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**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)**

**DISCLOSEABLE TRANSACTION**  
**IN RELATION TO THE DISPOSAL OF THE ENTIRE ISSUED**  
**SHARE CAPITAL OF THE TARGET COMPANY**

**THE DISPOSAL**

Reference is made to the announcement of the Company dated 17 August 2018 in relation to the entering of the legally binding MOU between the Company (as the Seller) and HKBN Group Limited (as the Buyer) in respect of the Disposal which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 26 September 2018 (after trading hours), the Company, as the Seller, entered into the SPA with HKBN Group Limited (a wholly-owned subsidiary of HKBN), as the Buyer, pursuant to which, the Company has agreed to sell and the Buyer has agreed to acquire the Target Share (representing the entire issued share capital of the Target Company) at the Consideration of HK\$329,218,608.55, subject to adjustment after Completion based on the Completion Accounts. The Consideration is arrived at based on the sum of the Headline Price of HK\$328,281,166.00 and the Estimated Adjustment Amount of HK\$937,442.55.

Completion has taken place upon the signing of the SPA on 26 September 2018. Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

**LISTING RULES IMPLICATIONS**

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

## **THE DISPOSAL**

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## **THE SPA**

The principal terms of the SPA are summarised as follows:

### **Date**

26 September 2018

### **Parties**

- (a) the Company, as the Seller; and
- (b) HKBN Group Limited, as the Buyer.

### **Assets to be disposed**

The Target Share, representing the entire issued share capital of the Target Company.

### **Consideration**

Pursuant to the terms of the SPA, the Consideration payable by the Buyer to the Company shall be HK\$329,218,608.55, subject to adjustment after Completion based on the Completion Accounts.

The Consideration shall be payable in cash and in the following manner:

- (a) 10% of the Headline Price shall be payable by the Buyer to the Company on the date of signing of the MOU as the initial deposit; and
- (b) the Estimated Adjustment Amount and 90% of the Headline Price shall be payable by the Buyer to the Company at Completion.

The Consideration was determined after arm's length negotiations between the Company and the Buyer after taking into account: (i) the prevailing market values of real properties in comparable locations to the Included Properties; (ii) the premium offered by the Buyer relative to the prevailing market values of the comparable properties to the Included Properties; and (iii) the valuation of the properties held by the Target Company as at 30 June 2018 conducted by an independent professional valuer.

The Buyer shall at its own costs prepare the Completion Accounts pursuant to the terms of the SPA. The Buyer shall deliver the Completion Accounts to the Seller as soon as reasonably practicable and, in any event, not later than 10 business days after Completion. Upon agreement of the Completion Accounts between the Seller and the Buyer, if the Consideration calculated with reference to the Completion Accounts is less than the Consideration paid by the Buyer, the Seller shall repay to the Buyer the excess within five business days from the date of the Determination Date. If the Consideration calculated with reference to the Completion Accounts is more than the Consideration paid by the Buyer, the Buyer shall pay to the Seller the shortfall within five business days from the date of the Determination Date.

### **Completion**

Completion shall take place on the signing of the SPA.

Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

## **INFORMATION ON THE PARTIES**

### **The Group**

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

### **The Target Company**

The Target Company is a company incorporated under the laws of the British Virgin Islands with limited liability and is a property investment holding company. Immediately prior to Completion, it was principally engaged in the holding and leasing of real properties in Hong Kong, which include the Included Properties.

The Included Properties were leased by the Seller to the HKBN Group prior to Completion. Upon Completion, the HKBN Group owns the Included Properties and the lease concerning the Included Properties has been surrendered at Completion.

Prior to completion of the Restructuring, apart from the Included Properties, the Target Company also held other properties. The Restructuring was completed on 9 August 2018, and upon completion of the Restructuring, these properties were transferred to the other wholly-owned subsidiaries of the Seller. Certain of these other properties were leased to HKBN Group under the new leases which were entered into at Completion.

The unaudited net asset value of the Target Company as at 26 September 2018 was approximately HK\$167,600,000. The financial results of the Target Company for the two financial years immediately preceding the date of the Disposal are as follows:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2017</b>	<b>2016</b>
	(audited)	(audited)
	(HK\$)	(HK\$)
Net profit before tax	106,347,339	8,147,171
Net profit after tax	105,184,535	8,073,389

The Restructuring was completed on 9 August 2018, and accordingly, the Target Company only held the Included Properties immediately prior to Completion. The above historical financial performance of the Target Company represents its financials prior to the Restructuring. Upon Completion, the Target Company has ceased to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the Group's financial statements.

### **The Buyer**

The Buyer, an indirect wholly-owned subsidiary of HKBN, is a company incorporated under the laws of the British Virgin Islands with limited liability and is an investment holding company.

The HKBN Group is principally engaged in the provision of high-speed fibre broadband service (symmetrical 100 Mbps and above) in Hong Kong, offering a diversified portfolio of premier telecom services to both residential and enterprise markets, including broadband and Wi-Fi access, communication, entertainment and Cloud solutions.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Buyer and its ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

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

Upon Completion, the Company will realise a gain on the Disposal of approximately HK\$161,600,000 (before considering transaction costs), which is calculated by reference to the draft Completion Accounts of the Target Company as at 26 September 2018. The actual gain on the Disposal to be recorded by the Company is subject to the review and final audit by the auditors of the Company.

In light of the gain that will be recorded by the Company from the Disposal, the Directors consider that the Disposal represents an opportunity for the Group to realise its investment of the Included Properties, and enable the Group to re-allocate more financial resources on future potential investment opportunities and/or working capital of the Group.

The Company intends to apply the proceeds from the Disposal to support its capital and operating funding requirements of its e-commerce business.

On the basis of the foregoing, the Directors (including all the independent non-executive Directors) consider that the terms of the SPA are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

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

## **DEFINITIONS**

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

“Board”	the board of Directors
“Buyer”	HKBN Group Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of HKBN
“Company” or “Seller”	Hong Kong Television Network Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1137)
“Completion”	completion of the Disposal pursuant to the terms of the SPA
“Completion Accounts”	the completion balance sheet and the completion statement of the Target Company to be agreed between the Seller and the Buyer pursuant to the terms of the SPA
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal, being HK\$329,218,608.55, subject to adjustment after Completion based on the Completion Accounts
“Determination Date”	the date on which the Completion Accounts are agreed and determined by the Seller and the Buyer pursuant to the terms of the SPA

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Share by the Company pursuant to the terms of the SPA
“Estimated Adjustment Amount”	the estimated net debt and the estimated net working capital adjustment amount, being HK\$937,442.55
“Group”	the Company and its subsidiaries
“Headline Price”	the sum of HK\$328,281,166.00
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKBN”	HKBN Ltd. a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1310)
“HKBN Group”	HKBN and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Included Properties”	all the workshops Nos. 1 to 18 on the 15th floor and Roofs Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 9 on the 17th Floor of Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, the New Territories, Hong Kong and the entire 14th floor of Mita Centre, 552–566 Castle Peak Road, Kwai Chung, the New Territories, Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the legally binding memorandum of understanding dated 17 August 2018 entered into between the Company and the Buyer in relation to the Disposal
“Restructuring”	transfer of certain properties (other than the Included Properties) and assets and liabilities not related to the Included Properties held by the Target Company to the other wholly-owned subsidiaries of the Company
“SPA”	the sale and purchase agreement dated 26 September 2018 entered into between the Company and the Buyer in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules

“Target Company”	Cosmo True Limited, a company incorporated in the British Virgin Islands with limited liability and was a wholly-owned subsidiary of the Company immediately prior to Completion
“Target Share”	the entire issued share capital of the Target Company
“%”	per cent

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

Hong Kong, 26 September 2018

*As at the date of this announcement, the executive Directors 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), Mr. Lau Chi Kong (Chief Operating Officer) and Ms. Zhou Huijing and the independent non-executive Directors are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.*