

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **MODERN MEDIA HOLDINGS LIMITED**

### **現代傳播控股有限公司**

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

**(Stock Code: 72)**

## **MAJOR TRANSACTIONS**

### **SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS**

#### **SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS**

The Board would announce that during the Relevant Period, the Group made subscriptions for the WM Products offered by China Industrial Bank Group.

#### **First Subscription**

During the period from 22 to 23 December 2020:

- ZMM and GMIM, both of which are subsidiaries of the Company, made subscriptions for WM Product #1 in the aggregate subscription amount of RMB18,800,000; and
- ZMM and SYZI, both of which are subsidiaries of the Company, made subscriptions for WM Product #2 in the aggregate subscription amount of RMB6,488,000.

#### **Second Subscription**

On 7 April 2021, ZMM made subscriptions for WM Product #1 in the aggregate subscription amount of RMB35,000,000.

## **LISTING RULES IMPLICATIONS**

### **First Subscription**

For the First Subscription, the consideration ratio (as defined under the Listing Rules) of the subscription amounts of WM Product #1 as aggregated with WM Product #2 (pursuant to Rule 14.22 of the Listing Rules) exceeds 25% but is less than 100%, while all other applicable percentage ratios (as defined under the Listing Rules) are less than 5%. As the consideration ratio is more than 25% but is less than 100%, the First Subscription constituted a major transaction, which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Second Aggregated Transaction**

Pursuant to Rule 14.22 of the Listing Rules, the subscription amount under the Second Subscription has to be aggregated with the total subscription amounts of WM Product #2 under the First Subscription (which remained outstanding at the time of the Second Subscription) for purpose of calculation of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Subscription (i.e. the Second Aggregated Transaction). Among these percentage ratios:

- (a) the asset ratio exceeds 5% but is less than 25%,
- (b) the consideration ratio exceeds 25% but is less than 100%, and
- (c) all other applicable percentage ratios are less than 5%.

As the consideration ratio exceeds 25% but is less than 100%, the Second Aggregated Transaction constituted a major transaction, which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written Shareholder's approval, pursuant to Rule 14.44 of the Listing Rules, for the First Subscription, the Second Aggregated Transaction and the transactions contemplated thereunder from Mr. Shao Zhong, the controlling shareholder (and the Chairman and an executive director) of the Company, who holds 327,002,000 Shares (representing approximately 74.60% of the issued share capital of the Company) as at the date of this announcement. Accordingly, no Shareholders' meeting will be held to approve the First Subscription, the Second Aggregated Transaction and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular (for information purposes only) containing (among other information) further details of the First Subscription and the Second Aggregated Transaction will be despatched to the Shareholders on or before 5 November 2021, so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the circular.

## **SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS**

The Board would announce that during the Relevant Period, the Group made subscriptions for the WM Products offered by China Industrial Bank Group, brief details of which are set out as follows:

### **First Subscription**

During the period from 22 to 23 December 2020:

- ZMM and GMIM, both of which are subsidiaries of the Company, made subscriptions for WM Product #1 in the aggregate subscription amount of RMB18,800,000; and
- ZMM and SYZI, both of which are subsidiaries of the Company, made subscriptions for WM Product #2 in the aggregate subscription amount of RMB6,488,000.

By 31 January 2021 (i.e. before the Second Subscription), the entirety of the subscription amount made for WM Product #1 by ZMM and GMIM (i.e. RMB18,800,000) were fully redeemed by the Group, together with the corresponding return of investment on such subscription amount being paid to the Group.

### **Second Subscription**

On 7 April 2021, ZMM made subscriptions for WM Product #1 in the aggregate subscription amount of RMB35,000,000.

As part of the Group's treasury activities, during the period from July to October 2021, the entirety of the remaining subscription amounts made for both WM Products (i.e. RMB41,488,000, comprising the subscription amount of RMB6,488,000 made for WM Product #2 in the First Subscription and the subscription amount of RMB35,000,000 made for WM Product #1 in the Second Subscription) were fully redeemed, together with all corresponding return of investment on such subscription amounts being paid to the Group. As of the date of this announcement, the Group did not own any wealth management products, including the WM Products.

The principal terms of each of the WM Products are set out below:

**(I) WM Product #1**

Date of subscription:	(for the First Subscription)	22 to 23 December 2020
	(for the Second Subscription)	7 April 2021
Parties:	(1) <i>as subscribers:</i>	
	(for the First Subscription)	ZMM and GMIM
	(for the Second Subscription)	ZMM
	(2) <i>as issuer:</i>	China Industrial Bank Group
Name of the wealth management product:	“Cash Treasure – Tianli No.1” net-value wealth management product (「現金寶-添利1號」淨值型理財產品)	
Subscription amount:	(for the First Subscription)	RMB18,800,000
	(for the Second Subscription)	RMB35,000,000
Term of investment period and redemption:	There is no fixed term of investment for WM Product #1, and the Group is entitled to redeem all of the WM Product #1 that it has subscribed at any time at its own discretion. Upon redemption, the entirety of the subscription amount redeemed (together with any return of investment) will be paid to the Group on the business day immediately after the date of giving notice of redemption.	
Investment portfolio:	Based on the information published by China Industrial Bank Group, the funds raised through this issue of wealth management product were invested in cash and deposit, bond investments (all of which are bonds issued by the PRC government) and financial assets purchased under agreements to resell.	
Expected rate of investment return:	The investment return is determined by China Industrial Bank Group based on the value of the underlying assets or investments as of the date of redemption.	
	Based on the information published by China Industrial Bank Group, the expected rate of investment return as of the respective dates of the First Subscription and the Second Subscription was both approximately 2.9%.	

## (II) WM Product #2

Date of subscription:	22 to 23 December 2020
Parties:	(1) <i>as subscribers</i> : ZMM and SYZI; and  (2) <i>as issuer</i> : China Industrial Bank Group
Name of the wealth management product:	Tianli No.3 net-value wealth management product (添利3號淨值型理財產品)
Subscription amount:	RMB6,488,000
Term of investment period and redemption:	There is no fixed term of investment for WM Product #2, and the Group is entitled to redeem all of the WM Product #2 that it has subscribed at any time at its own discretion. Upon redemption, the entirety of the subscription amount redeemed (together with any return of investment) will be paid to the Group on the business day immediately after the date of giving notice of redemption.
Investment portfolio:	Based on the information published by China Industrial Bank Group, the funds raised through this issue of wealth management product were invested in cash and deposit, bond investments (all of which are bonds issued by the PRC government) and financial assets purchased under agreements to resell
Expected rate of investment return:	The investment return is determined by China Industrial Bank Group based on the value of the underlying assets or investments as of the date of redemption.  Based on the information published by China Industrial Bank Group, the expected rate of investment return as of the date of the First Subscription was approximately 2.9%.

## **REASONS AND BENEFITS FOR SUBSCRIBING FOR THE WEALTH MANAGEMENT PRODUCTS**

As disclosed in the Company's annual report 2020, the Group recorded a net cash inflow in operating activities of about RMB60.8 million, and a net cash outflow from financing activities of about RMB45.5 million. As part of the Group's treasury policy, its idle or surplus cash and cash equivalents available at the relevant time would be placed generally as deposits with its principal bankers to generate interests. As the interest rate of bank deposits was relatively low in late 2020, for the purpose of utilising the Group's idle funds reasonably and enhancing the efficiency in the utilization of such funds and bringing appropriate return to the Shareholders, the Group decided to utilise part of its idle funds to make subscriptions for the WM Products, i.e. the First Subscription. In late March 2021, the Group recorded additional idle or surplus cash and cash equivalents. Accordingly, additional amount of moneys was applied to make subscription for WM Product #1, i.e. the Second Subscription.

The WM Products were launched and managed by China Industrial Bank Group, and China Industrial Bank is one of the PRC principal bankers that has been providing various types of banking services to the Group. As there is no fixed term of investment for both WM Products, the Group is entitled to redeem all of the WM Products that it has subscribed at any time at its own discretion. Upon redemption, the entirety of the subscription amount redeemed (together with any return of investment) will be paid to the Group on the business day immediately after the date of giving notice of redemption.

As of the date of this announcement, the entirety of the subscription amounts made for both WM Products (i.e. RMB60,288,000, comprising the aggregate subscription amount of RMB25,288,000 made for the WM Products in the First Subscription and the subscriptions amount of RMB35,000,000 made for WM Product #1 in the Second Subscription) were fully redeemed, together with all corresponding return of investment on such subscription amounts being paid to the Group. As a result of such redemptions, the Group received an aggregate sum of approximately RMB60,841,000, comprising the return of the aggregate subscription amounts of RMB60,288,000 made for the WM Products during the Relevant Period and a total gain of RMB553,000, among which approximately RMB19,000 has been recognised in other income and gains for the year ended 31 December 2020 and RMB534,000 will be recognised in other income and gains for the year ending 31 December 2021. As of the date of this announcement, the Group did not own any wealth management products, including the WM Products.

After taking into account the above factors, the Directors (including the independent non-executive Directors) are of the view that the subscription of the WM Products is fair and reasonable and in the best interests of the Company and the Shareholders taken as a whole.

## **LISTING RULES IMPLICATIONS**

### **First Subscription**

For the First Subscription, the consideration ratio (as defined under the Listing Rules) of the subscription amounts of WM Product #1 as aggregated with WM Product #2 (pursuant to Rule 14.22 of the Listing Rules) exceeds 25% but is less than 100%, while all other applicable percentage ratios (as defined under the Listing Rules) are less than 5%. As the consideration ratio is more than 25% but is less than 100%, the First Subscription constituted a major transaction, which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Second Aggregated Transaction**

Pursuant to Rule 14.22 of the Listing Rules, the subscription amount under the Second Subscription has to be aggregated with the total subscription amounts of WM Product #2 under the First Subscription (which remained outstanding at the time of the Second Subscription) for purpose of calculation of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Subscription (i.e. the Second Aggregated Transaction). Among these percentage ratios:

- (a) the asset ratio exceeds 5% but is less than 25%,
- (b) the consideration ratio exceeds 25% but is less than 100%, and
- (c) all other applicable percentage ratios are less than 5%.

As the consideration ratio exceeds 25% but is less than 100%, the Second Aggregated Transaction constituted a major transaction, which is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the First Subscription or the Second Aggregated Transaction, which is different from other Shareholders, and thus no Shareholder would be required to abstain from voting at a general meeting if such a general meeting were to be convened.

The Company has obtained written Shareholder's approval, pursuant to Rule 14.44 of the Listing Rules, for the First Subscription, the Second Aggregated Transaction and the transactions contemplated thereunder from Mr. Shao Zhong, the controlling shareholder (and the Chairman and an executive Director) of the Company, who holds 327,002,000 Shares (representing approximately 74.60% of the issued share capital of the Company) as at the date of this announcement. Accordingly, no Shareholders' meeting will be held to approve the First Subscription, the Second Aggregated Transaction and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

A circular (for information purposes only) containing (among other information) further details of the First Subscription and the Second Aggregated Transaction will be despatched to the Shareholders on or before 5 November 2021, so as to allow sufficient time for the Company to prepare the required financial information and other relevant information for inclusion in the circular.

## **REMEDIAL ACTIONS**

Management of the Company, in good faith, considered that the WM Products had substantially similar effects with time deposits placed with banks in the Group's ordinary course of business, and the subscriptions of the WM Products were conducted only as part of the Group's treasury activities in its ordinary course of business. Management of the Company mistakenly believed that the subscriptions of the WM Products would not fall within the definition of "transaction" under Chapter 14 of the Listing Rules, and accordingly the applicable requirements under Chapter 14 of the Listing Rules were not complied with in a timely manner.

The Board has adopted an internal control policy regarding transactions involving investment in wealth management products, for governing the relevant responsibilities of the Group's finance department, approval procedures for future investments and factors for risk assessment in making investment decisions regarding wealth management products.

The Board will also adopt the following measures to strengthen the relevant internal control procedures to prevent the occurrence of similar incidents in the future:

- (a) training sessions will be arranged for the Directors and senior management of the Group with the focus to remind them, in particular handling officers of the finance department, to report any transaction (which may constitute notifiable and/or connected transaction under the Listing Rules) to the Group's compliance personnel and to seek professional advice (if necessary) and also to ensure that they understand the requirements under the Listing Rules and the relevant rules and regulations; and



- (b) the Company will review, strengthen and continue to monitor the relevant internal control measures of the Group (including but not limited to the wealth management products investment internal control policy and contract signing procedures), in order to ensure that current and future transactions will be conducted in compliance with the applicable requirements under the Listing Rules and other relevant rules and regulations.

## **INFORMATION ABOUT THE GROUP AND CHINA INDUSTRIAL BANK GROUP**

The Company is an investment holding company. The Group is principally engaged in publication of magazines and periodicals in Hong Kong and the PRC, the provision of advertising agency services, digital publishing business, artwork trading and auction, art exhibition and related education and restaurant operations.

China Industrial Bank Group is principally engaged in banking business. China Industrial Bank is a licensed joint-stock commercial bank established in the PRC, and CIB Finance is a wholly-owned subsidiary of China Industrial Bank. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of China Industrial Bank, CIB Finance and their controlling shareholder is an independent third party of the Company and is not a connected person of the Company.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“China Industrial Bank”	Industrial Bank Co. Ltd.* (興業銀行股份有限公司)
“China Industrial Bank Group”	collectively, China Industrial Bank and CIB Finance
“CIB Finance”	Industrial Bank Finance Co. Ltd.* (興銀理財有限責任公司), a direct wholly-owned subsidiary of China Industrial Bank
“Company”	Modern Media Holdings Limited (現代傳播控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 72)

“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Subscription”	the subscriptions of (i) WM Product #1 with an aggregate amount of RMB18,800,000 and (ii) WM Product #2 with an aggregate amount of RMB6,488,000 made by the Group during 22 to 23 December 2020, details of which are set out in the section headed “Subscription of Wealth Management Products” in this announcement
“GMIM”	Guangzhou Modern Information Media Co., Ltd.* (廣州現代資訊傳播有限公司), a company established under the laws of the PRC and its financial results have been consolidated and accounted for as a wholly-owned subsidiary of the Company by virtue of a series of contractual arrangements
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are not connected person(s) (as defined in the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Relevant Period”	the period from 22 December 2020 and up to 7 April 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Second Aggregated Transaction”	the Second Subscription aggregated with the subscription amounts of WM Product #2 under the First Subscription (which remained outstanding at the time of the Second Subscription) pursuant to Rule 14.22 of the Listing Rules
“Second Subscription”	the subscription of WM Product #1 with an aggregate amount of RMB35,000,000 made by the Group on 7 April 2021, details of which are set out in the section headed “Subscription of Wealth Management Products”

“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYZI”	Shenzhen Yage Zhimei Information Media Co., Ltd.* (深圳市雅格致美資訊傳播有限公司), a company established under the laws of the PRC and its financial results have been consolidated and accounted for as a wholly-owned subsidiary of the Company by virtue of a series of contractual arrangements
“WM Product #1”	“Cash Treasure – Tianli No.1” net-value wealth management product (「現金寶－添利1號」淨值型理財產品) issued by China Industrial Bank Group
“WM Product #2”	Tianli No.3 net-value wealth management product (添利3號淨值型理財產品) issued by China Industrial Bank Group
“WM Products”	collectively, WM Product #1 and WM Product #2
“ZMM”	Zhuhai Modern Media Co., Ltd.* (珠海現代文化傳播有限公司), a company established under the laws of the PRC and an indirect wholly-equity owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Modern Media Holdings Limited**  
**Shao Zhong**  
*Chairman*

Hong Kong, 15 October 2021

*As at the date of this announcement, the Board comprises the following members: (a) as executive directors, Mr. SHAO Zhong, Ms. YANG Ying, Mr. LI Jian and Mr. DEROCHE Alain, Jean-Marie, Jacques; (b) as independent non-executive directors, Mr. YICK Wing Fat Simon, Ms. WEI Wei and Mr. WAN Jie.*

\* for identification purposes only