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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)

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 1 March 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 278,000,000 Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share.

The Subscription Shares represent (i) approximately 19.99% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.66% of the enlarged total number of issued Shares immediately after Completion (assuming that there will be no other change in the total number of issued Shares between the date of this announcement and Completion). The Subscription Shares will be issued under the Specific Mandate.

The gross proceeds and the estimated net proceeds from the Subscription will be HK\$41,700,000 and approximately HK\$41,400,000, respectively. The Company intends to use the net proceeds from the Subscription as general working capital for expansion of the Group's digital marketing business.

The Subscription will be subject to Shareholders' approval. The SGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Subscription and the Specific Mandate to issue the Subscription Shares. A circular containing, among others, details of the Subscription Agreement and the notice of SGM will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

Completion is subject to fulfilment of the conditions under the Subscription Agreement. The Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date: 1 March 2021 (after trading hours)

Parties: (1) the Company, as issuer, and
(2) the Subscriber

Subscription Shares

The Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 278,000,000 Subscription Shares, representing (i) approximately 19.99% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.66% of the enlarged total number of issued Shares immediately after Completion (assuming that there will be no other change in the total number of issued Shares between the date of this announcement and Completion).

The aggregate nominal value of the Subscription Shares is HK\$2,780,000.

Subscription Price

The Subscription Price of HK\$0.15 per Subscription Share represents:

- (i) a discount of approximately 34.78% to the closing price of HK\$0.230 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 9.49% over the average closing price of approximately HK\$0.137 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 47.06% over the average closing price of approximately HK\$0.102 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a premium of approximately 4.17% over the unaudited net assets attributable to owners of the Company per Share of approximately HK\$0.144 as at 30 September 2020; and

- (v) a premium of approximately 15.38% over the unaudited tangible net assets attributable to owners of the Company per Share of approximately HK\$0.130 as at 30 September 2020.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber by reference to principally the market condition and the recent closing prices per Share on the Stock Exchange.

The aggregate Subscription Price of HK\$41,700,000 will be payable by the Subscriber to the Company by bank transfer upon Completion.

The net price per Subscription Share, after deducting all relevant expenses, is approximately HK\$0.149.

Ranking

The Subscription Shares will, when issued and fully paid, rank *pari passu* in all respects among themselves and with the Shares in issue at the date of allotment and issuance of the Subscription Shares, including the right to receive all dividends and other distributions declared, made or paid at any time on or after the date of Completion.

Conditions precedent

Completion is conditional upon the fulfilment of all of the following conditions, provided that the Subscriber may at any time waive (to the extent permitted by the Hong Kong laws), in whole or in part, conditionally or unconditionally the following conditions by written notice to the Company:

- (a) the listing status of the Company on the Stock Exchange not having been revoked or withdrawn at any time prior to Completion, the Shares continuing to be traded on the Stock Exchange at any time prior to Completion (save and except for any temporary suspension in connection with transactions contemplated under the Subscription Agreement or such other period as the Subscriber may agree in writing) and there being no indication from the Stock Exchange that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after Completion as a result of the transactions contemplated under the Subscription Agreement;
- (b) no obligation (including but not limited to trading halt and/or suspension of trading of the Shares) on the Company concerning sufficiency of operations or assets and/or cash under all relevant Listing Rules having been triggered or decided by the Stock Exchange nor the Securities and Futures Commission ("SFC") which cannot be resolved by the Company absolutely to the satisfaction of the Stock Exchange or the SFC prior to the date of Completion, and neither the Stock Exchange nor the SFC having indicated that either one of them will object to, suspend, cancel, revoke, withdraw or otherwise have any concerns about the continued listing of the Shares for reasons relating to or arising from the transactions contemplated under the Subscription Agreement and/or the Listing Rules;

- (c) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Subscription Shares;
- (d) the necessary approvals including, but not limited to the board and/or shareholders' approvals in relation to the underlying transactions contemplated under the Subscription Agreement are granted and approved;
- (e) the warranties and representations stated under the Subscription Agreement remaining true and accurate in all material respects and not misleading as given as at the date of the Subscription Agreement and as at Completion, and as if given at all times between the date of the Subscription Agreement and Completion; and
- (f) there being, since the date of the Subscription Agreement and up till the time immediately prior to the date of Completion, no material adverse change in the financial position and trading prospects of the Company and/or Group and no event which has or could reasonably be expected to have a material adverse effect on the Company and/or the Group to the reasonable satisfaction of the Subscriber.

The Company shall use its best endeavours to procure the fulfillment of the conditions precedent on or before Completion. If any of the conditions precedents have not been satisfied (or waived by the Subscriber in writing) by 6:00 p.m. (Hong Kong time) on the Long Stop Date, then the Subscription Agreement and everything herein contained shall be null and void and of no further effect and no party to the Subscription Agreement shall have any further liability to any other parties under or in connection with the Subscription Agreement without prejudice to the rights of any such parties in respect of any antecedent breaches.

Completion

Completion shall take place on the third Business Day after the fulfillment or waiver of the conditions precedent, or such other date as may be agreed in writing by the Company and the Subscriber.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there will be no other change in the total number of issued Shares between the date of this announcement and Completion):

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
L&W Holding Limited (Note 1)	271,502,312	19.52%	271,502,312	16.27%
Ms. Chow Lai Wah Livia (Note 1)	32,962,800	2.37%	32,962,800	1.98%
Mr. Dizon Basilio (Note 1)	18,895,000	1.36%	18,895,000	1.13%
Mr. Huang Mingguo (Note 2)	14,460,000	1.04%	14,460,000	0.87%
Jet Victory Investments Limited (Note 2)	500,000	0.04%	500,000	0.03%
The Subscriber	—	—	278,000,000	16.66%
Other Shareholders	<u>1,052,336,704</u>	<u>75.67%</u>	<u>1,052,336,704</u>	<u>63.06%</u>
Total	<u>1,390,656,816</u>	<u>100.00%</u>	<u>1,668,656,816</u>	<u>100.00%</u>

Notes:

- (1) L&W Holding Limited is owned as to 65% and 35% by Mr. Dizon Basilio (“**Mr. Dizon**”) and Ms. Chow Lai Wah Livia (“**Ms. Chow**”), respectively. Ms. Chow is the spouse of Mr. Dizon and an executive Director.
- (2) Jet Victory Investments Limited is wholly and beneficially owned by Mr. Huang Mingguo, an executive Director.

INFORMATION ON THE SUBSCRIBER

The Subscriber is indirectly wholly and ultimately owned by Mr. Teng Rongsong. Mr. Teng is an individual investor who has extensive experiences in investments.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Board considers that the Subscription represents an excellent opportunity for the Company to broaden its Shareholder base and to finance future development and expansion of the digital marketing business of the Group.

The Board believes that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

The gross proceeds and the estimated net proceeds (after deducting all relevant expenses) from the Subscription will be HK\$41,700,000 and approximately HK\$41,400,000, respectively. The Company intends to use the net proceeds from the Subscription as general working capital for expansion of the Group's digital marketing business.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

SPECIAL GENERAL MEETING

The SGM will be convened and held for the purposes of considering of, and if thought fit, approving, among other things, the Subscription and the Specific Mandate to issue the Subscription Shares. A circular containing, among others, details of the Subscription Agreement and the notice of SGM will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

Completion is subject to fulfilment of the conditions under the Subscription Agreement. The Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday and public holidays) on which commercial banks in Hong Kong are generally open for the transaction of general banking business by members of the public
“Company”	Culturecom Holdings Limited (stock code: 343), the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	28 May 2021 or such other date as the Company and the Subscriber may agree in writing
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving by the Shareholders the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares)
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Specific Mandate”	the special mandate to be granted by the Shareholders to the Directors at the SGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Trinity Gate Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 1 March 2021 entered into between the Company as issuer and the Subscriber for the subscription of 278,000,000 Subscription Shares at the Subscription Price
“Subscription Price”	HK\$0.15 per Subscription Shares
“Subscription Shares”	an aggregate of 278,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

By order of the Board
Culturecom Holdings Limited
Huang Mingguo

Executive Director and Chief Executive Officer

Hong Kong, 1 March 2021

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*