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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: 00343)

CONTINUING CONNECTED TRANSACTIONS SERVICING AGREEMENT AND LICENSING AGREEMENT

After trading hours on 24 May 2019, the Subsidiary and WeiResearch entered into the Servicing Agreement and the Licensing Agreement.

Pursuant to the Servicing Agreement, the Subsidiary will be given priority by WeiResearch in the procurement of the Services to WeiResearch provided that the material terms offered by the Subsidiary are comparable to those offered by independent third parties. The Scope of the Services will be determined based on WeiResearch's or its customers' marketing campaign specifications to be agreed on project-based terms. The proposed monetary cap of the Services from the date of the Servicing Agreement up to 31 December 2019 is RMB80,000,000.

Pursuant to the Licensing Agreement, WeiResearch licenses the use of its Software to the Subsidiary exclusively and irrevocably for three years. The Subsidiary shall have access to the Software to carry out digital marketing data analysis for the purpose of its ordinary and usual course of business. The proposed annual caps of the licensing fee payable by the Subsidiary to WeiResearch pursuant to the Licensing Agreement for the 12 months ending on the first, second and third anniversary of the date of the Licensing Agreement are RMB750,000, RMB750,000 and RMB750,000 respectively.

WeiResearch holds 45% in the Subsidiary and is a connected person of the Company as it is a substantial shareholder of the Subsidiary. Other than the holding of a 45% equity interest in the Subsidiary, WeiResearch is otherwise not a connected person of the Company.

WeiResearch is a connected person at the subsidiary level whilst the transactions contemplated under the CCT Agreements will be continuing connected transactions of the Company. The Board has approved the CCT Agreements and the transactions contemplated thereunder. The Independent Non-executive Directors have confirmed that the proposed terms of the CCT Transactions which will be conducted pursuant to the CCT Agreements are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. The CCT Transactions to be conducted under the CCT Agreements are exempted from the circular, independent financial advice and shareholders' approval requirements according to Rule 14A.101.

The Board hereby announces that after trading hours on 24 May 2019, the parties entered into the CCT Agreements.

THE SERVICING AGREEMENT

Parties: The Subsidiary and WeiResearch

Principal terms:

The Servicing Agreement will take effect from the date of signing up to 31 December 2019. During the term of the Servicing Agreement, the Subsidiary will be given priority by WeiResearch in the procurement of the Services to WeiResearch provided that the material terms offered by the Subsidiary are comparable to those offered by independent third parties. The scope of the Services will be determined based on WeiResearch's or its customers' marketing campaign specifications to be agreed on project-based terms.

The Subsidiary will take into account the cost of design and production, the fee of casting talents such as appropriate key opinion leaders (also known as KOL), the market conditions, and its target profit margin (having considered the Subsidiary's business capacity and the pricing of other potential digital marketing projects available from independent customers) to prepare digital marketing project quotations on an arm's length basis in response to WeiResearch's requests for the Services from time to time.

The intellectual property right in respect of any documents, videos, records, pictures or any other output produced by the Subsidiary for WeiResearch shall belong to WeiResearch.

WeiResearch is responsible for marketing and obtaining orders for the Services from its clients. WeiResearch intends to leverage on its marketing strengths and continue to expand its digital marketing business with the support of the Subsidiary. WeiResearch will not charge any mark-up or commission in respect of the Subsidiary's income generated from conducting the Services pursuant to the Servicing Agreement.

The Servicing Agreement may be renewed for a new period of 12 months subject to mutual written agreement. The Subsidiary and WeiResearch should negotiate renewal of the Servicing Agreement no later than 30 days prior to the expiry of the Servicing Agreement.

THE LICENSING AGREEMENT

Parties: The Subsidiary and WeiResearch

Principal terms:

The Licensing Agreement will take effect from the date of signing for three years. During the term of the Licensing Agreement, WeiResearch licenses the use of the Software to the Subsidiary exclusively and irrevocably at a fixed fee of RMB750,000 per 12 months up to the third anniversary of the date of the Licensing Agreement. The licensing fee is payable by the Subsidiary to WeiResearch on a prorata and quarterly basis in arrears. The licensing fee is negotiated on arm's length basis having considered WeiResearch's cost of maintaining and operating the Software and the value such digital marketing data analysis may complement the Subsidiary's Services and other potential digital marketing business.

The Subsidiary shall have access to the Software to carry out digital marketing data analysis for the purpose of its ordinary and usual course of business and shall not sub-contract the use of the Software to any other parties.

WeiResearch shall provide sufficient training to the Subsidiary's staff enabling them to use the Software for the Subsidiary's business effectively. The Subsidiary will own the intellectual property right relating to any output that may be derived from its use of the Software.

REASONS FOR AND BENEFITS OF THE CCT AGREEMENTS

WeiResearch has ongoing business relationship and contractual arrangements with a number of electronic media and electronic social media in the PRC. WeiResearch provides new media business promotion strategy, media content design and production, and marketing and advertising channel development services to renowned media channels including but not limited to Sina Weibo, WeChat, TikTok, Kuaishou, etc..

The Group has long-standing media and advertising clientele. The Licensing Agreement enables the Subsidiary to develop its business through the Group's proactive marketing with its existing and new clients, and the enhanced targeting effectiveness through the use of the Software developed and owned by WeiResearch.

The Group will contribute its expertise and resources relating to IP digitalisation and digital marketing solutions whilst both WeiResearch and the Group will enable the Subsidiary with access to strong and renowned clientele. The Company considers that there is synergy to join venture with WeiResearch to strengthen its business portfolio through capturing the business opportunities with more sizable media and social media platform clients of WeiResearch. It could be a very time consuming and costly programme otherwise if the Group does not make use of WeiResearch's ready business network and tries to target these renowned customers through prospecting business on its own instead. The Group is expected to benefit from increased revenue and enhanced business profile through conducting the CCT Transactions. With the Group's support and participation in the Subsidiary, WeiResearch expects to enhance its productivity and business capacity.

The Company is responsible for managing the Subsidiary's operations as well as considering the best available alternative to meet the Subsidiary's working capital requirements from time to time. The Company does not currently have any outstanding debt or equity commitment in respect of the Subsidiary.

HONG KONG LISTING RULES IMPLICATIONS

WeiResearch holds 45% in the Subsidiary and is a connected person of the Company as it is a substantial shareholder of the Subsidiary. Other than the holding of a 45% equity interest in the Subsidiary, WeiResearch is otherwise not a connected person of the Company.

WeiResearch is a connected person at the subsidiary level whilst the transactions contemplated under the CCT Agreements will be continuing connected transactions of the Company. The Board has approved the CCT Agreements and the transactions contemplated thereunder. The Independent Non-executive Directors have confirmed that the proposed terms of the CCT Transactions which will be conducted pursuant to the CCT Agreements are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. The CCT Transactions to be conducted under the CCT Agreements are exempted from the circular, independent financial advice and shareholders' approval requirements according to Rule 14A.101.

None of the Directors have a material interest in the CCT Transactions.

MONETARY AND ANNUAL CAPS AND BASIS

The Servicing Agreement

The proposed monetary cap of the Services for about seven and a half months from the date of the Servicing Agreement up to 31 December 2019 is RMB80,000,000.

WeiResearch has been admitted into the vendor pool of certain dominant electronic media and electronic social media platforms. According to unaudited financial information provided by WeiResearch, the total value of Services provided by WeiResearch to its customers during the six months between 1 July 2018 to 31 December 2018 amounted to approximately RMB60.45 million. The Company estimates the annual cap from the effective date of the Servicing Agreement up to 31 December 2019 based on WeiResearch's actual historical service income in the six months ended 31 December 2018 of approximately RMB60.45 million, project it for a period of seven and a half months to result in approximately RMB75.6 million, and finally round the number up to RMB80 million.

The Licensing Agreement

The proposed annual caps of the licensing fee payable by the Subsidiary to WeiResearch pursuant to the Licensing Agreement for the 12 months ending on the first, second and third anniversary of the date of the Licensing Agreement are RMB750,000, RMB750,000 and RMB750,000 respectively. The caps are equivalent to the agreed fix amount payable by the Subsidiary to WeiResearch as set out in the Licensing Agreement.

GENERAL INFORMATION

Information on the Company

The Company is principally engaged in publishing and intellectual properties licensing; online and social business; digital marketing and content creation; retailing and wholesales; and catering.

Information on WeiResearch

WeiResearch is licensed to carry out, amongst others, the production, agency and publishing of advertisements; providing exhibition and conferences services; IP trading; designing anime; producing television program; market research; editing; information consultancy and the sale of related software and hardware according to its industrial and business registration. This company provides certain digital marketing data regression and tracking analysis which facilitates tailor making advertising campaign and strategy to reach target groups of audience as specified by clients.

Information on the Subsidiary

The Company indirectly owns 55% equity and WeiResearch owns the remaining 45% equity in the Subsidiary. The Subsidiary is licensed to carry out the design, production, agency and publishing of advertisements; providing exhibition and conferences services; information consultancy and the sale of related software and hardware according to its industrial and business registration. The Group joint ventures with WeiResearch through the Subsidiary to strengthen the Group's digital marketing business and develop more publishing and IP licensing and digitalisation related business opportunities.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CCT Agreements”	the Servicing Agreement and the Licensing Agreement
“CCT Transactions”	the Services to be provided by the Subsidiary to WeiResearch under the Servicing Agreement and the licensing fee payable by the Subsidiary to WeiResearch pursuant to the Licensing Agreement
“Company”	CULTURECOM HOLDINGS LIMITED (文化傳信集團有限公司)*, a limited liability company incorporated in Bermuda, which shares are listed on the Stock Exchange
“connected person(s)”	has the same meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Licensing Agreement”	the agreement dated 24 May 2019 entered into between the Subsidiary and WeiResearch pursuant to which WeiResearch licenses the use of its Software to the Subsidiary exclusively and irrevocably for three years
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	providing digital marketing solutions on electronic media including providing new media business promotion strategy, media content design and production, and marketing and advertising channel development and related services
“Servicing Agreement”	the services agreement dated 24 May 2019 entered into between the Subsidiary and WeiResearch in respect of the procurement of the Services

“Shareholders”	the shareholders of the Company
“Software”	the digital marketing data analysis software, namely WeiResearch Data Management Platform V1, the private property right of which belongs to WeiResearch
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	北京乾智傳視科技有限公司 Beijing Skyvior Technology Co. Ltd (Previously known as 北京時尚優旅信息科技有限公司 (Beijing Fashion UTour Technology Co. Ltd), a limited liability company incorporated in the PRC
“WeiResearch”	北京微瑞思創信息科技股份有限公司, Beijing WeiResearch Info Technology Limited which ordinary shares are quoted on the National Equities Exchange and Quotations in the PRC under the code 833495
“%”	per cent.

By Order of the Board
Culturecom Holdings Limited
Huang Mingguo
Executive Director & Chief Executive Officer

Hong Kong, 24 May 2019

As at the date hereof, the Board comprises of Ms. Chow Lai Wah Livia (being the Vice Chairman and Executive Director); Mr. Huang Mingguo, Mr. Kwan Kin Chung and Mr. Yuen Kin (all being Executive Directors); and Mr. Wong Kwan Kit, Mr. Fan Chun Wah Andrew and Mr. Mung Yat Lik (all being Independent Non-executive Directors).

* *for identification purpose only*