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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)

SHARE CONSOLIDATION AND CHANGE OF BOARD LOT

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 date of this announcement, 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 date of this announcement up to the date of 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.

It is proposed that following the Share Consolidation, the Consolidated Shares will be traded in board lots of 5,000 Consolidated Shares. Based on the closing price of HK\$0.052 per Share as at 6 October 2008, the value of each board lot of 5,000 Consolidated Shares would be HK\$2,600.

A circular containing, among other matters, further details of the Share Consolidation and a notice to convene the SGM will be despatched to the Shareholders in compliance with the Listing Rules.

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 date of this announcement, 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 date of this announcement up to the date of 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 date of this announcement, 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

As at the date of this announcement, 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\$0.052 per Share as at 6 October 2008, the value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,600.

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. Further details regarding the parallel trading arrangements (including the odd lots matching services, if any) will be set out in the circular containing the notice of SGM. The Company will bear the costs relating to the matching of sale and purchase of odd lots of the Consolidated Shares.

REASONS FOR THE SHARE CONSOLIDATION

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 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. 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 is beneficial to the Company, the Shareholders and 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 the Registrar 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.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is as follows:

- Despatch of the circular regarding, among other matters,
the Share Consolidation. 15 October 2008
- Publication of the notice of SGM 15 October 2008
- Latest time for lodging the form
proxy for the SGM10:30 a.m. 1 November 2008
- SGM10:30 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 closes9:30 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) opens9:30 a.m. 4 November 2008

First day for free exchange of existing
share certificates in yellow-brown
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 commences9:30 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 ends4:10 p.m. 8 December 2008

Last day of operation of odd lot trading facility8 December 2008

Latest time for free exchange of share certificates4:00 p.m. 10 December 2008

**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 will instruct 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.

GENERAL

A circular containing, among other matters, further details of the Share Consolidation and a notice to convene the SGM will be despatched to the Shareholders in compliance with the Listing Rules. To the best of the Directors’ knowledge, no Shareholders have a material interest in the Share Consolidation and are required to abstain from voting at the SGM.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“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
“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
“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
“Warrants”	1,140,000,000 listed warrants (Stock 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

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

Hong Kong, 6 October 2008

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 and Mr. Tang U Fai (all being executive Directors); and Mr. Lai Man To and Mr. Joseph Lee Chennault (all being independent non-executive Directors).

* *for identification purpose only*