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CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 343)

(Warrant Code: 1453)

ANNOUNCEMENT PURSUANT TO RULE 3 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS

AND

RESUMPTION OF TRADING

MEMORANDUM OF UNDERSTANDING

On 17 July 2015 (after trading hours), the Company and the Potential Investor entered into the Memorandum of Understanding setting out the principal terms of the Proposed Subscription. Pursuant to the Memorandum of Understanding, the parties acknowledge that the Company intends to issue the Subscription Shares and/or the Convertible Securities, representing up to 85% of the Total Enlarged Shares (assuming full conversion of the Convertible Securities) and the Potential Investor intends to (together with Other Investors which it may recommend to the Company) subscribe for the Subscription Shares and/or the Convertible Securities under the Proposed Subscription.

The parties to the Memorandum of Understanding also agree that the consideration payable by the Potential Investor (and the Other Investors) for each Subscription Share or each new Ordinary Share to be issued upon conversion of the Convertible Securities shall be no less than HK\$0.21 (subject to any anti-dilution adjustments in the case of the Convertible Securities).

* for identification purpose only

The Memorandum of Understanding is merely an expression of intent and is not legally binding in any respect except for the provisions relating to the subscription price, exclusivity, due diligence and confidentiality. The Proposed Subscription is subject to further negotiations between the Company and the Potential Investor and the execution of definitive agreements.

RESUMPTION OF TRADING

At the request of the Company, trading in the Ordinary Shares and the 2016 Warrants were suspended with effect from 9:00 a.m. on 20 July 2015, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Ordinary Shares and the 2016 Warrants with effect from 9:00 a.m. on 22 July 2015.

There is no assurance that the Proposed Subscription will either materialise or eventually be consummated. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if in any doubt, they should consult their professional advisers.

This announcement is made by the Company pursuant to Rule 3 of the Takeovers Code, Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

MEMORANDUM OF UNDERSTANDING

On 17 July 2015 (after trading hours), the Company and the Potential Investor entered into the Memorandum of Understanding setting out the principal terms of the Proposed Subscription. Pursuant to the Memorandum of Understanding, the parties acknowledge that the Company intends to issue the Subscription Shares and/or the Convertible Securities, representing up to 85% of the Total Enlarged Shares (assuming full conversion of the Convertible Securities) and the Potential Investor intends to (together with Other Investors which it may recommend to the Company) subscribe for the Subscription Shares and/or the Convertible Securities under the Proposed Subscription. The Proposed Subscription, if materialized, may lead to a change in control of the Company. The Potential Investor intends to apply to the Executive for a Whitewash Waiver in respect of the mandatory general offer obligation under Rule 26.1 of the Takeovers Code as a result of the issue of the Subscription Shares and/or the new Ordinary Shares to be issued upon full conversion of the Convertible Securities as contemplated under the Memorandum of Understanding.

It is expected that the Proposed Subscription is subject to certain conditions, including among others, the Executive having granted the Whitewash Waiver to the Potential Investor and any parties acting in concert with it. It is the intention of the Potential Investor that such condition will not be waivable.

Pursuant to the Memorandum of Understanding, the consideration payable by the Potential Investor (and the Other Investors) for each Subscription Share or each new Ordinary Share to be issued upon conversion of the Convertible Securities shall be no less than HK\$0.21 (subject to any anti-dilution adjustments in the case of the Convertible Securities).

The Company agreed to grant the Potential Investor a three month exclusivity period commencing from the date of the Memorandum of Understanding to conduct due diligence on the Group and to negotiate in good faith the definitive agreements in relation to the Proposed Subscription.

The Memorandum of Understanding is merely an expression of intent and is not legally binding in any respect except for the provisions relating to the subscription price, exclusivity, due diligence and confidentiality.

The Proposed Subscription is subject to further negotiations between the Company and the Potential Investor and the execution of definitive agreements. Shareholders will be informed of any further developments with regard to the Proposed Subscription as and when necessary in accordance with the Listing Rules, the Takeovers Code and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

There is no assurance that the Proposed Subscription will either materialise or eventually be consummated. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if in any doubt, they should consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the Ordinary Shares and the 2016 Warrants were suspended with effect from 9:00 a.m. on 20 July 2015, pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Ordinary Shares and the 2016 Warrants with effect from 9:00 a.m. on 22 July 2015.

DEFINITIONS

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

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Board”	the board of Directors

“Company”	Culturecom Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Ordinary Shares and the 2016 Warrants of which are listed on the Main Board of the Stock Exchange (stock code: 343; warrant code: 1453)
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Convertible Securities”	the new securities to be issued by the Company to the Potential Investor and the Other Investors which are convertible into Ordinary Shares
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandum of Understanding”	the memorandum of understanding entered into by the Company and the Potential Investor on 17 July 2015
“Ordinary Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Other Investors”	the other investors recommended by the Potential Investor
“Potential Investor”	the potential investor, which is a party independent of the Company and its connected persons
“PRC”	the People’s Republic of China

“Proposed Subscription”	the proposed subscription of the Subscription Shares and/or the Convertible Securities by the Potential Investor and the Other Investors representing up to 85% of the Total Enlarged Shares (assuming full conversion of the Convertible Securities)
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share Options”	options to subscribe for Ordinary Shares granted under the share option schemes adopted by the Company on 21 August 2002 and 12 August 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	the new Ordinary Shares to be subscribed by the Potential Investor and the Other Investors
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Total Enlarged Shares”	the total number of issued Ordinary Shares as enlarged by the issue of the Subscription Shares and the new Ordinary Shares upon conversion of the Convertible Securities, the Warrants and the Share Options
“Warrants”	listed warrants issued by the Company conferring rights to the holders thereof to subscribe in cash for Ordinary Shares at any time up to and including 21 September 2016 (the “2016 Warrants”) and the non-listed warrants issued by the Company conferring rights to the holders thereof to subscribe in cash for Ordinary Shares at any time up to and including 1 August 2017

“Whitewash Waiver”

a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Potential Investor to make a mandatory general offer for all of the Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Potential Investor and any parties acting in concert with it which would, if the Proposed Subscription proceeds, otherwise arise as a result of the completion of the Proposed Subscription and/or full conversion of the Convertible Securities

By order of the Board
CULTURECOM HOLDINGS LIMITED
Chu Bong Foo
Chairman

Hong Kong, 21 July 2015

As at the date of this announcement, the Board comprises Ms. Chow Lai Wah Livia (being the Vice Chairman and Executive Director); Dr. Lai Tak Kwong Andrew, Mr. Kwan Kin Chung, Mr. Chung Billy, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being Executive Directors); Mr. Chu Bong Foo (being the Chairman and Non-executive Director) and Mr. Fan Chun Wah Andrew, Mr. Joseph Lee Chennault, Mr. Lai Qiang and Ms. Ng Ying (all being Independent Non-executive Directors).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.