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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: 343)

### **VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF REAL PROPERTY AND RESUMPTION OF TRADING**

#### **1. THE PROVISIONAL AGREEMENT**

On 27 January 2011, the Vendor entered into the Provisional Agreement with the Purchaser in relation to the Disposal of the Property for a consideration of HK\$286,000,000 which will be settled by the Purchaser in cash in the following manner:

- (a) a sum of HK\$7,000,000, being the deposit and partial payment of the consideration which has been paid by the Purchaser to the Vendor's solicitors as stakeholder in cash upon signing of the Provisional Agreement;
- (b) a sum of HK\$21,600,000, being further deposit and partial payment of the consideration which shall be paid by the Purchaser to the Vendor in cash on or before 23 March 2011 upon signing of the Formal Agreement; and
- (c) the balance of the consideration of HK\$257,400,000 shall be paid by the Purchaser to the Vendor in cash on or before 23 September 2011.

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. A circular containing, among other things, further details of the Disposal, the financial information of the Group, the general information of the Company and the notice of SGM will be despatched to the Shareholders on or before 23 February 2011.

## **2. RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 28 January 2011 pending the release of this announcement at the request of the Company. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 31 January 2011.

### **THE PROVISIONAL AGREEMENT**

**Date:** 27 January 2011 (after trading hours)

**Parties:** Vendor: Culturecom Centre Limited, a wholly owned subsidiary of the Company

Purchaser: Liu & Chen Limited or its nominee(s)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an investment holding company and the Purchaser and its ultimate beneficial owners are Independent Third Parties.

#### **Asset to be disposed of:**

The Property is a 15-storey industrial building located at 47 Hung To Road, Kwun Tong, Kowloon with a total gross area of about 109,994 sq. feet.

The Property was acquired by the Vendor in March 1994 at the purchase price of HK\$115,500,000. The net book value of the Property is approximately HK\$167,052,000 as at 31 December 2010. Currently save for the ground floor to third floor and the sixth floor, the Property is leased out to tenants who are Independent Third Parties. The annual rent received by the Vendor for the two financial years ended 31 March 2009 and 2010 and for the latest nine months immediately preceding the Provisional Agreement are approximately HK\$6,455,000, HK\$6,482,000 and HK\$4,552,000 respectively.

Pursuant to the Provisional Agreement, the Property will be sold subject to tenancy.

#### **Consideration:**

The consideration for the Property is HK\$286,000,000 which will be settled by the Purchaser in cash in the following manner:

- (a) a sum of HK\$7,000,000, being the deposit and partial payment of the consideration which has been paid by the Purchaser to the Vendor's solicitors as stakeholder in cash upon signing of the Provisional Agreement;
- (b) a sum of HK\$21,600,000, being further deposit and partial payment of the consideration which shall be paid by the Purchaser to the Vendor in cash on or before 23 March 2011 upon signing of a Formal Agreement; and

- (c) the balance of the consideration of HK\$257,400,000 shall be paid by the Purchaser to the Vendor in cash on or before 23 September 2011.

The deposit as stated in (a) above shall be released to the Vendor upon the proof to the satisfaction of the Purchaser's solicitors that the balance of purchase price is sufficient to discharge the existing charge, if any, in respect of the Property. As at the date of the Provisional Agreement, the Property is not subject to any legal charge or mortgage.

The consideration for the Property, representing approximately HK\$2,600 per sq. feet of gross floor area, was arrived at after arm's length negotiations between the parties to the Provisional Agreement on normal commercial terms after having taken into account the market prices of comparable properties of similar size, character and location.

**Condition:**

Completion shall be conditional upon and subject to the passing by the Shareholders of the Company, at the special general meeting to be convened and held of an ordinary resolution (the "**Ordinary Resolution**") to approve the Provisional Agreement, the Formal Agreement, if applicable, and the transactions contemplated thereunder in accordance with the Listing Rules.

If the condition is not fulfilled on or before 23 March 2011 (or such later date as may be agreed by the Vendor and the Purchaser), the Vendor shall immediately without delay return all the deposits paid by the Purchaser and the Provisional Agreement shall cease and determine and none of the parties thereto shall have any obligations and liabilities towards each other save for any antecedent breaches of the provisions thereof.

**Date for entering into the Formal Agreement:**

On or before 23 March 2011

**Completion:**

Completion shall take place on or before 23 September 2011.

**REASONS FOR THE DISPOSAL**

The Group is principally engaged in publishing, property investment, investment holding, exploration of crude oil services, Chinese information infrastructure, electronic card service, retailing and wholesales and catering business.

Given that the recent real property market in Hong Kong has been very buoyant and the value of the Property has appreciated significantly, the Directors consider that it is in the interests of the Company and its Shareholders to dispose of the Property capitalising on favourable market conditions to realise capital gain and enhance the working capital of the Group. The existing operation of the Group carried out in the Property will be relocated to rented premises upon Completion.

The Directors consider that the Provisional Agreement is entered into under normal commercial terms following arm's length negotiations between the Group and the Purchaser and that the terms of the Provisional Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

## **FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS**

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately HK\$115,948,000. Such gain is estimated based on the consideration receivable from the Disposal, i.e. HK\$286,000,000, less the net book value of the Property of approximately HK\$167,052,000 as at 31 December 2010 and other related costs and expenses.

The Board intends to apply the net proceeds of approximately HK\$283,000,000 (after deduction of the real estate agent commission, legal costs, printer fees and all relevant expenses) from the Disposal for future investment(s) which may or may not be in the principal line of business of the Group. As at the date this announcement, the Company is planning to engage into technology development project(s) in relation to transforming 2D graphics into 3D in the PRC. We are further instructed that the location and the investment amount of the project(s) will be determined after taking into consideration of various factors including but not limited relevant PRC policy and support from local government. As at the date hereof, no binding agreement has been entered into by the Group in relation to such project(s). Although as at the date of this announcement, the Company has not yet identify other investment opportunities, the Board will actively seek appropriate investment opportunities in order to maximise return for the Shareholders and further announcement(s) will be made as and when appropriate.

## **GENERAL**

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal on the part of the Company under the Listing Rules. A circular containing, among other things, further details of the Disposal, the financial information of the Group, the general information of the Company and the notice of SGM will be despatched to the Shareholders on or before 23 February 2011. Given the intervening Chinese New Year public holidays and that valuation report on the Property has also to be prepared and finalised for inclusion in the circular, it is expected that the despatch of the circular will be on or before 23 February 2011.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 28 January 2011 pending the release of this announcement at the request of the Company. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 31 January 2011.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors from time to time
“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 terms and conditions of the Provisional Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	the director(s), including the independent non-executive directors of the Company from time to time
“Disposal”	the disposal of the Property by the Vendor to the Purchaser subject to and upon the terms and conditions thereof
“Formal Agreement”	the formal agreement for sale and purchase of the Property on or before 23 February 2011 and entered into between the Purchaser and the Vendor
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), 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
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Property”	a 15-storey industrial building located at 47 Hung To Road, Kwun Tong, Kowloon

“Provisional Agreement”	the provisional agreement for sale and purchase of the Property dated 27 January 2011 and entered into between the Purchaser and the Vendor in relation to the Disposal
“Purchaser”	Liu & Chen Limited or its nominee(s), a company incorporated in Hong Kong with limited liability, the purchaser of the Provisional Agreement
“Shareholders”	the holders of the issued Shares from time to time
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Culturecom Centre Limited, a wholly owned subsidiary of the Company and the beneficial owner of the Property
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. feet”	square feet

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

Hong Kong, 28 January 2011

*As at the date of this announcement, the Board comprises of Mr. Kwan Kin Chung, Mr. Wan Xiaolin, 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 (non-executive Director); and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).*

*\* for identification purposes only*