
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Culturecom Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at R1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 April 2021 at 10:30 a.m. is set out on pages 16 to 17 of this circular. A form of proxy for use at the SGM is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.culturecom.com.hk).

Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Suite 1502, 15/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

* for identification purpose only

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RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday and public holidays) on which commercial banks in Hong Kong are generally open for the transaction of general banking business by members of the public
“Company”	Culturecom Holdings Limited (stock code: 343), the Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	1 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Long Stop Date”	28 May 2021 or such other date as the Company and the Subscriber may agree in writing

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at R1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 April 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, approving by the Shareholders the Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares)
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the special mandate to be granted by the Shareholders to the Directors at the SGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Trinity Gate Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 1 March 2021 entered into between the Company as issuer and the Subscriber for the subscription of 278,000,000 Subscription Shares at the Subscription Price
“Subscription Price”	HK\$0.15 per Subscription Shares
“Subscription Shares”	an aggregate of 278,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“%”	per cent.

PRECAUTIONARY MEASURES FOR THE SGM

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing 2019 novel coronavirus disease (“COVID-19”), the Company will implement the following precautionary measures at the SGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.5 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) The Company encourages each attendee to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iii) No refreshments will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the Special General Meeting; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the Board of the Company, he/she is welcome to send such question or matter in writing to our registered office or to our email at ir@culturecom.com.hk.

If any shareholder has any question relating to the meeting, please contact Computershare Hong Kong Investor Services Limited, the Company’s share registrar as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen’s Road East, Wan Chai, Hong Kong
Website : www.computershare.com/hk/contact
Tel : 2862 8555
Fax : 2865 0990

LETTER FROM THE BOARD



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 343)

Executive Directors:

Ms. Chow Lai Wah Livia (*Vice Chairman*)
Mr. Huang Mingguo (*Chief Executive Officer*)
Mr. Kwan Kin Chung (*Managing Director*)
Mr. Yuen Kin

Registered Office:

Victoria Place, 5th Floor,
31 Victoria Street,
Hamilton HM 10
Bermuda

Independent Non-executive Directors:

Mr. Wong Kwan Kit
Mr. Fan Chun Wah Andrew
Mr. Mung Yat Lik

Principal Office:

Suite 1502, 15/F.,
Far East Finance Centre,
16 Harcourt Road, Admiralty,
Hong Kong

9 April 2021

To the Shareholders

Dear Sir/Madam,

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 1 March 2021 regarding the Subscription.

The purpose of this circular is to provide you with, among other things, (i) details of the Subscription; and (ii) a notice convening the SGM.

* *for identification purpose only*

LETTER FROM THE BOARD

SUBSCRIPTION AGREEMENT

The principal terms of the Subscription Agreement are set out below:

Date: 1 March 2021 (after trading hours)

Parties: (1) the Company, as issuer, and
(2) the Subscriber

Subscription Shares

The Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 278,000,000 Subscription Shares, representing (i) approximately 19.99% of the existing total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 16.66% of the enlarged total number of issued Shares immediately after Completion (assuming that there will be no other change in the total number of issued Shares between the Latest Practicable Date and Completion).

The aggregate nominal value of the Subscription Shares is HK\$2,780,000.

Subscription Price

The Subscription Price of HK\$0.15 per Subscription Share represents:

- (i) a discount of approximately 34.78% to the closing price of HK\$0.230 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 9.65% over the average closing price of approximately HK\$0.1368 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a premium of approximately 47.49% over the average closing price of approximately HK\$0.1017 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement;

LETTER FROM THE BOARD

- (iv) a premium of approximately 4.17% over the unaudited net assets attributable to owners of the Company per Share of approximately HK\$0.144 as at 30 September 2020;
- (v) a premium of approximately 15.38% over the unaudited net tangible assets attributable to owners of the Company per Share of approximately HK\$0.130 as at 30 September 2020; and
- (vi) a discount of approximately 39.51% to the closing price of HK\$0.248 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber by reference to principally the market conditions and the recent closing prices per Share on the Stock Exchange. We consider that market conditions include the recent price performance and liquidity of the Shares.

In determining the Subscription Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 2 September 2020 up to and including 1 March 2021 (the "**Review Period**"), approximately six months prior to the date of the Subscription Agreement. During the Review Period, the closing prices of the Shares was generally in an oscillating trend. The daily closing price of the Shares ranged from the lowest of HK\$0.078 per Share on 5, 6 and 24 November 2020 to the highest of HK\$0.23 per Share on 1 March 2021, with an average daily closing price per Share of approximately HK\$0.096. We noted that during the Review Period which included 121 trading days, the Subscription Price was higher than the closing prices of the Shares for 119 trading days. The Subscription Price also represents a premium of approximately 56.87% over the average daily closing price of approximately HK\$0.096 per Share during the Review Period.

We have also reviewed the trading liquidity of the Shares. During the Review Period, the daily trading volume of the Shares ranged from the lowest of nil Share for 15 trading days to the highest of 16,599,500 Shares on 1 March 2021, with an average daily trading volume of approximately 502,268 Shares, representing approximately 0.036% of the number of issued Shares as at the Latest Practicable Date. Out of 121 trading days during the Review Period, the daily trading volume of the Shares was less than the average daily trading volume for 97 trading days. Taking into consideration of the trading levels and share prices during the Review Period, the Board considers that the Subscription Price of HK\$0.15 per Subscription Share is fair and reasonable and is in the best interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Based on the Subscription Price, the Subscription will have a theoretical dilution effect (as defined in Rule 7.27B of the Listing Rules) of approximately 5.79%.

The aggregate Subscription Price of HK\$41,700,000 will be payable by the Subscriber to the Company by bank transfer upon Completion.

The net price per Subscription Share, after deducting all relevant expenses, is approximately HK\$0.149.

Ranking

The Subscription Shares will, when issued and fully paid, rank pari passu in all respects among themselves and with the Shares in issue at the date of allotment and issuance of the Subscription Shares, including the right to receive all dividends and other distributions declared, made or paid at any time on or after the date of Completion.

Conditions precedent

Completion is conditional upon the fulfilment of all of the following conditions, provided that the Subscriber may at any time waive (to the extent permitted by the Hong Kong laws), in whole or in part, conditionally or unconditionally the following conditions by written notice to the Company:

- (a) the listing status of the Company on the Stock Exchange not having been revoked or withdrawn at any time prior to Completion, the Shares continuing to be traded on the Stock Exchange at any time prior to Completion (save and except for any temporary suspension in connection with transactions contemplated under the Subscription Agreement or such other period as the Subscriber may agree in writing) and there being no indication from the Stock Exchange that the listing status of the Company will be suspended, cancelled, revoked or withdrawn at any time after Completion as a result of the transactions contemplated under the Subscription Agreement;
- (b) no obligation (including but not limited to trading halt and/or suspension of trading of the Shares) on the Company concerning sufficiency of operations or assets and/or cash under all relevant Listing Rules having been triggered or decided by the Stock Exchange nor the Securities and Futures Commission (“SFC”) which cannot be resolved by the Company absolutely to the satisfaction of the Stock Exchange or the SFC prior to the date of Completion, and neither the Stock Exchange nor the SFC having indicated that either one of

LETTER FROM THE BOARD

them will object to, suspend, cancel, revoke, withdraw or otherwise have any concerns about the continued listing of the Shares for reasons relating to or arising from the transactions contemplated under the Subscription Agreement and/or the Listing Rules;

- (c) the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Subscription Shares;
- (d) the necessary approvals including, but not limited to the board and/or shareholders' approvals in relation to the underlying transactions contemplated under the Subscription Agreement are granted and approved;
- (e) the warranties and representations stated under the Subscription Agreement remaining true and accurate in all material respects and not misleading as given as at the date of the Subscription Agreement and as at Completion, and as if given at all times between the date of the Subscription Agreement and Completion; and
- (f) there being, since the date of the Subscription Agreement and up till the time immediately prior to the date of Completion, no material adverse change in the financial position and trading prospects of the Company and/or Group and no event which has or could reasonably be expected to have a material adverse effect on the Company and/or the Group to the reasonable satisfaction of the Subscriber.

The Company shall use its best endeavours to procure the fulfillment of the conditions precedent on or before Completion. If any of the conditions precedents have not been satisfied (or waived by the Subscriber in writing) by 6:00 p.m. (Hong Kong time) on the Long Stop Date, then the Subscription Agreement and everything herein contained shall be null and void and of no further effect and no party to the Subscription Agreement shall have any further liability to any other parties under or in connection with the Subscription Agreement without prejudice to the rights of any such parties in respect of any antecedent breaches.

Conditions precedent (a) to (d) set out above cannot be waived.

In case of any extension of the Long Stop Date (which will constitute a material change to the terms of the Subscription Agreement), the Company shall re-comply with the relevant requirements under Listing Rules, including Shareholders' approval.

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Completion

Completion shall take place on the third Business Day after the fulfillment or waiver of the conditions precedent, or such other date as may be agreed in writing by the Company and the Subscriber.

SPECIFIC MANDATE

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the SGM.

APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after Completion (assuming that there will be no other change in the total number of issued Shares between the Latest Practicable Date and Completion):

Name of Shareholder	As at the Latest Practicable Date		Immediately after Completion	
	Number of Shares	%	Number of Shares	%
Mr. Dizon Basilio and his associates (<i>Note 1</i>)	323,360,112	23.25%	323,360,112	19.38%
Mr. Huang Mingguo (<i>Note 2</i>)	14,460,000	1.04%	14,460,000	0.87%
Jet Victory Investments Limited (<i>Note 2</i>)	500,000	0.04%	500,000	0.03%
The Subscriber	—	—	278,000,000	16.66%
Other Shareholders	<u>1,052,336,704</u>	<u>75.67%</u>	<u>1,052,336,704</u>	<u>63.06%</u>
Total	<u>1,390,656,816</u>	<u>100.00%</u>	<u>1,668,656,816</u>	<u>100.00%</u>

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Notes:

- (1) These 323,360,112 Shares are held by Mr. Dizon Basilio (“**Mr. Dizon**”), Ms. Chow Lai Wah Livia (“**Ms. Chow**”) and L&W Holding Limited (“**L&W**”) as to 18,895,000 Shares, 32,962,800 Shares and 271,502,312 Shares, respectively. L&W is owned as to 65% and 35% by Mr. Dizon and Ms. Chow, respectively. Ms. Chow is the spouse of Mr. Dizon and an executive Director.
- (2) Jet Victory Investments Limited is wholly and beneficially owned by Mr. Huang Mingguo, an executive Director.

INFORMATION ON THE SUBSCRIBER

The Subscriber is wholly owned by Timeness Vision Limited and in turn wholly and ultimately owned by Mr. Teng Rongsong. Mr. Teng is an individual investor who has extensive experiences in investments.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in digital marketing; publishing and intellectual properties (“**IPs**”) licensing; and retailing and wholesales.

The Group’s digital marketing business

The Group’s digital marketing business segment includes (i) providing digital marketing, employing techniques of capturing and analysing big data, and selection and engagement of Key Opinion Leaders (“**KOL**”) to achieve improved results in promoting and selling of products or services for customers; and (ii) intellectual properties digitalisation and licensing services, in the PRC.

The Group is always keen on achieving a turnaround and becoming a leader in the digital marketing industry. Starting in around mid-2019 and during the year ended 31 March 2020, the Group had the opportunities of investing in two companies, namely Beijing Skyvior Technology Co., Ltd. 北京乾智傳視科技有限公司 and Hyperchannel Info Tech., Ltd. 北京匯傳網絡信息科技有限公司 with investment costs totalling approximately RMB3.2 million, taking a 55% equity interest in both companies. Through these 55% owned subsidiaries, which has negligible tangible assets but are staffed with professional and experienced personnel in the digital marketing business, the Group is expanding fast and becoming a key player in digital marketing.

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The Group's digital marketing services principally involve designing, coordination and monitoring of social media propagation for the Group's customers. The process involves identifying, evaluation, execution and monitoring of promotion projects or events. Our works are briefly set out below:

- Identifying and Evaluation — We adopt a systematic approach through our owned data capturing and analysis system to help our customers in identifying and profiling the most effective combination of media channels and KOLs which would match and enhance our customers' strategic and tactical needs to delivers the best results for our customers.
- Execution and Monitoring — We keep continuous interaction with our customers, closely monitoring the various social media channels or platforms and the performance of the KOLs engaged throughout the whole process. We measure the efficiency and productivity of the digital marketing activities through traffic and results analyses, making corrections of designed activities when necessary. Reports of effectiveness and results are prepared for our customers and for usage of future plans or projects.

Our services and fees are determined based on the scope, size, design, production and time span of the projects or events involved. The costs are directly related to the media channels and popularity and effectiveness of KOLs selected. Target gross profit margin normally range from high teens to approximately 25%. Promotion events or projects are generally recurring, various contracts with the same customer may also be simultaneously running. The contracts with our customers are either (i) in form of framework agreement for a period of time and is renewable upon expiry, or (ii) on a project-by-project basis.

The Group employs approximately 130 employees in digital marketing segment as at 28 February 2021, including 5 management and about 125 operational staffs. There are about 15 active customers (including Alibaba, Ant Financial, WPP) and approximately 11 active suppliers or service providers (including Xiaohongshu (小紅書), Kuaishou (快手) and Douyin (抖音)).

LETTER FROM THE BOARD

Historical financial performance

Set out below is a summary of the digital marketing segment revenue and results for the six months ended 30 September 2020 and for the year ended 31 March 2020 and 2019:

	Six months ended 30 September 2020 <i>HK\$'000</i>	Year ended 31 March 2020 <i>HK\$'000</i>	Year ended 31 March 2019 <i>HK\$'000</i>
Segment revenue	75,711	144,821	5,784
Segment loss	(15,073)	(24,603)	(5,396)

The Group's digital marketing segment revenue accounted for approximately 95.1%, 94.0% and 31.8%, respectively of the Group's total revenue for the six months ended 30 September 2020 and for the year ended 31 March 2020 and 2019 (the "Relevant Period"), respectively. The Group recorded segment revenue of approximately HK\$144.8 million for the year ended 31 March 2020, representing an increase of approximately 2,396.6% over the segment revenue of approximately HK\$5.8 million for the year ended 31 March 2019. The increase in segment revenue is principally due to the continuous effort of the Group to invest in building a strong marketing and technical team to capture more business in digital marketing. Digital marketing has become the core business segment of the Group. The Group expects digital marketing continues to be the core business segment for the year end 31 March 2021. The Group recorded segment loss during the Relevant Period as it has continued to deploy more resources in strengthening and enhancing its marketing, administrative and accounting systems to develop and expand this business segment to be more competitive and becoming a leading player in digital marketing. While business is growing significantly, management continues to focus on optimization of cost structure, improving productivity, and enhancing profit margins. Investments of the Group in digital marketing are showing encouraging and promising results.

Financing alternative

Other than the Subscription, the Company considered the feasibility of other fundraising methods such as debt financing and other forms of equity financing to raise sufficient funding to finance the expansion of the Group's digital marketing segment. Whilst the Group recorded significant growth of revenue in its latest financial statements, it has yet to turnaround its financial results. The Company considered that debt financing which would incur interest expenses would hinder the ability of the Group to achieve

LETTER FROM THE BOARD

turnaround results in the coming years. Moreover, due to the loss-making performance of the Group, the Group could not obtain debt financing with terms favourable to the Group. For other forms of equity financing, rights issue and open offer usually require attractive discount to the current market price and will involve other application and administrative procedures which may require relatively longer time and hefty administrative and issuing costs. Management considers the issuance of new shares under specific mandate is the more preferable choice of raising additional capital.

The Group has bank and cash of approximately HK\$118.1 million and HK\$154.0 million as at 30 September 2020 and 31 March 2020, respectively. As the Group put additional resources to expand the digital marketing segment to become a strong and competitive business, the demand for working capital is growing. Also, the Group has recorded net cash used in operating activities of approximately HK\$31.3 million for the year ended 31 March 2020. Since the Group will continue to expand its digital marketing segment as the market is expanding and the Group is showing promising results in capturing market share, the Group considers that the currently level of working capital may not be adequate to enable it to operate and finance its operations efficiently, effectively and with flexibility. The Group considers it necessary and appropriate to raise additional fund to strengthen its capital base for its development and expansion of the digital marketing business in the foreseeable future. The Subscription adds additional working capital and financing option to the Group to allow it to seize good opportunities when it arise.

Subscription Price represents a premium to the average daily closing price during the Review Period, therefore the management is of the view that the Subscription is more cost-effective and efficient as compared to other available alternative fundraising methods.

The Board considers necessary to accelerate the development and expansion of the Group's digital marketing segment to enhance competitiveness and long-term sustainability of the Group. The Board considers that the Subscription represents an excellent opportunity for the Company to finance future development and expansion of the digital marketing business of the Group and to broaden its Shareholder base.

In view of the above reasons and factors, the Board believes that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

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Use of proceeds

The gross proceeds and the estimated net proceeds (after deducting all relevant expenses) from the Subscription will be HK\$41,700,000 and approximately HK\$41,400,000, respectively. The Company intends to use the net proceeds from the Subscription for expansion of the Group's digital marketing segment, in particular, as to:

- (i) approximately HK\$8.6 million as working capital for building and strengthening the marketing and technical team. The Group will continue to further invest in its marketing and technical team, including but not limited to increase headcount, in the 12 months following Completion;
- (ii) approximately HK\$15.2 million as working capital for provision of KOLs management services. The Group expects that the business volume and therefore the working capital requirements from this segment will be increased as a result of further investment in its marketing and technical team as set out in (i) above. The Group expects that the net proceeds of approximately HK\$15.2 million will be utilised in the 12 months following Completion;
- (iii) approximately HK\$11.9 million for potential acquisition opportunities to enhance the Group's competitiveness and long-term sustainability. The Group expects that the approximately HK\$11.9 million will be utilised in the 12 months following Completion. No acquisition target has been identified as at the Latest Practicable Date; and
- (iv) approximately HK\$5.7 million for general working capital including but not limited to salaries and benefits, rental and utilities, other general and administrative expenses for the Group in the 12 months following Completion.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of the announcement of the Company dated 1 March 2021.

SGM

The SGM will be held at R1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong, on Friday, 30 April 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, approving the Subscription. The notice convening the SGM is set out on pages 16 to 17 of this circular.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as no Shareholders have a material interest in the Subscription, which is different from that of the other Shareholders, no Shareholders will be required to abstain from voting on the resolution to be proposed at the SGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. An announcement on the poll vote results will be published by the Company after the SGM in the manner prescribed under the Listing Rules.

A form of proxy for the SGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.culturecom.com.hk). Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company at Suite 1502, 15/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

RECOMMENDATION

The Directors consider that the Subscription are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of SGM.

Completion is subject to fulfilment of the conditions under the Subscription Agreement. The Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

Yours faithfully,

On behalf of the Board

Huang Mingguo

Executive Director and Chief Executive Officer

NOTICE OF SGM



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 343)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Culturecom Holdings Limited (the “Company”) will be held at R1, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 30 April 2021 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolution:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the conditional subscription agreement (the “**Subscription Agreement**”) entered into between the Company as issuer and Trinity Gate Limited as subscriber dated 1 March 2021 in respect of the subscription of an aggregate of 278,000,000 new shares of HK\$0.01 each in the share capital of the Company (the “**Subscription Shares**”) at a price of HK\$0.15 each (a copy of the Subscription Agreement is produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification) and all the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares pursuant thereto) be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement; and
- (c) any Director be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements (whether under common seal or not) and to take all steps and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in

* for identification purpose only

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the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares pursuant thereto) as he may in his absolute discretion consider necessary, desirable or expedient to give effect to the Subscription Agreement and the implementation of all transactions contemplated thereunder (including the allotment and issue of the Subscription Shares pursuant thereto) and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

By Order of the Board

CULTURECOM HOLDINGS LIMITED

Huang Mingguo

Executive Director and Chief Executive Officer

Hong Kong, 9 April 2021

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy together with any power of attorney or other authority (if any) under which it is signed or a notarial certified copy of such power or authority must be deposited at the head office and principal place of business of the Company at Suite 1502, 15/F., Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not less than 48 hours before the time of the meeting or any adjourned meeting.
- (3) The Principal Register of Members and the branch Registers of Members will be closed from 27 April 2021 to 30 April 2021 (both days inclusive), during which period no transfer of shares will be registered. To qualify for attending the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m., 26 April 2021.