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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)

DISCLOSEABLE TRANSACTION: DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF A MACAU SUBSIDIARY

The Board announces that on 9 March 2020, the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Sale Shares to the Purchaser for an aggregate cash consideration of HK\$600,000.

As certain of the relevant percentages exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

The Board announces that on 9 March 2020, the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser in relation to the Disposal of the Sale Shares to the Purchaser for an aggregate consideration of HK\$600,000.

SALE AND PURCHASE AGREEMENT

Date: 9 March 2020 (after trading hours)

Parties: (1) The Vendor
(2) The Purchaser

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holdings. The Vendor is an indirect wholly owned subsidiary of the Company.

The Purchaser is an individual. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party(ies).

Asset to be disposed:

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares comprising 100% of the entire issued share capital of the Target Company.

The Target Company is a company incorporated in Macau with limited liability and is principally engaged in the business of catering in Macau.

Consideration:

The total consideration for the Disposal is HK\$600,000, which shall be satisfied by the Purchaser in cash in the following manner:

- (a) as to HK\$200,000 within five (5) days of the Completion date;
- (b) as to HK\$200,000 within one month of the Completion date; and
- (c) as to the remaining balance of HK\$200,000 within two months of the Completion date.

The consideration was determined after arm's length negotiations between the parties to the Sale and Purchase Agreement with reference to, among others, the financial position of the Target Company, the business prospect of the Target Company and the losses of the Target Company in recent years. The Directors (including the Independent Non-executive Directors) consider the consideration of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Condition

The Disposal is not subject to any conditions precedent.

Completion

Completion is expected to take place on the date of the Sale and Purchase Agreement (or such later date as the parties to the Sale and Purchase Agreement may agree).

Upon Completion, the Target Company will cease an indirect wholly owned subsidiary of the Company and the Group will cease to have any interests in the Target Company. The Group will cease to carry out catering business upon Completion.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Macau with limited liability and is principally engaged in catering business. Immediately prior to the entering into of the Sale and Purchase Agreement, the Target Company is held as to 100% by the Vendor. After Completion of the Disposal, the Purchaser shall be interested in the entire issued share capital of the Target Company and the Vendor shall cease to have any interests in the Target Company.

Set below is the unaudited financial information of the Target Company:

	For the year ended 31 March 2018 MOP\$	For the year ended 31 March 2019 MOP\$	For the nine months ended 31 December 2019 MOP\$
Revenue	3,108,000	3,614,000	2,247,000
loss before taxation	3,033,000	1,401,000	1,837,000
loss after taxation	3,033,000	1,401,000	1,837,000
Net assets value	2,854,000	2,587,000	1,412,000

Based on the unaudited management accounts of the Target Company, it is estimated that the Group will record a loss of approximately HK\$821,000 (equivalent to approximately MOP\$846,000) upon completion of the Disposal and a decrease in the net assets of the Group by approximately HK\$1,371,000 (equivalent to approximately MOP\$1,412,000) being the difference between the consideration and the net asset value of the Target Company. The actual gain or loss from the completion of the Disposal shall be subject to relevant recognition under applicable accounting standards and shall be subject to audit to be performed by its auditors.

REASONS FOR THE DISPOSAL 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; and catering.

The Company considers that the Disposal is an opportunity for the Company to realize its investments in the Target Company. In light of the uncertainty in the future global economy with the recent outbreak of the COVID-19 and the fact that the Target Company recorded losses for several years, the Company considers that the Disposal represents an opportunity to divest in the Target Company to allow it to reallocate the Group's resources.

The Directors (including the Independent Non-executive Directors) consider that the terms and conditions of the Sale and Purchase Agreement are reasonable and fair and in the interests of the Shareholders as a whole.

After deducting expenses relating to the Disposal, there will be net proceeds of approximately HK\$550,000 from the Disposal and the Company intends to utilize the net proceeds towards general working capital of the Group.

LISTING RULES IMPLICATION

As certain of the relevant percentages exceed 5% but all below 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors from time to time
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal by the Vendor of the Sale Shares subject to and upon the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the Peoples’ Republic of China
“Purchaser”	Li Si Bei, purchaser to the Sale and Purchase Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement dated 9 March 2020 and entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Shares
“Sale Shares”	25,000 quota shares of the Target Company, representing the entire issued share capital of the Target Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	西灣會所管理服務有限公司 (Sai Van Club Management Services Co. Ltd.*), a company incorporated in Macau with limited liability
“Vendor”	Culturecom Enterprises Limited, a company incorporated in Hong Kong with limited liability. and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP\$”	Macanese pataca, the lawful currency of Macau
“%”	per cent.

By order of the Board
Culturecom Holdings Limited
Kwan Kin Chung
Executive Director

Hong Kong, 9 March 2020

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*