing Agreement

After consultation with the Company and in the reasonable opinion of the Placing Agent that the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by any of the following events, then the Placing Agent may terminate this Agreement without liability to the Company by giving notice in writing to the Company prior to 10:00 a.m. on the Completion Date:

- (i) any material breach of any of the representations and warranties; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing and any announcement of the Company); or
 - (c) the occurrence of any event, development or change of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
 - (e) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or elsewhere or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (f) any change or deterioration in the conditions of local, national or international securities markets occurs.

Upon termination of the Placing Agreement, none of the parties hereto shall have any rights or claims against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of those already accrued prior to such termination.

REASONS FOR THE PLACING

The Directors (including the Independent Non-Executive Directors) are of the view that the Placing represents an opportunity to raise additional capital for the Group and to broaden its shareholders' base, which is in the interests of the Group and the shareholders of the Company as a whole.

The Directors (including the Independent Non-Executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing), including the Placing Price and the Placing fees payable to the Placing Agent, are fair and reasonable based on the current market conditions, and are in the interests of the Group and the shareholders of the Company as a whole.

USE OF PROCEEDS

The maximum gross proceeds of the Placing will amount to approximately HK\$28,588,283. The maximum net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$27,916,518. The net proceeds of the Placing are intended for general working capital.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, assuming that all of the 324,130,204 Placing Shares will be placed in full and no further Shares will be issued or repurchased before completion of the Placing.

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>	<i>Number of Shares</i>	<i>Approximate % of shareholding</i>
Substantial Shareholders				
Zheng Xiandeng	214,681,040	12.81%	214,681,040	10.73%
Symphony Investments Holdings Limited (<i>Note 1</i>)	204,042,000	12.18%	204,042,000	10.20%
WKI Partners Holdings Limited (<i>Note 2</i>)	179,315,000	10.70%	179,315,000	8.97%
Mr. Tsui Kwok Hing (<i>Note 3</i>)	148,871,000	8.88%	148,871,000	7.44%
Other Public Shareholders				
Placees	–	–	324,130,204	16.21%
Other public shareholders	<u>928,960,756</u>	<u>55.43%</u>	<u>928,960,756</u>	<u>46.45%</u>
	<u>1,675,869,796</u>	<u>100.00%</u>	<u>2,000,000,000</u>	<u>100.00%</u>

Note 1: Symphony Investments Holdings Limited is wholly owned by Mr. Chen Ming. Accordingly, Mr. Chen Ming is deemed to be interested in such Shares under Part XV of the SFO.

Note 2: WKI Partners Holdings Limited is wholly owned by Brave Venture Limited. Brave Venture Limited is wholly owned by WKI Hong Kong Limited. WKI Hong Kong Limited is wholly owned by WKI GP Limited. Accordingly, each of WKI Partners (Holdings) Limited, Brave Venture Limited, WKI Hong Kong Limited, WKI GP Limited was deemed to be interested in such Shares under Part XV of SFO.

Note 3: Mr. Tsui Kwok Hing, an executive Director of the Company, is beneficially interested in 69,109,090 Shares and is deemed to be interested in 79,681,040 Shares through interest of his spouse, Ms. Budirahaju Lita, who personally and beneficially owned the said Shares.

DEFINITIONS

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

“Board”	means the board of Directors
“Business Day”	means any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong

“Company”	means 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 (stock code: 309)
“Completion”	means completion of the Placing in accordance with the Placing Agreement
“Director(s)”	means the director(s) of the Company
“General mandate”	means the general mandate granted to the Board by the shareholders of the Company by ordinary resolution passed at the extraordinary general meeting of the Company held on 26 September 2019 to allot, issue and deal with new Shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date thereof
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	means 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”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	means the subscriber(s) of the Placing shares which the Placing Agent will procure on a best effort basis pursuant to and in accordance with the Placing Agreement

“Placing”	means the placing of up to a total of 324,130,204 new Shares to be allotted and issued pursuant to the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	means ASA Securities Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“Placing Agreement”	means the placing agreement dated 17 August 2020 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	means HK\$0.0882 per Placing Share
“Placing Share(s)”	means a maximum of 324,130,204 new Shares to be placed under the Placing and pursuant to the Placing Agreement
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of the Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

By order of the Board
Xinhua News Media Holdings Limited
Fu Jun
Chief Executive Officer and Executive Director

Hong Kong, 17 August 2020

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