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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: 453)

CONNECTED TRANSACTION: EXTENSION OF REPAYMENT DATE

As disclosed in the Circular, in the event that the Profit Guarantee is not achieved, the Vendor shall pay 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. The Audited Net Profit of the Target Group for the financial year ended 31 December 2008 was approximately HK\$629,369 (equivalent to approximately RMB554,789) and therefore the Profit Guarantee has not been met.

Accordingly, the Vendor is obliged to pay the Purchaser an aggregate sum of HK\$20,924,800 (equivalent to approximately RMB18,445,211). As at the date of this announcement, the Vendor has repaid HK\$18,270,000 (equivalent to approximately RMB16,105,005) to the Group. With a view to sorting out the matter, on 8 July 2009, the Vendor has entered into the Supplemental Agreement with the Purchaser such that the remaining balance of HK\$2,654,800 (equivalent to approximately RMB2,340,206) shall be payable in cash by the Vendor on or before 30 June 2010.

As the Extension is considered as a financial assistance provided to the Vendor, which is an associate to Mr. Tai and Mr. Liao, both being connected persons of the Company, the Extension constitutes a connected transaction on the part of the Company under the Listing Rules. Since each of the percentage ratios on an annual basis is less than 2.5%, the transactions contemplated under the Supplemental Agreement are subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND OF THE EXTENSION

Reference is made to the announcement of the Company dated 30 July 2007 and the circular (the “**Circular**”) of the Company dated 11 December 2007 in relation to, among others, the acquisition of the Target. Pursuant to the S&P Agreement, 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\$21,554,169).

As disclosed in the Circular, in the event that the Profit Guarantee is not achieved, the Vendor shall pay 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. The Audited Net Profit of the Target Group for the financial year ended 31 December 2008 was approximately HK\$629,369 (equivalent to approximately RMB554,789) and therefore the Profit Guarantee has not been met. For further details of the acquisition of the Target, please refer to the Circular.

Accordingly, the Vendor is obliged to pay the Purchaser an aggregate sum of HK\$20,924,800 (equivalent to approximately RMB18,445,211). As disclosed in the Circular, pursuant to the S&P Agreement, the Vendor shall have to pay the amount payable under the Profit Guarantee to the Purchaser within seven days from the delivery of the audited accounts of the Target Group. As the audited accounts of the Target Group were delivered on 7 July 2009, the original payment date of the shortfall of approximately HK\$20,924,800 should be 14 July 2009. As at the date of this announcement, the Vendor has repaid HK\$18,270,000 (equivalent to approximately RMB16,105,005) to the Group. With a view to sorting out the matter, the Vendor has entered into the Supplemental Agreement with the Purchaser such that the remaining balance of HK\$2,654,800 (equivalent to approximately RMB2,340,206) shall be payable in cash by the Vendor on or before 30 June 2010.

Since Mr. Tai and Mr. Liao holds 30% and 40% of the shareholding in the Vendor respectively and Mr. Tai and Mr. Liao are directors of subsidiaries of the Company, the Extension as contemplated under the Supplemental Agreement constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

THE SUPPLEMENTAL AGREEMENT

Date: 8 July 2009

Parties: (1) the Purchaser, a wholly-owned subsidiary of the Company;
(2) the 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.

As the Vendor is not a substantial Shareholder as at the date hereof and Mr. Chen does not hold any directorship or chief executive position in any members of the Group, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Chen is a third party independent of the Company and the connected persons of the Company.

Mr. Tai and Mr. Liao are directors of subsidiaries of the Company and accordingly being connected persons of the Company under Chapter 14A of the Listing Rules. Since the Vendor is an associate (as defined under the Listing Rules) of Mr. Tai and Mr. Liao, the entering into of the Supplemental Agreement will constitute a connected transaction on the part of the Company.

Principal Terms of the Supplemental Agreement

Pursuant to the Supplemental Agreement, the settlement of the remaining balance of HK\$2,654,800 (equivalent to approximately RMB2,340,206) payable by the Vendor under the Profit Guarantee shall be made in cash by the Vendor on or before 30 June 2010 (or such other date as the Vendor and the Purchaser may agree in writing).

Mr. Liao has also under the Supplemental Agreement guaranteed the due performance of the Vendor, including the due repayment of the remaining balance payable by the Vendor under the Profit Guarantee.

Reasons for entering into of the Supplemental Agreement

The Group is principally engaged in publication of comics and related business, sales of Chinese operating system, processor and application software, the petroleum industry in the PRC and investment holdings.

As a result of the financial tsunami and the reduction in the petroleum price in the last year, the Target Group was not able to meet the Profit Guarantee and the Vendor is accordingly obliged to pay 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. The Vendor has requested the Company to extend the date of repayment of the amount payable under the Profit Guarantee and Mr. Liao has undertaken to guarantee the performance of the Vendor.

The Board is of the view that instead of demanding immediate repayment of the amount payable by the Vendor under the Profit Guarantee, the Extension will allow time for the Vendor to raise sufficient funds for repayment. With regard to the fact that (i) the sum to be extended for repayment is relatively small compared with the size of the Company and (ii) the current interest rate quoted by major banks in Hong Kong is recently at the low end, the Board considers it is not worthwhile charging any interest on the remaining balance since the rates charged by the Company will at best roughly be equal to prime rate currently quoted (which can generate an interest of approximately HK\$150,000 at most). Such interest income is insignificant to the Company's revenue. However, as no interest will be charged, the Board does not intend to give an unduly long period for the Vendor to repay. On the other hand, it is commercially impractical to give unduly short period to the Vendor for repayment. Therefore, after frank discussion with the Vendor, the Board decided to extend the period of repayment for approximately one year to 30

June 2010. In light of the personal guarantee given by Mr. Liao, the Directors (including the independent non-executive Directors) are of the view that the entering into of the Supplemental Agreement will further assure the repayment by the Vendor.

The terms and conditions of the Supplemental Agreement were determined after arm's length negotiations between the Purchaser, the Vendor and Mr. Liao. The Directors (including the independent non-executive Directors) consider that the Supplemental Agreement is on normal commercial terms which are fair and reasonable and the Extension is in the interests of the Company and the Shareholders as a whole.

Information on the Target Group

The Target Group is principally engaged in provision of petroleum technology related services in the PRC. The Target Group is currently in operation with 勝利油田大明油氣勘探開發科技有限責任公司 (Shengli Oilfield Da Ming Petroleum and Gas Exploration Development Company Limited) ("**Da Ming Petro**"). Da Ming Petro is holding the petroleum extraction and sale right of an oilfield located in 中國義東油區義深3區塊及大81-60區塊 (Yi Dong Oil Region Yi Shen third plate and Da 81-60 plate in PRC) ("**Yi Dong Oilfield**"). Under a legally binding cooperation agreement dated 15 May 2006, the Target Group can get a share in the prospective return of the field of petroleum exploration and development for a term of 20 years in respect of Yi Dong Oilfield. For further details of the Target Group, please refer to the Circular.

LISTING RULES IMPLICATION

As the Extension is considered as a financial assistance provided to the Vendor, which is an associate to Mr. Tai and Mr. Liao, both being connected persons of the Company, the Extension constitutes a connected transaction on the part of the Company under the Listing Rules. Since each of the percentage ratios on an annual basis is less than 2.5%, the transactions contemplated under the Supplemental Agreement are subject to the reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"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
"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
"Directors"	directors of the Company

“Extension”	the extension of the repayment of the remaining balance of HK\$2,654,800 (equivalent to approximately RMB2,340,206) payable by the Vendor under the Profit Guarantee shall be made in cash by the Vendor on or before 30 June 2010
“Group”	the Company and its subsidiaries
“Guaranteed Period”	the period for the financial year commenced on 1 January 2008 and ended on 31 December 2008 of the Target Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Chunpei, one of the three shareholders of the Vendor holding 30% equity interests in the Vendor
“Mr. Liao”	Mr. Liao Chang Yuan, one of the three shareholders of the Vendor holding 40% equity interests in the Vendor
“Mr. Tai”	Mr. Tai Pang, one of the three shareholders of the Vendor holding 30% equity interests in the Vendor
“PRC”	the People’s Republic of China
“Profit Guarantee”	the profit guarantee provided by the Vendor under the S&P Agreement in respect of the Audited Net Profit, which in aggregate would not be less than RMB19,000,000 (equivalent to approximately HK\$21,554,169) for the Guaranteed Period
“Purchaser”	Success Dynasty Limited, a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“S&P Agreement”	the sale and purchase agreement dated 16 July 2007 entered into among the Purchaser, the Vendor and Mr. Liao 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

“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Supplemental Agreement”	the supplemental agreement dated 8 July 2009 entered into between the Purchaser, the Vendor and Mr. Liao in relation to the Extension
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Raise Beauty Investments Limited, a company incorporated in the British Virgin Islands
“Target Group”	the Target and its subsidiaries
“Vendor”	Wealthy Concept Holdings Limited, a company incorporated in the British Virgin Islands and is beneficially owned as to 30%, 30% and 40% by Mr. Tai, Mr. Chen and Mr. Liao
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 8 July 2009

As at the date of this announcement, the Board comprises of Mr. Cheung Wai Tung, Mr. Chu Bong Foo, Mr. Kwan Kin Chung, Mr. Henry Chang Manayan, Mr. Wan Xiaolin, Mr. Tai Cheong Sao, Mr. Chung Billy, Mr. Tang U Fai and Mr. Tang Kwing Chuen Kenneth (all being executive Directors); and Mr. Lai Man To, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *for identification purpose only*