
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Culturecom Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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)****SHARE CONSOLIDATION
AND
CHANGE OF BOARD LOT SIZE**

A notice convening a special general meeting of the Company to be held at Harbour Restaurant Function Room A, 1/F., The Harbour View, 4 Harbour Road, Wanchai, Hong Kong on Monday, 3 November 2008 at 10:30 a.m. is set out on pages 10-11 of this circular. A form of proxy for use at the special general meeting is enclosed.

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the principal place of business of the Company in Hong Kong at Units 610C, 612 – 613, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

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DEFINITIONS

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

| | |
|---------------------------|---|
| “Board” | the board of Directors |
| “Bye-laws” | the Bye-laws adopted by the Company, and “Bye-law” shall mean a bye-law of the Bye-laws |
| “Company” | Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange |
| “Consolidated Share(s)” | consolidated ordinary share(s) of HK\$1.00 each in the issued and unissued share capital of the Company upon completion of the Share Consolidation |
| “Director(s)” | the director(s) of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Latest Practicable Date” | 13 October 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “SGM” | the special general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Share Consolidation |
| “Share Consolidation” | the proposed consolidation of every ten (10) issued and unissued Shares of HK\$0.10 each in the capital of the Company into one (1) Consolidated Share of HK\$1.00 each |
| “Share(s)” | ordinary share(s) of HK\$0.10 each in the capital of the Company or, as the context may require, the Consolidated Shares |
| “Shareholder(s)” | holder(s) of the Share(s) or as the context may require, the Consolidated Share(s) from time to time |
| “Share Options” | the share options granted under the share option scheme adopted by the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

DEFINITIONS

| | |
|------------|---|
| “Warrants” | 1,140,000,000 listed warrants (Warrant Code: 453) issued by the Company conferring rights to holder(s) thereof to subscribe in cash for Shares at an initial subscription price of HK\$0.138 per Share, subject to adjustment |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is as follows:

| | |
|---|----------------------------|
| Despatch of this circular (<i>Note</i>) | 16 October 2008 |
| Publication of the notice of SGM (<i>Note</i>)..... | 16 October 2008 |
| Latest time for lodging the form of proxy for the SGM | 10:30 a.m. 1 November 2008 |
| SGM..... | 10:30 a.m. 3 November 2008 |
| Effective date of the Share Consolidation | 4 November 2008 |
| Original counter for trading in Shares in board lots of 2,000 Shares (in the form of existing share certificates in yellow-brown) temporarily closes | 9:30 a.m. 4 November 2008 |
| Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates in yellow-brown) opens | 9:30 a.m. 4 November 2008 |
| First day for free exchange of existing share certificates in yellow-brown for new share certificates in orange | 4 November 2008 |
| First day of operation of odd lot trading facility | 4 November 2008 |
| Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates in orange) reopens | 9:30 a.m. 18 November 2008 |
| Parallel trading in Consolidated Shares commences | 9:30 a.m. 18 November 2008 |
| Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates in yellow-brown) closes | 4:10 p.m. 8 December 2008 |
| Parallel trading ends | 4:10 p.m. 8 December 2008 |
| Last day of operation of odd lot trading facility | 8 December 2008 |
| Latest time for free exchange of share certificates | 4:00 p.m. 10 December 2008 |

Note: Reference is made to the announcements of the Company dated 6 October 2008 and 15 October 2008. The date of despatch of this circular and the date of publication of the notice of SGM are postponed from 15 October 2008 to 16 October 2008.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Cheung Wai Tung (*Chairman*)
Mr. Chu Bong Foo (*Vice-Chairman*)
Mr. Kwan Kin Chung (*Managing Director*)
Mr. Henry Chang Manayan
Mr. Wan Xiaolin
Mr. Tai Cheong Sao
Mr. Chung Billy
Mr. Tang U Fai

Independent non-executive Directors:

Mr. Lai Man To
Mr. Joseph Lee Chennault

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal places of business in Hong Kong:

Units 610C, 612 – 613
Level 6, Core D
Cyberport 3
100 Cyberport Road
Hong Kong

16 October 2008

*To the Shareholders and, for information only,
warrantholders of the Company*

Dear Sir or Madam,

SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

INTRODUCTION

Reference is made to the announcement of the Company dated 6 October 2008 in respect of the proposed Share Consolidation. The purpose of this circular is to provide you with details of the proposed Share Consolidation and change of board lot size and to give you the notice of SGM to be convened.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) issued and unissued Shares of HK\$0.10 each in the capital of the Company be consolidated into one (1) Consolidated Share of HK\$1.00 each. As at the Latest Practicable Date, there are 7,095,259,642 Shares of HK\$0.10 each in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the Latest Practicable Date up to the date of

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LETTER FROM THE BOARD

the SGM, there will be 709,525,964 Consolidated Shares of HK\$1.00 each in issue which are fully paid or credited as fully paid following the Share Consolidation. The authorised share capital of the Company will remain at HK\$1,000,000,000 divided into 1,000,000,000 Consolidated Shares of HK\$1.00 each.

As at the Latest Practicable Date, save for the Warrants entitling the holders thereof subscribe for 1,140,000,000 Shares (equivalent 114,000,000 Consolidated Shares) and the Share Options granted under the share option scheme adopted by the Company entitling the holders thereof subscribe for 1,478,465,000 Shares (equivalent 147,846,500 Consolidated Shares), there are no outstanding options, warrants or securities convertible or exchangeable into Shares.

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. The Share Consolidation will be conducted in accordance with the provisions in the bye-laws of the Company.

CHANGE OF BOARD LOT SIZE

As at the Latest Practicable Date, Shares are traded in board lots of 2,000 Shares. Following the Share Consolidation, it is proposed that the Consolidated Shares will be traded in board lots of 5,000 Consolidated Shares.

Based on the closing price of HK\$0.028 per Share as at the Latest Practicable Date, the value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$1,400.

STATUS OF THE CONSOLIDATED SHARES

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. In order to alleviate the difficulties arising from the existence of odd lots of Consolidated Shares, the Company has agreed to procure Kingston Securities Limited to arrange for matching services regarding the sale and purchase of odd lots of Consolidated Shares from 4 November 2008 to 8 December 2008 (both days inclusive). Shareholders of odd lots of the Consolidated Shares may contact Ms Rosita Kiu of Kingston Securities Limited (telephone number: 2298 6215) during the aforesaid period. Shareholders should note that matching of the sale and purchase of odd lots of Consolidated Shares is on a best effort basis and

LETTER FROM THE BOARD

successful matching of the sale and purchase of such odd lots is not guaranteed. The Company will bear the costs relating to the matching of sale and purchase of odd lots of the Consolidated Shares.

TRADING ARRANGEMENTS

Subject to the approval of the Shareholders at the SGM, it is expected that the effective date of the Share Consolidation would be 4 November 2008, the next business day immediately following the date on which the relevant resolution is passed. The trading arrangements in respect of the Share Consolidation are as follows:

| | |
|---|----------------------------|
| Original counter for trading in Shares in board lots of 2,000 Shares (in the form of existing share certificates in yellow-brown) temporarily closes | 9:30 a.m. 4 November 2008 |
| Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates in yellow-brown) opens | 9:30 a.m. 4 November 2008 |
| First day for free exchange of existing share certificates in yellow-brown for new share certificates in orange | 4 November 2008 |
| First day of operation of odd lot trading facility | 4 November 2008 |
| Original counter for trading in Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates in orange) reopens | 9:30 a.m. 18 November 2008 |
| Parallel trading in Consolidated Shares commences | 9:30 a.m. 18 November 2008 |
| Temporary counter for trading in Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates in yellow-brown) closes | 4:10 p.m. 8 December 2008 |
| Parallel trading ends | 4:10 p.m. 8 December 2008 |
| Last day of operation of odd lot trading facility | 8 December 2008 |

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE OF BOARD LOT SIZE

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. As such, the transaction and handling costs of the Company in relation to the dealing in the Consolidated Shares are expected to be reduced, which will be beneficial to the Company. Moreover, as the market value of each board lot upon the Share Consolidation and change of board lot size becoming effective will be higher than the market value of each existing board lot, the transaction cost as a proportion of the market value of each board lot will be lower. In particular, based on the closing price of HK\$0.028 per Share as at the Latest Practicable Date, the value of each existing

LETTER FROM THE BOARD

board lot of 2,000 Shares would only be HK\$56. It is expected that the liquidity in trading of the Shares will increase accordingly and the market value of the Shares will be more precisely reflect the intrinsic value of the Company. Accordingly, the Board is of the view that the Share Consolidation and the change of board lot size are beneficial to and are in the interests of the Company, the Shareholders and public investors as a whole.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

EXCHANGE OF CERTIFICATES FOR CONSOLIDATED SHARES

Subject to the Share Consolidation becoming effective, which is currently expected to be 4 November 2008, being the business day immediately after the date of the SGM, Shareholders may on or after 4 November 2008 and until 4:00 p.m. on 10 December 2008 (both days inclusive), submit their existing share certificates in yellow-brown for the Shares to Computershare Hong Kong Investor Services Limited of Hopewell Centre, 17/F., 183 Queen's Road East, Wanchai, Hong Kong for exchange for share certificates in orange for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for exchange of share certificates.

With effect from 9 December 2008, trading will only be in Consolidated Shares which share certificates will be issued in orange. The Consolidated Shares are to be consolidated on the basis of ten (10) existing Shares to one (1) Consolidated Share. Existing share certificates in yellow-brown for the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

ADJUSTMENTS IN RELATION TO THE WARRANTS AND THE SHARE OPTIONS

The Share Consolidation will cause adjustments to the subscription price and the number of Consolidated Shares to be issued under the Warrants and the Share Options. As to the adjustments to the number of Consolidated Shares to be issued and the subscription price in respect of the Warrants and the Share Options, the Company has instructed its auditors to review and certify the basis of such adjustments as soon as possible. Further announcement will be made by the Company in respect of such adjustment upon receipt of corresponding certificates on the adjustments by the Company.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL

According to Bye-law 78 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (a) the chairman of the meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

In addition, if the aggregate proxies held by (i) the chairman of a particular meeting, and/or (ii) the Directors, account for 5% or more of the total voting rights at that meeting, and if on a show of hands in respect of any resolution, the meeting votes in the opposite manner to that instructed in those proxies, the chairman of the meeting and/or any Director holding proxies as aforesaid shall demand a poll, unless it is apparent to the chairman from the total proxies held by those persons that a vote taken on a poll will not reverse the vote taken on a show of hands.

SGM

A notice of SGM convening the SGM at which resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Share Consolidation is set out on pages 10 to 11 of this circular.

To the best knowledge of the Directors, no Shareholders have a material interest in the Share Consolidation and accordingly, no Shareholders will have to abstain from voting at the SGM.

Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy accompanying with this circular in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person if you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Share Consolidation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution at the SGM.

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

NOTICE OF SGM



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)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Culturecom Holdings Limited (the “**Company**”) will be held at Harbour Restaurant Function Room A, 1/F., The Harbour View, 4 Harbour Road, Wanchai, Hong Kong on Monday, 3 November 2008 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as a resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon, among others, the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the issued ordinary shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below (the “**Share Consolidation**”):

- (a) with effect from the day immediately following the date on which this resolution is passed, being a day on which shares are traded on the Stock Exchange, every ten issued and unissued ordinary shares of HK\$0.10 each in the share capital of the Company be consolidated into one share of HK\$1.00 (each a “**Consolidated Share**”), such Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;
- (b) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation.”

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

Hong Kong, 16 October 2008

* for identification purpose only

NOTICE OF SGM

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

*Head office and principal place of
business in Hong Kong:*
Units 610C, 612 – 613
Level 6, Core D
Cyberport 3
100 Cyberport Road
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's principal place of business in Hong Kong at Units 610C, 612 – 613, Level 6, Core D, Cyberport 3, 100 Cyberport Road, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.