

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Hong Kong Television Network Limited
香港電視網絡有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 1137)

MAJOR TRANSACTION
ACQUISITION OF
ENTIRE SHARE CAPITAL OF THE TARGET COMPANY

The Board is pleased to announce that, on 20 February 2017, the Purchaser and the Vendor entered into the Agreement in relation to the Acquisition, pursuant to which the Vendor will sell and the Purchaser will acquire 100% of the issued share capital of the Target Company at the consideration of US\$0.671 million (equivalent to approximately HK\$5.21 million) (subject to adjustment).

Pursuant to the Agreement, the Purchaser, the Target Company and Groupon, Inc., will enter into the Master Transition Services and License Agreement pursuant to which Groupon, Inc. will provide or cause to be provided to the Target Company (a) a limited and temporary license to access to the certain systems, applications, tools, and trademarks, and (b) other support services, including merchant payment and customer support for a period of six (6) to twelve (12) months, as the case may be, from the effective date of the Master Transition Services and License Agreement.

Since the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. Written approval of the Acquisition has been obtained from Shareholders who together hold more than 50% of the issued share capital of the Company. On the basis that such Shareholders from a closely allied group of Shareholders, their written approval may be accepted in lieu of holding a general meeting for the approval of the Acquisition pursuant to Rule 14.44 of the Listing Rules.

Pursuant to Rule 14.41 of the Listing Rules, a circular containing, amongst other things, the information required under the Listing Rules in relation to the Acquisition will be despatched to the Shareholders within 15 Business Days after publication of this announcement. As more time is required for the Company to prepare, among other things, the accountants' report and the indebtedness statement for inclusion in the circular, the Company will apply for a waiver from strict compliance with Rule 14.41 of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

Completion is subject to fulfillment of the Conditions Precedent set out in the Agreement, and the Agreement may or may not proceed to Completion. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

The Board is pleased to announce that, on 20 February 2017, the Purchaser and the Vendor entered into the Agreement in relation to the Acquisition, pursuant to which the Vendor will sell and the Purchaser will acquire 100% of the issued share capital of the Target Company at the consideration of US\$0.671 million (equivalent to approximately HK\$5.21 million) (subject to adjustment).

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date : 20 February 2017

Parties : (1) Purchaser
(2) Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Vendor and the ultimate beneficial owner of the Vendor are third parties independent of the Company and its connected persons. (as defined in the Listing Rules).

Assets to be acquired : Pursuant to the Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share. Based on the audited financial statements, the Target Company recorded profit before and after taxation of HK\$7.2 million and HK\$6.1 million respectively for the year ended 31 December 2015; and based on the Management Accounts, the Target Company recorded a loss before and after taxation of HK\$12.2 million and HK\$12.3 million respectively for the year ended 31 December 2016 and a net liability of HK\$3.3 million (excluding a net receivables from the Vendor's group of HK\$38.9 million which is to be eliminated prior to Completion) as at 31 December 2016.

- Consideration : The total consideration of purchase and sale of Sale Share shall be US\$0.671 million (equivalent to approximately HK\$5.21 million) (subject to adjustment for the net working capital as at the date of Completion upon preparation of the relevant accounts of the Target Company. The Consideration is expected to be funded by internal resources available to the Group. The Consideration for the Acquisition was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, the prospect as elaborated in the section headed "REASONS FOR AND BENEFIT OF THE ACQUISITION".
- Payment Terms : The Consideration for the Acquisition shall be payable to the Vendor in cash by wire transfer of immediately available funds to the Vendor (subject to adjustment).
- Conditions Precedent : Completion of the Acquisition is conditional, amongst other things, upon the satisfaction or waiver of the following conditions:
- (a) The Vendor and the Target Company shall have delivered to the Purchaser all necessary closing deliveries, including executed Master Transition Services and License Agreement, instrument of transfer and bought and sold contract notes, shares certificates, business data, books and accounts, business contracts of the Target Company, and such other documents for the consummation of the transactions contemplated under the Agreement;
 - (b) The Purchaser shall have delivered to the Vendor all necessary closing deliveries, including executed Master Transition Services and License Agreement instrument of transfer and bought and sold contract notes, and such other documents for the consummation of the transactions contemplated under the Agreement;
 - (c) The Purchaser shall have delivered to the Vendor cash by wire transfer of immediately available funds in an aggregate amount equal to the Consideration;
 - (d) Each of the representations and warranties made by the Vendor, the Target Company, and the Purchaser in the Agreement shall be true and correct in all material respects when made and as of the Completion;

- (e) Each of the parties shall have in all material respects performed and complied with all covenants, agreements and conditions required by the Agreement and the transactions contemplated by the Agreement to be performed and complied with by each other prior to or as of the Completion; and
- (f) No legal proceedings shall be pending or have been commenced seeking to restrict or prohibit the transactions contemplated by the Agreement.

Completion : Completion shall take place on or before 3 March 2017 following the satisfaction or waiver of all the conditions precedent to the Agreement (or such other date as the Purchaser and the Vendor shall agree in writing). Upon Completion, the Target Company will become a subsidiary of the Company and accordingly, the financial information of the Target Company will be consolidated into the accounts of the Group.

The Agreement may be terminated by either party at any time after 23:59 p.m. Hong Kong Time on 3 March 2017, if the Completion shall not have occurred by such date. The Agreement shall automatically terminate with immediate effect save in respect of any surviving provisions and no party will have any claim against another for costs, damages, compensation or otherwise.

THE MASTER TRANSITION SERVICES AND LICENSE AGREEMENT

- Date : On the date of Completion
- Parties : (1) Purchaser
(2) Groupon, Inc.
(3) Target Company
- Transition Services : Pursuant to the Agreement, the Purchaser, Target Company and Groupon, Inc., will enter into the Master Transition Services and License Agreement on the date of Completion pursuant to which Groupon, Inc. will provide or cause to be provided to the Target Company (a) a limited and temporary license to access to certain systems, applications, tools, and trademarks, and (b) other support services, including merchant payment and customer support, for a period of six (6) to twelve (12) months, as the case may be, from the date of the Master Transition Services and License Agreement.
- Monthly Service Fees for Transition Services : In consideration of the Transition Services provided by Groupon, Inc., the Target Company shall pay to Groupon, Inc., the services fees based on the numbers of license used and the actual cost incurred by Groupon, Inc..

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in multimedia production and content distribution and other multimedia related activities as well as operate a 24-hour “e-shopping Mall” providing a “One-stop shop” platform including entertainment, online shopping, delivery services and customer experience.

The Target Company is a local corporation, providing local e-commerce marketplace which connects merchants to customers by offering goods and services at a discount primarily in e-voucher for redemption.

The Directors consider that the Acquisition represents a strategic step for the Group to create a meaningful presence in the voucher-selling market and strengthen its leading position within the industry of online marketplaces.

The Directors (including the independent non-executive Directors) believe that the terms of the Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the Agreement are greater than 25% but less than 100%, the Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Acquisition may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Acquisition.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition.

Written approval of the Acquisition has been obtained from the following Shareholders:

Name	Number of Shares held	Approximate percentage of shareholding
Top Group International Limited (<i>Note 2</i>)	339,814,284	42.00%
Wong Wai Kay, Ricky	15,236,893	1.88%
Cheung Chi Kin, Paul (<i>Note 3</i>)	<u>50,377,763</u>	<u>6.23%</u>
Total:	<u><u>405,428,940</u></u>	<u><u>50.11%</u></u>

Notes:

1. This percentage is based on 809,016,643 ordinary shares of the Company issued as at the date of this announcement.
2. Top Group International Limited is beneficially owned by Mr. Wong Wai Kay, Ricky, Mr. Cheung Chi Kin, Paul as to approximately 42.12% and 27.06% interests respectively.
3. The 25,453,424 Shares are held by Mr. Cheung Chi Kin, Paul and the 24,924,339 Shares are held by Worship Limited which is 50% owned by Mr. Cheung Chi Kin, Paul.

GENERAL

Pursuant to Rule 14.41 of the Listing Rules, a circular containing, amongst other things, the information required under the Listing Rules in relation to the Acquisition will be despatched to the Shareholders within 15 Business Days after publication of this announcement. As more time is required for the Company to prepare, among other things, the accountants' report and the indebtedness statement for inclusion in the circular, the

Company will apply for a waiver from strict compliance with Rule 14.41 of the Listing Rules. The Company will publish an announcement in relation to the despatch of the circular as and when appropriate.

Completion is subject to fulfillment of the Conditions Precedent set out in the Agreement, and the Agreement may or may not proceed to Completion. The Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of Sale Share as contemplated under the Agreement
“Agreement”	the conditional sale and purchase agreement dated 20 February 2017 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Board”	the board of Directors
“Business Day”	a day on which commercial banks in Hong Kong are open for business (excluding Saturdays, Sundays and public holidays)
“Company”	Hong Kong Television Network Limited, a company incorporated in Hong Kong with limited liability
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the total consideration in the sum of US\$0.671 million (equivalent to approximately HK\$5.21 million) (subject to adjustment for the net working capital as at the date of Completion upon preparation of the relevant accounts of the Target Company) payable by the Purchaser to the Vendor for the Acquisition as described under the Agreement
“Director(s)”	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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Management Accounts”	the unaudited management accounts of the Target Company for the year ended 31 December 2016
“Master Transition Services and License Agreement”	the transition services agreement to be entered into between the Purchaser, the Target Company, and Groupon, Inc. on Completion, details of which are set out in the section headed “Master Transition Services and License Agreement” in this announcement
“Purchaser”	Talent Ascent Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Share”	200,000 ordinary shares in the share capital of the Target Company, being the entire issued share capital of the Target Company held by the Vendor
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shift Media Group Limited, a company incorporated in Hong Kong with limited liability
“Transition Services”	Collectively, the transition services set forth in or contemplated by the Master Transition Services and License Agreement
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	Groupon, Inc., a company incorporated in Delaware, the United States of America, and publicly listed on the NASDAQ Global Select Market, and Groupon Holdings B.V., a company incorporated in the Netherlands, with limited liability and an indirect wholly-owned subsidiary of Groupon, Inc.
“%”	per cent.

By Order of the Board
Hong Kong Television Network Limited
Wong Wai Kay, Ricky
Chairman

Hong Kong, 20 February 2017

As at the date of this announcement, the executive directors of the Company are Mr. Wong Wai Kay, Ricky (Chairman), Mr. Cheung Chi Kin, Paul (Vice Chairman and Chief Executive Officer), Ms. Wong Nga Lai, Alice (Chief Financial Officer); the Non-executive Director is Ms. To Wai Bing and the Independent Non-executive Directors are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.