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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)**

### **CONNECTED TRANSACTION**

#### **ACQUISITION OF 45% EQUITY INTEREST IN A NON-WHOLLY OWNED SUBSIDIARY**

##### **EQUITY TRANSFER AGREEMENT**

On 30 September 2019, the Company entered into the Equity Transfer Agreement with the Vendor, pursuant to which the Company agreed to purchase from the Vendor 45% of the equity interest in the Target Co at a consideration of RMB450,000. Upon completion, the Target Co will be a wholly-owned subsidiary of the Company.

##### **LISTING RULES IMPLICATIONS**

Immediately prior to the entering into the Equity Transfer Agreement, the Vendor owns 45% of the equity interest in the Target Co (an indirect non wholly-owned subsidiary of the Company). Accordingly, the Vendor (being a substantial shareholder of the Target Co) is a connected person of the Company at the subsidiary level. As such, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Other than the holding of a 45% equity interest in the Target Co, the Vendor is otherwise not a connected person of the Company. The Board has approved the Equity Transfer Agreement and the transactions contemplated thereunder. The independent non-executive directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. The Acquisition is exempted from the circular, independent financial advice and shareholders' approval requirements according to Listing Rule 14A.101.

## INTRODUCTION

On 30 September 2019 (after trading hours), the Purchaser and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell 45% of the equity interest in the Target Co at the consideration of RMB450,000.

## EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarised below.

Date: 30 September 2019

Parties:

- (i) Purchaser: Culturecom (Zhuhai) Investments (Limited Partnership)\*  
(文漫(珠海)投資企業(有限合伙))
- (ii) Vendor: Beijing WeiResearch Info Technology Limited\*  
(北京微瑞思創信息科技股份有限公司)
- (iii) Target Co: Beijing Skyvior Technology Co. Ltd\*  
(北京乾智傳視科技有限公司)

The Vendor owns 45% of the equity interest in the Target Co and is a connected person of the Company as it is a substantial shareholder of the Subsidiary. Other than the holding of a 45% of equity interest in the Subsidiary, the Vendor is otherwise not a connected person of the Company.

Subject Matter: Pursuant to the Equity Transfer Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell 45% of the equity interest of the Target Co.

Consideration: The consideration of RMB450,000 was arrived at after arm's length negotiations amongst the parties and determined with reference to the amount of registered capital of the Target Co paid up by the Vendor as at the date of this announcement.

The consideration will be satisfied by the Company's internal resources.

Payment Terms: 50% of the consideration shall be payable in cash within 5 business days after the signing of the Equity Transfer Agreement. The remaining 50% will be payable within 5 business days after completion of the filings and notifications in respect of the Equity Transfer Agreement to the relevant Chinese industry and commerce administration authorities.

The Equity Transfer Agreement is effective upon signing. The Target Co will become an indirect wholly-owned subsidiary of the Company and the Vendor will no longer be a connected person of the Company.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT**

The transaction will enable the Group to fully acquire operational and strategic control in the Target Co. The Group will continue to contribute its expertise and resources relating to IP digitalisation and digital marketing solutions whilst the Target Co with access to already strong and renowned clientele will keep establishing leading presence in the new media and digital marketing industries in the PRC. It is in line with the overall business strategies and the expansion plan of the Group to diversify income source and enhance the Group's strategic presence in the PRC.

After taking into account factors such as market outlook and the future earnings potential, the Directors, including Independent Non-executive Directors, are of the view that the terms of the Equity Transfer Agreement are fair and reasonable, the transaction is on normal commercial terms, conducted in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the transaction or is required to abstain from voting on the board resolutions for approval of the same.

## **GENERAL INFORMATION**

### **Information on the Company**

The Company is principally engaged in publishing and intellectual properties licensing; online and social business; digital marketing and content creation; retailing and wholesales; and catering.

### **Information on the Vendor**

The Vendor is licensed to carry out, amongst others, the production, agency and publishing of advertisements; providing exhibition and conferences services; IP trading; designing anime; producing television program; market research; editing; information consultancy and the sale of related software and hardware according to its industrial and business registration. This company provides certain digital marketing data regression and tracking analysis which facilitates tailor making advertising campaign and strategy to reach target groups of audience as specified by clients.

## **Information on the Target Co**

The Target Co was established in July 2016 in the PRC. Immediately prior to the entering into of the Equity Transfer Agreement, the Company indirectly owns 55% of the equity interest and the Vendor owns the remaining 45% of the equity interest in the Target Co.

The Target Co is licensed to carry out the design, production, agency and publishing of advertisements; providing exhibition and conferences services; information consultancy and the sale of related software and hardware according to its industrial and business registration.

Based on the unaudited financial information of the Target Co, (i) its net asset value as at 31 August 2019 stood at approximately RMB5,756,635; (ii) its net loss before and after taxation for the year ended 31 December 2018 were approximately RMB863; and (iii) its net loss before and after taxation for the year ended 31 December 2017 were approximately RMB3,775.

## **HONG KONG LISTING RULES IMPLICATIONS**

Immediately prior to the entering into of the Equity Transfer Agreement, the Vendor owns 45% of the equity interest in the Target Co (an indirect non wholly-owned subsidiary of the Company). Accordingly, the Vendor (being a substantial shareholder of Target Co) is a connected person of the Company at the subsidiary level. As such, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company.

Other than the holding of a 45% equity interest in the Target Co, the Vendor is otherwise not a connected person of the Company. The Board has approved the Equity Transfer Agreement and the transactions contemplated thereunder. The independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. The Acquisition is exempted from the circular, independent financial advice and shareholders' approval requirements according to Listing Rule 14A.101.

## **DEFINITIONS**

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

“Acquisition”	acquisition of 45% equity interest in the Target Co by the Purchaser from the Vendor pursuant to the Equity Transfer Agreement
“Board”	the board of directors of the Company

“Company”	Culturecom Holdings Limited* (文化傳信集團有限公司), a limited liability company incorporated in Bermuda, which shares are listed on Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Purchaser and the Vendor in respect of the transfer of 45% of the equity interest in the Target Co
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“PRC”	the People’s Republic of China
“Purchaser”	Culturecom (Zhuhai) Investments (Limited Partnership)* (文漫(珠海)投資企業(有限合伙)), a limited partnership established in PRC which equity is ultimately 100% owned by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Co”	Beijing Skyvior Technology Co. Ltd* (北京乾智傳視科技有限公司), a limited liability company incorporated in the PRC which equity is held as to 55% by the Purchaser and 45% by the Vendor immediately prior to the entering into of the Equity Transfer Agreement

“Vendor” Beijing WeiResearch Info Technology Limited\* (北京微瑞思創信息科技股份有限公司) which ordinary shares are quoted on the National Equities Exchange and Quotations in the PRC under the code 833495

“%” per cent.

By Order of the Board  
**Culturecom Holdings Limited**  
**Huang Mingguo**  
*Executive Director & Chief Executive Officer*

Hong Kong, 30 September 2019

*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*