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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)

CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION

The Board announces that on 29 June 2010, CL and Mutual Work entered into the Licensing Agreement pursuant to which CL granted to Mutual Work certain rights to exploit a section of the Property selected by Mutual Work, including any copyright work, characters, appearance of character, story title of the story, plot, theme, dialogues or action embodied therein, to make the Film.

As at the date of this announcement, Mr. Chen, an executive Director, is the controlling shareholder of Mutual Work holding 100% of the interest of Mutual Work. Therefore, Mutual Work is an associate (as defined in the Listing Rules) of Mr. Chen and a connected person of the Company. The transaction under the Licensing Agreement between CL and Mutual Work constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Mr. Chen, who has a material interest in the transaction, has abstained from voting at the Board meeting on the resolutions in relation to the Licensing Agreement.

In accordance with Rule 14A.34 of the Listing Rules, the percentage ratios (other than the profits ratio) calculated with reference to the annual caps for the license fee to be received by CL in relation to the Licensing Agreement for the year ending 31 March 2011 and 31 March 2012 is more than 5% but less than 25% and is less than HK\$10,000,000, the aforesaid continuing connected transaction is subject to the reporting and announcement requirement sets out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from independent shareholders' approval requirements.

In addition, the applicable percentage ratios as defined in the Listing Rules exceed 5% but less than 25%, the transaction contemplated under the Licensing Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under the Listing Rules.

THE LICENSING AGREEMENT

Date: 29 June 2010

PARTIES TO THE LICENSING AGREEMENT:

- (1) CL; and
- (2) Mutual Work

CL is a wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, who is also the sole and exclusive proprietor throughout the world of all rights in and to the Comic Series.

Mutual Work is a company incorporated in Hong Kong with limited liability and owned as to 100% by Mr. Chen, an executive Director of the Company. Accordingly, Mutual Work is a connected person of the Company.

SUBJECT MATTER

The Board announces that on 29 June 2010, CL and Mutual Work entered into the Licensing Agreement pursuant to which CL granted to Mutual Work certain rights to exploit a section of the Property selected by Mutual Work, including any copyright work, characters, appearance of character, story title of the story, plot, theme, dialogues or action embodied therein, to make the Film.

MAJOR TERMS OF THE LICENSING AGREEMENT

The terms of the Licensing Agreement are on normal commercial terms and were arrived at after arm's length negotiations between the parties to the Licensing Agreement. Summarised below are the major terms of the Licensing Agreement:

(a) Term

3 years commencing on 29 June 2010 and expiring on 28 June 2013, any renewal of the term will be subject to compliance with the Listing Rules

(b) License Fee

The license fee to be payable by Mutual Work to CL comprises a royalty fee and additional bonus as follows:

- (1) A royalty fee is HK\$360,000, paid or to be payable, by three installments. The first installment of HK\$100,000 was paid upon the execution of the Licensing Agreement. The second installment of HK\$130,000 will be payable within six months; and the third installment of HK\$130,000 will be payable within nine months from the execution date of the Licensing Agreement; and

- (2) Additional bonus to be payable based on the actual box office received of the Film, in the range of between 0.5%-0.6%, depending on the box office record in different territories. CL and Mutual Work agreed that the aggregated global box office is beyond HK\$1,000,000,000 (or other currencies equivalent) Mutual Work does not need to make any additional bonus distribution to CL for any exceeded amount of HK\$1,000,000,000.

(c) Annual Caps

The annual cap amounts were determined by reference to the historical figures of similar movies licensed by the Group to independent film producers and the aggregate amounts of license fees payable by Mutual Work to CL which were in turn estimated with reference to the total expected revenues of the Film in the respective territories based on market trends and industry experience. The aggregate annual cap amounts of the Licensing Agreement (including the royalty fee and additional bonus) for the two years ended 31 March 2011 and 31 March 2012 are HK\$360,000 and HK\$5,010,000 respectively.

(d) Ownership of Copyright

CL and Mutual Work agreed that the copyrights of the figure image, for publication purpose only, created and the contents of story of the Comic Series are throughout belonging to CL. Mutual Work undertakes that the rights herein shall not be assigned, transferred and/or sub-license by Mutual Work to any third party without CL's prior written consent.

REASONS FOR THE LICENSING AGREEMENT

The principal activities of the Company and its subsidiaries comprise publishing, investment holding, exploration of crude oil services and Chinese information infrastructure. Mutual Work is engaged in the business of film production and distribution.

Income from granting license to other parties forms a part of the Company's turnover. By the granting the license to Mutual Work, the Company is able to generate more income for its operations and business. The Directors believe that by engaging the Licensing Agreement, the Group can enhance the utilization of the current resources. In addition to gain advantage from the exploit the PRC and international markets of the Comic Series.

Pursuant to the terms of the Licensing Agreement, the Directors (including the Independent non-executive Directors) believe that the transaction shall be conducted on normal commercial terms, in particular: (i) the continuing connected transaction will be on fair and reasonable terms as negotiated with Mutual Work; (ii) the continuing connected transaction will be conducted in the ordinary and usual course of business of

the Company and after arm's length negotiations; and (iii) the relevant amount generated from the continuing connected transaction will be within the annual caps for the period from the commencement date to 31 March 2012.

The Directors (including the independent non-executive Directors) consider that the terms of the transaction contemplated under the Licensing Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Mr. Chen, an executive Director, is the controlling shareholder of Mutual Work holding 100% of the interest of Mutual Work. Therefore, Mutual Work is an associate (as defined in the Listing Rules) of Mr. Chen and a connected person of the Company. The transaction under the Licensing Agreement between CL and Mutual Work constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Mr. Chen, who has a material interest in the transaction, has abstained from voting at the Board meeting on the resolutions in relation to the Licensing Agreement.

In accordance with Chapter 14A of the Listing Rules, the percentage ratios (other than the profits ratio) calculated with reference to the annual caps for the license fee to be received by CL in relation to the Licensing Agreement for the year ending 31 March 2011 and 31 March 2012 is more than 5% but less than 25% and is less than HK\$10,000,000, the aforesaid continuing connected transaction is subject to the reporting and announcement requirement sets out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from independent shareholders' approval requirements.

In addition, the applicable percentage ratios as defined in the Listing Rules exceed 5% but less than 25%, the transaction contemplated under the Licensing Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the announcement requirement under the Listing Rules.

DEFINITION

Terms used in this announcement, unless otherwise defined, shall bear the same meanings as defined below.

“Board”	The board of Directors
“CL”	Culturecom Limited, a wholly-owned subsidiary of the Company, a company incorporated in Hong Kong with limited liability, whose is the sole and exclusive proprietor throughout the world of all rights in and to the Comic Series
“Comic Series”	龍虎門 (Dragon & Tiger Heroes), from episodes number 1 to 1267

“Company”	Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Film”	the film whose license rights are to be granted by CL to Mutual Work pursuant to the Licensing Agreement (excluding any animation and television series)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars
“Licensing Agreement”	agreement dated 29 June 2010 made between CL and Mutual Work in relation to grant Mutual Work certain rights to exploit a section of the Property selected by Mutual Work
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mutual Work”	Mutual Work Media Investment Fund Limited, a company incorporated in Hong Kong with limited liability, 100% wholly owned by Mr. Chen
“Mr. Chen”	Mr. Chen Man Lung, an executive director of the Company
“percentage ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Property”	all adaptations and/or versions, the titles, characters, plots, themes and story line of the Comic Series
“Shareholders”	the shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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

Hong Kong, 29 June 2010

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. Chung Billy, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth, Mr. Chen Man Lung (all being executive Directors); and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault, Mr. Lai Qiang (all being independent non-executive Directors).

* *for identification purpose only*