
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.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the Company.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim 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)

CAPITAL REORGANISATION INVOLVING CAPITAL REDUCTION AND INCREASE IN THE AUTHORISED SHARE CAPITAL

A notice convening a special general meeting of the Company to be held at Empire Room 1, 1st Floor, Empire Hotel Hong Kong – Wanchai, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 24 January 2011 at 10:30 a.m. is set out on pages 9 to 10 of this circular. A form of proxy for use at the special general meeting is enclosed. Such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk).

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 6th Floor, Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, 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

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	3
Letter from the Board	4
Notice of SGM	9

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 December 2010 in relation to the Rights Issue and the Capital Reorganisation
“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
“Capital Reduction”	the proposed capital reduction involving the reduction of: (i) the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Existing Shares such that the nominal value of each issued Existing Share will be reduced from HK\$1.00 to HK\$0.01; and (ii) the authorised share capital of the Company by reducing the nominal value of all Existing Shares from HK\$1.00 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$1,000,000,000 divided into 1,000,000,000 Existing Shares to HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each
“Capital Reorganisation”	the capital reorganisation involving the Capital Reduction and the Increase in Authorised Share Capital
“Companies Act”	The Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“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
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Share(s)”	existing ordinary share(s) of HK\$1.00 each in the issued and unissued share capital of the Company before the Capital Reduction becomes effective
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company (upon the proposed Capital Reduction becoming effective) from HK\$10,000,000 divided into 1,000,000,000 New Shares to HK\$2,000,000,000 divided into 200,000,000,000 New Shares
“Last Trading Day”	17 December 2010, being the date of the Announcement
“Latest Practicable Date”	24 December 2010, 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
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company upon the Capital Reduction becoming effective
“Rights Issue”	the proposed rights issue of not less than 344,627,982 New Shares and not more than 416,952,982 New Shares to the Qualifying Shareholders (as defined in the Announcement) for subscription on the basis of one (1) Rights Share (as defined in the Announcement) for every two (2) New Shares held on the Record Date (as defined in the Announcement), details of which are set out in the Announcement
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and approve the Capital Reorganisation and the transactions contemplated thereunder
“Share(s)”	Existing Share(s) and/or New Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is as follows:

SGM	10:30 a.m. 24 January 2011
Effective date of the Capital Reorganisation	25 January 2011
First day for free exchange of existing share certificates in orange for new share certificates in purple	25 January 2011
Latest time for free exchange of share certificates	1 March 2011

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)

Executive Directors:

Mr. Cheung Wai Tung

Mr. Chu Bong Foo

Mr. Kwan Kin Chung

Mr. Wan Xiaolin

Mr. Chung Billy

Mr. Tang U Fai

Mr. Tang Kwing Chuen Kenneth

Mr. Chen Man Lung

Independent non-executive Directors:

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

Principal places of business in

Hong Kong:

6th Floor, Culturecom Centre

47 Hung To Road, Kwun Tong

Kowloon, Hong Kong

29 December 2010

To the Shareholders

Dear Sir or Madam,

CAPITAL REORGANISATION INVOLVING CAPITAL REDUCTION AND INCREASE IN THE AUTHORISED SHARE CAPITAL

INTRODUCTION

Reference is made to the Announcement of the Company dated 17 December 2010, in relation to, among others, the Capital Reorganisation involving the Capital Reduction and the Increase in Authorised Share Capital. The purpose of this circular is to provide you with details of the proposed Capital Reorganisation and to give you the notice of SGM to be convened.

PROPOSED CAPITAL REORGANISATION

The Capital Reorganisation involves (i) the Capital Reduction and (ii) the Increase in Authorised Share Capital.

* for identification purpose only

LETTER FROM THE BOARD

CAPITAL REDUCTION

The Board proposes to implement the Capital Reduction involving: (i) the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Existing Shares so that the nominal value of each issued Existing Share will be reduced from HK\$1.00 to HK\$0.01 (the “**Issued Capital Reduction**”); and (ii) the reduction of the authorised share capital of the Company by reducing the nominal value of all Existing Shares from HK\$1.00 to HK\$0.01.

The credit arising from the Issued Capital Reduction will be transferred to the contributed surplus account of the Company which may be applied in such manner as permitted by the laws of Bermuda and the Bye-laws.

The implementation of the Capital Reduction is conditional upon:

- (a) the passing of the necessary resolution by the Shareholders at the SGM to approve the Capital Reduction;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares;
- (c) the compliance with the requirements of section 46(2) of the Companies Act, including (i) publication of a notice in relation to the Capital Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reduction is to take effect; and (ii) that on the date on which the Capital Reduction is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due; and
- (d) without prejudice to above, all necessary consents and approvals regarding the Capital Reduction having been obtained by the Company.

The Capital Reduction is not conditional upon the Rights Issue and/or the Increase in Authorised Share Capital. The Rights Issue is conditional upon, among others, the Capital Reorganisation having been completed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares. Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. The Capital Reduction will be conducted in accordance with the provisions in the Bye-laws of the Company.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Existing Shares are traded in board lots of 5,000 Existing Shares. Following the Capital Reduction, it is proposed that the New Shares will continue be traded in board lots of 5,000 New Shares.

Based on the closing price of HK\$0.60 per Share as at the Last Trading Day, the value of each board lot of 5,000 New Shares, assuming the Capital Reduction had already been effective, would be HK\$3,000.

Status of the New Shares

The New Shares will rank pari passu in all respects with each other and the Capital Reduction will not result in any change in the relative rights of the Shareholders. As no odd board lot size will be created as a result of the Capital Reduction, no odd lot arrangement to match the sales and purchase of odd lots will be made. There will be no fractional New Shares created as a result of the Capital Reduction.

Reasons for the Capital Reduction

The Group is principally engaged in publishing, property investment, investment holding, exploration of crude oil services, Chinese information infrastructure, electronic card service, retailing and wholesales and catering business.

The proposed Capital Reduction will reduce the nominal value per Share and therefore will facilitate the Rights Issue and future equity fund raising exercise(s) of the Company. Accordingly, the Board is of the view that the Capital Reduction is beneficial to the Company, the Shareholders and investors as a whole.

Save for the necessary professional expenses and costs for the implementation of the Capital Reduction, the implementation of the Capital Reduction will not alter the underlying assets, business operation, management position of the Company and the interests and rights of the Shareholders

INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 1,000,000,000 Existing Shares of HK\$1.00 each of which 689,255,964 Existing Shares have been allotted and issued and fully paid or credited as fully paid. Upon the proposed Capital Reduction becoming effective, the authorised share capital of the Company will be HK\$10,000,000 divided into 1,000,000,000 New Shares. In order to accommodate the Rights Issue and also the future expansion and growth of the Group, the Directors propose to increase the authorised share capital of the Company from HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each to HK\$2,000,000,000 divided into 200,000,000,000 New Shares of HK\$0.01 each.

The Increase in Authorised Share Capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the SGM.

LETTER FROM THE BOARD

Reasons for the Increase in Authorised Share Capital

The proposed Increase in Authorised Share Capital will increase the authorised share capital of the Company and will therefore facilitate future equity fund raising exercise(s) of the Company. Accordingly, the Board is of the view that the Increase in Authorised Share Capital is beneficial to the Company, the Shareholders and investors as a whole.

Save for the necessary professional expenses and costs for the implementation of the Increase in Authorised Share Capital, the implementation of the Increase in Authorised Share Capital will not alter the underlying assets, business operation, management position of the Company and the interests and rights of the Shareholders

EXCHANGE OF CERTIFICATES FOR NEW SHARES

Subject to the Capital Reorganisation becoming effective, which is currently expected to be 25 January 2011, being the business day immediately after the date of the SGM, Shareholders may on or after 25 January 2011 and until 4:00 p.m. on 1 March 2011 (both days inclusive), submit their existing share certificates in orange for the Shares to the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange for share certificates in purple for the New 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 share registrar for exchange of share certificates.

Existing share certificates in orange for the Shares will continue to be good evidence of legal title and may be exchanged for certificates of the New Shares at any time.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

SGM

A notice of SGM convening the SGM at which resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Capital Reorganisation is set out on pages 9 to 10 of this circular.

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

LETTER FROM THE BOARD

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.

RECOMMENDATION

The Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolutions 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)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Culturecom Holdings Limited (the “**Company**”) will be held at Empire Room 1, 1st Floor, Empire Hotel Hong Kong – Wanchai, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 24 January 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as resolutions of the Company:

SPECIAL RESOLUTION

1. “**THAT** subject to and conditional upon, among others, (A) the granting by the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of and permission to deal in, the New Shares (as defined below) arising from the Capital Reorganisation (as defined below); and (B) compliance by the Company with the requirements of section 46(2) of the Companies Act 1981 of Bermuda (as amended), with effect from 25 January 2011 or such other date as the directors of the Company (the “**Directors**”) may determine, the proposed capital reduction (the “**Capital Reduction**”) involving the reduction of: (i) the issued share capital of the Company by cancelling the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued shares of par value of HK\$1.00 each in the share capital of the Company (the “**Existing Shares**”) such that the nominal value of each issued Existing Share will be reduced from HK\$1.00 to HK\$0.01 (the “**Issued Capital Reduction**”); and (ii) the authorised share capital of the Company by reducing the nominal value of all Existing Shares from HK\$1.00 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$1,000,000,000 divided into 1,000,000,000 Existing Shares to HK\$10,000,000 divided into 1,000,000,000 new shares of HK\$0.01 each (each such reduced share, a “**New Share**”) be and is hereby approved;

the amount of credit arising from the Issued Capital Reduction be transferred to the contributed surplus account of the Company and the Directors be and are hereby authorised to apply any credit balance in the contributed surplus account of the Company in accordance with the bye-laws of the Company and all applicable laws; and

that any one or more Director(s) be and is/are hereby authorised generally to do all such acts, deeds and things and to execute all documents, including under seal where applicable, as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect to and implement the Capital Reduction and the transactions contemplated thereunder.”

* for identification purpose only

NOTICE OF SGM

ORDINARY RESOLUTION

2. “**THAT** upon the proposed Capital Reduction becoming effective, the authorised share capital of the Company be increased from HK\$10,000,000 divided into 1,000,000,000 New Shares of HK\$0.01 each to HK\$2,000,000,000 divided into 200,000,000,000 New Shares of HK\$0.01 each and that any one or more Director(s) be and is/are hereby authorised generally to do all such acts, deeds and things and to execute all documents, including under seal where applicable, as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect to and implement the increase in the authorised share capital of the Company.”

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

Hong Kong, 29 December 2010

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

*Head office and principal place of
business in Hong Kong:*
6th Floor, Culturecom Centre
47 Hung To Road, Kwun Tong
Kowloon, Hong Kong

Notes:

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy. A proxy need 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 6th Floor, Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, 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.