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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)

ANNULMENT OF APPOINTMENT OF DIRECTORS AND CHANGE OF COMPANY SECRETARY AND CANCELLATION OF DISCLOSEABLE TRANSACTION AND RESUMPTION OF TRADING

References are made to three announcements of the Company regarding, among other matters, change in directorships on 19 March 2007, the Change of Company Secretary on 20 March 2007 and the Discloseable Transaction dated 23 March 2007. The Board announces that in accordance with the resolutions arrived at the Board meeting held on 30 March 2007, the Appointment of Directors, the Change of Company Secretary and the Discloseable Transaction were all not approved.

At the request of the Company, trading in the shares of Company has been suspended with effect from 9:37 a.m. on 28 March 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 16 April 2007.

References are made to three announcements of the Company regarding, among other matters, change in directorships on 19 March 2007, the Change of Company Secretary on 20 March 2007 and the Discloseable Transaction dated 23 March 2007.

On 30 March 2007, the Board held a meeting with the full attendance of all members of the Board to reconsider, among other matters, the Appointment of Directors, the Change of Company Secretary and the Discloseable Transaction.

After due and careful consideration and full deliberations of the issues involved on the matters discussed, the Board has unanimously resolved in the Board meeting on 30 March 2007 that (i) the proposed appointment of Mr. Shao Ruiqing (邵瑞慶) as non-executive director of the Company was not approved; (ii) the proposed appointment of Ms. Zhang Ruiping (張瑞萍) as the non-executive director of the Company was not approved; (iii) the proposed appointment of Mr. Hon Chun Bon (韓鎮邦) as independent non-executive director of the Company was not approved; (iv) the proposed termination of Mr. Cheung Wai Keung, Cecil (張偉強) as the Company Secretary was not approved; (v) the proposed appointment of Mr. Wong Shu Pui (黃樹培) as the Company Secretary was not approved; and (vi) the proposed Discloseable Transaction was not approved.

REASONS FOR THE NEW BOARD RESOLUTIONS

On 19 March 2007, a Board meeting was held for the purpose of resolving, among other matters, the Appointment of Directors and the Discloseable Transaction.

Due to the miscommunication amongst members of the Board, not all members of the Board had received the notice in relation to the Board meeting held on 19 March 2007. Resolutions for the Appointment of Directors and the Discloseable Transaction were purportedly passed by two executive directors and two independent non-executive directors in accordance with the Bye-Laws despite some members of the Board were unaware of the meeting. The other members of the Board, including two executive directors and one independent non-executive director, had not received notice of the meeting as they were at the relevant time outside the territory of Hong Kong, to whom notice need not be given according to the Bye-Laws. Some members considered that the Appointment of Directors and the Discloseable Transaction involving the issuance of consideration shares were

* For identification purpose only

significant issues which required the attention of all Board members and notice of the 19 March 2007 meeting should have been given to all members, whether within or outside the Hong Kong territory. Further, they held different views on business reform and development of the Company in that they considered the proposed acquisition of a media design and advertising business in the PRC was not in line with the current business objectives of the Group. As such, they disputed the Appointment of Directors and the Discloseable Transaction. The Chairman of the Board thereby sought legal opinion from Bermuda lawyers who opined that any resolution passed at a Board meeting duly convened and held in accordance with the Bye-Laws would remain valid notwithstanding that notice of such Board meeting was not sent to a director who was at the time out of Hong Kong. As such, the resolutions for the Appointment of Directors and the Discloseable Transaction and approving the contents of the announcements of the Appointment of Directors and the Discloseable Transaction were considered by some members of the Board as due and valid at the relevant time. In the circumstances, two members of the Board who disagreed with the legality of the 19 March 2007 meeting, together with a shareholder of the Company, instituted a High Court action intituled High Court Action No. 613 of 2007, and an interlocutory injunction restraining the Appointment of Directors and the Discloseable Transaction was granted by the Court.

Further, the Change of Company Secretary was again not being considered by all members of the Board prior to the announcement dated 23 March 2007 and one of the executive directors therefore requested this issue to be reconsidered by the Board.

In the premises, all members of the Board considered that it is in the interest of the Company and its shareholders as a whole to convene a Board meeting with the attendance of all members of the Board to reconsider, among other matters, (i) the Appointment of Directors; (ii) the Change of Company Secretary; and (iii) the Discloseable Transaction.

On 30 March 2007, upon all members of the Board receiving notices of the meeting, a Board meeting was duly held with all Board members either present in person or attended by telephone conference. After due and careful consideration, including the resumes of the three proposed directors, information pertaining to the Discloseable Transaction, and representation of the Company Secretary that no claims will be lodged against the Company in respect of the Change of Company Secretary, the Board unanimously resolved that (i) the Appointment of Directors was not approved; (ii) the Change of Company Secretary was not approved; and (iii) the Discloseable Transaction was not approved. To avoid future miscommunication, it was further resolved unanimously by the Board that the Bye-Laws should be amended to the effect that in all future meetings of the Board, notice must be given to all directors whether within or outside the territory of the head office of the Company. The Board will take steps to effect the amendments to the Bye-Laws in due course. Further announcement(s) on the proposed amendments to the Bye-Laws will be made as and when appropriate.

Since there had been no de facto change in the Company Secretary and the Company Secretary has represented to the Board that no claims will be lodged against the Company in respect of the Change of Company Secretary, the Board considers that there is no impact to the Company. Mr. Cheung Wai Keung, Cecil (張偉強) remained as the Company Secretary since 20 March 2007.

In light of the resolutions unanimously passed by the Board on 30 March 2007. The Board subsequently procured Greenspan Management Limited to enter into a deed of cancellation with Goodbonus Investment Limited to cancel the Sale and Purchase Agreement on 2 April 2007, whereby upon payment of a sum of HK\$2,000,000 by Greenspan Management Limited to Goodbonus Investment Limited as liquidated damages, the parties to the Sale and Purchase Agreement release each other from further obligations of the Sale and Purchase Agreement. The said amount will be deducted from the refund of the part payment of HK\$8,000,000 made by Greenspan Management Limited to Goodbonus Investment Limited under the Sale and Purchase Agreement. Further, on 3 April 2007 the plaintiffs and the defendants of the High Court Action No.613 of 2007 entered into a consent summons to discharge the interlocutory injunction and the said High Court action. The refund of the balance of the part payment by Goodbonus Investment Limited to Greenspan Management Limited will be effected once the interlocutory injunction is discharged.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of Company has been suspended with effect from 9:37 a.m. on 28 March 2007 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:30 a.m. on 16 April 2007.

DEFINITIONS

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

“Appointment of Directors”	the proposed appointment of Mr. Shao Ruiqing (邵瑞慶) as non-executive director; the proposed appointment of Ms. Zhang Ruiping (張瑞萍) as non-executive director; and the proposed appointment of Mr. Hon Chun Bon (韓鎮邦) as independent non-executive director all on 19 March 2007;
“Board”	board of directors of the Company
“Bye-Laws”	the bye-laws of the Company as amended from time to time
“Change of Company Secretary”	the proposed termination of Mr. Cheung Wai Keung, Cecil (張偉強) as the Company Secretary by the Board on 20 March 2007; and the proposed appointment of Mr. Wong Shu Pui (黃樹培) as the Company Secretary on 20 March 2007
“Company”	Culturecom Holdings Limited
“Company Secretary”	company secretary of the Company
“Discloseable Transaction”	the discloseable transaction involving the proposed acquisition involving the issue of consideration shares for the PRC media design and advertising business as more particularly described in the announcement dated 23 March 2007
“Goodbonus Investment Limited”	the vendor of the Sale and Purchase Agreement
“Greenspan Management Limited”	a wholly-owned subsidiary of the Company, the purchaser of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 March 2007 regarding the Discloseable Transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of
Culturecom Holdings Limited
Cheung Wai Tung
Chairman

Hong Kong, 13 April 2007

As at the date hereof, the Board comprises Mr. Cheung Wai Tung, Mr. Chu Bong Foo, Mr. Henry Chang Manayan, Mr. Wan Xiaolin (all being executive Directors); and Mr. Lai Man To, Mr. Wang Tiao Chun and Mr. Joseph Lee Chennault (all being independent non-executive Directors).

Please also refer to the published version of this announcement in China Daily.