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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)

INSIDE INFORMATION IN RELATION TO INVESTMENT IN MOVIE

The Company announces that on 22 August 2016 (after trading hours), Culturecom Media, Beijing Forbidden City and Beijing Zhenghong entered into the Formal Agreement in relation to the joint investment and production of the Movie.

Reference is made to the announcement of Culturecom Holdings Limited (the “Company”) dated 16 November 2015 in relation to the joint investment and production of the Movie (the “Announcement”). Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, Culturecom Media, Beijing Forbidden City and Beijing Zhenghong intended to enter into the Formal Agreement to further regulate subsequent performance of the respective obligations under the Memorandum.

On 22 August 2016 (after trading hours), Culturecom Media, Beijing Forbidden City and Beijing Zhenghong entered into the Formal Agreement pursuant to which Culturecom Media shall invest RMB30,000,000 (equivalent to approximately HK\$35,199,000) for the production of the Movie; Beijing Forbidden City shall be responsible for all the relevant services such as all the administrative procedures in relation to the filming application for the Movie and the obtaining of the Licence for Film Publication (影片公映許可證) and the Film Production Licence (攝製電影許可證) for the production and broadcasting of the Movie; and Beijing Zhenghong shall provide all equipment, stage properties, script and the crews for the production of the Movie.

PRINCIPAL TERMS OF THE FORMAL AGREEMENT

Date : 22 August 2016 (after trading hours)

Parties : (i) Culturecom Media;
(ii) Beijing Forbidden City; and
(iii) Beijing Zhenghong.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Beijing Forbidden City and Beijing Zhenghong and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

Subject matter

Pursuant to the Formal Agreement, Culturecom Media agrees to cooperate with Beijing Forbidden City and Beijing Zhenghong for the joint investment and production of the Movie.

Investment

Pursuant to the Formal Agreement, the total cash investment amount for the production of the Movie is RMB37,500,000 (equivalent to approximately HK\$43,998,750), 80% of which (i.e. RMB30,000,000) (the “**Investment Amount**”) shall be funded by Culturecom Media in cash and the remaining 20% of which (i.e. RMB7,500,000) shall be funded by Beijing Zhenghong by way of, inter alia, provision of project planning, the script for the Movie, project data analysis services and obtaining of relevant licenses in relation to the Movie.

Culturecom Media shall invest 80% of the Investment Amount (i.e. RMB24,000,000) in the Movie within 10 working days after the date of the Formal Agreement and the obtaining of the Sino-Foreign Cooperation Film Production Licence (中外合作電影片許可證) and the remaining 20% of the Investment Amount (i.e. RMB6,000,000) shall be invested on a date to be agreed by Beijing Forbidden City and Beijing Zhenghong.

Any extra cost incurred in relation to the Movie shall be borne solely by Beijing Zhenghong.

The estimated production time for the Movie is 3 months commencing from October 2016 to the end of December 2016.

Title to property arising from the Movie

Pursuant to the Formal Agreement, Beijing Zhenghong shall be authorised to own the global exclusive release rights attached to the Movie and has the obligations to proceed with all matters in relation to the release of the Movie. In the event that Beijing Zhenghong fails and/or refuses to perform such obligations within 60 days after Culturecom Media has issued a written notice to Beijing Zhenghong to request for due performance of such obligations, the global exclusive release rights attached to the Movie shall be owned by Culturecom Media upon expiry of such written notice.

It is agreed that all the global rights attached to the Movie and all the materials related to the Movie shall be owned jointly as to 20% by Beijing Zhenghong and as to 80% by Culturecom Media.

All other derived rights attached to the Movie shall be owned jointly by Culturecom Media, Beijing Forbidden City and Beijing Zhenghong.

Profit sharing mechanism

The net profit generated from the Movie shall be distributed between Beijing Zhenghong and Culturecom Media as to 20% to Beijing Zhenghong and as to 80% to Culturecom Media.

GENERAL

For “Information on Beijing Forbidden City”, “Information on Culturecom Media” and “Information on Beijing Zhenghong” and “reasons for entering into the Memorandum and/or the Formal Agreement”, please refer to the Announcement.

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.1733. The conversion rate is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at all.

By order of the Board
CULTURECOM HOLDINGS LIMITED
Chu Bong Foo
Chairman

Hong Kong, 22 August 2016

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. 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).

* *for identification purpose only*