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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 SHARES BY WAY OF PLACING OF EXISTING CBC SHARES HELD BY WINWAY

Placing Agent



Pacific Foundation Securities Limited

Winway, an indirect wholly-owned subsidiary of the Company and the substantial shareholder of China Bio Cassava has, on 24 March 2017, after trading hours, entered into the Placing Agreement with the Placing Agent, pursuant to which 524,622,500 Placing Shares owned by Winway will be placed to the Placee(s) at the Placing Price of HK\$0.12 per CBC Share by the Placing Agent on a fully underwritten basis.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Winway, an indirect wholly-owned subsidiary of the Company and the substantial shareholder of China Bio Cassava has, on 24 March 2017, after trading hours, entered into the Placing Agreement with the Placing Agent, pursuant to which 524,622,500 Placing Shares owned by Winway will be placed to the Placee(s) at the Placing Price of HK\$0.12 per CBC Share by the Placing Agent on a fully underwritten basis.

The principal terms and conditions of the Placing Agreement are as follows:

THE PLACING AGREEMENT

Date : 24 March 2017 (after trading hours)

Vendor : Winway H.K. Investments limited, the vendor, being an indirect wholly-owned subsidiary of the Company and the substantial shareholder of China Bio Cassava. As at the date of the Placing Agreement, Winway and parties acting in concert with it hold 524,622,500 CBC Shares, representing approximately 21.14% of the existing issued share capital of China Bio Cassava; and

Placing Agent : Pacific Foundation Securities Limited

The Placing Agent has agreed to place 524,622,500 Placing Shares on a fully underwritten basis. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to the Placee(s) (which will be individual, institutional or other professional investor), who and whose ultimate beneficial owner(s) will be Independent Third Parties. To the best of the Directors' knowledge and information, the Placing Agent has identified appropriate Placee(s) as at the date of this announcement.

Number of the Placing Shares

Assuming that there will be no change in the issued share capital of the China Bio Cassava between the date of this announcement and Completion, the Placing Shares represent approximately 21.14% of the existing issued share capital of China Bio Cassava.

The aggregate nominal value of the Placing Shares will be HK\$5,246,225.

Placing Price

The Placing Price of HK\$0.12 per CBC Share represents:

- (a) a discount of approximately 4% to the closing price of HK\$0.125 per CBC Share quoted on the Stock Exchange on 24 March 2017, being the date of this announcement; and
- (b) a premium of approximately 10.09% over the average closing price of HK\$0.109 per CBC Share as quoted on the Stock Exchange for the last 5 trading days up to and including 24 March 2017, being the date of this announcement.

The Placing Price was determined after arm's length negotiations between the Vendor and the Placing Agent with reference to, among other things, the prevailing market price and the recent trading volume of the Shares. The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Proceeds from the Placing

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be HK\$62,954,700 and the net proceeds will be approximately HK\$62 million (after deduction of placing commission and other expenses of the Placing). On such basis, the net selling price of the Placing Shares will be approximately HK\$0.118 per CBC Share. The net proceeds are intended to be applied to general working capital and/or other appropriate potential acquisitions in the future.

The Placing Agent will charge a placing commission of 1.0% on the gross proceeds of the actual number of Placing Shares being placed. All the expenses in relation to the Placing shall be borne by Winway. The proceeds from the Placing will be settled in cash.

Rights

The Placing Shares will be sold free from any liens, charges, encumbrances, options and third party rights whatsoever.

Completion

Completion will take place on the Completion Date.

Upon completion of the Placing, Winway will no longer be interested in any issued share capital of China Bio Cassava and China Bio Cassava will cease to be an associate of the Group.

Termination and force majeure

The Placing Agent shall have the right to terminate its obligations in the Placing Agreement at any time prior to 12:00 noon on the Completion Date if, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement;
- (b) any suspension in dealings in or the listing of the CBC Shares on the Stock Exchange for a period of more than 2 trading days; or

- (c) any of the following events:
- (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iv) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the British Virgin Islands or the implementation of exchange controls which shall or might materially and adversely affect China Bio Cassava or its present or prospective shareholders in their capacity as such; or
 - (v) any change or deterioration in the conditions of local, national or international securities markets occurs; or
 - (vi) any event which in the reasonable opinion of the Placing Agent makes it inadvisable or inexpedient to proceed with the Placing,

In the event that the Placing Agent terminates the Placing Agreement pursuant to any of the above, all obligations of each of the Vendor and the Placing Agent under the Placing Agreement shall cease and determine and none of them shall have any claim against the other in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

INFORMATION ON THE GROUP AND CHINA BIO CASSAVA

The Group is principally engaged in comics publishing, online and social business, retailing and wholesale and catering business. Such business activities in the cultural and entertainment business include the licensing of intellectual property for movies and mobile games, e-commerce apps software, and the operation of a movie theatre multiplex.

China Bio Cassava and its subsidiaries are principally engaged in the computer software and embedded systems development, sales and licensing of the software and systems, development of biotech renewable energy and provision of financing services.

According to the published financial statements of China Bio Cassava, the audited consolidated financial information of China Bio Cassava and its subsidiaries for the two years ended 31 December 2015 and the unaudited consolidated financial information of China Bio Cassava and its subsidiaries for the six months ended 30 June 2016 are as follows:

	Six months ended		
	30 June 2016	2015	2014
	<i>(unaudited)</i>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3,613	7,322	9,118
Profit/(loss) before taxation	(3,132)	(6,574)	(25,664)
Profit/(loss) after taxation	(3,132)	(7,132)	(25,922)
Net asset value	28,596	31,726	38,949

Upon completion of the Placing, the Group will cease to hold interests in China Bio Cassava.

FINANCIAL IMPLICATIONS OF THE PLACING

Subject to audit by the auditor of the Group, the Group expects to recognize, after transaction costs, a gain of approximately HK\$28 million from the Placing, which is calculated with reference to the current book value of the Placing Shares.

REASONS FOR THE PLACING

The Placing represents a continuation of the Group's strategy to focus its businesses and increase its overall performance and prospects. The Board is of the view that the Placing will enhance the cash position and working capital of the Company, and thus allow the Group to restructure its strategic business position and focus in pursuing development opportunities on its core businesses and/or other potential acquisitions in the future.

The Board considers that the terms of the Placing Agreement are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules in relation to the Disposal exceeds 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong;
“CBC Share(s)”	share(s) at HK\$0.01 each in the share capital of China Bio Cassava
“China Bio Cassava”	China Bio Cassava Holdings Limited, a company incorporated in the Cayman Islands with limited liability the issued shares of which are listed on GEM
“Company”	Culturecom Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing Agreement
“Completion Date”	the third Business Day after the date of the Placing Agreement or such other date as the Vendor and the Placing Agent shall agree
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Placing Shares by the Vendor under the Placing
“GEM”	Growth Enterprises Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Parties”	persons or entities (and their ultimate beneficial owner(s)) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are parties independent of the Company and the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Pacific Foundation Securities Limited
“Placing Agreement”	the placing agreement dated 24 March 2017 and entered into between Winway and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.12 per CBC Share
“Placing Shares”	524,622,500 CBC Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Vendor” or “Winway”	Winway H.K. Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 24 March 2017

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. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being Executive Directors); 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 purposes only*