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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)

(Warrant Code: 424)

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES AND RESUMPTION OF TRADING

PROPOSED ACQUISITION

On 16 July 2007, the Purchaser entered into the S&P Agreement to acquire from the Vendor the Sale Shares for a total consideration of HK\$213 million.

The Consideration shall be settled by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price on Completion.

The Consideration Shares represent approximately 18.79% of the existing issued share capital of the Company and approximately 15.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Proposed Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules. Given the activities in which the Target Group is engaged involve exploration and development of natural resources, the Proposed Acquisition will also fall under Chapter 18 of the Listing Rules and the Company will comply with all requirements as may be applicable set out therein in respect of the Proposed Acquisition. The Proposed Acquisition together with the issue of the Consideration Shares, which is proposed to be made under a specific mandate to be sought, will be subject to the approval of the Shareholders at the SGM. As no Shareholder has any material interest in the Proposed Acquisition, no Shareholder will be required to abstain from voting on the resolution to approve the issue of the Consideration Shares and any vote exercised by the Shareholders at the SGM shall be taken by a show of hands unless a poll is demanded.

A circular containing, among other things, further details of the S&P Agreement, the Technical Report, and a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors of the Company should note that Completion, which is subject to a number of conditions precedent, may or may not take place. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and the warrants of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the warrants of the Company was suspended with effect from 9:30 a.m. on 13 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the warrants of the Company with effect from 9:30 a.m. on 31 July 2007.

INTRODUCTION

Reference is made to the announcement of the Company dated 28 May 2007 in relation to the MOU entered into with an Independent Third Party (the Target) regarding a possible investment in the Target Group which is principally engaged in energy sector related businesses. Pursuant to the MOU, the Group has paid the Refundable Deposit to the Target as earnest money.

The Board is pleased to announce that on 16 July 2007, the Purchaser entered into the S&P Agreement to acquire from the Vendor the Sale Shares for a total consideration of HK\$213 million.

THE S&P AGREEMENT

Date: 16 July 2007

Parties: (1) the Purchaser, a wholly-owned subsidiary of the Company, as purchaser;
(2) the Vendor, as vendor; and
(3) Mr. Liao, as guarantor.

The Vendor is a company incorporated in the British Virgin Islands, which is beneficially owned as to 30%, 30% and 40% by Mr. Tai, Mr. Chen and Mr. Liao. The principal business of the Vendor is investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for being shareholders of the Target, each of Mr. Tai, Mr. Chen and Mr. Liao is independent to each other and their respective associates.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners (Mr. Tai, Mr. Chen and Mr. Liao) are Independent Third Parties.

Mr. Liao, being the single largest shareholder of the Target, entered into the S&P Agreement to guarantee due performance of the Vendor under the S&P Agreement. In the event of non performance of the Vendor, Mr. Liao will indemnify the Purchaser against any liabilities, losses, damages, fees and expenses incurred as a result of such non performance.

Mr. Liao is currently a Canadian resident who has been a private investor managing his portfolio of investment since 1997. Prior to 1997, Mr. Liao has had about 10 years of experience as a senior management in banks in the PRC. Mr. Liao has amicable relationship with some of the largest state-owned enterprises in the PRC.

Assets to be acquired

Pursuant to the S&P Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target as at the date of this announcement.

Consideration

The Consideration for the Proposed Acquisition is HK\$213 million, which shall be settled by the Purchaser procuring the Company to allot and issue the Consideration Shares to the Vendor credited as fully paid, at the Issue Price on Completion.

The Consideration was agreed between the Vendor and the Purchaser after arm's length negotiations on normal commercial terms after having considered (i) the estimated petroleum reserve and its market value contained in Yi Dong Oilfield as provided in the petroleum reserve reports thereon dated February 1986 and September 1998 prepared by Shengli Geological Research Institute and Shengli Oilfield Administrative Bureau respectively provided by the Vendor, (ii) the prospects of the Target Group in light of its cooperative relationship with Da Ming Petro and its parent company, Sinopec Shengli, in Yi Dong Oilfield and the prospective Chaoshui Basin (潮水盆地), and (iii) the Profit Guarantee. Background information of Shengli Geological Research Institute and Shengli Oilfield Administrative Bureau are further elaborated below under the section headed "Information on the Experts" below and information on the petroleum reserve of Yi Dong Oilfield and the prospects of the Target Group on the one hand and the Profit Guarantee on the other are further elaborated below under the sections headed "Information on the Target Group" and "Profit Guarantee" below respectively.

In view of the above, the Directors (including the independent non executive Directors) consider the Consideration to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

Completion is subject to the following conditions having been fulfilled or waived (as the case may be):

- (a) all approvals and consents required to be obtained on the part of the Vendor, the Target, Mr. Liao and the Purchaser in relation to the transactions contemplated under the Proposed Acquisition having been obtained;
- (b) all facts, matters or conditions relating to the Vendor, the Target and Mr. Liao, given as warranties under the S&P Agreement, remaining true and accurate in all respects;

- (c) the passing by the Shareholders at the SGM approving the Proposed Acquisition, the S&P Agreement and matters contemplated thereby including the allotment and issue of the Consideration Shares at the Issue Price credited as fully paid;
- (d) the obtaining of a PRC legal opinion (in form and substance satisfactory to the Purchaser) from a PRC legal adviser appointed by the Purchaser in relation to the PRC legal aspects of the S&P Agreement and the transaction contemplated thereby;
- (e) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group;
- (f) Subsidiary B and Da Ming Petro having entered into a cooperation agreement (in form and substance satisfactory to the Purchaser) for the development and exploration of petroleum in Chaoshui Basin (潮水盆地) situated in the region of Gansu; and
- (g) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares.

Other than conditions (a), (c) and (g) above, all conditions are waivable by the Purchaser in writing under the S&P Agreement. The Purchaser has no current intention to waive any of such conditions.

Long-stop date

If any of the conditions is not satisfied (or, as the case may be, waived by the Purchaser) in two months following the entering into of the S&P Agreement or such later date as the Vendor, the Purchaser and Mr. Liao may agree, the S&P Agreement shall cease and determine and in that event, the Vendor shall procure the Target to forthwith return the Refundable Deposit to the Purchaser without interest.

Completion

Completion shall take place on the fifth Business Day after all the conditions of the S&P Agreement having been fulfilled or waived.

In the event Completion does not take place as stipulated due to no fault of the Vendor, the Vendor shall also procure the Target to forthwith refund the Refundable Deposit to the Purchaser without interest.

Upon Completion, the Target and its subsidiaries will become wholly-owned subsidiaries of the Company and their accounts will be consolidated with that of the financial accounts of the Group.

Profit Guarantee

The Vendor has guaranteed to the Purchaser that the Audited Net Profit shall in aggregate be not less than the Profit Guarantee, being not less than RMB19 million (equivalent to approximately HK\$19.39 million for the Guaranteed Period).

In the event that the Profit Guarantee is not achieved, the Vendor shall pay to the Purchaser in cash an amount equal to the difference between the Audited Net Profit and the Profit Guarantee on a dollar to dollar basis. In the event the Target Group recorded a loss for the Guaranteed Period, the Vendor shall pay to the Purchaser in cash an amount equal to the summation of the loss (express in positive figure) and the Profit Guarantee.

The Vendor and the Purchaser shall procure the auditors of the Company for the then time being to prepare an audited accounts of the Target Group within three months from the end of the Guaranteed Period in determining whether the Profit Guarantee is achieved. Any amount payable by the Purchaser shall be made within seven (7) days from such delivery of the audited accounts of the Target Group. Further announcement will be made by the Company should the Target Group fail to achieve the Profit Guarantee or make a loss.

THE CONSIDERATION SHARES

1,000,000,000 new Shares will be issued at an Issue Price of HK\$0.213 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Issue Price represents:

- (a) a discount of approximately 10.13% to the closing price of HK\$0.2370 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 14.53% to the average closing price of HK\$0.2492 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 11.62% to the average closing price of HK\$0.241 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (d) a premium of approximately 160% over the net asset value per Share of approximately HK\$0.082 based on the audited consolidated financial statements of the Group as at 31 March 2007 (after having adjusted for the conversion of the convertible notes and the issue of 800,000,000 Shares subsequent to 31 March 2007) and the total number of issued shares of the Company of 5,321,579,642 as at the date of this announcement.

The Consideration Shares will be allotted and issued pursuant to a specific mandate to be sought at the SGM and will be allotted and issued on the date of Completion.

Based on the closing price of HK\$0.2370 per Share as quoted on the Stock Exchange on the Last Trading Day, the Consideration Shares has a total market value of approximately HK\$237,000,000.

The Consideration Shares represent approximately 18.79% of the existing issued share capital of the Company and approximately 15.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price was arrived at by the Vendor and the Purchaser after taking into consideration of the average closing price of HK\$0.224 per Share during the period from the date of MOU and the Last Trading Day. Given that the Issue Price represents a relatively low discount of approximately 4.91% to that average closing price, the Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable.

Restriction on disposal

Pursuant to the S&P Agreement, the Vendor has undertaken to and covenanted with the Purchaser that, it will not, within the period commencing on the date of Completion and ending on the date falling six months after Completion, transfer or otherwise dispose of or create any encumbrance or other rights in respect of the Consideration Shares or any interests therein or grant any options or rights in respect of any of the Consideration Shares without prior written approval from the Purchaser.

The Vendor further undertook and covenanted with the Purchaser that any dealings in the Consideration Shares after such restricted period will be in quantity of not more than 100,000,000 Consideration Shares with any one Independent Third Party.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and before Completion; and (ii) immediately after Completion and the allotment and issue of the Consideration Shares:

Shareholders	As at the date of this announcement and before Completion		Immediately after Completion and the allotment and issue of the Consideration Shares	
	No. of Shares	Approximate Percentage	No. of Shares	Approximate Percentage
Mr. Chu Bong Foo, <i>an executive Director</i> (Note)	283,052,000	5.32%	283,052,000	4.48%
Mr. Henry Chang Manayan, <i>an executive Director</i>	2,000,000	0.04%	2,000,000	0.03%
Mr. Wan Xiaolin, <i>an executive Director</i>	500,000	0.01%	500,000	0.01%
Vendor	–	–	1,000,000,000	15.82%
Public	5,036,027,642	94.63%	5,036,027,642	79.66%
Total	<u>5,321,579,642</u>	<u>100.00%</u>	<u>6,321,579,642</u>	<u>100.00%</u>

Note: 283,052,000 Shares comprise of (i) 160,180,000 Shares beneficially owned by Mr. Chu Bong Foo in his personal capacity and (ii) 122,872,000 Shares held by Bay-Club Enterprises Inc., a company which is wholly and beneficially owned by Mr. Chu Bong Foo.

INFORMATION ON THE EXPERTS

The following is a brief account of Shengli Geological Research Institute and Shengli Oilfield Administrative Bureau as provided by the Vendor.

Shengli Geological Research Institute

Shengli Geological Research Institute is an institute operated under a branch of the Sinopec Shengli Oilfield Company, which in turn is a subsidiary of China Petrochemical Corporation, a state-owned enterprise. Shengli Geological Research Institute is situated in Dongying City, Shandong Province, the PRC. Shengli Geological Research Institute has been in operation since 1964.

Shengli Geological Research Institute is equipped with advance technology in conducting its business in, among others, medium and long term planning and deployment for the exploration and development of oilfields, building and adjusting oil production facilities in new and old areas, formulating programs for EOR thermal recovery of heavy oil, geological and new technological research for, and management of oilfield exploration and development, geological data and information and domestic and foreign information in the field.

Shengli Geological Research Institute has received a number of national or provincial scientific and technological progress or achievement awards and has been recognised as a “National Geological Survey Meritorious Unit (全國地質勘查功勳單位)”. Shengli Geological Research Institute is also qualified as a National A-grade project advisory unit (國家甲級工程諮詢單位資格) and a national grade testing centre (國家級測試中心). Shengli Geological Research Institute has also passed the national laboratory review (國家實驗室認可現場評審和計量認證覆審) and has been a member to the International Federation of Consulting Engineers Association (國際諮詢工程師聯合會成員協會會員).

Being a research institute, Shengli Geological Research Institute has published works, and participated in domestic and international conferences on, oil exploration and developments. Shengli Geological Research Institute has provided services to multinational conglomerates on oilfield technologies in the domestic and international markets.

Shengli Oilfield Administrative Bureau

Same as Shengli Geological Research Institute, Shengli Oilfield Administrative Bureau is operated under China Petrochemical Corporation, which oversees oilfield operations of China Petrochemical Corporation. Shengli Oilfield Administrative Bureau has participated in the exploration and development of mining area of over 150,000 sq. km. covering oil and gas resources of 17 billion tons. Shengli Oilfield Administrative Bureau has also had experience in discovering 72 oil and gas fields with oil reserve of 4.4 billion tons and proven natural gas reserve of 207.5 billion cubic meters.

Other than having business cooperation relationship with Da Ming Petro, whose direct largest shareholder is China Petroleum & Chemical Corporation, as further elaborated below, the Vendor and the Target Group are independent of and not connected with Shengli Geological Research Institute and Shengli Oilfield Administrative Bureau.

INFORMATION ON THE TARGET GROUP

Whereas the Target and Subsidiary A are investment holding companies, which were incorporated on 16 August 2005 and 31 August 2001 respectively, Subsidiary B forms the main operating company within the Target Group. Subsidiary B was formed on 26 April 2005 in the PRC as a wholly foreign-owned enterprise with a registered capital and total investment of US\$5,000,000. As at the date of the S&P Agreement, the equity interest of Subsidiary B was owned as to 12.6% by Subsidiary A and 87.4% by the Target. As confirmed by the Vendor, the interest of Subsidiary B has all along been belonging to the ultimate beneficial owners of the Target, being Mr. Tai, Mr. Chen and Mr. Liao, in proportion to their interest in the Target of 30%, 30% and 40% respectively.

According to its business license, Subsidiary B is permitted to engage in energy savings projects, petroleum extraction facilities environmental-friendly projects, offshore drilling platform maintenance projects and the provision of petroleum technology related services. According to the Vendor, since the establishment of Subsidiary B, it has only been engaging in petroleum technology related services by cooperating with Da Ming Petro in Yi Dong Oilfield, which is further elaborated below. While focusing principally on its existing cooperation with Da Ming Petro in Yi Dong Oilfield, Subsidiary B intends to seek further cooperation with Da Ming Petro in other regions as well as other state-owned enterprises, which possess natural resources extraction rights and that Subsidiary B does not have current

plan to engage in other businesses allowed to be performed under its business license. The Company has been advised by its PRC legal adviser that Subsidiary B's cooperation with Da Ming Petro is legal, which is permitted under its business license.

Since 2006, Subsidiary B has been cooperating with Da Ming Petro in order to get a share in the prospective return of the field of petroleum exploration and development by having entered into a legally binding cooperation agreement on 15 May 2006 for a term of 20 years in respect of Yi Dong Oilfield. Subsidiary B is one of the foreign-owned enterprises that have been cooperating with Da Ming Petro in such business. Da Ming Petro is a subsidiary of Sinopec Shengli and its single largest shareholder is China Petroleum & Chemical Corporation holding approximately 26.33% of the equity interest therein. While Da Ming Petro has had over five years of operation in the field of petroleum exploration and development, Sinopec Shengli has over 10 years of experience in the industry. The petroleum extraction right in Yi Dong Oilfield belongs to Da Ming Petro.

The form of cooperation between Da Ming Petro and Subsidiary B in respect of Yi Dong Oilfield has been that Da Ming Petro would provide the resources extraction rights, all technical know-how, technicians and all necessary assistance whereas Subsidiary B's contribution would be in the form of capital, which will be applied as working capital for the project in Yi Dong Oilfield, in return for certain percentages of the sales from oil produced calculated on a monthly basis. The sales sharing ratio for the cooperation in Yi Dong Oilfield comprises two stages: (1) prior to Subsidiary B having received in full its contributed capital in Yi Dong Oilfield, Subsidiary B will be entitled to 70% of the sales of oil produced whereas Da Ming Petro will be sharing 30% thereof; and (2) subsequent to Subsidiary B having received in full its contributed capital in Yi Dong Oilfield, Subsidiary B and Da Ming Petro will be sharing the sales of oil produced equally.

Da Ming Petro and Subsidiary B have formed a joint working group overseeing the technical aspects and overall management of the exploration and development of the project in Yi Dong Oilfield. The joint working group comprises seven members, one of whom is the chairman who is nominated by Da Ming Petro and would lead the project. Out of the six remaining seats, four are nominees of Da Ming Petro and two belonging to Subsidiary B. The joint working group is further divided into a group of four members, with one member being nominee of Subsidiary B, which would look after the technical aspects of the project in Yi Dong Oilfield, such as determining the number and positions of the drilling locations (the "**Technical Working Group**") and another group of two members, one from each side, responsible for the overall management (the "**Management Working Group**"). The joint working group would adopt the management approach of Da Ming Petro. The joint working group would report to Da Ming Petro and Subsidiary B from time to time regarding the progress of the cooperation on Yi Dong Oilfield. Upon expiry of the cooperation, all information, including information newly generated, and all equipments and facilities involved or used will belong to Da Ming Petro.

The Technical Working Group would determine, among other matters, the number and actual positions of drilling locations and the Management Working Group would be responsible for approving the decisions of the Technical Working Group. Once those decisions have been approved, Subsidiary B would provide funding and the Technical Working Group would be responsible for managing the extraction process. As at the date of this announcement, Subsidiary

B has invested an aggregate of approximately US\$3,000,000 (equivalent to approximately HK\$23,400,000) in Yi Dong Oilfield. Depending on the degree of expansion on extractions in Yi Dong Oilfield, the Vendor does not anticipate there will be further funding requirement or if so, it is expected to be limited to US\$5,000,000 (equivalent to approximately HK\$39,000,000), being the total registered capital and investment of Subsidiary B as at the date of this announcement. The existing cooperation agreement did not provide for any specific funding requirements or timeline to be provided by Subsidiary B nor did it confer rights to Subsidiary B to terminate the existing cooperation agreement. However, Subsidiary B has the final determination as to how much to be invested in.

Yi Dong Oilfield has a petroleum reserve area of approximately 2.3 square kilometers. Yi Dong Oilfield is located at Shandong Province, Dongying City, Hekou District, the PRC. Based on the petroleum reserve reports on Yi Dong Oilfield dated February 1986 and September 1998 prepared by Shengli Geological Research Institute and Shengli Oilfield Administrative Bureau respectively, the recoverable and remaining recoverable petroleum reserve of Yi Dong Oilfield are approximately 1.038 million tons and 0.9088 million tons respectively. As assessed by Subsidiary B, having considered the amount of remaining recoverable petroleum reserve for Yi Dong Oilfield and the current petroleum price of RMB3,000 per ton (equivalent to approximately HK\$3,061 per ton), the value of the remaining recoverable petroleum reserve of Yi Dong Oilfield is approximately RMB2,700,000,000 (equivalent to approximately HK\$2,755,000,000).

As indicated under the heading “Conditions Precedent” in the section “The S&P Agreement”, it is expected Subsidiary B will enter into another cooperation agreement with Da Ming Petro for petroleum extraction in Chaoshui Basin (潮水盆地). Chaoshui Basin (潮水盆地) is situated at the north of the eastern section of Hexi Corridor, where the oilfield lies in Jinchang Depression (金昌坳陷) in the middle of Chaoshui Basin (潮水盆地). The oilfield is divided into 4 oil extraction areas and Subsidiary B expects to obtain one of the extraction rights. As advised by the Vendor, the relevant parties have reached an understanding that the cooperation would be in similar form as the existing cooperation by forming a joint working group and Da Ming Petro being responsible for providing oil extraction rights and necessary technologies and Subsidiary B contributing by way of capital injections, which funds will be applied as working capital for the project in Chaoshui Basin (潮水盆地), subject to further negotiation on the detailed terms, including sales sharing ratio, of the final documentation. Further announcement(s) will be made by the Company, as and when appropriate in compliance with the Listing Rules, as soon as the finalized terms of the cooperation in Chaoshui Basin (潮水盆地) has been concluded. Detailed information on Chaoshui Basin (潮水盆地) will be provided in the circular of the Company for the Proposed Acquisition as and when available.

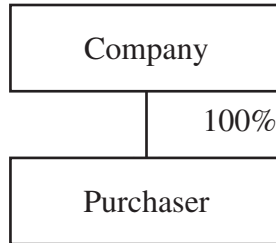
The following sets out a summary of the financial results of the Target Group given by the Vendor prepared in accordance with the Generally Accepted Accounting Principles in Hong Kong:

	For the six months ended 30 June 2007	For the year ended 31 December 2006	For the period from 16 August 2005 to 31 December 2005
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Results			
Turnover	1,831	3,083	447
Profit/(Loss) before tax	(1,973)	(4,128)	(1,328)
Profit/(Loss) after tax	9,209	(4,128)	(1,328)
	As at 30 June 2007	As at 31 December 2006	As at 31 December 2005
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Assets and liabilities			
Total assets	45,644	32,046	20,078
Net assets (liabilities) value	6,313	(4,410)	(941)

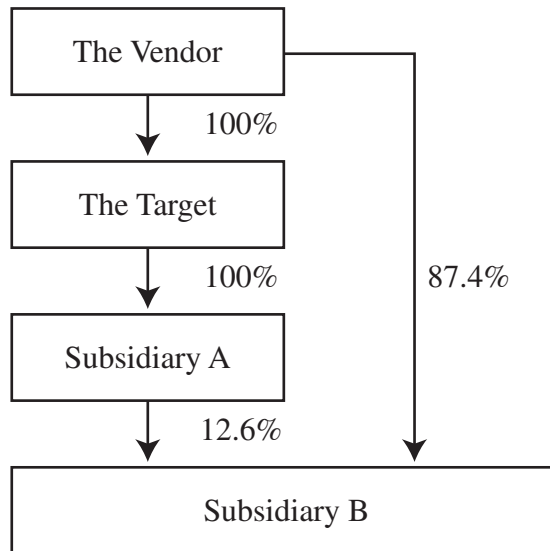
The following charts show the group structure of the Target Group immediately before and immediately after the Completion:

Immediately before Completion

Simplified existing structure of the Group

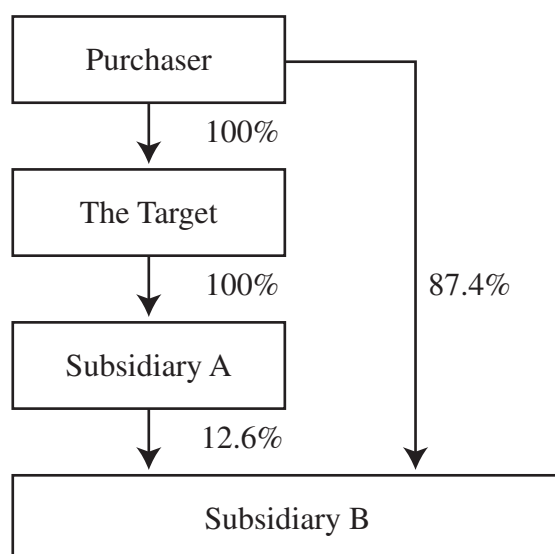


Existing structure of the Target Group



Immediately after Completion

Structure of the Target Group



The Vendor will not be entitled to appoint representatives to the Board pursuant to the S&P Agreement. The S&P Agreement does not confer the Vendor rights to nominate any person to the Board. The Company, however, intends to retain all of the key personnel of the Target Group to continue to manage the Target Group for smooth transition and ensuring continuity of success. The Target Group has been managed by the board of directors of Subsidiary A with the actual operation being delegated to a general manager, vice general manager and a chief engineer. The general manager has over 17 years of corporate managerial experience and has been a top management of a nonferrous metal export and import company in the PRC. The vice general manager, who is also the financial controller, is a qualified accountant in the PRC who has over 14 years of experience in financial management. The chief engineer has over 12 years of experience in well drilling and management and geology research.

REASONS FOR THE PROPOSED ACQUISITION

The principal business of the Group is publication of comics and related business, sales of Chinese operating system, processor and application software and investment holding.

In view of the increasing competition in the existing business of the Group, the Directors (including the independent non-executive Directors) understand the need to actively seek new investment opportunities, whether within or outside the Group's principal business activities, in order to increase the value of the Company and improve return of Shareholders.

Keeping abreast with its existing business, the Company finds cooperative opportunities with Sinopec Shengli in pursuit of the prospective gains from the energy related sector. Given the continued economic growth and accelerated urbanization in the PRC as well as the development in the global economy, energy resources are in demand at all times and the Directors (including the independent non-executive Directors) consider that it will maintain its growth momentum. In view of such prospect and inasmuch as Sinopec Shengli has abundance of experience and

an established reputation in the energy sector, the Directors (including the independent non-executive Directors) are confident that the Proposed Acquisition will make tangible contributions to the Group.

In view of the above, couple with the Profit Guarantee provided by the Vendor, the Directors (including the independent non-executive Directors) consider that the Proposed Acquisition provides an excellent opportunity for the Group to tap into the profit stream of the promising energy sector with growth potential that will bring in new source of revenue and earnings for the Group.

Taking into account the benefits of the Proposed Acquisition, the Directors (including the independent non-executive Directors) are of the view that the terms of the S&P Agreement are fair and reasonable and the Proposed Acquisition is in the interests of the Company and the Shareholders as a whole.

The Board wishes to emphasize that Completion is subject to various conditions to be fulfilled. In the event that the conditions are not fulfilled by the long-stop date as stipulated in the S&P Agreement, the S&P Agreement will cease and terminate. As such, Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

LISTING RULES IMPLICATIONS

The Proposed Acquisition constitutes a discloseable transaction on the part of the Company pursuant to Chapter 14 of the Listing Rules. Given the activities in which the Target Group is engaged involve exploration and development of natural resources, the Proposed Acquisition will also fall under Chapter 18 of the Listing Rules and the Company will comply with all requirements as may be applicable set out therein in respect of the Proposed Acquisition. The Proposed Acquisition together with the issue of the Consideration Shares, which is proposed to be made under a special mandate to be sought, will be subject to the approval of the Shareholders at the SGM. As no Shareholder has any material interest in the Proposed Acquisition, no Shareholder will be required to abstain from voting on the resolution to approve the issue of the Consideration Shares at the SGM and any vote exercised by the Shareholders at the SGM shall be taken by a show of hands unless a poll is demanded.

A circular containing, among other things, details of the S&P Agreement, the Technical Report, and a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares and the warrants of the Company was suspended with effect from 9:30 a.m. on 13 July 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares and the warrants of the Company with effect from 9:30 a.m. on 31 July 2007.

DEFINITIONS

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

“Audited Net Profit”	the audited net profit after tax and any extraordinary items or exceptional items of the Target Group to be determined under the Hong Kong Generally Accepted Accounting Principles
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public or statutory holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement
“Consideration”	the total consideration of HK\$213 million to be paid by the Company to the Vendor pursuant to the S&P Agreement
“Consideration Shares”	1,000,000,000 new Shares to be allotted and issued by the Company at Issue Price as consideration for the Proposed Acquisition
“Da Ming Petro”	勝利油田大明油氣勘探開發科技有限責任公司 (transliterated as Shengli Oilfield Da Ming Petroleum and Gas Exploration Development Company Limited), a subsidiary of Sinopec Shengli
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“Guaranteed Period”	the period of the financial year commencing on 1 January 2008 and ending on 31 December 2008 of the Target Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person(s) or company(ies) 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 and not connected with any director, chief executive or substantial or management shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules)
“Issue Price”	the issue price of HK\$0.213 per Consideration Share
“Last Trading Day”	12 July 2007, being the last trading day of the Shares and the warrants of the Company immediately prior to the entering into of the S&P Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-binding memorandum of understanding entered into with an Independent Third Party (the Target) regarding a possible investment in the Target Group which is principally engaged in energy sector related business as announced by the Company on 28 May 2007
“Mr. Chen”	Mr. Chen Chunpei, one of the three shareholders of the Vendor holding 30% equity interest in the Vendor
“Mr. Liao”	Mr. Liao Chang Yuan, one of the three shareholders of the Vendor holding 40% equity interest in the Vendor
“Mr. Tai”	Mr. Tai Pang, one of the three shareholders of the Vendor holding 30% equity interest in the Vendor
“Profit Guarantee”	the profit guarantee provided by the Vendor under the S&P Agreement in respect of the Audited Net Profit, which, in aggregate, will not be less than RMB19,000,000(equivalent to approximately HK\$19,390,000) for the Guaranteed Period
“Proposed Acquisition”	the proposed acquisition of the Sale Shares by the Purchaser as contemplated under the S&P Agreement
“Purchaser”	Success Dynasty Limited, an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Refundable Deposit”	the payment of US\$1.5 million (equivalent to approximately HK\$11.7 million) in cash made by the Purchaser to the Target within 7 days after the date of the MOU
“S&P Agreement”	the conditional legally binding sale and purchase agreement dated 16 July 2007 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	six ordinary shares of US\$1.00 each in the issued share capital of the Target, representing the entire issued share capital of the Target
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other matters, the issue of the Consideration Shares
“Shareholders”	holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shengli Geological Research Institute”	勝利油田地質科學研究院 (transliterated as Shengli Oilfield Institute of Geological Science Research)
“Shengli Oilfield Administrative Bureau”	勝利油田管理局 (transliterated as Shengli Oilfield Administrative Bureau)
“Sinopec Shengli”	Sinopec Shengli Oilfield Dynamic Group Company Limited (中國石化勝利油田大明(集團)股份有限公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiaries”	together, Subsidiary A and Subsidiary B
“Subsidiary A”	Keenwell Energy Technology Limited 健宏能源科技有限公司, a company incorporated in Hong Kong, which is wholly and beneficially owned by the Target
“Subsidiary B”	東營健宏石油技術服務有限公司 (transliterated as Dong Ying Jian Hong Petroleum Technology Services Limited), a company established in the PRC as a wholly foreign-owned enterprise, which is wholly and beneficially owned by the Target
“Target”	Raise Beauty Investments Limited, a company incorporated in the British Virgin Islands, which is wholly and beneficially owned by the Vendor

“Target Group”	the Target and the Subsidiaries
“Technical Report”	the technical report to be prepared in compliance with Chapter 18 of the Listing Rules in respect of Yi Dong Oilfield and Chaoshui Basin (潮水盆地)
“Vendor”	Wealthy Concept Holdings Limited, a company incorporated in the British Virgin Islands, which is beneficially owned as to 30%, 30% and 40% by Mr. Tai, Mr. Chen and Mr. Liao.
“Yi Dong Oilfield”	義東油區義深3區塊及大81-60區塊 (transliterated as Yi Dong Oil Region Yi Shen third plate and Da 81-60 plate)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

By order of the Board
CULTURECOM HOLDINGS LIMITED
Cheung Wai Tung
Chairman

Hong Kong, 30 July 2007

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

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of HK\$1.00 to RMB0.98. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

For the purpose of this announcement, unless otherwise specified, conversion of US\$ into HK\$ is based on the approximate exchange rate of HK\$1.00 to US\$7.80. The exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been or may be exchanged at this or any other rates at all.

* *for identification purpose only*