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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)

(Warrant Code: 01453)

HOLDING ANNOUNCEMENT

- (1) POSSIBLE VERY SUBSTANTIAL ACQUISITION**
- (2) POSSIBLE REVERSE TAKEOVER**
- (3) POSSIBLE ISSUE OF NEW ORDINARY SHARES,
NEW PREFERRED SHARES AND CONVERTIBLE NOTES**
- AND**
- (4) RESUMPTION OF TRADING**

Reference is made to the announcements of the Company dated 21 July 2015, 22 July 2015, 15 October 2015, 15 January 2016, 29 February 2016, 21 March 2016 and 5 April 2016 (the “**Announcements**”) in relation to, among other things, the Proposed Subscription and the Whitewash Waiver. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements, unless stated otherwise.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 5 April 2016 after trading hours, the Company entered into a sale and purchase agreement (as amended and/or supplemented by a side letter dated 5 May 2016) (“**Sale and Purchase Agreement**”) to acquire all the issued securities at completion thereof (including ordinary shares, various classes of preferred shares and share options) of Super Sports Media Inc. (“**Super Sports**”) from various third parties independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules) (“**Independent Third Parties**”). The maximum consideration for the acquisition of all such issued securities payable by the Company amounts to HK\$3,875 million. The consideration is to be payable by the Company up to HK\$2,537.5 million in cash (“**Cash Consideration**”) and up to HK\$1,337.5 million in aggregate principal value of convertible notes to be issued by the Company (“**Consideration CN**”). The sellers include IDG-Accel China Growth Fund L.P. (including two of its parallel funds) and IDG China Media Fund L.P. (the “**IDG Fund Sellers**”), both of which, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, are venture capital funds focusing on investing mainly in China-related portfolios.

Super Sports is a company incorporated in the Cayman Islands with limited liability and established in August 2010. The principal business activities of Super Sports include marketing, promotion and distribution of sports programs via broadcast channels, IPTVs, Direct-To-Home delivery, internet, mobile devices and other technologies and platforms in China. The main rights that Super Sports currently has been operating on are the exclusive rights to broadcast and distribute audio-visual programs of live football matches granted by English Premier League in mainland China and Macau. It has been granted such rights since 2010 and the current agreement for such rights covers the period until the end of 2018/19 English football season. According to its unaudited management accounts, for the financial year ended 31 December 2015, the total revenue of Super Sports was approximately US\$61.3 million and net cash from operating activities approximately US\$48.0 million.

On 5 April 2016 after trading hours, the Company has entered into (i) a subscription agreement (as amended and replaced by an amended and restated subscription agreement dated 5 May 2016) to issue 2,126,870,870 new ordinary shares of HK\$0.01 each in the share capital of the Company (“**Subscription Ordinary Shares**”) and 6,725,859,727 new convertible preferred shares of HK\$0.01 each in the share capital of the Company (“**Subscription Preferred Shares**”) to subscribers which are Independent Third Parties, at a subscription price of HK\$0.21 per each Subscription Ordinary Share or each Subscription Preferred Share for a total consideration of HK\$1,859,073,425.37 (“**Share Subscription Agreement**”); and (ii) a subscription agreement (as amended and replaced by an amended and restated subscription agreement dated 5 May 2016) to issue convertible notes in the aggregate principal amount of HK\$1,190 million (“**Subscription CN**”) to over six subscribers which are Independent Third Parties (“**CN Subscription Agreement**”).

The principal terms of the Subscription Preferred Shares include:

Issue price: HK\$0.21 per Subscription Preferred Share.

Dividends: None of the Subscription Preferred Shares shall confer on the holders thereof the right to receive any dividend and/or distribution out of the funds, reserve, surplus and/or profits of the Company available for distribution.

Return on capital: The Subscription Preferred Shares shall rank *pari passu* in all respects with the ordinary shares of the Company for return of capital on liquidation, winding up or dissolution of the Company, and participation in the distribution of surplus assets of the Company with all other shares in the capital of the Company for the time being in issue.

Transferability: The Subscription Preferred Shares shall be freely transferable.

Voting: The holder(s) of the Subscription Preferred Shares will not be entitled to attend or vote at any general meeting of the Company by reason only of his/her/its being the holder(s) of the Subscription Preferred Shares, unless a resolution is to be proposed at a general meeting for winding up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holder(s) of the Subscription Preferred Shares, in which event the Subscription Preferred Shares shall confer on the holder(s) thereof the right to receive notice of, and to attend and vote at, the general meeting, save that such holder(s) may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights and privileges of the holder(s) of the Subscription Preferred Shares. In such event, the votes of holders of Subscription Preferred Shares will be counted on an as converted basis.

Conversion: Subject to the minimum public float requirement and not acquiring control (as defined under the Takeovers Code) requirement set out below, the Subscription Preferred Shares shall be convertible into ordinary shares of the Company by such holder of the Subscription Preferred Share serving the conversion notice to the Company on any Business Day during the conversion period without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares of the Company as determined in accordance with the terms of the Subscription Preferred Shares.

The exercise of the conversion rights of the Subscription Preferred Shares is subject to the Company's public float requirement under the Listing Rules and that the relevant holder of the Subscription Preferred Shares together with parties acting in concert with it will not acquire control (as defined under the Takeovers Code) of the Company as a result of such conversion.

Conversion period: The period commencing from the date of completion of the Share Subscription Agreement and ending on the fifth anniversary of the date of completion of the Share Subscription Agreement.

Conversion price: No conversion price is payable upon conversion.

Conversion rate: Upon issuance of the Subscription Preferred Shares pursuant to the Share Subscription Agreement, the conversion rate is one Subscription Preferred Share convertible into one ordinary share of the Company. The conversion rate of each Subscription Preferred Share shall be determined by dividing the subscription price of HK\$0.21 per Subscription Preferred Share by the conversion price of HK\$0.21 (as adjusted from time to time in accordance with the terms of the Subscription Preferred Shares) per ordinary share of the Company in effect at the time of conversion, provided that such conversion price shall not be less than the then subsisting par value of an ordinary share of the Company into which such Subscription Preferred Share is convertible.

Redemption: The Subscription Preferred Shares shall be non-redeemable.

The principal terms of the Consideration CN and Subscription CN include:

- (a) an interest rate of 5% per annum payable in arrears upon the earlier of the maturity date or 10 business days after the conversion or redemption of the entire outstanding amount of the Consideration CN (subject to paragraph (c) below) or Subscription CN respectively;
- (b) an initial conversion price of HK\$1.00 per share subject to adjustment (the “**Conversion Price**”);
- (c) a maturity date on the second anniversary from the date of issue, and
 - (i) in respect of the Subscription CN, the maturity date to be extended by the Company for an additional three years by written notice of the Company if the Company does not have sufficient cash or liquidity to redeem the outstanding amount before the initial maturity date; and
 - (ii) in respect of the Consideration CN, the maturity date of the Consideration CN to be issued to the IDG Fund Sellers to be extended for an additional one year if the Company does not have sufficient cash or liquidity to redeem the outstanding amount and such relevant IDG Fund Seller(s) consent(s) to such extension (upon which, the new interest rate for such Consideration CN in respect of the extended period shall be 8% per annum);
- (d) subject to paragraph (e) below, the principal amount of the Consideration CN and Subscription CN shall be automatically converted upon a notice of automatic conversion given by the Company in the event that the average of the closing prices for 15 consecutive trading days exceeds 200% of the Conversion Price; and
- (e) if the Company has other outstanding notice(s) of conversion and/or subject to other automatic conversion mechanisms in respect of other convertible securities of the Company (“**Other Notices**”) and full conversion of such Consideration CN or Subscription CN and the securities referred to in the Other Notices would contravene the matters set out in paragraph (f) below, the board of directors of the Company shall have absolute discretion to determine the priority of conversion of any Consideration CN or Subscription CN and the Other Notices; and
- (f) the exercise of the conversion rights to the Consideration CN and the Subscription CN (as the case may be) shall be subject to, among other things, public float requirements under the Listing Rules and that the relevant holder of the Consideration CN or the Subscription CN (as the case may be) together with parties acting in concert with it will not acquire control (as defined under the Takeovers Code) of the Company as a result of such conversion.

The completion of each of the Sale and Purchase Agreement, the Share Subscription Agreement and the CN Subscription Agreement are inter-conditional and shall occur simultaneously.

IDG Fintech Investment, Ltd., the lead subscriber under the Share Subscription Agreement (the “**IDG Fintech**”) is wholly owned by Mr. Li Jianguang (“**Mr. Li**”) as at the date of this announcement. After signing of the Share Subscription Agreement and before completion, IDG Fintech will undergo a share capital reorganisation following which Mr. Li will beneficially own a majority shareholding in IDG Fintech. IDG Fintech will direct the Company to issue the Subscription Ordinary Shares and Subscription Preferred Shares, which it has agreed to subscribe for, directly to designated allottee(s) who/which is/are direct or indirect owner(s) of the shares in IDG Fintech at completion (the “**Designated Allottees**”), provided that Mr. Li and such Designated Allottees who are parties acting in concert with him shall not acquire control (as defined in the Takeovers Code) of the Company at completion. It is currently contemplated that there will be more than six shareholders in IDG Fintech and Mr. Li will own or control a controlling interest in IDG Fintech at completion. Under the Share Subscription Agreement, the Subscription Preferred Shares to be issued to the direct or indirect owners of the shares in IDG Fintech will represent approximately 38.16% of the enlarged issued share capital of the Company at completion (assuming all the Subscription Ordinary Shares, Subscription Preferred Shares, Consideration CN and Subscription CN are fully converted and no other convertible securities or options of the Company are converted or exercised and there are no other changes in the issued share capital of the Company). It is currently contemplated that Mr. Li and parties acting in concert with him will at completion hold approximately 27.61% of the enlarged issued ordinary shares in the Company (assuming no convertible securities or options of the Company, including the Subscription Preferred Shares, are converted or exercised) and approximately 26.38% of the enlarged issued ordinary shares in the Company (assuming all the Subscription Preferred Shares, Consideration CN and Subscription CN are converted and no other convertible securities or options of the Company are converted or exercised). The Announcements indicated that the Proposed Subscription was expected to be conditional on, among other things, the grant of a Whitewash Waiver. Given that the Sale and Purchase Agreement, Share Subscription Agreement and CN Subscription Agreement will not give rise to a mandatory general offer obligation, the application for a Whitewash Waiver is no longer required.

The Sale and Purchase Agreement constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules as one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules are over 100%.

The Stock Exchange considers that the acquisition of Super Sports under the Sale and Purchase Agreement also constitutes a reverse takeover for the Company under Rule 14.06(6) of the Listing Rules (the “**Ruling**”). The Company would be treated as if it were a new listing applicant under Rule 14.54 if the Company proceeds with the Sale and Purchase Agreement. In view of the above, the Company has decided to have this Ruling reviewed by the Listing Committee of the Stock Exchange.

It should be noted that each of the Sale and Purchase Agreement, the Share Subscription Agreement, and the CN Subscription Agreement are inter-conditional and subject to a number of conditions which may or may not be fulfilled. If these conditions are not fulfilled, the transactions contemplated under each of the Sale and Purchase Agreement, the Share Subscription Agreement and the CN Subscription Agreement may not proceed. Potential investors and shareholders of the Company should exercise caution when dealing or contemplating dealing in the securities of the Company.

At the request of the Company, trading in the shares and the warrants of the Company on the Main Board of the Stock Exchange were suspended from 9:00 a.m. on 6 April 2016. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares and warrants of the Company with effect from 9:00 a.m. on 9 May 2016.

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

Hong Kong, 9 May 2016

As at the date hereof, the Board comprises 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. 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. Fan Chun Wah Andrew, Mr. Joseph Lee Chennault, Mr. Lai Qiang and Ms. Ng Ying (all being Independent Non-executive Directors).

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *for identification purpose only*