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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)

**TOP-UP PLACING OF EXISTING SHARES
SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

Sole Placing Agent



THE PLACING AGREEMENT AND THE SUBSCRIPTION AGREEMENT

On 11 February 2020, the Company entered into (i) the Placing Agreement with the Vendor and UBS; and (ii) the Subscription Agreement with the Vendor.

Placing Agreement

Pursuant to the Placing Agreement, UBS has agreed to act as sole placing agent for the Vendor, on a fully underwritten basis, to procure placees for 90,000,000 existing Shares at the Placing Price of HK\$5.15 per Share.

The placees and their ultimate beneficial owners (i) will be independent of and not acting in concert with any of the Vendor, parties acting in concert with it, or any of the Vendor's or the Company's or its subsidiaries' directors, chief executive or substantial shareholders (as defined in the Listing Rules) or any of their respective associates (as defined in the Listing Rules); and (ii) will not become connected persons of the Company after completion of the Placing. It is expected that the Placing Shares will be placed to not less than six professional investors. The Vendor has not been and will not be involved in screening or selecting the placees in connection with the Placing.

Subscription Agreement

Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for 90,000,000 new Shares (which shall be equal to the number of Placing Shares), representing approximately 10.96% of the issued share capital of the Company as at the date of the Placing Agreement and the Subscription Agreement and approximately 9.88% of the issued share capital of the Company as enlarged by the Subscription.

Each of the Vendor and the Company has furnished lock-up undertakings to UBS for a period of 90 days from the date of the Placing Agreement with respect to disposal of, and issuance of, Shares respectively.

Completion of the Subscription is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (2) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
- (3) the Executive granting the Vendor a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to its acquisition of the Subscription Shares.

None of the conditions of the Subscription set out above can be waived by the Vendor or the Company. If completion of the Subscription does not occur within 14 days after the date of the Subscription Agreement, or such later date, subject to the approval of the Stock Exchange, as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void.

The shareholding of the Vendor and parties acting in concert with it in the Company will decrease from approximately 49.52% to approximately 38.55% immediately after completion of the Placing, and will increase to approximately 44.62% immediately after completion of the Subscription, thereby triggering a general offer obligation under Rule 26 of the Takeovers Code. The Company and the Vendor have applied to the Executive for the grant of a waiver to the Vendor from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the Vendor's acquisition of the Subscription Shares.

Use of proceeds from the Subscription

The gross proceeds from the Subscription will be approximately HK\$463.5 million. The net proceeds from the Subscription will be approximately HK\$453.1 million. The funds to be raised under the Subscription are intended to be used for (1) expansion of the eCommerce and related business of the Group; and (2) as general working capital.

On 11 February 2020, the Company entered into the Placing Agreement and the Subscription Agreement with certain parties as set out below.

THE PLACING AGREEMENT

Date of Placing Agreement:

11 February 2020

Parties

- (i) the Company;
- (ii) the Vendor; and
- (iii) UBS.

Placing Shares

UBS has agreed to act as sole placing agent for the Vendor, on fully underwritten basis to procure places for the Placing Shares at the Placing Price.

Placing Price

The Placing Price of HK\$5.15 per Share represents:

- (i) a discount of approximately 14.31% to the closing price of HK\$6.01 per Share as quoted on the Stock Exchange on 11 February 2020 (being the last full trading day prior to the signing of the Placing Agreement);
- (ii) a discount of approximately 8.04% to the average closing price of approximately HK\$5.60 per Share as quoted on the Stock Exchange for the last 5 trading days prior to and including the last full trading day prior to the signing of the Placing Agreement;
- (iii) a premium of approximately 2.79% to the average closing price of approximately HK\$5.01 per Share as quoted on the Stock Exchange for the last 10 trading days prior to and including the last full trading day prior to the signing of the Placing Agreement; and

(iv) a premium of approximately 24.93% to the average closing price of approximately HK\$4.12 per Share as quoted on the Stock Exchange for the last 30 trading days prior to and including the last full trading day prior to the signing of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and UBS with reference to the market price of the Shares.

The Directors (including the independent non-executive Directors) consider that the Placing Price, and the terms and conditions of the Placing Agreement, are fair and reasonable under the current market conditions, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Rights and Ranking of the Placing Shares

The Placing Shares will be sold free from all encumbrances, and have all rights attaching thereto at the date of the Placing Agreement, including the right to receive all dividends and other distributions declared, made or paid on the Placing Shares at any time after the date of the Placing Agreement.

The Placing Shares rank pari passu in all respects with Shares in issue as at the date of the Placing Agreement and the Subscription Agreement.

Independence of the Placees and UBS

The placees and their ultimate beneficial owners (i) will be independent of and not acting in concert with any of the Vendor, parties acting in concert with it, or any of the Vendor's or the Company's or its subsidiaries' directors, chief executive or substantial shareholders (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules); and (ii) will not become connected persons of the Company after completion of the Placing.

It is expected that: (a) the Placing Shares will be placed to not less than six professional investors; and (b) none of the placees will become a substantial shareholder of the Company upon completion of the Placing. The Vendor has not been and will not be involved in screening or selecting the placees in connection with the Placing.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, neither UBS nor its ultimate beneficial owners is a connected person of the Company.

Conditions/Termination of the Placing

The Placing is subject to customary termination events.

Completion of the Placing

Subject to the Placing Agreement not having been terminated pursuant to the terms mentioned above, the parties expect that the Placing will be completed on 14 February 2020 (or such other date as the Vendor and UBS may agree in writing).

Lock-Up Undertakings

The Vendor has undertaken to UBS that (except for the sale of the Placing Shares pursuant to the Placing Agreement) for a period of 90 days after the date of the Placing Agreement, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (without the prior written consent of UBS):

- (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the New Shares to be issued under the Subscription Agreement but excluding the Placing Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; or
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

The Company has undertaken to UBS that for a period of 90 days after the date of the Placing Agreement, the Company will not (without the prior written consent of UBS):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; or
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above,

provided that the above restrictions on the Company do not apply in respect of (i) any allotment or issuance of the Subscription Shares to the Vendor; and (ii) any grant of new share option, right or warrant to subscribe by the Company in accordance with or pursuant to the terms of the share option scheme of the Company as adopted by shareholders of the Company on 31 December 2012, or any allotment or issuance of new Shares by the Company pursuant to the terms of any employee share option scheme or restricted share plan of the Company (including but not limited to as a result of the exercise or conversion of any outstanding share option, right or warrant granted or issued pursuant to such share option scheme or share plan).

THE SUBSCRIPTION AGREEMENT

Date of Subscription Agreement:

11 February 2020

Parties

- (i) the Company; and
- (ii) the Vendor.

Subscription Shares

90,000,000 new Shares (which shall be equal to the number of Placing Shares) to be subscribed by the Vendor, representing approximately 10.96% of the issued share capital of the Company as at the date of the Placing Agreement and the Subscription Agreement and approximately 9.88% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Shares have a market value of approximately HK\$540.9 million based on the closing price of the Shares as at 11 February 2020.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

Subscription Price

The Subscription Price per new Share is the same as the Placing Price of HK\$5.15 per Share.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the other Shares in issue as at the completion date of the Subscription including the rights to all dividends and other distributions so long as the date of allotment of the Subscription Shares is on or before the record day for such dividends or other distributions (or the last Business Day immediately preceding the commencement of closure of transfer books or register of members in respect of the Shares in connection with the record day for such dividends or other distributions, where applicable).

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (2) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; and
- (3) the Executive granting the Vendor a waiver from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to its acquisition of the Subscription Shares.

None of the conditions of the Subscription set out above can be waived by the Vendor or the Company. If completion of the Subscription does not occur within 14 days after the date of the Subscription Agreement, or such later date, subject to the approval of the Stock Exchange, as may be agreed between the Company and the Vendor, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void.

The shareholding of the Vendor and parties acting in concert with it in the Company will decrease from approximately 49.52% to approximately 38.55% immediately after completion of the Placing, and will increase to approximately 44.62% immediately after completion of the Subscription, thereby triggering a mandatory general offer obligation under Rule 26 of the Takeovers Code (unless waived by the Executive in accordance with the Takeovers Code). The Company and the Vendor have applied to the Executive for the grant of a waiver to the Vendor from the obligation to make a general offer under Rule 26 of the Takeovers Code with respect to the Vendor's acquisition of the Subscription Shares.

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

Completion of the Subscription

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the conditions of the Subscription shall have been satisfied, provided that it shall take place on a date no later than a date falling 14 days after the date of the Subscription Agreement (or such other time and/or date as the Vendor and the Company may agree in writing, subject to the approval of the Stock Exchange).

CHANGES TO THE SHAREHOLDINGS AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The indicative shareholding structure of the Company (i) as at the date of the Placing Agreement and the Subscription Agreement; (ii) immediately after completion of the Placing but before completion of the Subscription; and (iii) immediately after completion of the Subscription are as follows:

Shareholder	(i) Existing shareholding structure of the Company as of the date of the Placing Agreement and the Subscription Agreement		(ii) Immediately after completion of the Placing but before completion of the Subscription		(iii) Immediately after completion of the Subscription (and taking into account the dilution effect of the Shares issued by the Company pursuant to the Subscription)	
	Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Vendor (Note 1)	355,051,177	43.26	265,051,177	32.29	355,051,177	38.98
Mr. Cheung Chi Kin, Paul (Notes 2 and 3)	51,377,763	6.26	51,377,763	6.26	51,377,763	5.64
Vendor and parties acting in concert with it	<u>406,428,940</u>	<u>49.52</u>	<u>316,428,940</u>	<u>38.55</u>	<u>406,428,940</u>	<u>44.62</u>
Ms. Wong Nga Lai, Alice	<u>50,000</u>	<u>0.01</u>	<u>50,000</u>	<u>0.01</u>	<u>50,000</u>	<u>0.01</u>
Vendor, parties acting in concert with the Vendor and directors of the Company	<u>406,478,940</u>	<u>49.52</u>	<u>316,478,940</u>	<u>38.56</u>	<u>406,478,940</u>	<u>44.63</u>
Public						
Placees	0	0	90,000,000	10.96	90,000,000	9.88
Others	<u>414,334,703</u>	<u>50.48</u>	<u>414,334,703</u>	<u>50.48</u>	<u>414,334,703</u>	<u>45.49</u>
Total	<u>820,813,643</u>	<u>100</u>	<u>820,813,643</u>	<u>100</u>	<u>910,813,643</u>	<u>100</u>

Notes:

1. The Vendor is a corporation accustomed to act in accordance with the directions of Mr. Wong Wai Kay, Ricky, Vice Chairman and Chief Executive Officer of the Company and an Executive Director on the board of the Company.
2. Mr. Cheung Chi Kin, Paul, Chairman of the Company and an Executive Director on the board of the Company, is a director of the Vendor and is accordingly considered to be a party acting in concert with the Vendor.
3. As at the date of the Placing Agreement and the Subscription Agreement, Mr. Cheung Chi Kin, Paul is interested in 51,377,763 Shares, of which 24,924,339 Shares are held by Worship Limited which is 50% owned by Mr. Cheung Chi Kin, Paul.

REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Placing and Subscription is being undertaken to strengthen the Group's financial position and for the long term funding of its expansion and growth plan. Moreover, the Directors consider that it is in the interests of the Company to broaden the shareholder base and the capital base of the Company.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable under the current market conditions, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company had not carried out any equity fund-raising activities during the past 12 months immediately preceding the date of this announcement.

USE OF PROCEEDS

The gross proceeds from the Subscription will be approximately HK\$463.5 million. The net proceeds from the Subscription will be approximately HK\$453.1 million. The net price per Share for the Subscription after deducting related fees and expenses is approximately HK\$5.03 per Share. The funds to be raised under the Subscription are intended to be used for (1) expansion of the eCommerce and related business of the Group and (2) as general working capital.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be issued under the General Mandate, under which the Directors have been authorised by the Shareholders to allot and issue up to 163,040,328 Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the date of this announcement.

GENERAL INFORMATION

The Group is principally engaged in the provision of multimedia business, including but not limited to the end-to-end online shopping mall operation, multimedia production and other related services.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	board of Directors;

“Business Day”	any day on which the Stock Exchange is open for securities dealings;
“Company”	Hong Kong Television Network Limited, a company incorporated with limited liability in Hong Kong whose principal place of business in Hong Kong is at HKTVMultimedia and Ecommerce Centre, No. 1 Chun Cheong Street, Tseung Kwan O Industrial Estate, New Territories, Hong Kong;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Director by resolution of the Shareholders passed at the annual general meeting of the Company held on 4 June 2019;
“Group”	collectively, the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	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;
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement;
“Placing Agreement”	the agreement dated 11 February 2020 entered into between the Company, the Vendor and UBS in respect of the Placing;
“Placing Price”	HK\$5.15 per Share;
“Placing Shares”	the 90,000,000 existing Shares to be placed by the Vendor pursuant to the Placing Agreement;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	ordinary shares in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscription”	the subscription by the Vendor for the Subscription Shares pursuant to the Subscription Agreement;
“Subscription Agreement”	the agreement dated 11 February 2020 entered into between the Company and the Vendor in respect of the Subscription;
“Subscription Price”	HK\$5.15 per Share;
“Subscription Shares”	90,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong; and
“UBS”	UBS AG Hong Kong Branch of 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, a registered institution (Central Entity number: AEP554) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) which is registered for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities thereunder. UBS AG is incorporated in Switzerland with limited liability.

By Order of the Board
Hong Kong Television Network Limited
Cheung Chi Kin, Paul
Chairman

Hong Kong, 12 February 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Cheung Chi Kin, Paul (Chairman), Mr. Wong Wai Kay, Ricky (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 (Managing Director of Shopping and eCommerce) and the independent non-executive Directors are Mr. Lee Hon Ying, John, Mr. Peh Jefferson Tun Lu and Mr. Mak Wing Sum, Alvin.