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CNC HOLDINGS LIMITED
中國新華電視控股有限公司
(incorporated in the Cayman Islands with limited liability)
(stock code: 8356)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



雅利多證券
ARISTO SECURITIES LIMITED

Aristo Securities Limited

PLACING AGREEMENT

On 7 September 2017 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, a maximum of 811,069,989 new Shares to not less than six Places at a price of HK\$0.085 per Placing Share.

The maximum of 811,069,989 Placing Shares represent (i) approximately 20.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of a maximum of 811,069,989 Placing Shares. The aggregate nominal value of maximum number of the Placing Shares under the Placing will be approximately HK\$811,000.

The Placing Price represents (i) a premium of approximately 8.97% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 7 September 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 0.23% to the average closing price of HK\$0.0852 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement.

The maximum aggregate gross proceeds from the Placing will be approximately HK\$68.9

million. The Company intends to use the net proceeds of approximately HK\$68.1 million from the Placing for general working capital of the Company and development of film and television culture projects in the PRC, including but not limited to the investment in the production and broadcasting of television drama and films, so as to increase the revenue of the Group.

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

IMPLICATION UNDER THE GEM LISTING RULES

The non-executive Director namely Mr. Chia Kar Hin Eric John held approximately 0.36% of the issued share capital of the Company as at the date of this announcement. Mr. Chia Kar Hin Eric John is the account executive of the Placing Agent and the spouse of Mr. Chia Kar Hin Eric John is the beneficial owner of the Placing Agent. The Placing Agent is an associated company of Mr. Chia Kar Hin Eric John and is therefore a connected person of the Company. Accordingly, the entering into of the Placing Agreement by the Company with the Placing Agent is a connected transaction. In view of the fact that Mr. Chia Kar Hin Eric John has material interest in the transaction, he has abstained from voting in the Board meeting.

Assuming that the Placing Shares are fully placed, the Placing Agent will receive a placing commission of approximately HK\$689,000 to be deducted from the placing proceeds. As all the applicable percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK\$3,000,000, this connected transaction is therefore an exempt connected transaction of the Company pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, which is exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

7 September 2017

Issuer

The Company

Placing Agent and Placing commission

Aristo Securities Limited (雅利多證券有限公司), which is a licensed corporation incorporated in Hong Kong to carry out Type 1 regulated activities for the purpose of the

SFO.

The Placing Agent shall receive a placing commission of 1.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed.

The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with regard to the market rate, the size of the Placing and time allowed for the Placing Agent to procure the prospective Placees under the prevailing market condition.

The non-executive Director namely Mr. Chia Kar Hin Eric John ("**Mr. Chia**"), held approximately 0.36% of the issued share capital of the Company as at the date of this announcement. Mr. Chia is the account executive of the Placing Agent and the spouse of Mr. Chia is the beneficial owner of the Placing Agent. The Placing Agent is an associated company of Mr. Chia and is therefore a connected person of the Company (as defined in the GEM Listing Rules). Accordingly, the entering into of the Placing Agreement by the Company with the Placing Agent is a connected transaction (as defined in the GEM Listing Rules).

Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are independent institutional, professional and/or individual investors and not concert parties with the controlling shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder (if any) of the Company or its subsidiaries and their respective associates. It is expected that none of the Placees and their respective associates will become a substantial shareholder of the Company as a result of the Placing.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, not less than six Placees to subscribe for a maximum of 811,069,989 Placing Shares at the Placing Price. The maximum of 811,069,989 Placing Shares represent (i) approximately 20.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the 811,069,989 Placing Shares. The aggregate nominal value of maximum number of the Placing Shares under the Placing will be approximately HK\$811,000.

Placing Price

The Placing Price of HK\$0.085 per Share represents (i) a premium of approximately 8.97% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 7 September 2017, being the date of the Placing Agreement; and (ii) a discount of approximately 0.23% to the average closing price of HK\$0.0852 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares, recent trading performance and the current market condition.

The Directors (including the independent non-executive Directors, but excluding Mr. Chia (a non-executive Director and an account executive of the Placing Agent) who has abstained from voting in the Board meeting) consider that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Condition to the Placing Agreement

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares.

The Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 21 September 2017 or such date mutually agreed by both the Company and the Placing Agent and in such event either party shall have no claim against each other, save for those expressly reserved and agreed in the Placing Agreement.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing Agreement, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not of the same nature with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing;
- (c) any significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities of the Company) occurs which affect the success of the Placing (such success

being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing;

- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (e) any adverse change in the business, financial or trading position of any member of the Company and its subsidiaries which is material to the Placing;
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Upon termination of the Placing Agreement, the obligations of the parties thereto thereunder shall cease and the Company shall not be liable to pay any commission under the Placing Agreement, and no party shall have any claim against the other party for compensation, costs, damages or otherwise, save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion

Completion of the Placing shall take place not later than the second Business Day after all the conditions as set out in the Placing Agreement are fulfilled or such other date to be agreed between the Company and the Placing Agent.

General Mandate

The maximum of 811,069,989 Placing Shares will be issued and allotted under the General Mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting subject to the limit up to 20% of the then issued share capital of the Company as at the date of annual general meeting. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 811,069,989 Shares.

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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement and (ii) upon completion of the Placing, assuming a maximum of 811,069,989 Placing Shares are successfully placed by the Placing Agent.

	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	%	Number of Shares	%
China Xinhua News Network Co., Limited	1,188,621,377	29.31%	1,188,621,377	24.42%
Shunleetat (BVI) Limited (Note 1)	69,000,000	1.70%	69,000,000	1.42%
Chia Kar Hin, Eric John (Note 2)	14,600,000	0.36%	14,600,000	0.30%
The Placees (Note 3)	-	-	811,069,989	16.67%
Public	2,783,128,570	68.63%	2,783,128,570	57.19%
	<u>4,055,349,947</u>	<u>100.00%</u>	<u>4,866,419,936</u>	<u>100.00%</u>

Notes:

- (1) Mr. Kan Kwok Cheung, an executive Director, through his interest in Shunleetat (BVI) Limited, is interested in 69,000,000 Shares as at the date of this announcement.
- (2) Mr. Chia, a non-executive Director, through his personal interest, is interested in 14,600,000 Shares as at the date of this announcement.
- (3) Pursuant to the Placing Agreement, the Placing Agent agreed to procure that the Placees and their ultimate beneficial owners shall be third parties independent of and not connected with the Company and its connected persons. Therefore, the Placees are treated as public Shareholders.

REASONS FOR THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in the provision of civil engineering services for the public sector in Hong Kong and television broadcasting business in the Asia-Pacific region (excluding the PRC) in return for advertising and related revenue.

The maximum gross proceeds from the Placing will be approximately HK\$68.9 million. The

net proceeds from the Placing, after the deduction of the placing commissions and other related expense, are estimated to be approximately HK\$68.1 million. The net Placing Price will be approximately HK\$0.084 per Share. The Company intends to use the net proceeds from the Placing for general working capital of the Company and development of film and television culture projects in the PRC, including but not limited to the investment in the production and broadcasting of television drama and films, so as to increase the revenue of the Group.

In recent years, the film and television culture related industry in the PRC has been growing at a fast pace. In terms of total box office receipts, the PRC ranks the world's second largest film market. According to the State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局), in 2016, the PRC total box office receipts grossed approximately RMB45.7 billion, among which 58.3% was generated from locally produced films in the PRC, and the total number of admissions reached 1.37 billion. Among the 84 films that the box office receipts grossed over RMB100 million, 43 films were locally produced films in the PRC, which accounted for approximately 51.2%. The global box office receipts and related sales revenue generated from the locally produced films in the PRC amounted to RMB 3.82 billion, representing a growth of approximately 38.1%. One of the reasons for the fast growth of the film and television culture related industry was attributable to the on-going favourable policies implemented by the PRC government, including the implementation of the Film Industry Promotion Law of the PRC (中國電影產業促進法) which was adopted at the Standing Committee of the Twelfth National People's Congress of the PRC (中國第十二屆全國人民代表大會常務委員會) in November 2016 for the purposes of promoting investment in film production and encouraging the long-term development of the film industry, and the joint announcement of the "Notice of Policies Supporting the Development of the Television Drama Industry" 《關於支持電視劇繁榮發展若干政策的通知》 by five departments including The State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China (國家新聞出版廣電總局), National Development and Reform Committee (國家發展改革委員會), the Ministry of Finance of the PRC, the Ministry of Commerce of the PRC and the Ministry of Human Resources and Social Security of the PRC (人力資源和社會保障部) in September 2017 so as to guide and support the prosperous development of the Television Drama Industry.

In view of the PRC government support and the ever growing economic and living standard in the PRC, the Group is optimistic about the future prospect for the film and television culture related industry in the PRC. The Board believes that the development of film and television culture projects in the PRC, including but not limited to the investment in the production and broadcasting of television drama and films, represents a valuable business opportunity for the Group to invest in the film and television culture related industry and will broaden the Group's income base. The existing television broadcasting business of the Group and the film and television culture related business will complement with each other and there will be synergies between them.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base of the Company. Accordingly, the Directors (excluding Mr. Chia who has abstained from voting in the Board meeting) are of the view that the Placing will strengthen the financial position of the Group, including its ability to meet any future obligations and further

expand the Group's business, and the terms of the Placing Agreement, including the rate of the placing commission and Placing Price, are fair and reasonable based on the current market conditions, and accordingly, the Placing is in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE GEM LISTING RULES

The non-executive Director namely Mr. Chia held approximately 0.36% of the issued share capital of the Company as at the date of this announcement. Mr. Chia is the account executive of the Placing Agent and the spouse of Mr. Chia is the beneficial owner of the Placing Agent. The Placing Agent is an associated company of Mr. Chia and is therefore a connected person of the Company. Accordingly, the entering into of the Placing Agreement by the Company with the Placing Agent is a connected transaction. In view of the fact that Mr. Chia has material interest in the transaction, he has abstained from voting in the Board meeting.

Assuming that the Placing Shares are fully placed, the Placing Agent will receive a placing commission of approximately HK\$689,000 to be deducted from the placing proceeds. As all the applicable percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK\$3,000,000, this connected transaction is therefore an exempt connected transaction of the Company pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, which is exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the General Mandate.

Shareholders and potential investors should note that completion of the Placing is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	any day (excluding Saturday and Sunday) on which banks generally are open for business in Hong Kong
“Company”	CNC Holdings Limited (中國新華電視控股有限公司), a company incorporated in the Cayman Islands with limited liability on 15 March 2010 and the issued shares of which are listed on the GEM (Stock Code: 8356)

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed by all Shareholders on 18 July 2017 as set out in the circular of the Company dated 19 June 2017 in relation to the annual general meeting of the Company to issue and allot up to 811,069,989 new Shares, representing 20% of the aggregate amount of issued share capital of the Company as at the date of granting of the general mandate
“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 PRC
“Placee(s)”	any independent institutional, professional and/or individual investors who and whose ultimate beneficial owners are not concert parties with the controlling shareholder(s) (if any) (as defined under the Takeovers Code), and not connected with any directors, chief executive or substantial shareholder(s) (if any) of the Company or its subsidiaries and their respective associates
“Placing”	the best effort placing of up to 811,069,989 Placing Shares
“Placing Agent”	Aristo Securities Limited (雅利多證券有限公司), a licensed corporation incorporated in Hong Kong to carry out Type 1 regulated activities (dealing in securities) for the purpose of the SFO;
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 7 September 2017 in respect of the Placing
“Placing Price”	HK\$0.085 per Placing Share
“Placing Shares”	a maximum of 811,069,989 Shares to be issued under the Placing
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent

By Order of the Board
CNC Holdings Limited
Li Yuet Tai
Company Secretary

Hong Kong, 7 September 2017

As at the date of this announcement, the Directors are Dr. Jiang Yan¹ (Chairman), Mr. Zou Chen Dong¹ (Vice Chairman and Chief Executive Officer), Mr. Kan Kwok Cheung¹, Dr. Li Yong Sheng², Mr. Chia Kar Hin, Eric John², The Hon. Ip Kwok Him, GMB, GBS, JP³, Mr. Kwok Man Wai, SBS, IDS, JP³, Mr. Wan Chi Keung, Aaron, BBS, JP³, Mr. Jin Hai Tao³ and Mr. Wong Chung Yip, Kenneth³.

¹ *Executive Director*

² *Non-executive Director*

³ *Independent non-executive Director*

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.cnctv.hk>.