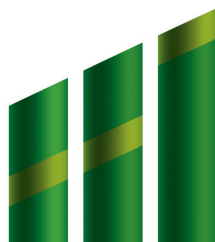


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# 昊天發展集團有限公司

## Hao Tian Development Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00474)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 50% SHARES IN THE TARGET INVOLVING ISSUE OF CONVERTIBLE NOTES AS CONSIDERATION**

#### **SALE AND PURCHASE AGREEMENT**

The Board of the Company is pleased to announce that on 5 March 2020 (after trading hours), the Vendor, the Purchaser (a wholly-owned subsidiary of the Company) and the Company entered into the Sale and Purchase Agreement in relation to the acquisition of 50% of the total issued shares of the Target.

#### **ISSUE OF CONVERTIBLE NOTES**

Upon completion of the Acquisition, the Company will issue the Convertible Notes to the Vendor as consideration under the General Mandate.

#### **LISTING RULES IMPLICATIONS**

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

## SALE AND PURCHASE AGREEMENT

The Board of the Company is pleased to announce that on 5 March 2020 (after trading hours), the Vendor, the Purchaser and the Company entered into the Sale and Purchase Agreement in relation to the acquisition of 50% of the total issued shares of the Target.

Below is a summary of the terms of the Sale and Purchase Agreement.

Date: 5 March 2020

Parties: (1) China Animation Holding (BVI) Limited, as the Vendor  
(2) Hao Tian Media & Culture Company Limited, as the Purchaser  
(3) the Company, as the issuer of the Convertible Notes

Assets to be acquired: 50% of the issued share capital of the Target

Consideration: The consideration in the sum of HK\$100,000,000 shall be satisfied by the Company issuing the Convertible Notes to the Vendor at completion.

The consideration was determined with reference to the net assets value of the Target of HK\$199,316,000 as at 25 February 2020 and the business and prospects of the Target.

Conditions precedent: Completion shall be subject to the following conditions precedent:

- (a) completion of the due diligence on the legal, financial, business and operation of the Target and its assets by the Purchaser with satisfactory results in all respects;
- (b) compliance by the parties of all requirements under the Listing Rules in respect of the transactions contemplated in the Sale and Purchase Agreement;
- (c) approval of the Board and the Shareholder (if so required) of the Company to issue the Convertible Notes;
- (d) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares which may be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes; and
- (e) the warranties given by the Vendor as set out in the Sale and Purchase Agreement remain true and accurate in all material aspects until completion of the Sale and Purchase Agreement.

Completion: Completion shall take place within 3 business days after the conditions precedent mentioned above have been fulfilled or waived (to the extent waivable).

Upon completion, the Purchaser and the Vendor will enter into a shareholders' agreement to govern their respective rights and obligations and in relation to the business and affairs of the Target. Any subsequent disposal of the 50% shares in the Target by a shareholder shall be subject to the pre-emptive rights of the other shareholders of the Target under the terms of the shareholders' agreement. The board of the Target will be comprised of two directors, one from each of the Purchaser and the Vendor.

## **ISSUE OF CONVERTIBLE NOTES**

Below is a summary of the terms of the Convertible Notes.

Issuer:	The Company
Principal amount:	HK\$100,000,000
Interest:	Nil
Maturity date:	The date falling on the third anniversary of the date of issue of the Convertible Notes.
Conversion right:	Noteholders will have the right to convert the whole or part (in multiples of HK\$10,000,000) of the outstanding principal amount of the Convertible Notes into fully-paid Share of the Company from the day after the issue of the Convertible Notes up to 4:00 pm on the Maturity Date.
Conversion limitations:	No conversion of the Convertible Notes shall be made, if immediately upon such conversion, will result in insufficient public float of the Shares as defined under the Listing Rules, or will result in Ms. Li Shao Yu (together with its associates) holding less than 50% of the issued Shares by reason of conversion of the Convertible Notes
Conversion Price:	HK\$0.25 per Conversion Share
Transferability:	The Convertible Notes are transferable upon giving prior notice to the Company. They cannot be transferred to connected persons of the Company.
Conversion Price adjustments:	Subject to certain exceptions, the Conversion Price may be adjusted due to the occurrence of the following: <ul style="list-style-type: none"><li>(i) consolidation or sub-division of shares of the Company;</li><li>(ii) the Company issuing shares credited as fully paid by capitalisation of profits or reserves;</li></ul>

- (iii) the Company making a capital distribution in cash or specie to shareholders or grant shareholders the right to acquire assets of the Company or its subsidiaries for cash;
- (iv) the Company offering its shareholders new shares for subscription by way of rights, or granting shareholders any options or warrants to subscribe for new shares, at a price which is less than 80% of the market price of its shares at the date of the announcement of the terms of the offer or grant;
- (v) the Company issuing convertible securities at a consideration below 80% of the market price of its shares at the date of the announcement of the terms of the issue of such convertible securities; or
- (vi) the Company issuing shares at a price per share which is less than 80% of the market price of its shares at the date of the announcement of the terms of such issue.

Ranking of Conversion Shares      All Conversion Shares to be issued under the Convertible Notes shall rank *pari passu* in all respects with the Shares in issue on the relevant date of issue of such Conversion Shares.

Redemption:      All outstanding principal amount of the Convertible Notes which have not been redeemed or converted will be automatically redeemed by Company on the Maturity Date at a redemption amount equal to 100% of the principal amount of such Convertible Notes.

Early redemption:      The Company may redeem all or part of the Convertible Notes by giving written notice to the noteholders at least 10 days in advance.

**Conversion Shares**

Assuming the conversion rights attached to the Convertible Notes are exercised in full at the Conversion Price, a maximum of 400,000,000 Conversion Shares will be allotted and issued. The Conversion Shares represent:

- (a) approximately 6.57% of the existing issued share capital of the Company; and
- (b) approximately 6.16% of its issued share capital of the Company as enlarged by the Conversion Shares.

The Conversion Shares will be issued under the General Mandate. Application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

## **Conversion Price**

The Conversion Price represents:

- (a) a premium of approximately 28.2% over the closing price of HK\$0.195 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement; and
- (b) a premium of approximately 25.5% of the average closing price of HK\$0.1992 per Share as quoted on the Stock Exchange for the five trading days immediately before the date of the Sale and Purchase Agreement.

The Conversion Price was arrived at after arm's length negotiations between the Vendor and the Purchaser taking into account the prospects of the Group, the current situation of Hong Kong market and the closing price of the Shares on the date of the Sale and Purchase Agreement.

## **INFORMATION ABOUT THE PARTIES TO THE TRANSACTION AND THE TARGET**

### **The Company and the Purchaser**

As at the date of this announcement, the principal activities of the Group include: (i) money lending; (ii) securities investment; (iii) provision of commodities and securities brokerage and financial services; (iv) asset management; (v) property leasing; and (vi) rental and trading of construction machinery. The Company intends to expand its business into the media, entertainment and culture industry through acquisitions and has been endeavouring in identifying and locating acquisition targets.

The Purchaser is a wholly-owned subsidiary of the Company and principally engaged in investment holding.

### **The Vendor**

Based on the best knowledge of the Directors and public information, the Vendor principally engages in investment holding. The Vendor is a wholly-owned subsidiary of CA Cultural Technology, which is a multimedia animation entertainment group in China, with CA SEGA JOYPOLIS under asset-light model featuring animation-derived products trading business as fundamental growth elements, multimedia animation entertainment business (especially Super IP) as sustainable development growth engine, and "5G+VR eSports" as future growth potential.

CA Cultural Technology is interested in approximately 6.12% of the issued share capital of the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **The Target**

The Target is a company newly incorporated on 18 September 2019 and principally engages in multimedia animation entertainment business, with primary focus on the development of licencing business. It currently holds the rights to proceeds and income derived from the intellectual property rights of certain cartoon figures.

According to the unaudited management accounts of the Target prepared based on the generally accepted accounting principles in Hong Kong, the loss before and after taxation of the Target from the date of its incorporation to 25 February 2020 was approximately HK\$1,691,000 (unaudited) and the net assets as at 25 February 2020 was approximately HK\$199,316,000 (unaudited).

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

CA Cultural Technology has established an extensive business network in media, entertainment and culture industry. In February 2019, the Purchaser has acquired 49% equity interest in another subsidiary of CA Cultural Technology and is entitled to the proportional income rights of certain cartoon figures. It is believed that the Acquisition represents an opportunity for the Company to solidify the cooperation with CA Cultural Technology and to diversify the investment portfolio of the Group with a view to broadening its source of income.

The Board believes that the terms of the Sale and Purchase Agreement and the issue of the Convertible Notes are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of Convertible Notes into Conversion Shares (assuming there is no change in the shareholding of other Shareholders):

Shareholder	As at the date of this announcement		Immediately after full conversion of Convertible Notes into Conversion Shares	
	Number of Shares	%	Number of Shares	%
Ms. Li Shao Yu	3,192,395,115 <i>(Note 1)</i>	52.40	3,192,395,115	49.18
CA Cultural Technology	372,585,332 <i>(Note 2)</i>	6.12	772,585,332 <i>(Note 3)</i>	11.90
Directors of the Company	64,539,912	1.06	64,539,912	0.99
Public	<u>2,462,366,446</u>	<u>40.42</u>	<u>2,462,366,446</u>	<u>37.93</u>
Total	<u><u>6,091,886,805</u></u>	<u><u>100</u></u>	<u><u>6,491,886,805</u></u>	<u><u>100</u></u>

Notes:

1. Those Shares were held directly by Asia Link Capital Investment Holdings Limited (a company beneficially wholly-owned by Ms. Li Shao Yu) as to 3,061,584,773 Shares and by Ms. Li Shao Yu as to 130,810,342 Shares.
2. CA Cultural Technology, through China Animation Holding (BVI) Limited, which is its direct wholly-owned subsidiary, holds those 372,585,332 shares in the Company. CA Cultural Technology is owned as to 56.69% by Bright Rise Enterprises Limited which in turn is wholly owned by Newgate (PTC) Limited. Mr. Chong Heung Chung Jason is the sole shareholder of Newgate (PTC) Limited. Based on the notices of disclosure of interest, Mr. Chong Heung Chung Jason and its concert parties pursuant to an agreement under section 317 of the SFO are deemed to be interested in the 372,585,332 shares in the Company.
3. These are the Conversion Shares to be issued by the Company to the Vendor.

## LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

**Completion is subject to fulfilment, and/or waiver (as the case may be), of certain conditions precedent stated in the Sale and Purchase Agreement, and the Acquisition may or may not proceed. Shareholders and prospective investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Acquisition”	the acquisition of 50% of the issued shares of the Target pursuant to the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“CA Cultural Technology”	CA Cultural Technology Group Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 1566)
“Company”	Hao Tian Development Group Limited, a company incorporated in the Cayman Islands and listed on the Main Board of the Stock Exchange (stock code: 474)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Convertible Notes”	the zero coupon convertible notes in the principal amount of HK\$100,000,000 due 2023 to be issued by the Company upon completion of the Acquisition
“Conversion Price”	HK\$0.25 per Conversion Share, subject to adjustments under the terms and conditions of the Convertible Notes
“Conversion Shares”	Shares of the Company to be issued pursuant to the terms of the Convertible Notes
“General Mandate”	the general mandate granted to the directors of the Company pursuant to an ordinary resolution passed at the Company’s annual general meeting on 18 September 2019 to allot and issue up to 1,216,959,783 shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution (which have not been utilized)
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the expiry of a three years’ period commencing from the date of issue of the Convertible Notes
“Purchaser”	Hao Tian Media & Culture Company Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company



“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 5 March 2020 and entered into among the Vendor, the Purchaser and the Company regarding 50% of the issued shares of the Target
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Success View Global Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Vendor before completion of the Acquisition
“Vendor”	China Animation Holding (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of CA Cultural Technology

By order of the Board  
**Hao Tian Development Group Limited**  
**Fok Chi Tak**  
*Executive Director*

Hong Kong, 5 March 2020

*As of the date of this announcement, the Board comprises three executive directors, namely Mr. Xu Haiying, Dr. Zhiliang Ou, JP (Australia) and Mr. Fok Chi Tak and three independent non-executive directors, namely Mr. Chan Ming Sun Jonathan, Mr. Lam Kwan Sing, and Mr. Lee Chi Hwa, Joshua.*