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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)

CLARIFICATION ANNOUNCEMENT

This announcement is made pursuant to Rule 13.10 of the Listing Rules.

The Board would like to clarify certain information contained in the Article in relation to, among other matters, the pledging of 300 million Q9 Shares, representing approximately 24.07% of the issued share capital of Q9, which are in fact in the legal and beneficial ownership of the Group.

The Board has noted the recent decrease in the trading price of the Shares and increase in the trading volume of the Shares and wish to state that save for the above, the Board is not aware of any reasons for such fluctuations.

This announcement is made pursuant to Rule 13.10 of the Listing Rules.

The Board would like to clarify certain information contained in the Article in relation to, among other matters, the pledging of 300 million Q9 Shares, representing approximately 24.07% of the issued share capital of Q9, which are in fact in the legal and beneficial ownership of the Group.

It was stated in the Article that TKR Finance Limited, a company in the course of being wound up, held shares in certain companies listed on the main board of the Stock Exchange and GEM, including 300 million Q9 Shares, representing approximately 24.07% of the issued share capital of Q9.

The Board would like to clarify as follows:

- (i) the contents of the Article in relation to the part on the pledging of 300 million Q9 Shares (representing approximately 24.07% of the issued share capital of Q9) is inaccurate. Winway, our wholly-owned subsidiary, is the legal and beneficial owner of these 300 million Q9 Shares throughout;

- (ii) in May 2003, Winway has placed 300 million Q9 Shares with TKR Finance Limited, which were not placed nor pledged as securities or collateral to secure any financing or whatsoever, but only to facilitate management of such Q9 Shares since it did not want to hold such Q9 Shares in physical scrip and to facilitate transfer in future. No charge nor pledge documents have been entered into by Winway. The legal and beneficial ownership to these 300 million Q9 Shares have been clearly vested in Winway throughout. Winway has not pledged the same to TKR Finance Limited at any time. These Shares were returnable on demand. Accordingly, no disclosure of interests form pursuant to the SFO has been filed by Winway since 21 May 2003, the date on which it notified Q9 and the Stock Exchange of its first becoming interested in 300,635,000 Q9 Shares as a beneficial owner;
- (iii) in February 2004, Winway had repeatedly demanded the return of the 300 million Q9 Shares from TKR Finance Limited. However, TKR Finance Limited had failed to do so;
- (iv) on 25 June 2004, the Company was informed by Q9 that it had received a copy of the disclosure of interests form filed pursuant to the SFO by the provisional liquidator of TKR Finance Limited claiming it had security interests in the 300 million Q9 Shares; and
- (v) immediately after Winway had noticed TKR Finance Limited had purportedly asserted interest in the 300 million Q9 Shares, Winway had sought legal advice and had notified the provisional liquidator of TKR Finance Limited about Winway's ownership in the 300 million Q9 Shares and demanded the return of the same. The Group is contemplating taking further legal actions to re-instate its ownership in the 300 million Q9 Shares.

The Board considers that the contents of the Article would not have any impact on the financial position or operations of the Group.

Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules.

The Board had noted the recent decrease in the price and increase in the trading volume of the Shares. Save as disclosed above, the Directors are not aware of any reasons for such fluctuations and confirm that there are no negotiations or agreements relating to any intended acquisitions or realisations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules which is or may be of a price-sensitive nature.

This announcement is made by the order of the Board. The Directors collectively and individually accept responsibility for the accuracy of this announcement.

DEFINITIONS

Unless the context otherwise requires, the following words and phrases used in this announcement have the same meanings assigned to each of them below:

“Article”	an article as appeared in Hong Kong Economic Times on 12 July 2004
“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 Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Q9”	Q9 Technology Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on GEM
“Q9 Share(s)”	share(s) of Q9
“Share(s)”	share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Winway”	Winway H.K. Investments Limited, a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board of Directors of
CULTURECOM HOLDINGS LIMITED
Cheung Wai Keung, Cecil
Company Secretary

Hong Kong, 13 July 2004

As at the date of this announcement, the Board comprises of Mr. Cheung Wai Tung, Mr. Chu Bong Foo, Mr. Cheung Kam Shing, Terry, Mr. Henry Chang Manayan, Mr. Wan Xiaolin (all being executive Directors); and Mr. Lai Man To, Mr. Wang Tiao Chun and Ms. Juliet Wu (all being independent non-executive Directors).

** for identification only*

Please also refer to the published version of this announcement in The Standard.