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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)

SHUNLEETAT (BVI) LIMITED
(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

- (1) AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF THE SALE SHARES IN CNC HOLDINGS LIMITED;**
 - (2) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SHARE SPECIFIC MANDATE;**
 - (3) SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE FIFTH AMENDMENT OF TERMS AND CONDITIONS OF THE EXISTING CONVERTIBLE BONDS;**
 - (4) SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS A UNDER CB SPECIFIC MANDATE A;**
 - (5) SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS B UNDER CB SPECIFIC MANDATE B;**
- AND**
- (6) CONTINUED SUSPENSION OF TRADING**

Financial adviser to the Offeror

MESSIS 大有融資

Offer agent to the Offeror



Independent financial adviser to the Independent Board Committee



INCUBO Corporate Finance Limited

Reference is made to the announcement (the “**Joint Announcement**”) dated 15 January 2024 jointly issued by the Offeror and the Company in relation to, among other things, the Acquisition, the Relevant Transactions and the Share Offer. Unless otherwise defined, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Joint Announcement.

THE ACQUISITION

The Board was informed by the Vendor that on 5 February 2024, the Vendor, as vendor, and Mr. Kan, as purchaser, entered into the Sale and Purchase Agreement, pursuant to which Mr. Kan has conditionally agreed to purchase and the Vendor has conditionally agreed to sell a total of 1,188,621,377 Sale Shares, representing approximately 29.3% of the total issued share capital of the Company as at the date of this joint announcement, at a total consideration of HK\$16,640,699.

The total consideration of the Sale Shares of HK\$16,640,669 shall be payable by Mr. Kan in the following manner:

- (i) as to HK\$4,992,210, equivalent to approximately 30% of the total consideration, shall be payable within five (5) business days after the signing of the Sale and Purchase Agreement; and
- (ii) the remaining balance of HK\$11,648,489 shall be payable on the Acquisition Completion Date.

The Acquisition Completion is conditional upon the fulfilment or waiver (as the case may be) of the Acquisition Conditions as set out in the Sale and Purchase Agreement, details of which are set out in the Joint Announcement.

If any of the Acquisition Conditions are not fulfilled or waived (as the case may be) within 180 days after the date of the Sale and Purchase Agreement (i.e. 27 July 2024) (or such later date as may be agreed between the parties thereto in writing), the Sale and Purchase Agreement shall cease to have any effect and the parties thereto shall bear no obligations and responsibilities, save for any antecedent breach.

For other detailed terms and conditions of the Sale and Purchase Agreement, please refer to the Joint Announcement.

Save as disclosed above, the Directors confirmed that there is no other supplemental information and additional conditions not covered in the Term Sheet in relation to the Sale and Purchase Agreement.

CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW SHARES UNDER SHARE SPECIFIC MANDATE

The Board would like to announce that on 5 February 2024, the Company, as issuer, and the Mr. Kan, as subscriber, entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Mr. Kan has conditionally agreed to subscribe for, an aggregate of 1,666,666,667 Subscription Shares at the Share Subscription Price of HK\$0.012 per Subscription Share at a total consideration of HK\$20,000,000.

The Share Subscription Completion is conditional upon the fulfilment or waiver (as the case may be) of the Share Subscription Conditions as set out in the Share Subscription Agreement, details of which are set out in the Joint Announcement.

If any of the Share Subscription Conditions are not fulfilled or waived (as the case may be) within 180 days after the date of the Share Subscription Agreement (i.e. 27 July 2024) (or such other time and date as may be agreed between the parties thereto), all obligations and liabilities of the parties to the Share Subscription Agreement shall cease and terminate and neither of the parties thereto shall have any claim against the other, save for any antecedent breach.

For other detailed terms and conditions of the Share Subscription Agreement, please refer to the Joint Announcement.

Save as disclosed above, the Directors confirmed that there is no other supplemental information and additional conditions not covered in the Term Sheet in relation to the Share Subscription Agreement.

SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE FIFTH AMENDMENT OF TERMS AND CONDITIONS OF THE EXISTING CONVERTIBLE BONDS

The Board would also like to announce that on 5 February 2024, the Company, as issuer, and the Vendor, as bondholder, entered into the Fifth Supplemental Deed to amend certain terms of the Existing Convertible Bonds.

The Fifth Amendment of Terms shall become effective within fifteen (15) business days after the fulfilment of all the conditions precedent (the “**Fifth Amendment Conditions**”) as set out in the Fifth Supplemental Deed, details of which are set out in the Joint Announcement.

For avoidance of doubt, none of the Fifth Amendment Conditions is capable of being waived.

For the detailed terms and conditions of the Fifth Supplemental Deed and the terms of the Existing Convertible Bonds immediately after the Fifth Amendment of Terms, please refer to the Joint Announcement.

Save as disclosed above, the Directors confirmed that there is no other supplemental information and additional conditions not covered in the Term Sheet in relation to the Fifth Amendment of Terms.

SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS A UNDER CB SPECIFIC MANDATE A

The Board would also like to announce that on 5 February 2024, the Company, as issuer, and the Vendor, as subscriber, entered into the CB Subscription Agreement A, pursuant to which the Company has conditionally agreed to issue, and the Vendor has conditionally agreed to subscribe for, the Convertible Bonds A in the principal amount of HK\$64,127,855 due on 9 December 2025 at the initial Conversion Price of HK\$0.196 per Conversion Share.

Completion of the CB Subscription Agreement A is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent (the “**CB Subscription Conditions A**”) as set out in the CB Subscription Agreement A, details of which are set out in the Joint Announcement.

If any of the CB Subscription Conditions A are not fulfilled or waived (as the case may be) on or before 29 February 2024 (or such other time and date as may be agreed between the parties thereto in writing), the CB Subscription Agreement A shall cease to have any effect and the parties thereto shall bear no obligations and responsibilities, save for any antecedent breach.

For other detailed terms and conditions of the CB Subscription Agreement A, please refer to the Joint Announcement.

Save as disclosed above, the Directors confirmed that there is no other supplemental information and additional conditions not covered in the Term Sheet in relation to the proposed issue of the Convertible Bonds A.

SPECIAL DEAL AND CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF CONVERTIBLE BONDS B UNDER CB SPECIFIC MANDATE B

The Board would also like to announce that on 5 February 2024, the Company, as issuer, and the Vendor, as subscriber, entered into the CB Subscription Agreement B, pursuant to which the Company has conditionally agreed to issue, and the Vendor has conditionally agreed to subscribe for, the Convertible Bonds B in the principal amount of HK\$16,240,000 due on 9 December 2025 at the initial Conversion Price of HK\$0.196 per Conversion Share.

Completion of the CB Subscription Agreement B is conditional upon the fulfilment or waiver (as the case may be) of the conditions precedent (the “**CB Subscription Conditions B**”) as set out in the CB Subscription Agreement B, details of which are set out in the Joint Announcement.

If any of the CB Subscription Conditions B are not fulfilled or waived (as the case may be) on or before 29 February 2024 (or such other time and date as may be agreed between the parties thereto in writing), the CB Subscription Agreement B shall cease to have any effect and the parties thereto shall bear no obligations and responsibilities, save for any antecedent breach.

For other detailed terms and conditions of the CB Subscription Agreement B, please refer to the Joint Announcement.

Save as disclosed above, the Directors confirmed that there is no other supplemental information and additional conditions not covered in the Term Sheet in relation to the proposed issue of the Convertible Bonds B.

GEM LISTING RULES IMPLICATIONS

(i) Share Subscription

Mr. Kan is an executive Director, and is therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Share Subscription constitutes a connected transaction on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

(ii) Convertible Bonds

Pursuant to Rule 34.05 of the GEM Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the Fifth Amendment of Terms contemplated under the Fifth Supplemental Deed pursuant to Rule 34.05 of the GEM Listing Rules.

The Vendor is a substantial Shareholder and therefore a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the (i) entering into of Fifth Supplemental Deed with the Vendor; and (ii) the issue of the Convertible Bonds A and Convertible Bonds B to the Vendor, constitute connected transactions on the part of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

TAKEOVERS CODE IMPLICATION

Special Deals

The Company intends to apply part of the net proceeds from the Share Subscription of approximately HK\$10.4 million to repay (i) the outstanding amount due to Xinhua News Agency Audio News Desk[#] (新華音像中心), which is a wholly-owned subsidiary of Xinhua News Agency (新華社) and a fellow subsidiary of the Vendor; and (ii) part of the outstanding broadcasting fee owed to the Vendor as a service provider to the Group. The Company has also (i) entered into the Fifth Supplemental Deed with the Vendor to amend certain terms of the Existing Convertible Bonds; (ii) entered into the CB Subscription Agreement A with the Vendor and conditionally agreed to issue the Convertible Bonds A to the Vendor to set off the Overdue Existing CB Interest; and (iii) entered into the CB Subscription Agreement B with the Vendor and conditionally agreed to issue the Convertible Bonds B to set off the outstanding broadcasting fee owed to the Vendor as a service provider to the Group which will remain unsettled by the proceeds from the Share Subscription. As at the date of this joint announcement, the Vendor is a substantial Shareholder interested in 1,188,621,377 Shares, representing approximately 29.3% of the total issued share capital of the Company and holder of the Existing Convertible Bonds.

As (i) the repayment of amount due to the Vendor and its fellow subsidiary; (ii) the entering into of the Fifth Supplemental Deed with the Vendor; and (iii) the issue of Convertible Bonds A and Convertible Bonds B to the Vendor, are not extended to all the other Shareholders, these arrangements shall constitute Special Deals under Rule 25 of the Takeovers Code and will be conditional upon obtaining the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating in its opinion that the respective terms of the Special Deals are fair and reasonable; and (ii) approval of the Special Deals by the Independent Shareholders at the EGM. An application will be made by the Company to the Executive for its consent to the Special Deals pursuant to Note 5 to Rule 25 of the Takeovers Code.

GENERAL

(a) Despatch of Circular and Composite Document

A circular containing, among other things, details of (i) the Relevant Transactions; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders on the Relevant Transactions; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Relevant Transactions; and (iv) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in compliance with the GEM Listing Rules.

The Offeror and the Company intend to combine the offer document and the offeree board circular into the Composite Document which contains amongst others, details of the Share Offer, accompanied by the relevant Form of Acceptance, and incorporating the recommendation from the Independent Board Committee and the advice letter from the Independent Financial Adviser in respect of the Share Offer.

Pursuant to Rule 8.2 of the Takeovers Code, the Composite Document is required to be posted no later than 21 days after the date of the Joint Announcement (i.e. 15 January 2024) or such later date as the Executive may approve in accordance with the Takeovers Code.

As the making of the Share Offer is conditional on the Acquisition Completion and/or the Share Subscription Completion and it is expected that the Acquisition Completion will take place on or before 23 February 2024, an application has been made to seek for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to a date falling on or before 26 February 2024. Further announcement(s) will be made when the Composite Document is despatched. Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Share Offer, before deciding whether or not to accept the Share Offer.

(b) EGM TO CONSIDER THE RELEVANT TRANSACTIONS

The EGM will be convened for the purpose of considering, and if thought fit, approving, among other matters:

- (1) the Share Subscription Agreement and the transactions contemplated thereunder (including the Share Specific Mandate to issue the Subscription Shares);
- (2) the Fifth Supplemental Deed and the transactions contemplated thereunder;
- (3) the CB Subscription Agreement A and the transactions contemplated thereunder (including the CB Specific Mandate A to issue the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds A);
- (4) the CB Subscription Agreement B and the transactions contemplated thereunder (including the CB Specific Mandate B to issue the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds B); and
- (5) the Special Deals.

The voting at the EGM will be conducted by way of poll. Except for (i) Mr. Kan who is an executive Director and a Shareholder; (ii) the Vendor who is a substantial Shareholder and the holder of the Existing Convertible Bonds; and (iii) parties acting and presumed to be acting in concert with each of Mr. Kan and the Vendor, none of the Shareholders has any material interest in the Relevant Transactions and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Relevant Transactions at the EGM.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 15 August 2022, and will remain suspended until the Company fulfills the Resumption Guidance and the Additional Resumption Guidance. As disclosed in the announcement of the Company dated 5 September 2023, pursuant to a letter dated 25 August 2023 from the Stock Exchange, the GEM Listing Committee has informed the Company of the Delisting Decision to cancel the Company's listing under Rule 9.14A of the GEM Listing Rules. Further, as disclosed in the announcement of the Company dated 18 December 2023, after carefully considered all the facts and evidence and submissions presented at the review hearing held on 24 November 2023, the GEM Listing Review Committee decided to overturn the Delisting Decision and instead grant an extension of the remedial period to 29 February 2024 for the Company to demonstrate compliance with the remaining condition to be fulfilled. The Company will make further announcement(s) to keep the Shareholders and potential investors of the Company informed of any progress as and when appropriate and will announce quarterly updates on its development in accordance with Rule 17.26A of the GEM Listing Rules.

WARNING

Shareholders and potential investors of the Company should take note that the completion of the Sale and Purchase Agreement, Share Subscription Agreement, Fifth Supplemental Deed, CB Subscription Agreement A and CB Subscription Agreement B and the respective transactions contemplated thereunder are subject to the fulfilment and/or waiver, as the case may be, of conditions set out therein. As such, the Acquisition, the Share Subscription, the Fifth Amendment of Terms and the proposed issue of the Convertible Bonds A and Convertible Bonds B may or may not proceed.

The Share Offer will be made only if the Acquisition Completion and/or the Share Subscription Completion takes place. Accordingly, the Share Offer may or may not be made. The issue of this joint announcement does not in any way imply that the Share Offer will be made.

The Acquisition and the Share Subscription are not inter-conditional. If the total number of the Offer Shares in respect of the valid acceptances which the Offeror has received at or before 4:00 p.m. (Hong Kong time) on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide and the Executive may approve) under the Share Offer, together with the Shares acquired by the Offeror or parties acting in concert with it before or during the Share Offer, does not result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company, the Share Offer will not become unconditional and will lapse.

In the event that both the Acquisition Completion and the Share Subscription Completion take place, and assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this joint announcement and the Completion, the Share Offer shall become unconditional as to acceptances.

The Directors make no recommendation as to the fairness or reasonableness of the Share Offer or as to the acceptance of the Share Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Share Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Share Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Offer.

Shareholders and potential investors of the Company are (i) reminded to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Share Offer; and (ii) advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

the English translation of Chinese names or words in this joint announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By order of the board
Shunleetat (BVI) Limited
Mr. Kan Kwok Cheung
Director

By order of the Board
CNC Holdings Limited
Li Yong Sheng
Vice Chairman and CEO

Hong Kong, 5 February 2024

As at the date of this announcement, the executive Directors are Dr. Jiang Yan (Chairman), Dr. Li Yong Sheng (Vice Chairman and Chief Executive Officer), Mr. Liu Da Yong, Mr. Kan Kwok Cheung; non-executive Directors are Ms. Tang Li and Mr. Law Cheuk Hung; independent non-executive Directors are Mr. Wu Guo Ming and Mr. Wan Chi Keung, Aaron, BBS, JP.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, Mr. Kan is the sole director of Shunleetat (BVI) Limited, being the Offeror.

The sole director of the Offeror (being Mr. Kan) accepts full responsibility for the accuracy of the information contained in this joint announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.