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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)

SHARE TRANSACTION PROPOSED ACQUISITION OF 51% THE ISSUED SHARE CAPITAL OF TIANHE UNION HOLDING GROUP LIMITED (天河聯盟控股集團有限公司)

ACQUISITION

The Board is pleased to announce on 11 November 2013 after trading hours, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement, pursuant to which the Purchaser conditionally has agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing 51% of the issued share capital of the Target, at the Consideration of HK\$78,336,000.00 which will be satisfied partly by cash and partly by the issue and allotment of the Consideration Shares.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios, as defined under Rule 14.07 of the Listing Rules in respect of the Acquisition are all below 5%, the Acquisition contemplated under the Agreement constitutes a share transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules. Completion should be conditional upon, amongst others the approval by Shareholders at the Special General Meeting of the Company pursuant to the terms of the Acquisition.

WARNING

Shareholders and potential investors of the Company should be aware that Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date and therefore Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 11 November 2013 after trading hours, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor have entered into the Agreement, whereby the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares, representing 51% of the issued share capital of the Target, at the Consideration of HK\$78,336,000.00 which will be satisfied partly by cash and partly by the issue and allotment of Consideration Shares. Upon Completion, the Purchaser will become a 51% shareholder of the Target.

The principal terms of the Agreement are set out below:

PRINCIPLE TERMS OF THE AGREEMENT

Date

11 November 2013 after trading hours

Parties

Purchaser : Culturecom Holdings (BVI) Limited, a wholly owned subsidiary of the Company

Vendor : 揭洋 also known as Jie Yang and Aaron Jie

To the best of the Directors' knowledge, information and belief of the Board at after making all reasonable enquiries, the Vendor is an Independent Third Party of the Company and its connected persons (as defined in the Listing Rules).

To the best of the Directors' knowledge, information and belief, the Vendor is a PRC citizen and a merchant and he and his associates (as defined with the Listing Rules) do not hold any Shares as at the date of this announcement.

Acquisition

Pursuant to the Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares free from all encumbrances together with all rights now or thereafter attaching thereto, including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date at the Consideration of HK\$78,336,000.00 which will be satisfied partly by cash and partly by the issue and allotment of the Consideration Shares.

The Sale Shares represents 51% of the issued share capital of the Target and is owned by the Vendor as at the date of this announcement.

Consideration

The Consideration for the Sale Shares in the amount of HK\$78,336,000.00 shall be paid by the Purchaser partly in cash and partly by the issue and allotment of the Consideration Shares to the Vendor in the following manner:

- HK\$5,000,000.00 payable to the Vendor (or as he may direct) on the date of the Agreement;
- HK\$21,112,000.00 payable to the Purchaser's Solicitors, A. M. Mui & Kwan, to hold as a stakeholder pending Completion;
- the balance of the sum of HK\$52,224,000.00 shall only be paid by the issue and allotment of the 37,300,000 Consideration Shares upon Completion.

Pursuant to the Vendor's undertaking, the Vendor shall return the aforesaid HK\$5,000,000 to the Purchaser in the event that Completion cannot take place pursuant to the terms of the Agreement.

The Consideration for the Acquisition was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, the Valuation Report prepared by Roma Appraisals Limited, a professional independent valuer. In view of the above, the Board has concluded that the consideration is fair and reasonable and are in the interests of the Company and Shareholders as a whole. The Valuation Report will be included in the circular to be despatched.

Consideration Shares

The Consideration Shares will be issued at the issue price of approximately HK\$1.40 per Consideration Share which represents:

- (i) a discount of approximately 7.8% to the closing price of HK\$1.51 per Share as quoted on the Stock Exchange on 11 November 2013 (the “Last Trading Day”);
- (ii) a discount of approximately 6.04% to the average closing price of HK\$1.49 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 2.85% to the average closing price of HK\$1.441 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Consideration Shares represent approximately 3.18% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 3.09% of the Company’s issued share capital as enlarged by the issue of Consideration Shares. The Consideration Shares will be issued subject to approval by Shareholders of the Company at a Special General Meeting and a specific mandate will be sought at the Special General Meeting. A circular describing the Acquisition and a notice convening, a Special General Meeting of the Company will be sent to Shareholders shortly.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when issued upon Completion, will rank *pari passu* in all respects with the existing Shares in issue.

Conditions precedent

Completion shall be conditional upon, amongst others, the fulfilment or waiver (where applicable), of the following conditions precedent:

- (i) completion to the satisfaction of the Purchaser of its due diligence review of the Target Group, including, but not limited to, review of business, commercial, legal, financial, taxation and property aspects of the Target Group;
- (ii) the warranties (as defined in the Agreement) remaining true and correct in all material respects on and as of the Completion Date;
- (iii) no events having occurred which could have a material adverse effect on the business or financial conditions of the Target Group in the reasonable opinion of the Purchaser, including without limitation, natural disasters, serious contagious diseases, wars, insurrections and similar military actions, civil unrest, strikes and other labour actions, embargoes, injunctions or other restraints and actions of government;

- (iv) there having been no change to the trading, operations or financial position of the Target Group, taken as a whole, between the date of the Agreement and the Completion Date which could have a material adverse effect on the business or financial conditions of the Target Group in the reasonable opinion of the Purchaser;
- (v) all necessary consents and approvals required in respect of the transactions contemplated under the Agreement and the Transaction Documents (as defined in the Agreement) having been obtained;
- (vi) delivery by the Vendor of the closing documents;
- (vii) the complete transfer of the title ownership and taking of possession of the Max-Trip Computer to the Target Group;
- (viii) the obtaining of approval by the shareholders at the Special General Meeting of the Company pursuant to the Acquisition; and
- (ix) the Listing Committee of the Stock Exchange having granted the listing, and permission to deal in the Consideration Shares;

and in the event that all the conditions precedent shall not have been satisfied or waived by the Purchaser on or before 31 December 2013, the Purchaser may, in its sole discretion and in addition to and without prejudice to all other rights and remedies available to the Purchaser:

- (i) cancel or terminate the Sale and Purchase Agreement without prejudice to all rights and remedies which the Purchaser may have under the Sale and Purchase Agreement or by law; or
- (ii) elect to effect the Completion so far as practicable having regard to the defaults which have occurred and treat the sale and purchase of the Sale Shares as completed subject to the satisfaction of a condition subsequent that the defaults be remedied within such time as the Purchaser may specify.

The Purchaser may waive in whole or in part any of the conditions precedent set out above (except the conditions precedent set out in paragraphs v, viii and ix above) to the extent it is capable of being waived. The Directors currently have no intention of waiving any of the conditions precedent.

The above conditions precedent should be fulfilled on or before 31 December 2013 or such other date as agreed by the parties in writing.

Completion

Subject to the fulfillment or waiver (where applicable) of all the above conditions precedent, Completion shall take place on or before 31 December 2013 or such other date as the Purchaser and the Vendor shall agree in writing.

Upon Completion, the Target will be indirectly held as to 51% by the Company and will be accounted for as a non-wholly subsidiary in the financial statements of the Company.

INFORMATION ON THE TARGET GROUP

The Target owns 100% shareholdings in the Subsidiary Company, a wholly-owned enterprise incorporated with limited liability in PRC on 19 February 2013. The Target Group have not yet commenced any operation as advised by the Management and have not recorded any revenue or profit as at the date of this Announcement.

According to the unaudited financial statements of the Target, the turnover, net loss before taxation and net loss after taxation for the financial year ended 30 September 2013 was approximately Nil, HK\$161,512 and HK\$161,512 respectively.

The unaudited net assets of the Target and the Subsidiary Company as at 30 September 2013 was approximately HK\$24,877 and RMB100,000 respectively.

The Vendor has guaranteed the Purchaser, the net profit of the Target Group would not less than RMB30,000,000 each year for two (2) consecutive years immediately after Completion, i.e. the year, ended 31 March 2015 and 31 March 2016. Should the net profit has not reached this amount, 51% of the guaranteed net profit which is RMB15,300,000 per year would be liable to pay to the Purchaser.

The prospect of the Target Group as advised by the Management would be the injecting of a computer system known as “Max-Trip” which is a e-commerce platform for travel related products, a National Service Number, which is a national service number granted by the Ministry of Industry and Information Technology of the PRC government and 2,100 existing franchisees who are using the Shenzhen Tianhe’s computer system for travel services.

The Management is headed and led by the Vendor and for reason of his being of the key figure in procuring the aforesaid injection process and having all requisite business connection, the Vendor will continue to be a director at the Target.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in publishing, property holding, electronic publication, investment holding & securities trading, provision for multimedia services & petroleum technology related services, trading of wine and development of online social music gaming platform.

The Directors have been actively seeking and identifying further investment and business opportunities in order to maximize the return of the Shareholders.

One of the core business strategies of the Group is to complete and expand its online-to-offline business model. The Target and its 2,100 franchisees will serve as an important offline point of sales for a range of goods and services, including but not limited to handsets, consumer products, access to consumer finance services information and selective payment services.

The National Service Number will improve the Group's after sales service and serve as a first point of call for business enquiries. The Target's information technology system will be integrated into the Group's mobile gaming and e-commerce platform due to be launched.

The Group intends to increase the number of the new co-brand points of sales from 2,100 to 10,000 in Mainland China post acquisition. This will complement the Group's existing operations by directing Mainland consumers to Hong Kong retail and service providers subscribed to the Group's online-to-offline platform.

Having considered the terms of Agreement, the valuation on the entire issued share capital of Target, the future development prospects of its businesses, the experience and network possessed by its management as well as the potential synergies from the Company's existing businesses. The Directors are of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Target will jump start the Group's mobile and online business operations, thereby enhancing the Group's competitiveness, expanding its customer base and diversifying its source of income.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) under Rule 14.07 of the Listing Rules in respect of the Acquisition are all below 5%, the Acquisition contemplated under the Agreement constitutes a share transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules. Completion should be conditional upon; amongst others, the approval by Shareholders at the Special General Meeting of the Company pursuant to the Acquisition. A circular describing the Acquisition and a notice convening a Special General Meeting of the Company will be sent to Shareholders shortly.

To the best of the Directors' knowledge, no Shareholders have a material interest in the Acquisition and no Shareholders would have to abstain from voting at the Special General Meeting.

A circular containing, among others, details of the Acquisition, the Valuation Report together with the relevant letter from the auditors or reporting accountants of the Company in compliance with the Listing Rules (if applicable) and a notice of the Special General Meeting is expected to be despatched to the Shareholders on or before 2 December 2013.

WARNING

Shareholders and potential investors in the Company should be aware that Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date and therefore Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares under the Agreement
“Agreement”	the sale and purchase agreement dated 11 November 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“Company”	Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Completion Date”	means on or before 31 December 2013 (or such other date as the parties hereto may agree in writing) on which Completion is to take place
“Consideration Shares”	means 37,300,000 Shares of HK\$0.01 each of the Company to be allotted and issued and credited as fully paid to the Vendor at an issue price of approximately HK\$1.40 per share and shall be issued immediate upon the transfer of the Sale Shares and on the Completion Date as part consideration for the purchase of the Sale Shares
“Consideration”	the aggregate consideration of HK\$78,336,000.00 payable by the Purchaser to the Vendor for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company

“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 People’s Republic of China
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any director, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management”	the board or equivalent management body including the Vendor himself of the Target Group
“Max-Trip”	an e-commerce platform
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Culturecom Holdings (BVI) Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi the lawful currency of the PRC
“Sale Shares”	5,100 issued shares of par value of HK\$1.00 each in, representing 51% of the issued share capital of, the Target
“Share(s)”	Shares of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special General Meeting” or “SGM”	the special general meeting of the Company to be held and convened for the Shareholders to consider and if thought appropriate, to approve the Acquisition and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subsidiary Company”	我行網科技(深圳)有限公司，PRC有限責任公司註冊號40306503448635
“Target”	Tianhe Union Holding Group Limited (天河聯盟控股集團有限公司), a company incorporated in Hong Kong with limited liability with company No. 1453710
“Target Group”	the Target and its subsidiaries
“Valuation Report”	the Valuation Report prepared by Roma Appraisals Limited
“Vendor”	揭洋 also known as Jie Yang and Aaron Jie, an Independent third party

By order of the Board
Culturecom Holdings Limited
Chu Bong Foo
Chairman

Hong Kong, 11 November 2013

As at the date of this announcement, the Board comprises of Ms. Chow Lai Wah Livia (being the Vice Chairman and executive Director); Mr. Kwan Kin Chung, Mr. Chung Billy, Mr. Wan Xiaolin, 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. Tsang Wai Wa, Mr. Joseph Lee Chennault, Mr. Lai Qiang and Ms. Ng Ying (all being independent non-executive Directors).

* *for identification purpose only*