

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

**(1) PROPOSED RIGHTS ISSUE
OF NOT LESS THAN 344,627,982 RIGHTS SHARES AND NOT MORE
THAN 416,952,982 RIGHTS SHARES ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) NEW
SHARES HELD ON THE RECORD DATE
AND
(2) CAPITAL REORGANISATION INVOLVING
CAPITAL REDUCTION AND
INCREASE IN THE AUTHORISED SHARE CAPITAL**

FINANCIAL ADVISER TO THE COMPANY



KINGSTON CORPORATE FINANCE LTD.

UNDERWRITER



KINGSTON SECURITIES LTD.

(1) PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$120.6 million and not more than approximately HK\$145.9 million before expenses, by way of Rights Issue of not less than 344,627,982 Rights Shares and not more than 416,952,982 Rights Shares at the Subscription Price of HK\$0.35 per Rights Share on the basis of one (1) Rights Share for every two (2) New Shares held on the Record Date. Qualifying Shareholders are not entitled to apply for excess Rights Shares not taken up under the Rights Issue. The Rights Issue will not be extended to the Prohibited Shareholders.

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on 27 January 2011. The register of members of the Company will be closed from 28 January 2011 to 31 January 2011, both dates inclusive, to determine the eligibility of the Rights Issue.

As at the date of this announcement, save for 144,650,000 outstanding Share Options, the Company has no outstanding share options granted under the share option scheme and/or any convertible securities convertible into Shares. The Company will not grant further share options under its share option scheme(s) on or before the Record Date.

Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue.

Kingston Securities has conditionally agreed to underwrite the Rights Shares which have not been taken up (other than the Rights Shares agreed to be taken up or procured to be taken up by the Undertakers under the Undertakings). Accordingly, the Rights Issue is fully underwritten.

The estimated net proceeds from the Rights Issue will be not less than approximately HK\$115 million and not more than approximately HK\$140 million. The Board intends to apply such proceeds from the Rights Issue to general working capital and/or future investment(s) which may or may not be in the principal line of business of the Group.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Rights Issue are conditional upon the Underwriting Agreement having become unconditional and Kingston Securities not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from 26 January 2011 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue are subject are fulfilled (which is expected to be on 23 February 2011), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

(2) CAPITAL REORGANISATION

In order to facilitate the Rights Issue, the Board proposes to implement the Capital Reorganisation which will involve the Capital Reduction and the Increase in Authorised Share Capital.

The Company proposes to implement the Capital Reduction by (i) reducing the issued share capital of the Company by 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 Share will be reduced from HK\$1.00 to HK\$0.01 and (ii) reducing the authorised share capital of the Company by reducing the nominal value of all Existing Shares from HK\$1.00 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. There will be 689,255,964 New Shares of HK\$0.01 each in issue immediately after the implementation of the Capital Reduction but before completion of the Rights Issue (assuming that no further Shares having been allotted and issued).

Following the Capital Reduction, there will be no change to the existing board lot size for share trading. The New Shares will continue to be traded in board lots of 5,000 New Shares.

As at the date of this announcement, 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.

(3) GENERAL

A circular containing, among other things, further details of the Capital Reorganisation, and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) New Shares held on the Record Date and payable in full on acceptance
Subscription Price:	HK\$0.35 per Rights Share
Number of Shares in issue as at the date of this announcement:	689,255,964 Existing Shares (equivalent to 689,255,964 New Shares)
Maximum number of Shares to be allotted and issued upon the exercise of the outstanding Share Options:	144,650,000 Shares
Number of Rights Shares:	Not less than 344,627,982 Rights Shares and not more than 416,952,982 Rights Shares

Number of Rights Shares undertaken to be taken up by the Undertakers:	Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue
Number of Rights Shares underwritten by Kingston Securities:	Not less than 276,922,882 Rights Shares and not more than 349,247,882 Rights Shares, being the number of the Rights Shares less the aggregate number of the Rights Shares agreed to be taken up by the Undertakers under the Undertakings
Number of Shares in issue upon completion of the Rights Issue:	Not less than 1,033,883,946 New Shares and not more than 1,250,858,946 New Shares

Save for the outstanding 144,650,000 Share Options granted entitling the holders thereof to subscribe for up to 144,650,000 Shares, the Company has no other outstanding warrants, options or convertible securities as at the date of this announcement. The Company will not grant further Share Options under its share options scheme on or before the Record Date.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on 27 January 2011. The address of the Registrar, Computershare Hong Kong Investor Services Limited, is at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

Closure of register of members

The register of members of the Company will be closed from 28 January 2011 to 31 January 2011, both dates inclusive, to determine the eligibility of the Rights Issue. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.35 per Rights Share, payable in full upon acceptance. The Subscription Price represents:

- (i) a discount of approximately 41.7% to the closing price of HK\$0.60 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 32.7% over the theoretical ex-entitlement price of approximately HK\$0.52 per Share based on the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.7% to the average of the closing prices of HK\$0.60 per Share for the last five consecutive trading days including and up to the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and Kingston Securities with reference to, among other things, the prevailing market price of the Shares. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors (including the independent non-executive Directors) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Basis of Provisional Allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) New Shares held by the Qualifying Shareholders on the Record Date at a subscription price of HK\$0.35 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares.

Fractions of Rights Shares

Fractions of Rights Shares will not be allotted to Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and, if possible, sold in the market. The net proceeds of such sales (after deduction of expenses) will be aggregated and an equivalent amount will accrue for the ultimate benefit of the Company.

Rights of Overseas Shareholders

The Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Rights Issue will not be available to such Overseas Shareholders. The basis for excluding the Prohibited Shareholders, if any, from the Rights Issue will be set out in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Prohibited Shareholders for their information only, but the Company will not send any PAL to the Prohibited Shareholders.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders to be sold on the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form have commenced and before dealings in Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Prohibited Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Prohibited Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be underwritten by the Underwriter.

Certificates of the Rights Shares

Subject to fulfillment of the conditions of the Rights Issue, share certificates for the Rights Shares are expected to be posted on or before 28 February 2011 to those entitled thereto by ordinary post at their own risk.

Fractional entitlement to the Rights Shares

Fractional entitlements of Rights Shares will not be allotted and will be aggregated. Any Rights Shares created from the aggregation of fractions of Rights Shares will be taken up by the Underwriter.

No excess application for the Rights Shares

No excess Rights Shares will be offered to the Qualifying Shareholders and any Rights Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid form and fully-paid form, to be allotted and issued pursuant to the Rights Issue.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 5,000, which are registered in the branch register of members of the Company in Hong Kong and will be subject to the payment of stamp duty in Hong Kong.

Undertakings given by the Undertakers

Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities that to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue.

UNDERWRITING ARRANGEMENT

Date: 17 December 2010 (after trading hours)

Underwriter: Kingston Securities Limited

Number of Rights Shares underwritten: Pursuant to the Underwriting Agreement, Kingston Securities has conditionally agreed to underwrite the Rights Shares which have not been taken up, being the number of the Rights Shares less the aggregate number of the Rights Shares agreed to be taken up by the Undertakers under the Undertakings.

Accordingly, the Rights Issue is fully underwritten.

As at the date of this announcement, an associate of the Underwriter is interested in 740,000 Shares. Save as the above, to the best of the Directors' knowledge, information and belief, Kingston Securities and its ultimate beneficial owners are Independent Third Parties.

It is one of the terms of the Underwriting Agreement that Kingston Securities would enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that (i) Kingston Securities together with its parties acting in concert shall not in aggregate be interested in exceeding 9.9% of the issued share capital of the Company as enlarged by the Rights Issue; and (ii) each of the placees and/or sub-underwriters and their respective parties acting in concert shall not in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Rights Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of Kingston Securities, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of Kingston Securities, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of Kingston Securities; or
- (2) any Specified Event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (1) the passing of all necessary resolution(s) by the Shareholders and the Board approving (a) the Capital Reorganisation; and (b) the Rights Issue and the transactions contemplated hereunder by no later than the Prospectus Posting Date;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (3) the filing of one copy of the Prospectus signed by one Director (for and on behalf of all Directors) with the Registrar of companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid form) by no later than the first day of their dealings;
- (5) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (7) the Capital Reorganisation having been completed;
- (8) compliance with and performance of all undertakings and obligations of the Undertakers under the Undertakings;
- (9) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares; and
- (10) there being no Specified Event occur prior to the Latest Time for Termination.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston Securities may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party save for any antecedent breaches.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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 estimated net proceeds from the Rights Issue will be not less than approximately HK\$115 million and not more than approximately HK\$140 million. The Board intends to apply such proceeds from the Rights Issue for general working capital and/or future investment(s) which may or may not be in the principal line of business of the Group.

The estimated expense in relation to the Rights Issue, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Rights Issue allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Rights Issue is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

The Directors (including the independent non-executive Directors) consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Rights Issue.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

Set out below is the expected timetable for the Rights Issue

SGM	24 January 2011
Effective date of the Capital Reorganisation	25 January 2011
Last day of dealing in Shares on a cum-entitlement basis	25 January 2011
First day of dealing in Shares on an ex-entitlement basis	26 January 2011
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:30 p.m. on 27 January 2011
Register of members of the Company closes (both dates inclusive)	28 January 2011 to 31 January 2011
Record Date	31 January 2011
Register of members for the Shares reopens	1 February 2011
Despatch of Prospectus Documents	1 February 2011
First day of dealings in nil-paid Rights Shares	8 February 2011
Latest time for splitting nil-paid Rights Shares	10 February 2011
Last day of dealings in nil-paid Rights Shares	15 February 2011
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on 18 February 2011
Latest time for the Rights Issue to become unconditional	4:00 p.m. on 23 February 2011
Announcement of the results of the the Rights Issue	24 February 2011
Share certificates for Rights Shares to be posted	28 February 2011
Dealing in Rights Shares commences	9:30 a.m. on 2 March 2011

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

CAPITAL REORGANISATION

In order to facilitate the Rights Issue, the Board proposes to implement the Capital Reorganisation which will involve the Capital Reduction and the Increase in Authorised Share Capital.

Proposed 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; 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 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.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the New Shares. 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.

As at the date of this announcement, the Existing Shares are traded in board lots of 5,000 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. 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.

Reasons for the Capital Reduction

The proposed Capital Reduction will reduce the nominal value per Share and therefore will facilitate the Rights Issue and future fund raising exercise 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 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 date of this announcement, 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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities announced in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Rights Issue are set out below:

(i) assuming no exercise of the outstanding Share Options before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue (Note 5)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders						
Mr. Basilio Dizon and his associates (Note 1 and 2)	135,410,200	19.645%	203,115,300	19.645%	203,115,300	19.645%
Chamberlin Investments Limited	26,589,400	3.860%	39,884,100	3.860%	26,589,400	2.570%
Directors (Note 3)						
Cheung Wai Tung	188,600	0.030%	282,900	0.030%	188,600	0.020%
Chu Bong Foo (Note 4)	28,305,200	4.105%	42,457,800	4.105%	28,305,200	2.740%
Wan Xiaolin	50,000	0.005%	75,000	0.005%	50,000	0.005%
Tang Kwing Chuen Kenneth	380,000	0.055%	570,000	0.055%	380,000	0.040%
Retired Director						
Henry Chang Manayan (Note 6)	200,000	0.030%	300,000	0.030%	200,000	0.020%
Public Shareholders						
Underwriter	–	0.000%	–	0.000%	276,922,882	26.780%
Other public Shareholders	498,132,564	72.270%	747,198,846	72.270%	498,132,564	48.180%
Total	689,255,964	100.000%	1,033,883,946	100.000%	1,033,883,946	100.000%

(ii) assuming the exercise of the outstanding Share Options in full before the Record Date:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue (Note 5)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders						
Mr. Basilio Dizon and his associates (Note 1 and 2)	135,410,200	19.645%	203,115,300	16.240%	203,115,300	16.240%
Chamberlin Investments Limited	26,589,400	3.860%	39,884,100	3.190%	26,589,400	2.130%
Directors (Note 3)						
Cheung Wai Tung	188,600	0.030%	882,900	0.070%	588,600	0.050%
Chu Bong Foo (Note 4)	28,305,200	4.105%	42,457,800	3.390%	28,305,200	2.260%
Wan Xiaolin	50,000	0.005%	525,000	0.040%	350,000	0.030%
Tang Kwing Chuen Kenneth	380,000	0.055%	645,000	0.050%	430,000	0.030%
Kwan Kin Chung	–	–	2,550,000	0.200%	1,700,000	0.140%
Tang U Fai	–	–	2,700,000	0.220%	1,800,000	0.140%
Chen Man Lung	–	–	6,825,000	0.550%	4,550,000	0.360%
Retired Director						
Henry Chang Manayan (Note 6)	200,000	0.030%	450,000	0.036%	300,000	0.020%
Public Shareholders						
Underwriter	–	0.000%	–	0.00%	349,247,882	27.920%
Other public Shareholders	498,132,564	72.270%	950,823,846	76.014%	633,882,564	50.680%
Total	689,255,964	100.000%	1,250,858,946	100.000%	1,250,858,946	100.000%

Notes:

1. Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 62,714,600 Shares and is deemed to be interested in 26,589,400 Shares held by Chamberlin Investments Limited (“Chamberlin”). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited (“Viagold”) and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 26,589,400 Shares in the Company held by Chamberlin under SFO. L&W Holding Limited is beneficially interested in 54,332,400 Shares. Mr. Basilio Dizon (“Mr. Dizon”) has controlling interests 65% and 98.64% in L&W Holding Limited (“L&W”) and Harvest Smart respectively. Ms. Chow Lai Wah Livia (“Ms. Chow”), the wife of Mr. Dizon, is personally beneficially interested in 18,363,200 Shares in the Company, therefore, Mr. Dizon is deemed to be interested in 161,999,600 Shares in the Company under SFO.
2. Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities that to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue.
3. In addition to the interest in the Shares as shown above, the Directors of the Company (including Mr. Henry Cheng Manayan) are also in aggregate interested in 8,900,000 Share Options.
4. Among the 28,305,200 Shares, 12,287,200 Shares are held by Bay-Club Enterprises Inc., the entire issued share capital of which is beneficially owned by Mr. Chu Bong Foo.
5. This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Untaken Shares:
 - (i) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Rights Issue; and
 - (ii) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (ii) any subscribers procured by the Underwriter shall not, together with any party acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.
6. Mr. Henry Chang Manayan is a former Director who has retired on 13 September 2010, who is also interested in 100,000 Share Options.

GENERAL

Since the Rights Shares will not increase the issued share capital or the market capitalization of the Company by more than 50% within the 12 month period immediately preceding this announcement, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules but is conditional upon completion of the Capital Reorganisation.

The Capital Reorganisation is conditional upon, among others, the approval by the Shareholders at the SGM to be held. To the best of the Directors' knowledge, information and belief, no Shareholders have a material interest in the Capital Reorganisation and no Shareholders are required to abstain from voting at the SGM.

The Company will despatch the circular containing further details of the Capital Reorganisation with the notice of SGM to the Shareholders. The Company will also send the Prospectus Documents containing, among others, details of the Rights Issue to the Qualifying Shareholders. The Company will send the Prospectus to the Prohibited Shareholders, if any, for their information only but the Company will not send any PAL to the Prohibited Shareholders.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC

“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
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons

“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
“Kingston Securities” or “Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	17 December 2010, being the date of the Underwriting Agreement
“Latest Lodging Date”	4:30 p.m. on 27 January 2011 as the latest time for lodging transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on 18 February 2011 or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time to terminate the Underwriting Agreement
“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
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to them

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	1 February 2011 or such later date as may be agreed between Kingston Securities and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	31 January 2011, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, the branch share registrar of the Company in Hong Kong
“Rights Share(s)”	not less than 344,627,982 New Shares and not more than 416,952,982 New Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one (1) Rights Share for every two (2) New Shares held on the Record Date and payable in full on acceptance pursuant to the Rights Issue
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“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)
“Share Option(s)”	the share option(s) granted and to be granted under the share option scheme(s) adopted by the Company

“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.35 per Rights Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Undertakers”	Mr. Basilio Dizon, Ms. Chow Lai Wah, Livia, L&W Holding Limited and Harvest Smart Overseas Limited, substantial Shareholders of the Company
“Undertakings”	the irrevocable undertakings given by each of the Undertakers in favour of the Company and Kingston Securities, further details of which are set out in the paragraph headed “Undertakings given by Undertakers” in this announcement
“Underwriting Agreement”	the underwriting agreement dated 17 December 2010 entered into between the Company and Kingston Securities in relation to the Rights Issue
“Untaken Share(s)”	those (if any) of the Rights Shares for which duly completed PAL(s) (accompanied by cheques or banker’s cashier order for the full amount payable on application which are honoured on first or, at the option of the Company, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before Latest Time For Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 December 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. Wan Xiaolin, Mr. Chung Billy, Mr. Tang U Fai, Mr. Tang Kwing Chuen Kenneth and Mr. Chen Man Lung (all being executive Directors); and Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang (all being independent non-executive Directors).

* *for identification purposes only*