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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)

PRIVATE PLACING OF UP TO 157,500,000 LISTED WARRANTS

Placing Agent



KINGSTON SECURITIES LTD.

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

On 30 July 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in connection with the Placing, on a best effort basis, to place up to 157,500,000 Warrants conferring rights to subscribe for up to 157,500,000 new Shares at an initial subscription price of HK\$0.75 per Share (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution) to not less than 300 Placees who are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

The Warrants are to be placed at a Placing Price of HK\$0.16 per Warrant. The Placing is conditional upon several conditions as set out in the paragraph headed “Conditions of the Placing” in the section headed “Placing Agreement dated 30 July 2014” in this announcement. It is intended that the maximum net proceeds from the Placing of approximately HK\$22.67 million will be used as general working capital of the Company and the maximum net proceeds from the exercise of the Warrants of approximately HK\$118.12 million will be used for possible investments or projects which are expected to improve the profitability, sustain growth momentum and broaden the revenue stream of the Group, as and when the Board considers appropriate and in the interest of the Company and its Shareholders as a whole. The company is planning to capture the diversified preferences of game players around the world, the Group will continue to develop higher quality of mobile games and related gaming platform. The investment amount of the projects will be determined after taking into consideration of various factors. As at the date of this announcement, the Company has not identified appropriate investment opportunities yet.

The new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. Assuming the full exercise of the subscription rights attaching to the Warrants, the maximum number of 157,500,000 new Shares represents approximately 13.44% of the existing issued share capital of the Company of 1,171,613,946 Shares as at the date of this announcement and approximately 11.85% of the issued share capital of the Company as enlarged by the issue of the 157,500,000 new Shares.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any new Shares that may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

A Prospectus (for information only) containing, among other things, further details of the transaction contemplated under the Placing, will be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the Placing Agreement is subject to conditions precedent. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PLACING AGREEMENT DATED 30 JULY 2014

Placing Agent

The Placing Agent has conditionally agreed to place the Warrants, as agent for the Company, by way of private placement on a best effort basis to the Placees and will receive a placing commission of 1.5% on the aggregate Placing Price in respect of such number of Warrants successfully placed by it. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, a wholly-owned company of one of the ultimate beneficial owners of the Placing Agent holds 1,110,000 Shares. Save as the aforesaid, to the best of the Directors' knowledge and information and belief, having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined in the Listing Rules).

Amount of securities to be issued by the Company and to be placed by the Placing Agent

The Company has agreed to issue, and the Placing Agent has conditionally agreed to place, 157,500,000 Warrants conferring rights in registered form to holders thereof to subscribe, up to HK\$118,125,000 in aggregate in cash, for 157,500,000 new Shares at an initial subscription price of HK\$0.75 per Share (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution). Further details of such adjustment events will be set out in the Prospectus to be despatched to the Shareholders. For the avoidance of doubt, in the event that following any adjustments of the subscription price that made in accordance with the terms and conditions of the Warrants, the number of such excess new Shares which may fall to be allotted and issued pursuant to the exercise of the subscription rights attaching to the Warrants that exceed the authorization under the General Mandate, will not be allotted or issued.

Assuming the full exercise of the subscription rights attaching to the Warrants, the maximum of 157,500,000 new Shares represents approximately 13.44% of the issued share capital of the Company as at the date of this announcement and approximately 11.85% of the issued share capital of the Company as enlarged by the allotment and issue of the 157,500,000 new Shares.

As at the date of this announcement, there were an aggregate 162,197,780 outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 162,197,780 Shares and 76,790,000 outstanding Non-listed Warrants entitling the holders thereof to subscribe for up to an aggregate of 76,790,000 Shares, representing approximately 13.84% and 6.55% of the issued share capital of the Company as at the date of this announcement respectively. Save as disclosed above, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

Placees

The placees shall be professional, institutional or other investors independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). The Warrants will be placed to not less than 300 Placees. The market capitalisation of the Warrants upon Listing will be approximately HK\$25,200,000 and the Company has complied with Rule 8.09(4) of the Listing Rules.

Placing Price

The Placing Price is HK\$0.16 per Warrant and is determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the prevailing market sentiment, liquidity flow in the capital market and the historical Share price. The Directors consider that the Placing Price is fair and reasonable.

Terms of the Warrants

The Warrants will be issued in registered form subject to and with the benefit of the Instrument to be executed by the Company by way of a deed poll. Each Warrant will give the holder(s) thereof the right to subscribe for a new Share based on an initial subscription price of HK\$0.75 per Share (subject to adjustments). The aggregate of the Placing Price of HK\$0.16 per Warrant and the initial subscription price of HK\$0.75 per Share, i.e. HK\$0.91, represented:

- (a) a premium of approximately 3.41% over the closing price of HK\$0.88 per Share quoted on the Stock Exchange on 30 July 2014, being the date of the Placing Agreement; and
- (b) a premium of approximately 1.79% over the average of the closing prices of HK\$0.89 per Share for the last five trading days for the Shares prior to the date of the Placing Agreement.

The initial subscription price of HK\$0.75 per Share represented:

- (a) a discount of approximately 14.77% the closing price of HK\$0.88 per Share quoted on the Stock Exchange on 30 July 2014, being the date of the Placing Agreement; and
- (b) a discount of approximately 16.11% to the average of the closing prices of HK\$0.89 per Share for the last five trading days for the Shares prior to the date of the Placing Agreement.

The subscription rights attaching to the Warrants may be exercised within a two-year period from the Listing Date, which is expected to be from 22 September 2014 to 21 September 2016, both days inclusive (subject to changes). Any subscription rights attaching to the Warrants which have not been exercised on or before the last day of the Subscription Period will lapse and the Warrants will cease to be valid for all purposes following such date. For the purpose of dealings on the Stock Exchange, the board lot of the Warrants will be 15,000 Warrants.

The new Shares falling to be issued upon exercise of the subscription rights attaching to the Warrants will rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of such new Shares.

Conditions of the Placing

Completion of the Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 30 September 2014 or such later date as the Company and the Placing Agent may agree:

- (i) the registration of one duly signed copy of the Prospectus (with all the documents required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong;
- (ii) if necessary, the filing of one duly signed copy of the Prospectus (with all other documents required by the Companies Act 1981 of Bermuda (as amended), if any) by the Registrar of Companies in Bermuda;
- (iii) if necessary, the consent of the Bermuda Monetary Authority to the issue of the Warrants and to the allotment and issue of all Shares to be issued on exercise of the subscription rights attaching to the Warrants; and
- (iv) the granting by Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and all Shares to be issued on exercise of the subscription rights attaching to the Warrants.

In the event that the above conditions are not fulfilled by on or before 30 September 2014 or such later date as the Company and the Placing Agent may agree, the Placing Agreement will lapse and none of the parties will have any liabilities to the other save for any antecedent breaches thereof.

Termination

The Placing Agreement contains provisions entitling the Placing Agent or the Company shall, with prior consultation with the other of them, have the right to terminate the Placing Agreement by notice in writing to the other of them at any time prior to 5:30 p.m. on the Completion Date if, in the absolute opinion of the Placing Agent or the Company:

- (a) there is the occurrence of any local, regional, national or international event or change of a political, military or economic nature which results in a material adverse change in the political, economic or stock market conditions in Hong Kong in the context of the Placing and which materially affects the success of the Placing; or
- (b) there is any breach of the warranties and representations on the part of the Placing Agent or as appropriate, the Company under this Agreement which is material in the context of the Placing; or
- (c) there is any introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the subscription contemplated hereunder; or
- (d) there is any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) the suspension in the trading of all securities listed on the Stock Exchange generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus or other announcements in connection with the Placing.

If the Placing Agreement is so terminated, all obligations of each party under the Placing Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation mentioned in the Placing Agreement.

Reasons for the Placing and use of proceeds

The Directors consider that the Placing is a suitable opportunity to raise capital for the Company. In particular, (i) it does not have an instant dilution effect on the shareholding of the existing Shareholders; (ii) it raises funds immediately upon completion of the Placing, and if the Warrants are exercised, further funds will be raised for possible investment and/or general working capital which will accordingly strengthen the financial conditions and shareholders base of the Company; and (iii) it provides investors with an alternative means to invest in the Company.

The maximum gross proceeds from the Placing and the exercise of the Warrant will be approximately HK\$25.20 million and HK\$118.12 million respectively. It is intended that the maximum net proceeds from the Placing of approximately HK\$22.67 million will be used as general working capital of the Company and the maximum net proceeds from the exercise of the Warrants of approximately HK\$118.12 million will be used for possible investments or projects which are expected to improve the profitability, sustain growth momentum and broaden the revenue stream of the Group, as and when the Board considers appropriate and in the interest of the Company and its Shareholders as whole. The Company is planning to capture the diversified preferences of game players around the world, the Group will continue to develop higher quality of mobile games and related gaming platform. The investment amount of the projects will be determined after taking into consideration of various factors. As at the date of this announcement, the Company has not identified appropriate investment opportunities yet.

The net proceeds raised per Warrant upon completion of the Placing will be approximately HK\$0.14 per Warrant.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any new Shares that may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. Subject to the fulfillment of the above conditions, it is expected that dealings in the Warrants on the Stock Exchange will commence on or before 22 September 2014 (subject to changes).

Shareholding structure of the Company

The existing shareholding structure of the Company and the shareholding structure of the Company upon exercise in full of the subscription rights attaching to the Warrants, assuming no Options and Non-listed Warrants will have been exercised after the date of this announcement, are set out below:

Shareholders	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants assuming that the Warrants are placed in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders and Director(s)				
L&W Holding Limited (Note 1)	255,848,600	21.84	255,848,600	19.25
Harvest Smart Overseas Limited (Note 1)	13,213,712	1.13	13,213,712	0.99
Mr. Dizon Basilio (Note 1)	7,795,000	0.67	7,795,000	0.59
Ms. Chow Lai Wah Livia (Note 2)	32,962,800	2.81	32,962,800	2.48
Mr. Tang Kwing Chuen Kenneth (Note 3)	135,000	0.01	135,000	0.01
Mr. Wan Xiaolin (Note 3)	50,000	0.00	50,000	0.00
Mr. Chen Man Lung (Note 3)	200	0.00	200	0.00
Public Shareholders				
Holders of Warrants	–	–	157,500,000	11.85
Other public Shareholders	861,608,634	73.54	861,608,634	64.83
Total	<u>1,171,613,946</u>	<u>100.00</u>	<u>1,329,113,946</u>	<u>100.00</u>

Notes:

- Mr. Dizon Basilio (“Mr. Dizon”) is beneficially interested in 7,795,000 Shares as at the date of this announcement and has controlling interests in L&W Holding Limited (“L&W”) and Harvest Smart Overseas Limited as to 65% and 100% respectively. Ms. Chow Lai Wah Livia, the spouse of Mr. Dizon, is the Vice Chairman and an Executive Director and is beneficially interested in 32,962,800 Shares in the Company as at the date of this announcement. Mr. Dizon is therefore deemed to be interested in 309,820,112 Shares under the SFO, representing approximately 26.44% of the existing issued share capital of the Company.
- Ms. Chow Lai Wah Livia (“Ms. Chow”), the Vice Chairman of the Company and an Executive Director, is beneficially interested in 32,962,800 Shares as at the date of this announcement. She is the wife of Mr. Dizon and has controlling interests in L&W. Accordingly, Ms. Chow is deemed to be interested in 309,820,112 Shares under the SFO, representing approximately 26.44% of existing issued share capital of the Company.
- Each of Mr. Tang Kwing Chuen Kenneth, Mr. Wan Xiaolin and Mr. Chen Man Lung is an Executive Director.
- The percentages are subject to rounding difference, if any.

GENERAL

The principal activities of the Company are publishing, Chinese information infrastructure and online social music gaming platform, provision of server management, data warehousing services, provision of online social music gaming and online shopping via an online platform and operation of cinema, retailing of red wine and mobile phones and wholesales of insulation materials and catering services.

The new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. Assuming the full exercise of the subscription rights attaching to the Warrants, the maximum number of 157,500,000 new Shares represents approximately 13.44% of the existing issued share capital of the Company of 1,171,613,946 Shares as at the date of this announcement and approximately 11.85% of the issued share capital of the Company as enlarged by the issue of the 157,500,000 new Shares. The General Mandate has not been utilised prior to the entering into of the Placing Agreement. Accordingly, the issue of the new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants is not subject to the approval of the Shareholders.

A Prospectus (for information only) containing, among other things, further details of the transaction contemplated under the Placing, will be despatched to the Shareholders as soon as practicable.

Shareholders and potential investors should note that the Placing Agreement is subject to conditions precedent. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Fund raising activities in the past 12 months

The Company has not conducted any fund raising exercise during the past 12 months immediately preceding the date of this announcement.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as the case maybe (as amended, supplemented or otherwise modified from time to time)

“Company”	Culturecom Holdings Limited, a company incorporated in the Bermuda with limited liability whose securities are listed on the Stock Exchange
“Completion Date”	the date when the Placing is completed, which is expected to be not later than four business days following the fulfillment of conditions of the Placing
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by Shareholders at the annual general meeting of the Company held on 12 August 2013 to the Directors to allot, issue or deal with not exceeding 20% of the issued Shares at the time of the grant of the mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial subscription price for Shares
“Listing Date”	the date on which the listing of and dealings in Warrants commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-listed Warrants”	outstanding non-listed warrants issued by the Company, each entitles the holder(s) thereof to subscribe for one Share at the initial subscription price of HK\$1.20 (subject to adjustment) at any time during a period of five (5) years commencing from 2 August 2012 to 1 August 2017, both days inclusive
“Options”	outstanding options granted to the grantees under the share option schemes adopted by the Company
“Placee(s)”	the independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Warrants

“Placing”	the placing, on a best effort basis, of up to 157,500,000 Warrants pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 30 July 2014 entered into by the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.16, being the issue price per Warrant payable in full on application under the Placing Agreement
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company relating to the issue of the Warrants by the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Period”	the two-year period from the Listing Date, which is expected to be from 22 September 2014 to 21 September 2016, both days inclusive (subject to changes)
“Warrant(s)”	warrant(s) of the Company in registered form, each conferring rights to holder(s) thereof to subscribe for one Share at an initial subscription price of HK\$0.75 (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution) at any time during the Subscription Period
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 30 July 2014

As at the date of this announcement, the Board comprises of 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. 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 purposes only*