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## IMPORTANT

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If you are in any doubt about this prospectus, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

A copy of this prospectus, together with the documents specified under the paragraph headed “Documents delivered to the Registrars of Companies in Hong Kong and in Bermuda” in Appendix II, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) of Hong Kong. A copy of this prospectus has been filed or will, as soon as reasonably practicable, be filed with the Registrar of Companies in Bermuda in accordance with the requirements of the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this prospectus, 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 prospectus.

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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)

### PRIVATE PLACING OF 137,850,000 LISTED WARRANTS BEING WARRANTS IN REGISTERED FORM TO SUBSCRIBE FOR SHARES IN THE CAPITAL OF CULTURECOM HOLDINGS LIMITED AT AN ISSUE PRICE OF HK\$0.20 PER WARRANT

Financial Advisor



KINGSTON CORPORATE FINANCE LTD.

Placing Agent



KINGSTON SECURITIES LTD.

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This prospectus is published for the purpose of obtaining the listing on the Stock Exchange of all warrants to be issued by Culturecom Holdings Limited (the “Company”) and contains particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of giving information with regard to the Company and its subsidiaries and such warrants.

Application has been made to the Stock Exchange for the listing of and permission to deal in the warrants to be issued by the Company and the shares of the Company falling to be issued on exercise of the subscription rights attaching to such warrants. Commencement of dealings in the warrants are expected to be on 3 May 2011.

**It should be noted that the placing agreement (the “Placing Agreement”) in relation to the placing of warrants to be issued by the Company contains provisions entitling Kingston Securities Limited to terminate its obligations thereunder on the occurrence of certain events, which result in a material adverse change in the political, economic or stock market conditions in Hong Kong in the context of the placing of the warrants and which materially affect the success of the placing of warrants or any breach of warranties and representations on the part of the Company under the Placing Agreement which is material in the context of the placing of warrants prior to 5:30 p.m. on 29 April 2011, the date of completion of the Placing Agreement. If the obligations of Kingston Securities Limited under the Placing Agreement are so terminated, the placing of warrants will not proceed.**

Dealings in the warrants to be issued by the Company and the shares of the Company falling to be issued on the exercise of subscription rights attached to the warrants may be settled through the Central Clearing and Settlement System (“CCASS”) established and operated by HKSCC. You should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of and permission to deal in the warrants to be issued by the Company and the shares of the Company falling to be issued on the exercise of subscription rights attached to such warrants on the Stock Exchange, as well as the compliance with the stock admission requirements of HKSCC, the warrants and the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants 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 warrants on the Stock Exchange, or, under contingent situation, 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.

\* for identification purpose only

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## ATTENTION

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**THIS PROSPECTUS IS ALSO SENT OR DELIVERED TO THE SHAREHOLDERS OF THE COMPANY FOR INFORMATION PURPOSES ONLY. SHAREHOLDERS OF THE COMPANY SHOULD NOTE THAT THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OR INVITATION ON BEHALF OF THE COMPANY BY THE PLACING AGENT OR ANY OTHER PARTY INVOLVED IN THE PLACING TO APPLY FOR OR TO TAKE UP ANY WARRANTS, SHARES OR ANY OTHER SECURITIES OF THE COMPANY.**

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## PRELIMINARY

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This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and the Warrants. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus 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.

The Bermuda Monetary Authority has given its general consent for the issuance of securities of the Company and including the shares from the balance of the authorised but unissued share capital of the Company up to the total authorised share capital of the Company from time to time (which covers the issue of the Warrants and the shares falling to be issued upon the exercise of the Subscription Rights) to persons regarded as non-resident of Bermuda for exchange control purposes provided that the Shares are listed on the Stock Exchange or any other appointed stock exchange, as defined by the Companies Act. In giving such consent and in accepting this prospectus for filing, the Bermuda Monetary Authority and the Registrar of Companies in Bermuda accept no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed herein.

This prospectus is published in connection with the Placing, being an offer of Warrants carrying rights to subscribe for Shares, subject to the terms and conditions set out or referred to herein.

Each potential purchaser of the Warrants should determine the relevance of the information contained in this prospectus and any purchase of the Warrants should be based on such information as each purchaser deems necessary. The Placing Agent does not undertake to review the financial condition or affairs of the Company during the term of the Warrants or to advise any investor or potential investor in the Warrants of any information which come to their attention.

No action has been taken in any jurisdiction other than Hong Kong and Bermuda to permit an offering of the Warrants or the distribution of this prospectus and the Application Form. Accordingly, this prospectus and the Application Form may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than Hong Kong or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such offer or invitation except under such circumstances that will result in compliance with any applicable laws or regulations.

No person has been authorised to give any information or to make any representation not contained in this prospectus in connection with the Placing or the Warrants and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Placing Agent or any other party involved in the Placing. Neither the delivery of this prospectus and the Application Form nor any issue or sale of any Warrants shall under any circumstances create any implication that there has been no change in the affairs of the Company or any of its subsidiaries since the date hereof. This prospectus together with the Application Form does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction other than Hong Kong in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Warrants or the distribution of this prospectus in any jurisdiction where any such action is required.

The Stock Exchange and HKSCC have made no assessment of, nor does either of them take any responsibility for, the financial soundness of the Company or merits of investing in the Warrants, nor has either of them verified the accuracy or the truthfulness of statements made or opinions expressed in this prospectus.

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## PRELIMINARY

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The distribution of this prospectus and the Application Form and the offering, issue and delivery of the Warrants in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus and the Application Form have come are required by the Company to inform themselves of and to observe, any such restrictions.

Dealings in the Warrants registered on the Company's register of Warrantholders will be subject to Hong Kong stamp duty, the SFC charges a transaction levy of 0.003% and the Stock Exchange charges a trading fee of 0.005% in respect of each transaction effected on the Stock Exchange, payable by each of the seller and the buyer and calculated on the value of the consideration for the relevant securities. In addition, member brokers charge brokerage to both buyers and sellers.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Warrants and the Shares falling to be issued on the exercise of Subscription Rights on the Stock Exchange. No Shares or Warrants are listed or dealt in on any other stock exchange and the Company is not currently seeking to list the Shares or Warrants on any other stock exchange.

Subject to the granting of the listing of and permission to deal in the Warrants and the Shares which may fall to be issued on the exercise of Subscription Rights on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants and Shares which may fall to be issued on the exercise of Subscription Rights 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 Warrants on the Stock Exchange or, under contingent situation, 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.

Potential Warrantholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding the Warrants or exercising their rights thereunder. It is emphasised that none of the Company, the Directors or any other party involved in the Placing accepts responsibility for any tax effects on, or liabilities of, the Warrantholders resulting from the subscription, purchase, holding or disposal of, the Warrants and/or exercise of any rights attaching to the Warrants.

EACH SUBSCRIBER OR PURCHASER OF THE WARRANTS MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT SUBSCRIBES, PURCHASES, OFFERS OR SELLS THE WARRANTS OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND THE APPLICATION FORM AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED BY IT FOR THE SUBSCRIPTION, PURCHASE, OFFER OR SALE OF THE WARRANTS UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTION TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH SUBSCRIPTION, PURCHASE, OFFER OR SALE, AND NONE OF THE COMPANY, THE PLACING AGENT AND ANY OTHER PERSONS INVOLVED IN THE PLACING SHALL HAVE ANY RESPONSIBILITY THEREFOR.

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## EXPECTED TIMETABLE

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*The expected timetable for the Placing as set out below is indicative only and has been prepared on the assumption that all the conditions of the Placing will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.*

2011

Despatch of the Prospectus (for information only) .....	1 April
Placing closes .....	4:00 p.m. on 15 April
Latest time for returning the placing letter and remittances. ....	4:00 p.m. on 18 April
Warrant certificates to be despatched on or before .....	29 April
Latest time for termination of the Placing Agreement. ....	5:30 p.m. 29 April
Announcement of the level of indication of interest in the Placing to be published on the website of the Stock Exchange and the website of the Company .....	29 April
Dealings in the Warrants on the Stock Exchange to commence on or before .....	3 May

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## DEFINITIONS

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*The following definitions shall apply throughout this prospectus unless the context otherwise requires:*

“Announcement”	the Company’s announcement dated 8 March 2011 in relation to the Placing
“Application Form”	the application form for the application of the Warrants in relation to the Placing
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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, an exempted company incorporated in Bermuda with limited liability whose issued shares are listed on the Stock Exchange
“Completion”	completion of the Placing
“Completion Date”	the date when the Placing is completed, which is expected to be not later than four business days following the fulfillment of conditions of the Placing, or such later date as agreed between the Company and the Placing Agent
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial Subscription Price for Shares
“Latest Practicable Date”	30 March 2011, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information herein

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## DEFINITIONS

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“Listing Date”	the date on which the listing of and dealings in Warrants commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Options”	outstanding share options granted to the grantees under the share option schemes adopted by the Company on 21 August 2002
“Placing”	the placing, on a best effort basis, of 137,850,000 Warrants pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 7 March 2011 entered into by the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.20, being the issue price per Warrant payable in full on application under the Placing Agreement
“Prospectus”	this prospectus to be issued by the Company relating to the issue of the Warrants by the Company
“Prospectus Documents”	together the Prospectus and the Application Form
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch registrar and transfer office as for the time being maintained in Hong Kong maintaining the register of members of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Date”	the date on which any of the Subscription Rights are duly exercised
“Subscription Form”	the subscription form contained in each Warrant certificate in relation to the exercise of the Subscription Rights
“Subscription Period”	the two-year period from the Listing Date of the Warrants on the Stock Exchange, which is expected to be from 3 May 2011 to 2 May 2013, both days inclusive
“Subscription Price”	the sum payable in respect of each Share to which the registered holder of each Warrant will be entitled upon exercise of the Subscription Rights represented thereby, being HK\$0.28 or such adjusted price as may for the time being be applicable
“Subscription Rights”	the rights of the holders of the Warrants represented by the Warrants to subscribe up to HK\$38,598,000 for Shares pursuant to the Warrants
“Warrant(s)”	warrant(s) of the Company in registered form, each conferring rights to holder(s) thereof to subscribe for one Share at an initial Subscription Price of HK\$0.28 (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution) at any time during the Subscription Period
“Warrantholder(s)”	holder(s) of the Warrant(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## SUMMARY OF THE PLACING

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The information in this section is only a summary of the Placing and should be read in conjunction with, and is qualified by reference to, the other information set out in this prospectus:

Issuer:	Culturecom Holdings Limited
Placing Agent:	Kingston Securities Limited
The Warrants:	137,850,000 Warrants in registered form conferring rights to subscribe up to HK\$38,598,000 for up to 137,850,000 Shares (subject to adjustments) at the Subscription Price.
Placing Price:	HK\$0.20 per Warrant
Placing:	On a best effort basis
Conditions of the Placing:	The Placing is conditional on the satisfaction of the conditions set out in the paragraph headed “Conditions of the Placing” in the section headed “The Placing” in this prospectus.
Board lot:	The board lot for trading in the Warrants is 10,000 units conferring rights to subscribe for 10,000 new Shares (subject to adjustments which details are set out in Appendix I to this prospectus).
Form:	<p>The 137,850,000 Warrants will be in registered form, giving the holders thereof the rights to subscribe for up to 137,850,000 new Shares (subject to adjustments) at the Subscription Price during the Subscription Period. Such rights to subscribe will be contained in and governed by the Instrument and the Warrant certificates.</p> <p>Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.</p>
Denomination:	The Warrants are represented by certificates in units of Subscription Price of HK\$0.28 each or integral multiples in respect thereof.

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## SUMMARY OF THE PLACING

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- Exercise:** The Warrants are exercisable only in amounts of HK\$0.28 (subject to adjustments) or in integral multiples thereof. A Warrant may only be exercised by the delivery of a completed and signed Subscription Form together with the relevant Warrant certificate to the Registrar and together with a remittance for the aggregate Subscription Price for the Subscription Rights exercised.
- Subscription price:** HK\$0.28 per Share (subject to adjustments in accordance with the provisions of the Instrument).
- Subscription period:** The two-year period commencing from the Listing Date, which is expected to be 3 May 2011 to 2 May 2013, both days inclusive.
- The Shares falling to be issued upon the exercise of Subscription Rights will, upon allotment and issue, rank *pari passu* in all respects with the existing Shares in issue on the relevant Subscription Date, save for any right or entitlement to dividends or other rights or distributions the record date of which precedes the relevant Subscription Date.
- Transfers of Warrants:** The Subscription Rights conferred by the Warrants are transferable in integral multiples of HK\$0.28 of Subscription Rights.
- Warrants may only be transferred by delivery of a transfer form for registration to the Registrar in such form as may from time to time be in use and obtainable from the Registrar together with the relevant Warrant certificate(s). Where such dealings takes place on the Stock Exchange, delivery must currently be made at the end of the second trading day after the dealings has been entered into.
- Currently, Hong Kong stamp duty is chargeable on contract notes evidencing sale or purchase of Warrants at a rate of HK\$2.00 per HK\$1,000 or part thereof (of which HK\$1.00 per HK\$1,000 is payable by the seller and HK\$1.00 per HK\$1,000 is payable by the purchaser) by reference to the value of the consideration or the market value, whichever is higher. A transfer deed of HK\$5.00 per transfer deed will also be charged.

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## SUMMARY OF THE PLACING

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Listing and dealing:	<p>Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 137,850,000 Warrants and the Shares which may fall to be issued upon the exercise of the Subscription Rights on the Stock Exchange. It is expected that dealings in Warrants on the Stock Exchange will commence on 3 May 2011.</p> <p>Subject to the granting of the listing of and permission to deal in the 137,850,000 Warrants and the Shares which may fall to be issued upon the exercise of the Subscription Rights on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Warrants and the Shares which may fall to be issued upon the exercise of Subscription Rights 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 Warrants on the Stock Exchange or, under contingent situation, 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.</p>
Expected market capitalisation:	<p>Based on the Placing Price, the expected market capitalisation of the 137,850,000 Warrants upon listing will be approximately HK\$27,570,000.</p>
Governing law:	<p>The laws of Hong Kong.</p>
Registrar:	<p>Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong</p>

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## THE PLACING

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### **PLACING AGREEMENT DATED 7 MARCH 2011**

#### **Placing Agent**

The Placing Agent has conditionally agreed to place the Warrants, as agent for the Company, by way of private placement on a best effort basis to the Placees and will receive a placing commission of 1.5% on the aggregate Placing Price in respect of such number of Warrants successfully placed by it. The placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

At the Latest Practicable Date, a wholly-owned company of one of the ultimate beneficial owners of the Placing Agent holds 1,110,000 Shares. Save as the aforesaid, to the best of the Directors' knowledge and information and belief, having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons (as defined in the Listing Rules).

#### **Amount of securities to be issued by the Company and to be placed by the Placing Agent**

The Company has agreed to issue, and the Placing Agent has conditionally agreed to place, 137,850,000 Warrants conferring rights in registered form to holders thereof to subscribe, up to HK\$38,598,000 in aggregate in cash, for 137,850,000 new Shares at an initial Subscription Price of HK\$0.28 per Share (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution).

Assuming the full exercise of the Subscription Rights attaching to the Warrants, the maximum of 137,850,000 new Shares represents approximately 13.33% of the issued share capital of the Company at the Latest Practicable Date and approximately 11.76% of the issued share capital of the Company as enlarged by the allotment and issue of the 137,850,000 new Shares.

At the Latest Practicable Date, there were an aggregate 158,681,050 outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 158,681,050 Shares, representing approximately 15.35% of the issued share capital of the Company at the Latest Practicable Date. Save as disclosed above, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

#### **Placees**

The placees shall be professional, institutional or other investors independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). The Warrants will be placed to not less than 300 Placees. The market capitalisation of the Warrants upon Listing will be approximately HK\$27,570,000 and the Company has complied with Rule 8.09(4) of the Listing Rules.

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## THE PLACING

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### Placing Price

The Placing Price is HK\$0.20 per Warrant and is determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the current strong market sentiment, liquidity flow in the capital market and the historical Share price. The Directors consider that the Placing Price is fair and reasonable.

### Terms of the Warrants

The Warrants will be issued in registered form subject to and with the benefit of the Instrument to be executed by the Company by way of a deed poll. Each Warrant will give the holder(s) thereof the right to subscribe for a new Share based on an initial Subscription Price of HK\$0.28 per Share (subject to adjustments). The aggregate of the Placing Price of HK\$0.20 per Warrant and the initial Subscription Price of HK\$0.28 per Share, i.e. HK\$0.48, represented:

- (a) a discount of approximately 2.04% to the closing price of HK\$0.49 per Share quoted on the Stock Exchange on 30 March 2011, being the Latest Practicable Date;
- (b) a discount of approximately 1.44% to the average of the closing prices of HK\$0.487 per Share for the last five trading days for the Shares up to and including 30 March 2011;
- (c) a discount of approximately 1.03% to the closing price of HK\$0.485 per Share quoted on the Stock Exchange on 8 March 2011, being the date of the Announcement; and
- (d) a premium of approximately 0.42% over the average of closing price of approximately HK\$0.478 per Share for the five consecutive trading days up to and including 8 March 2011, being the date of the Announcement.

The initial Subscription Price of HK\$0.28 per Share represented:

- (a) a discount of approximately 42.86% to the closing price of HK\$0.49 per Share quoted on the Stock Exchange on 30 March 2011, being the Latest Practicable Date; and
- (b) a discount of approximately 42.50% to the average of the closing prices of HK\$0.487 per Share for the last five trading days for the Shares up to and including 30 March 2011.

The Subscription Rights attaching to the Warrants may be exercised within a two-year period from the Listing Date, which is expected to be from 3 May 2011 to 2 May 2013, both days inclusive (subject to changes). Any Subscription Rights attaching to the Warrants which have not been exercised on or before the last day of the Subscription Period will lapse and the Warrants will cease to be valid for all purposes following such date. For the purpose of dealings on the Stock Exchange, the board lot of the Warrants will be 10,000 Warrants.

The new Shares falling to be issued upon exercise of the Subscription Rights attaching to the Warrants will rank pari passu in all respects with the existing Shares in issue on the date of allotment and issue of such new Shares.

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## THE PLACING

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### Conditions of the Placing

Completion of the Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 31 May 2011 or such later date as the Company and the Placing Agent may agree:

- (i) the registration of one duly signed copy of the Prospectus (with all the documents required by Section 342C of the Companies Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong;
- (ii) the filing of one duly signed 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;
- (iii) if necessary, the consent of the Bermuda Monetary Authority to the issue of the Warrants and to the allotment and issue of all Shares to be issued on exercise of the Subscription Rights attaching to the Warrants; and
- (iv) the granting by Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any Shares that may fall to be issued upon the exercise of the Subscription Rights attaching to the Warrants.

In the event that the above conditions are not fulfilled by on or before 31 May 2011 or such later date as the Company and the Placing Agent may agree, the Placing Agreement will lapse and none of the parties will have any liabilities to the other save for any antecedent breaches thereof.

### Termination

The Placing Agreement contains provisions entitling the Placing Agent or the Company shall, with prior consultation with the other of them, have the right to terminate the Placing Agreement by notice in writing to the other of them at any time prior to 5:30 p.m. on the Completion Date if, in the absolute opinion of the Placing Agent or the Company:

- (a) there is the occurrence of any local, regional, national or international event or change of a political, military or economic nature which results in a material adverse change in the political, economic or stock market conditions in Hong Kong in the context of the Placing and which materially affects the success of the Placing; or
- (b) there is any breach of the warranties and representations on the part of the Placing Agent or as appropriate, the Company under this Agreement which is material in the context of the Placing; or
- (c) there is any 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 the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the subscription contemplated hereunder; or

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## THE PLACING

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- (d) there is 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
- (e) the suspension in the trading of all securities listed on the Stock Exchange 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 prospectus or the Prospectus or other announcements in connection with the Placing.

If the Placing Agreement is so terminated, all obligations of each party under the Placing Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation mentioned in the Placing Agreement.

### **Reasons for the Placing and use of proceeds**

The Directors consider that the Placing is a suitable opportunity to raise capital for the Company. In particular, (i) it does not have an instant dilution effect on the shareholding of the existing Shareholders; (ii) it raises funds immediately upon completion of the Placing, and if the Warrants are exercised, further funds will be raised for possible investment and/or general working capital which will accordingly strengthen the financial conditions and shareholders base of the Company; and (iii) it provides investors with an alternative means to invest in the Company.

The maximum gross proceeds from the Placing and the exercise of the Warrant will be approximately HK\$27.57 million and HK\$38.59 million respectively. It is intended that the maximum net proceeds from the Placing of approximately HK\$26.07 million will be mainly used as general working capital of the Company and the maximum net proceeds from the exercise of the Warrants of approximately HK\$38.59 million will be used for possible investments or projects which are expected to improve the profitability, sustain growth momentum and broaden the revenue stream of the Group, as and when the Board considers appropriate and in the interest of the Company and its Shareholders as whole. The Company is planning to engage technology development project(s) in relation to transforming 2D graphics into 3D in the PRC. The location and the investment amount of the project(s) will be determined after taking into consideration of various factors including but not limited relevant PRC policy and support from local government. At the Latest Practicable Date, no binding agreement has been entered into by the Group in relation to such project(s) although a non-binding MOU has been entered into between the Group and a PRC local authority but negotiations are still ongoing and no binding agreement has been entered into yet. The Board will also actively seek other appropriate investment opportunities in order to maximise return for the Shareholders and further announcement(s) will be made as and when appropriate. At the Latest Practicable Date, save as disclosed above, the Company has not identified appropriate investment opportunities yet.

The net proceeds raised per Warrant upon completion of the Placing will be approximately HK\$0.19 per Warrant.

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## THE PLACING

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### Application for listing

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any new Shares that may fall to be issued upon the exercise of the Subscription Rights attaching to the Warrants. Subject to the fulfillment of the above conditions, it is expected that dealings in the Warrants on the Stock Exchange will commence on or before 3 May 2011 (subject to changes).

### Shareholding structure of the Company

The existing shareholding structure of the Company and the shareholding structure of the Company upon exercise in full of the Subscription Rights attaching to the Warrants, assuming no Options will have been exercised after the Latest Practicable Date, are set out below:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the full exercise of the subscription rights attaching to the Warrants assuming that the Warrants are placed in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Substantial Shareholders</b>				
Mr. Basilio Dizon and his associates ( <i>Note 1</i> )	239,856,512	23.200%	239,856,512	20.470%
<b>Directors (<i>Note 2</i>)</b>				
Wan Xiaolin	50,000	0.005%	50,000	0.004%
Tang Kwing Chuen Kenneth	135,000	0.013%	135,000	0.012%
<b>Resigned/Retired Directors</b>				
Cheung Wai Tung ( <i>Note 3</i> )	188,600	0.018%	188,600	0.016%
Henry Chang Manayan ( <i>Note 4</i> )	200,000	0.019%	200,000	0.017%
<b>Public Shareholders</b>				
Placeses	–	–	137,850,000	11.765%
Other public Shareholders	793,453,834	76.745%	793,453,834	67.716%
Total	<u>1,033,883,946</u>	<u>100.000%</u>	<u>1,171,733,946</u>	<u>100.000%</u>

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## THE PLACING

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*Notes:*

1. As of the Latest Practicable Date, Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 130,803,712 Shares and is deemed to be interested in 9,400 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 9,400 Shares in the Company held by Chamberlin under SFO. L&W Holding Limited (“L&W”) is beneficially interested in 81,498,600 Shares. Mr. Basilio Dizon (“Mr. Dizon”) has controlling interests 65% and 98.64% in L&W and Harvest Smart respectively. Ms. Chow Lai Wah Livia (“Ms. Chow”), the wife of Mr. Dizon, is personally beneficially interested in 27,544,800 Shares in the Company, therefore, Mr. Dizon is deemed to be interested in 239,856,512 Shares in the Company under SFO.
2. In addition to the interest in the Shares as shown above, the former Directors of the Company (including Mr. Cheung Wai Tung and Mr. Henry Chang Manayan) are also in aggregate interested in 9,763,300 Options.
3. Mr. Cheung Wai Tung is a former Director who has resigned on 1 January 2011, who is also interested in 438,800 Options.
4. Mr. Henry Chang Manayan is a former Director who has retired on 13 September 2010, who is also interested in 109,700 Options.

### **GENERAL**

The principal activities of the Company are publishing, property investment, investment holding, exploration of crude oil services, Chinese information infrastructure, electronic card service, retailing and wholesales and catering business.

The new Shares to be allotted and issued upon the exercise of the Subscription Rights attaching to the Warrants will be issued under the General Mandate. Assuming the full exercise of the Subscription Rights attaching to the Warrants, the maximum number of 137,850,000 new Shares represents approximately 13.33% of the existing issued share capital of the Company of 1,033,883,946 Shares at the Latest Practicable Date and approximately 11.76% of the issued share capital of the Company as enlarged by the issue of the 137,850,000 new Shares. The General Mandate has not been utilised prior to the entering into of the Placing Agreement.

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## THE PLACING

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### Fund raising activities in the past 12 months

The following table summarises the fund raising activities of the Company for the 12 months immediately before the Latest Practicable Date:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
17 December 2010	Rights issue of 344,627,982 rights Shares on the basis of one rights Share for every two Shares held on record date at the subscription price of HK\$0.35 per rights Share	HK\$115 million	To be used for technology development project(s) in relation to transforming 2D graphics into 3D in the PRC	Not yet utilised and expect to be utilised as intended  The net proceeds are deposited in the bank accounts of the Group as at the Latest Practicable Date

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## GENERAL INFORMATION OF THE GROUP

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### FINANCIAL AND TRADING PROSPECT OF THE GROUP

Looking ahead, our Group is excited about its future projects, and optimistic of its upcoming journey. We are proud of our acute vision on identifying prospective business opportunities, and will continue to foster our relationships with the existing cooperative partners and business associates. We have demonstrated that our concern for the potential to enhance shareholders' values and minimising our exposure to risk continue to be our priorities. Our Group strongly believes in the enormous potential for conducting businesses in China. The Chinese retail market has been developing rapidly over the past few years, as evident in the many new chain store networks, malls and shopping streets appearing not only in the commercial cities of Beijing, Guangzhou and Shanghai but in the suburban areas as well. Leveraging on the Group's extensive network around the globe, its understanding and knowledge of Chinese business mentalities, as well as its professional technological platform, our Group is equipped with the resources necessary to effectively conduct business-to-business commerce and assist retailers to expand their businesses, both on the local and international levels. In addition to retails and wholesales, our Group has continued to make further inroads to our core business of animation and comics market in Asia, such as setting up educational programs and training grounds for artists and like-minded animators. All in all, we salute to our shareholders wholeheartedly, and promise that we will continue to strive for the best investment strategies that would be beneficial to them in the long run.

### BUSINESS TREND

Although the aftershock of the global economic recession in the past few years is on its way to recovery, by no means do businesses come in an easy breeze. The Group continues to act with great prudence, in order to ensure its businesses are always operating on the most efficient and effective enterprise. As before, the Group has implemented guidelines to regularly revalue its position in the marketplace and has refocused on its core competence of comics licensing, while continually branching out to exciting businesses with enormous growth potential. Despite the measures the Group has taken, the overall results for the period were greatly affected by the fair value changes in financial assets, resulting in losses that were higher than expected. Nevertheless, the early steps taken by the Group to set up incubating multimedia production facilities and training grounds for artists and like-minded animators in China is slowly materialising after months of preparation. In general, this is a particularly exciting time for the Group, as the various pieces of the puzzle are finally beginning to take shape one by one to become something truly magnificent.

Since the publication of the accounts of the Company, the Company has taken steps in order to maximise returns for its Shareholders. In technology-business, the Group actively seeks for suitable cooperative partners to enhance and further commercialise its technologies. In the comics business, the Group has fortified its licensing business with additional resources, actively pursued opportunities in online gaming, animation and movie production, while continued to extend its reach to other media forms. One of the golden ideals of the Company has always been about bringing Chinese culture into the mainstream; and in light of this, our Group is developing an Asian-flavor animation/comic creation interface using our very own Generating Engine technology. Our huge animation/comic image database along with this Generating Engine will allow the mass public to participate in the production process; lowering cost on one hand, while appealing to a new generation of artists. Besides comics, our Group's venture in the petroleum extraction business has started to take shape and acting with prudence, our Group has devoted much effort on fine-tuning our exploration in the first half, leaving much of the oil extraction

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## GENERAL INFORMATION OF THE GROUP

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work in the second half of the year. As a result, the operation's impact to the overall financial results has been minimal but from the geology information gathered so far, our Group is confident that the oil extraction venture in Shengli Oilfield and Chaoshui Basin has the potential to yield promising results in the years to come.

### **RISK FACTORS**

In compliance with the Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group and these risks can be categorised into: (1) business risk relating to the Group; (2) financial risks relating to the Group; (3) risks related to the industry; (4) risks related to politics, economics and regulations; and (5) risks relating to the Shares prices and Shareholders' shareholdings. Additional risks and uncertainties not presently known to the Directors, or that the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

#### **Business risk relating to the Group**

- (1) The businesses in which the Group is carrying on are subject to intense competition and the success of the Group will depend on its capacity and capability to expand its market share and to secure contracts from its potential customers. If the Group fails to maintain its competitiveness against other competitors, this will affect the profitability and market share of the Group.
- (2) Although the aftermath of the global economic turmoil in the past few years is on its way to recovery, the Group has to continue to act with great prudence, in order to ensure its businesses are always operating on the most efficient and effective enterprise. If the Group fails to do so, such in efficient business operations will inevitably affect the profitability and future prospect of the Group.
- (3) The Group is in the course of actively seeking appropriate investment opportunities to maximise the return of the Shareholders. In the event that the Group fails to seek appropriate investment opportunities, this can affect the future business development of the Group.
- (4) The uncertainty in the future global economy represents a business risk to the whole Group. Global economic downturn and continued economic recession will affect the general public and potential customers of the Group which, in turn, will affect the business prospect of the Group.

#### **Financial risks relating to the Group**

The Group is exposed to financial risk through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close cooperation with the board of directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

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## GENERAL INFORMATION OF THE GROUP

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These financial risks are briefly described below.

**(a) Market risk**

*Foreign currency risk*

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

*Interest rate risk*

The Group's exposure to market risk for changes in interest rates only relates primarily to deposits at bank. The Group currently does not have any interest rate hedging policy.

*Equity price risk*

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as financial assets at fair value through profit or loss.

**(b) Credit risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities.

The Group's policy is to deal only with credit worthy counterparties. Overdue balances and significant trade receivables are highlighted. The finance director determines the appropriate recovery actions. It is not the Group's policy to request collateral from its customers.

**(c) Liquidity risk**

Management regularly monitors current and expected liquidity requirements to ensure it maintains sufficient reserves of cash and bank balances and adequate funding from its shareholders to meet with its liquidity requirements.

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## GENERAL INFORMATION OF THE GROUP

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### **Risks related to the industry**

#### *Intense competition*

The market of technology and comic businesses in which the Group operates are characterised by an increasing number of entrants because of the relative low set-up costs. Such present or future competitor may provide products and services that have performance, price or other advantages over those offered by the Group. There is no assurance that the Group will be able to compete successfully against the current or future competitors.

#### *Rapid technological changes*

The technology industry is characterised by its fast evolving nature and the Group needs to maintain an edge of technology over its competitors to maintain competitiveness. If the Group fails to keep up with the most up-to-date technology, the Group may become less competitive and the profitability of the Group may be adversely affected.

#### *Commercialisation of technology*

Despite the current technology edge of the Group, it is necessary for the Group to commercialise its technology in order to bring return to its Shareholders. If the Group fails to commercialise its technology, the Group may be adversely affected.

#### *Petroleum extraction business*

While the Group's venture in the petroleum extraction business started to pick up gradually, the petroleum extraction business would depend upon the completion rate of the drilling and exploration activities and operating earnings will be negatively affected by if the activities would be completed in a slower rate.

### **Risks related to politics, economics and regulations**

The business operations of the Group are primarily based in the PRC and Hong Kong. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in these jurisdictions. As a result of the financial tsunami, there is no assurance that economic, political and legal developments in these jurisdictions will not be adversely affected. If there is any material adverse change in the general economic, political and legal developments in these jurisdictions, the Group's operations and financial position may be adversely affected.

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## GENERAL INFORMATION OF THE GROUP

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### **Risks relating to the Share price and Shareholders' shareholdings**

**(a) The Share price may be volatile**

The price and trading volume of the Share will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments or acquisitions, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

**(b) Shareholders' shareholding may be diluted as a result of future equity fundraising**

The Group may need to raise additional funds in the future to finance its expansion or for other reasons. If additional funds are raised through the issuance by the Company of new equity or equity-linked securities other than on a pro-rata basis to existing shareholders, the percentage ownership of individual shareholders will decline. Any such new securities may have preferential rights or options that favour their holders over holders of the Shares, to the extent permitted by law, exchange rules and the Company's constitutive documents.

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## GENERAL INFORMATION OF THE GROUP

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### MARKET STATISTICS

The Shares are listed on the Stock Exchange only. The board lot for trading in the Shares on the Stock Exchange is 5,000 Shares.

Set out below are the market statistics of the Company:

- (a) The highest and lowest closing prices on the Stock Exchange of Shares in each of the twelve months immediately preceding the Latest Practicable Date are set out below:

<b>Month</b>	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2010</b>		
March	0.4770 <sup>A</sup>	0.4330 <sup>A</sup>
April	0.5170 <sup>A</sup>	0.4400 <sup>A</sup>
May	0.5300 <sup>A</sup>	0.3870 <sup>A</sup>
June	0.4770 <sup>A</sup>	0.3970 <sup>A</sup>
July	0.4700 <sup>A</sup>	0.4430 <sup>A</sup>
August	0.5570 <sup>A</sup>	0.4700 <sup>A</sup>
September	0.5570 <sup>A</sup>	0.5300 <sup>A</sup>
October	0.6100 <sup>A</sup>	0.5500 <sup>A</sup>
November	0.6100 <sup>A</sup>	0.5170 <sup>A</sup>
December	0.5300 <sup>A</sup>	0.4470 <sup>A</sup>
<b>2011</b>		
January	0.5600 <sup>A</sup>	0.4570 <sup>A</sup>
February	0.5500	0.4400
March (up to the Latest Practicable Date)	0.5000	0.4550

A: Adjustments have been made to the prices of the Shares following the commencement of dealings in the Shares on an ex-right basis on 25 January 2011 in connection with the rights issue of the Company announced on 17 December 2010.

- (b) Closing price per Share as at the Latest Practicable Date . . . . . HK\$0.49
- (c) Market capitalisation (*Note*) . . . . . HK\$506,603,133.54

*Note:* Based on the number of Shares in issue and the closing price per Share as at the Latest Practicable Date.

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## **FINANCIAL INFORMATION OF THE GROUP**

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### **1. FINANCIAL SUMMARY**

The audited financial information of the Group for each of the three years ended 31 March 2008, 2009, and 2010 can be referred to the annual reports of the Company for the years ended 31 March 2008 (pages 36 to 124), 2009 (pages 37 to 124) and 2010 (pages 36 to 134) respectively; and the unaudited interim consolidated results and assets and liabilities of the Group for the six months ended 30 September 2010 can be referred to the interim report of the Company for the six months ended 30 September 2010 (pages 4 to 23).

The above-mentioned financial information has been published on both the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.culturecom.com.hk](http://www.culturecom.com.hk)). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2008, 2009 and 2010.

### **2. STATEMENT OF INDEBTEDNESS**

At the close of business on 28 February 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, the Group had outstanding borrowings of approximately HK\$771,000. They included amounts due to fellow subsidiaries of an associate of approximately HK\$675,000 and obligation under finance leases of approximately HK\$96,000.

Save as aforesaid or as otherwise disclosed therein and intra-group liabilities, the Group did not have outstanding at the close of business on 28 February 2011 any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, have purchase commitments obligation under finance lease, guarantees or other material contingent liabilities.

Foreign currency amounts have for those purposes been translated into Hong Kong dollars at appropriate rates prevailing at the close of business on 28 February 2011.

The Directors have confirmed that the Group has not incurred any material indebtedness, charges and contingent liabilities of the Group since 28 February 2011.

### **3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which the latest audited consolidated financial statements of the Group were made up.

### **4. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that after taking into account the financial resources available to the Group and the proceeds from the Placing, the Group has sufficient working capital to satisfy its present requirements, that is for at least the next 12 months from the date of publication of this Prospectus.

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## FINANCIAL INFORMATION OF THE GROUP

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### 5. MANAGEMENT DISCUSSION AND ANALYSIS

#### Financial Results

For the period of six months ended 30 September 2010, the Group's overall revenue from external customers increased by 24.3% to HK\$22,464,000 of which approximately HK\$13,359,000, HK\$3,277,000, HK\$3,706,000, nil, HK\$74,000, HK\$1,417,000 and HK\$631,000 (30 September 2009: HK\$12,402,000, HK\$3,311,000, HK\$2,192,000, HK\$167,000, nil, nil and nil) were attributable to our business of publishing, property investment, crude oil exploration services, Chinese information infrastructure, electronic card service, retailing and wholesales and others respectively.

The Group's consolidated net loss attributable to the owner of the company changed from HK\$2,174,000 or HK0.32 cents per share in the period of six months ended 30 September 2009 to approximately HK\$19,245,000 or HK2.79 cents per share in the period of six months ended 30 September 2010 and this was primarily due to the decrease in the amount of HK\$13,968,000 in the fair value of financial assets at fair value through profit or loss.

The Group's consolidated net loss attributable to the owners of the Company in the financial year ended 31 March 2009 turned to net profit in the financial year ended 31 March 2010 (loss of HK\$92,889,000 or HK13.1 cents loss per share in the financial year ended 31 March 2009 to profit of HK\$11,731,000 or HK1.7 cents earnings per share in the financial year ended 31 March 2010). This improvement in performance was largely due to disposals of financial assets such as listed stocks held for treasury purposes as well as from fair value changes in financial assets and investment properties, offset by an impairment charge taken on the crude oil exploration services. Overall, by focusing on core operations, capturing promising growth opportunities in the Chinese retail market, and being prudent in its investment decisions, the Group has progressed rapidly from its less-than-desirable position to a much more stable and hopeful present state. Therefore, the Group is optimistic of its future, as the steps taken along the way have demonstrated that what is to come can only be better.

Also, as of 30 September 2010, the Group's net asset value was HK\$631,473,000 and net asset value per weighted average number of 689,255,964 shares of the Company was approximately HK\$0.92 (31 March 2010: HK\$0.94).

#### Liquidity and Financial Resources

As at 30 September 2010, the Group had bank and deposits with financial institutions balance in aggregate of approximately HK\$123,016,000 and financial assets at fair value through profit or loss of HK\$97,718,000. The Group has no significant exposure to foreign exchange rate fluctuation. As of 30 September 2010, the Group had a net current asset of approximately HK\$231,549,000 (31 March 2010: HK\$253,283,000) and a current ratio of 9.07 (31 March 2010: 10.11). The Group's total liabilities as of 30 September 2010 amounted to approximately HK\$83,574,000 (31 March 2010: HK\$84,016,000) and represented approximately 13.3% (31 March 2010: 13.1%) to shareholders' equity. The Group has no significant exposure to foreign exchange rate fluctuation.

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## FINANCIAL INFORMATION OF THE GROUP

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Upon consideration of the above, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations, as reflected by its healthy financial status with a wealth of cash flow and other resources. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity.

### **Employment and Remuneration Policies**

As of 30 September 2010, the Group had a total of 129 (30 September 2009: 129) employees. Total staff costs incurred during the period amounted to approximately HK\$9,826,000 (30 September 2009: HK\$9,482,000). Remuneration packages are maintained at competitive levels and reviewed by the management on a periodical basis. Discretionary bonuses and incentive share options are awarded to certain directors and employees according to the assessment of individual merit and performance.

There are no commissions, discounts, brokerages or other special terms granted to any Directors or experts mentioned in this Prospectus since 31 March 2010, the date to which the latest published audited accounts of the Company were made up to.

### **Capital Structure**

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for its stakeholders; and
- (b) To maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy. Management may adjust the share option policy and issuance of warrants and ordinary shares policy.

Management regards total equity of HK\$645,900,000 (2009: HK\$626,429,000) as capital, for capital management purpose as at the date of 31 March 2010.

### **Segmental Information**

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

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## FINANCIAL INFORMATION OF THE GROUP

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The Group has identified the following reportable segments:

- Publishing: Publication of comic books and royalty income from licensing comic books
- Property investment: Property investment for the property located in Hong Kong
- Crude oil exploration services: Crude oil exploration services in the PRC
- Chinese information infrastructure: Provision of server management and data warehousing services
- Electronic card service: Electronic card payment services in convenience stores, supermarkets, fast-food restaurants, hotel, online shopping and other point-of-sale applications such as service stations and vending machines
- Retailing and wholesales: Retailing of clothes, cosmetics and ladies accessories in Hong Kong and Macau and wholesales of insulation materials in Japan

Information about other business activities and operating segments that are not reportable are combined and disclosed in “Others” in the annual report of the Company for the financial year ended 31 March 2010. “Others” included catering services in Macau.

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

During the year ended 31 March 2010, three (2009: three) customers with whom transactions of each has exceeded 10% of the Group’s revenue. Total revenue from these three (2009: three) customers accounted for 24% (2009: 44%), 18% (2009: 14%) and 20% (2009: 11%) of the Group’s revenue for the year respectively. As at 31 March 2010, total trade receivables due from these three (2009: three) customers accounted for 11% (2009: 11%), 12% (2009: 7%), 52% (2009: 69%) of such balances respectively. The sales of these customers are included in the segment of publishing, publishing and crude oil exploration services respectively.

### ACQUISITION

On 31 May 2009, the Group acquired 53% of 上海旅聯信息服務有限公司 (“上海旅聯”) at a total cash consideration of RMB7,000,000. The principal activity of 上海旅聯 is the provision of electronic card service.

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## FINANCIAL INFORMATION OF THE GROUP

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### SIGNIFICANT INVESTMENTS AND RESULTS

The consolidated turnover of the Company and its subsidiaries for the year ended 31 March 2010 amounted to HK\$43,106,000 (2009: HK\$46,811,000) of which HK\$26,464,000 (2009: HK\$34,983,000) was attributable to the business of comics publication of the Group, nil (2009: HK\$42,000) was attributable to the Chinese information infrastructure of the Group, HK\$6,482,000 (2009: HK\$6,455,000) was attributable to the rental income from property investment of the Group, HK\$8,786,000 (2009: HK\$5,331,000) was attributable to the crude oil exploration services of the Group, HK\$145,000 (2009: nil) was attributable to the electronic card service of the Group, HK\$815,000 (2009: nil) was attributable to retailing and wholesales business of the Group and HK\$414,000 (2009: nil) was attributable to others included catering service. Profit for the year attributable to owners of the Company, taking into account taxation, was HK\$11,731,000 (loss for 2009: HK\$92,889,000). The earnings per share was HK1.7 cents (loss per share for 2009: HK13.1 cents).

### CONTINGENT LIABILITIES

Contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in a business combination. They are initially measured at fair value at the date of acquisition and subsequently measured at the higher of the amount that would be recognised in a comparable provision as described above and the amount initially recognised less any accumulated amortisation, if appropriate.

The Directors have confirmed that the Group has not incurred any material indebtedness, charges and contingent liabilities of the Group since 28 February 2011.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Placing on the consolidated net tangible assets of the Group as if the Placing had taken place on 30 September 2010. The statement has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Placing.

### **A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Placing on the net tangible assets of the Group as if the Placing had been completed on 30 September 2010. As it is prepared for illustrative purpose only, and because of its nature, it may not give a true picture of the financial position of the Group as at 30 September 2010 or any future date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the net assets of the Group attributable to the owners of the Company as at 30 September 2010 as extracted from the published unaudited interim report of the Group for the six months ended 30 September 2010 and is adjusted for the pro forma adjustments described in the accompanying notes.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 September 2010 <i>(Note 1)</i> HK\$'000	Intangible assets <i>(Note 2)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2010 HK\$'000	Estimated net proceeds from the Placing <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Placing HK\$'000	Estimated proceeds from exercise of warrants <i>(Note 5)</i> HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the Placing and full exercise of warrants HK\$'000
628,459	(167,478)	460,981	26,070	487,051	38,598	525,649

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per share before the Placing

HK\$0.669

*(Note 4)*

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per share after the Placing but not assuming the exercise of the warrants

HK\$0.707

*(Note 4)*

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per share after the Placing and assuming full exercise of the warrants

HK\$0.636

*(Note 6)*

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

1. The unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 September 2010 were approximately HK\$628,459,000 as disclosed in the published unaudited interim report of the Company as of 30 September 2010.
2. Intangible assets represented goodwill arose from the acquisition of subsidiary, exploration and production services right and the other intangible assets of approximately HK\$2,617,000, HK\$159,447,000 and HK\$5,414,000 respectively as extracted from the published interim report of the Company for the period ended 30 September 2010.
3. The adjustment is made to reflect the effect of the Placing had it been taken place on 30 September 2010. If the Placing is completed and maximum number of warrants of 137,850,000 are issued, the gross proceeds will be HK\$27,570,000, and the expected net proceeds, after deducting all relevant expenses of approximately HK\$1,500,000, to the Group will be approximately HK\$26,070,000.
4. The number of shares used for the calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share for both before and after the Placing but not assuming the exercise of the warrants is based on 689,255,964 ordinary shares issued as at 30 September 2010.
5. The estimated proceeds from exercise of listed warrants are based on the assumption that 137,850,000 warrants are issued in the Placing and these warrants are fully exercised on 30 September 2010 at the Subscription Price of HK\$0.28 per share. The number of shares to be issued on the exercise of the warrants is 137,850,000 and the gross proceeds will be HK\$38,598,000. The relevant expenses are assumed to be immaterial.
6. The unaudited pro forma adjusted consolidated net tangible assets per share of the Group after the Placing and assuming full exercise of the warrants are calculated based on 827,105,964 shares which represents the existing 689,255,964 shares in issue as at 30 September 2010 and 137,850,000 shares to be issued following the full exercise of 137,850,000 listed warrants.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### B. REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP



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香港干諾道中111號  
永安中心25樓

The Directors  
Culturecom Holdings Limited  
6th Floor, Culturecom Centre  
47 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

Dear Sirs

We report on the unaudited pro forma financial information of Culturecom Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed private placing of up to 137,850,000 listed warrants might have affected the financial information of the Group presented, for inclusion in the section headed “Unaudited Pro Forma Financial Information” to the Company’s prospectus dated 1 April 2011 (the “Prospectus”). The basis of preparation of the unaudited pro forma financial information of the Group is set out in the sub-section A headed “Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group” in the section headed “Unaudited Pro Forma Financial Information” to the Prospectus.

#### **Respective Responsibilities of Directors of the Company and Reporting Accountants**

It is the sole responsibility of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### **Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we did not express any such assurance on the Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets.

The unaudited pro forma financial information of the Group is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2010 or any future date.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information of the Group has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

### **BDO Limited**

*Certified Public Accountants*

**Au Yiu Kwan**

Practising Certificate no. P05018

Hong Kong, 1 April 2011

The Warrants will be issued in the registered form subject to and with the benefit of the Instrument by way of deed poll and they will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The Warrants will confer rights to subscribe for 137,850,000 Shares, at an initial Subscription Price of HK\$0.28 per Share (subject to adjustment under certain circumstances, including consolidation or subdivision of the Shares, capitalisation of profits or reserves or capital distribution).

Upon the Placing becoming unconditional, the Warrants will represent direct obligations of the Company to Warrantholders as described in the Instrument. The following is a summary of major provisions of the Instrument and of the principal terms and conditions of the Warrants set out on the Warrant certificates. Warrantholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and of the provisions of the Instrument, copies of which will be available at the principal place of business or principal office for the time being of the Company in Hong Kong.

#### **1. EXERCISE OF SUBSCRIPTION RIGHTS**

- (a) Each Warrantholder shall have, in respect of the Warrants of which he is the registered holder for the time being the Subscription Rights which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time on or after 3 May 2011 to 2 May 2013 (or the next business day after 2 May 2013, if 2 May 2013 is not a business day, both days inclusive) to subscribe in cash the whole or part, in integral multiples of HK\$0.28 of the amount stated on the certificate for such Warrants which a Warrantholder is entitled to subscribe for Shares upon exercise of the Subscription Rights represented thereby (the “**Exercise Moneys**”), for fully-paid Shares at a price of HK\$0.28 per Share. Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period will lapse and thereupon the Warrants and the Warrant certificates will cease to be valid for any purpose whatsoever.
- (b) Each Warrant certificate will contain a subscription form (the “Subscription Form”). In order to exercise his Subscription Rights, a Warrantholder must complete and sign the Subscription Form and deliver the same and the Warrant certificate to the Registrar in Hong Kong and such delivery shall constitute an irrevocable commitment by such Warrantholder to exercise such Subscription Rights, together with a remittance for the relevant portion of the Exercise Moneys, being the amount of the Subscription Price for the Shares in respect of which the Warrantholder is exercising his Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

- (c) The number of Shares to be allotted on exercise of the Subscription Rights shall be calculated by dividing the amount specified in the relevant Subscription Form and duly remitted as foresaid by the Subscription Price applicable on the Subscription Date. No fraction of a Share will be allotted but any balance representing fractions of the Exercise Moneys paid on the exercise of the Subscription Rights represented by the Warrant certificate will be paid by the Company to the Warrantholder, provided always for the purpose of determining whether any (and if so, what) fraction of Share arises that:
  - (i) if the Subscription Rights represented by this Warrant certificate and any one or more other Warrant certificates are exercised on the same Subscription Date by the same Warrantholder then the Subscription Rights represented by such Warrant certificates shall be aggregated; and
  - (ii) regard shall be made, where applicable, to the provisions of Clause 6(C) of the Instrument.
- (d) The Company has undertaken in the Instrument that any Shares falling to be issued upon the exercise of any of the Subscription Rights represented by this Warrant certificates will be issued and allotted not later than 28 days after the relevant Subscription Date and, taking into account of any adjustment which may have been made pursuant to Clause 4 of the Instrument, will rank pari passu with the fully paid Shares in issue on the relevant Subscription Date and will accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made after the relevant Subscription Date and other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange (as defined in the Instrument) prior to the relevant Subscription Date.
- (e) As soon as practicable after the relevant allotment and issue of Shares (and, in any event, not later than 28 days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder to whom such allotment has been made upon his exercise of any Subscription Rights:
  - (i) a certificate for the relevant Shares in the name(s) of such Warrantholder(s);
  - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by this Warrant certificate remaining unexercised;
  - (iii) (if applicable) a cheque representing fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to Shares as mentioned in sub-paragraph (c) above; and
  - (iv) (if applicable) other applicable document as mentioned in the Instrument.

The certificate for Shares arising on the exercise of Subscription Rights, the balancing Warrant certificate (if any) and, the cheque in respect of fractions of the Exercise Moneys in respect of the Warrantholder's fractional entitlement to Shares (if any) will be sent by post at the risk of the said Warrantholder to the address of such Warrantholder (or, in the case of a joint holding, to that one of the joint Warrantholders whose name stands first in the register of Warrantholders). If the Company agrees, such certificates and cheques may by prior arrangement be retained by the Registrar in Hong Kong to await collection by the relevant Warrantholder.

## **2. ADJUSTMENTS OF SUBSCRIPTION PRICE**

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b) and (c) below) be adjusted as provided in the Instrument in each of the following cases (but shall however not be adjusted below the nominal value of Shares until the Subscription Right Reserve (as defined in the Instrument) is maintained pursuant to Clause 6 of the Instrument):
  - (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
  - (ii) an issue (other than pursuant to a scrip dividend scheme in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);
  - (iii) a capital distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
  - (iv) a grant by the Company to holders of Shares (in their capacity as such) of rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
  - (v) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price (calculated as provided in the Instrument) being made by the Company to holders of Shares (in their capacity as such);
  - (vi) an issue wholly for cash being made by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per new Share is less than 90% of the market price (calculated as provided in the Instrument), or the conversion, exchange or subscription rights of any such issue are altered so that the said total Effective Consideration is less than 90% of such market price;

- (vii) an issue of Shares being made wholly for cash at a price less than 90% of the market price (calculated as provided in the Instrument); and
  - (viii) the purchase by the Company of Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any recognised stock exchange, being a stock exchange recognised for this purpose by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.
- (b) Except as mentioned in paragraph (c), no such adjustment as is referred to in sub-paragraph (a) (ii) to (vii) above shall be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion, exchange or subscription rights attaching to securities wholly or partly convertible into Shares or exchangeable for Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
  - (ii) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
  - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or other profits or reserves or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or exchangeable for or carrying rights to acquire Shares);
  - (iv) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculated as provided in the Instrument) of such Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash;
  - (v) an issue by the Company of Shares or by the Company or any of its subsidiaries of securities convertible into or exchangeable for or carrying rights of subscription for Shares pursuant to a “Option Scheme”.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an

adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint either an approved merchant bank (as defined in the Instrument) or the Auditors (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved merchant bank or the Auditors (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified, or an adjustment made instead of no adjustment, in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or such adjustment shall take effect from such other date and/or time as shall be certified by such approved merchant bank or the Auditors (as the case may be) to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price shall be made to the nearest one cent (HK\$0.005 being rounded up) and in no event shall any adjustment be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required shall not be carried forward. In no event shall an adjustment be made (otherwise than upon the consolidation of Shares into shares of a larger nominal amount each or upon a repurchase of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price shall be certified by the Auditors or an approved merchant bank and notice of each such adjustment (giving the relevant particulars) shall be given to the Warrantheolders. In giving any certificate or making any adjustment hereunder, the Auditors or the approved merchant bank shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantheolders and all persons claiming through or under them respectively. Any such certificates of the Auditors and/or approved merchant bank will be available for inspection by Warrantheolders at the principal place of business of the Company in Hong Kong, where copies may be obtained.

### **3. REGISTERED WARRANTS**

The Warrants are issued in registered form. The Company shall be entitled to treat the registered holder of any Warrant as the absolute owner thereof and accordingly shall not, except as ordered by a court of competent jurisdiction or as required by law, be bound to recognise any equitable or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

### **4. TRANSFER, TRANSMISSION AND REGISTER**

The Subscription Rights conferred by the Warrants shall be transferable in integral multiples of HK\$0.28 by instrument of transfer in any usual or common form or such other forms as may be approved by the Directors or, where the transferor and/or the transferee is HKSCC Nominees Limited (or its successor(s)), by an instrument of transfer executed under hand by authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as it may be. The Company shall maintain a register of Warrantheolders in the territory where the Stock Exchange for the time being is situated (or in such other places as the Directors consider appropriate, having regard to applicable rules governing

the listing of Warrants). The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

Persons who hold the Warrants and have not registered the Warrants in the own names and wish to exercise the Warrants should note that additional costs and expenses may be incurred in connection with any expedited re-registration of the Warrants prior to the transfer or exercise of the Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last dealing day of the Warrants to be a date at least three dealing days before 2 May 2013.

#### **5. CLOSURE OF REGISTER OF WARRANTHOLDERS**

The registration of transfers of Warrants may be suspended and the register of Warrantholders may be closed for such period as the Directors may from time to time direct, provided that the same shall not be closed, or registration may not be suspended, for a period, or for periods together, of more than 60 days in any one year. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register of Warrantholders is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register of Warrantholders.

#### **6. PURCHASE AND CANCELLATION**

The Company or any of its subsidiaries may at any time purchase the Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price;
- (b) by private treaty at a price, exclusive of expenses, not exceeding 110% of the closing price of the Warrants on the Stock Exchange on the date immediately prior to the date of purchase thereof, but not otherwise.

All Warrants purchased aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

#### **7. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by “Special Resolution” (as defined in the Instrument) of the provisions of the Instrument and/or of the these Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

- (b) All or any its of the right for the time being attached to the Warrant (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these Conditions and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

Where the Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house (or its nominee(s) as that clearing house (or its nominee(s)) could exercise as if such person was an individual Warrantholder.

#### **8. REPLACEMENT OF WARRANT CERTIFICATES**

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the principal office of the Warrant Registrars (unless the Directors otherwise determine) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding HK\$2.50 (or such other amount as may from time to time be permitted under the rules prescribed by the Stock Exchange) as the Company may determine. Mutilated or defaced Warrant certificates must be surrendered before replacements will be issued.

In the case of lost Warrant certificates, Section 71A subsections (2), (3), (4), (6), (7) and (8) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if "shares" referred to therein included Warrants.

#### **9. PROTECTION OF SUBSCRIPTION RIGHTS**

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

#### **10. CALL**

If at any time the aggregate of the Warrants which have not been exercised carry rights to subscribe less than HK\$3,859,800, the Company may, on giving not less than three months' notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to Warrantholders.

#### **11. ISSUE OF FURTHER WARRANTS**

The Company shall be at liberty to issue further warrants to subscribe for Shares in such manner and on such terms as it sees fit.

**12. UNDERTAKINGS OF THE COMPANY**

The Company has undertaken in the Instrument, that:

- (a) it will send to each Warrantholder (or in the case of joint Warrantholders, to the Warratholder whose name stands first in the register in respect of the Warrant held by such joint Warrantholders), at the same time as the same are sent to the holders of Shares, its audited accounts and all other notices, reports and communications despatched by it to the holders of the Shares generally;
- (b) it will pay all Hong Kong and Bermuda stamp and capital duties, registration fees or similar charges (if any) payable in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights. If any Warrantholder shall take any action or proceedings in any jurisdiction to enforce the obligations of the Company in respect of the Warrants or the Instrument, and for the purposes of such action or proceedings the Instrument or any Warrant is taken into such jurisdiction and any stamp duties or similar duties or taxes become payable thereon or in respect thereof in connection with or as a result of such action or proceedings, the Company shall not be under any obligation to pay (or reimburse any person making payment of) any such duties or taxes (including, if applicable, any penalties);
- (c) it will keep available for issue sufficient Ordinary Capital (as defined in the Instrument) to satisfy in full all rights for the time being outstanding of subscription for and conversion into Shares;
- (d) it will use its best endeavours to procure that:
  - (i) at all times during the Subscription Period, the Warrants may be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Warrants on the Stock Exchange is withdrawn following an offer for all or any of the Warrants); and
  - (ii) all Shares allotted upon exercise of the Subscription Rights may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation will lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to holders of the Warrants).

**13. OVERSEAS WARRANTHOLDERS**

If a Warrantholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any subscription rights attaching to the Warrants (the “Subscription Rights”) would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall as soon as practicable after exercise by such Warrantholder of any Subscription Rights either:

- (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or
- (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then reasonably obtainable by the Company.

As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relative Warrantholder an amount equal to the consideration received by the Company therefor.

**14. WINDING-UP OF THE COMPANY**

The Instrument contains provisions relating to the winding-up of the Company.

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then:

- (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some persons designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal shall be binding on all Warrantholders; and
- (b) in any other case, every Warrantholder (or in the case of joint Warrantholders, the Warrantholder whose name stands first in the register of Warrantholders in respect of the Warrant held by such joint Warrantholders) shall be entitled at any time within six weeks after the passing of such resolution by irrevocable surrender of his Warrant certificate(s) to the Registrar with the Subscription Form(s) (as defined in the Instrument) duly completed, together with payment of the Exercise Moneys (or the relative portion thereof), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised such of the Subscription Rights represented by such Warrant(s) as are specified in the Subscription Form(s) submitted by him and had on such date been the holder of the Shares to which he would have become entitled pursuant to such exercise and the Company and the liquidator of the Company shall give effect to such election accordingly. The Company shall give notice to the Warrantholders of the passing of any such resolution within seven days after the passing thereof and such notice shall contain a reminder to Warrantholders with respect to their rights under this sub-paragraph (b) (to the extent applicable).

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the date of the passing of such resolution shall lapse and Warrant certificates will cease to be valid for any purpose.

**15. NOTICES**

The Instrument contains provisions relating to notices to be given to Warranholders.

- (a) every Warranholder shall register with the Company an address either in Hong Kong or elsewhere to which notices to be given to such Warranholder are to be sent and if any Warranholder shall fail so to do notice may given to such Warranholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business or principal office of the Company in Hong Kong;
- (b) a notice may be given be delivery, prepaid letter (airmail in the case of an overseas address), or alternatively, a notice may be given by paid advertisement published in English in at least one English language newspaper in Hong Kong and in Chinese in at least one Chineses language newspaper in Hong Kong; and
- (c) all notices with respect to any Warrant standing in the names of joint holders shall be given to whichever of such persons is named first in the Register and notice so given shall be sufficient notice to all the joint holders of such Warrant.

**16. GOVERNING LAW**

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

**RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors of the issuer 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 issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 document misleading.

**SHARE CAPITAL**

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Ordinary Shares of HK\$0.01 each	<u>2,000,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
1,033,883,946	existing Shares as at the Latest Practicable Date	10,338,839.46
137,850,000	Shares to be issued upon full exercise of the Warrants (based on the initial subscription price of HK\$0.28)	1,378,500.00
<u>1,171,733,946</u>	Shares immediately upon full exercise of the Warrants	<u>11,717,339.46</u>

As at the Latest Practicable Date, save for the 158,681,050 Options granted entitling the holders thereof to subscribe for 158,681,050 Shares, the Company has no outstanding warrants, options or convertible or exchangeable securities.

All the Shares in issue rank *pari passu* in all respects with each other including as regards to dividends and voting rights. The Shares in issue are listed on main board of the Stock Exchange. The 137,850,000 Warrants will confer rights to subscribe in aggregate up to HK\$38,598,000 for up to 137,850,000 Shares (subject to adjustments) to be issued upon full exercise of the Warrants. The Warrants will be transferrable and exercisable in units of Subscription Rights of HK\$0.28 each and thus every Warrant will entitle the Warrantholder to subscribe in cash for one Share at the initial Subscription Price of HK\$0.28. The Shares falling to be issued upon the exercise of the Subscription Rights will upon allotment and issue rank equally in all respects with the existing Shares in issue on the relevant Subscription Date save for any right or entitlement to dividends or other rights or distributions the record date for which precedes the date on which such Subscription Rights are exercised pursuant to the terms of the Instrument.

No part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

Save for the rights issue of 344,627,982 rights shares at a subscription price of HK\$0.35 per rights shares, and the corresponding adjustments to the Options, details of which are disclosed in the Prospectus dated 1 February 2011 and the announcement dated 28 March 2011, there is no alternations in the capital of any member of the Group since 31 March 2010. There is also no member of the Group which capital is under option or agreed to be put under option.

### **MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate turnover for the year ended 31 March 2010 attributable to the Group's five largest customers accounted for approximately 75.36% of the Group's turnover, of which approximately 23.75% was attributable to the largest customer.

The aggregate purchases for the year ended 31 March 2010 attributable to the Group's five largest suppliers accounted for approximately 91.48% of the Group's total purchases, of which approximately 61.78% was attributable to the largest supplier.

At no time during the year ended 31 March 2010 did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

### **OPTION SCHEMES**

The Company has terminated its share option scheme adopted on 15 June 1993 (the "1993 Scheme") and adopted a new share option scheme (the "2002 Scheme") on its 2002 annual general meeting held on 21 August 2002.

Subsequent to the termination of the 1993 Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the 1993 Scheme shall remain in force and all share options granted prior to such termination shall continue to be valid and exercisable in accordance therewith. During the year ended 31 March 2010, 3,196,500 outstanding share options had been lapsed in accordance with the terms of the 1993 Scheme.

As at the Latest Practicable Date, 158,681,050 Options granted entitling the holders thereof to subscribe for 158,681,050 Shares are outstanding.

### **OTHERS**

To the best of the Directors' knowledge, they are not aware of any restrictions affecting the remittance of the Group's profits into Hong Kong from outside Hong Kong. There are no particular trade marks, patents or other intellectual property rights which are material in relation to the overall business operation of the Group.

## DISCLOSURE OF INTERESTS

**(a) Directors' interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange:

**Interests in the shares of the Company**

<b>Name of Director</b>	<b>Capacity</b>	<b>Nature of interests</b>	<b>Number of shares held</b>	<b>Approximate percentage of issued share capital</b>
Mr. Cheung Wai Tung	Beneficial owner	Personal interest	188,600 (Note 1)	0.02%
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	200,000 (Note 2)	0.02%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	0.01%
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	135,000	0.01%

*Notes:*

- (1) Mr. Cheung Wai Tung has resigned as executive Director of the Company on 1 January 2011.
- (2) Mr. Henry Chang Manayan has retired as executive Director of the Company on 13 September 2010.

All interests stated above represent long positions.

**Interests in shares of associated corporation of the Company**

Name of associated corporation	Name of Director	Capacity	Nature of interests	Number of shares held	% of issued share capital of the associated corporation
China Bio Cassava Holdings Limited	Mr. Kwan Kin Chung	Beneficial owner	Personal interest	16,000,000 ( <i>Note 1</i> )	0.20%
	Mr. Chung Billy	Beneficial owner	Personal interest	3,200,000 ( <i>Note 2</i> )	0.04%
	Mr. Tang U Fai	Beneficial owner	Personal interest	4,000,000 ( <i>Note 3</i> )	0.05%
	Mr. Tsang Wai Wa	Beneficial owner	Personal interest	2,505,420 ( <i>Note 4</i> )	0.03%
	Mr. Chen Man Lung	Beneficial owner	Personal interest	16,000,000 ( <i>Note 5</i> )	0.20%
	Mr. Wan Xiaolin	Beneficial owner	Personal interest	12,000,000 ( <i>Note 6</i> )	0.15%

*Notes:*

1. Mr. Kwan Kin Chung is beneficially interested in 16,000,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 1,200,000 ordinary shares and 2,000,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Tang U Fai is beneficially interested in 4,000,000 share options in China Bio Cassava Holdings Limited.
4. Mr. Tsang Wai Wa is beneficially interested in 2,505,420 ordinary shares in China Bio Cassava Holdings Limited.
5. Mr. Chen Man Lung is beneficially interested in 16,000,000 share options in China Bio Cassava Holdings Limited.
6. Mr. Wan Xiaolin is beneficially interested in 12,000,000 share options in China Bio Cassava Holdings Limited.

All interests stated above represent long positions.

**Interests in share options of the Company**

Name of Director	Capacity	Nature of interests	Number of share options	Exercise price per share HK\$	Exercisable period	Approximate percentage of issued share capital
Mr. Cheung Wai Tung	Beneficial owner	Personal interest	438,800 ( <i>Note 1</i> )	2.42	19 December 2003 to 18 December 2013	0.04%
Mr. Kwan Kin Chung	(i) Beneficial owner	Personal interest	877,600	0.92	7 July 2006 to 6 July 2016	0.18%
	(ii) Beneficial owner	Personal interest	109,700	2.16	29 June 2007 to 28 June 2017	
	(iii) Beneficial owner	Personal interest	877,600	1.42	6 November 2007 to 5 November 2017	
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	109,700 ( <i>Note 2</i> )	2.42	19 December 2003 to 18 December 2013	0.01%

Name of Director	Capacity	Nature of interests	Number of share options	Exercise price per share HK\$	Exercisable period	Approximate percentage of issued share capital
Mr. Wan Xiaolin	Beneficial owner	Personal interest	329,100	2.42	19 December 2003 to 18 December 2013	0.03%
Mr. Tang U Fai	(i) Beneficial owner	Personal interest	109,700	2.42	19 December 2003 to 18 December 2013	0.19%
	(ii) Beneficial owner	Personal interest	1,755,200	2.69	24 March 2005 to 23 March 2015	
	(iii) Beneficial owner	Personal interest	109,700	0.92	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	54,850	0.92	7 July 2006 to 6 July 2016	0.01%
Mr. Chen Man Lung	(i) Beneficial owner	Personal interest	1,426,100	2.69	24 March 2005 to 23 March 2015	0.48%
	(ii) Beneficial owner	Personal interest	713,050	0.92	7 July 2006 to 6 July 2016	
	(iii) Beneficial owner	Personal interest	1,206,700	2.16	29 June 2007 to 28 June 2017	
	(iv) Beneficial Owner	Personal interest	1,645,500	1.42	6 November 2007 to 5 November 2017	

*Notes:*

1. Mr. Cheung Wai Tung has resigned as executive Director of the Company on 1 January 2011.
2. Mr. Henry Chang Manayan has retired as executive Director of the Company on 13 September 2010.
3. The options exercise period is commenced from the date of grant for ten years. The options may be exercised at any time with the option period provided that the options have been vested. As at 30 September 2010, all options have been vested.

All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executive of the Company had interests or short positions in any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following person had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept by the Company under Section 336 of the SFO:

**Interests in the shares of the Company**

Name	Capacity	Number of shares held	Approximate percentage of issued share capital
L&W Holding Limited	Beneficial owner	81,498,600	7.88%
Harvest Smart Overseas Limited	Beneficial owner and interests in controlled corporation ( <i>Note 1</i> )	130,813,112	12.65%
Mr. Basilio Dizon	Interests in a controlled corporation and interests of spouse ( <i>Note 2</i> )	239,856,512	23.20%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in a controlled corporation and interests of spouse ( <i>Note 3</i> )	239,856,512	23.20%

*Notes:*

1. Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 130,803,712 shares and is deemed to be interested in 9,400 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 9,400 shares in the Company under SFO.
2. 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 beneficially interested in 27,544,800 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 239,856,512 shares in the Company under SFO.
3. Ms. Chow is beneficially interested in 27,544,800 shares in the Company. She is the wife of Mr. Dizon and has controlling interests in L&W. Accordingly, Ms. Chow is deemed to be interested in 212,311,712 shares in the Company under SFO.

All interests stated above represent long positions.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

**DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

**COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group.

**LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

**EXPERT AND CONSENT**

The following is the qualification of the expert who have given opinion or advice which is contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
BDO	Certified Public Accountants

BDO has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter or its name in the form and context in which they respective appear.

BDO does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

BDO does not have any direct or indirect interests in any assets which have been, since 31 March 2010 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

**MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the licensing agreement dated 29 June 2010 between Culturecom Limited, a wholly owned subsidiary of the Group and Mutual Work Media Investment Fund Limited (“Mutual Work”) in relation to the grant of certain right by Culturecom Limited to Mutual Work to exploit comic series 龍虎門 (Dragon & Tiger Heroes);
- (b) the underwriting agreement dated 17 December 2010 between Culturecom Holdings Limited (the “Company”) and Kingston Securities Limited in relation to the proposed rights issue of 344,627,982 rights shares on the basis of one rights share for every two Shares held on record date at a subscription price of HK\$0.35 per share;
- (c) the provisional agreement dated 27 January 2011 entered into between Liu & Chen Limited or it nominated(s) as purchase and Culturecom Centre Limited, a wholly owned subsidiary of the Company, as vender for the sale and purchase of the property in cash for a consideration of HK\$286,000,000; and
- (d) the Placing Agreement.

**EXPENSES**

The expenses in connection with the placing, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$1.5 million and are payable by the Company.

**DIRECTORS’ INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2010, the date to which the latest published audited financial statements of the Group were made up.
- (b) Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 March 2010, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

## PARTIES INVOLVED IN THE PLACING AND CORPORATE INFORMATION

<b>Registered office</b>	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
<b>Head office and principal place of business</b>	6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong
<b>Directors</b>	<i>Chairman and non-executive Director</i> Mr. Chu Bong Foo 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong  <i>Executive Directors</i> Mr. Kwan Kin Chung 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong  Mr. Wan Xiaolin 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong  Mr. Chung Billy 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong  Mr. Tang U Fai 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong  Mr. Tang Kwing Chuen Kenneth 6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong

Mr. Chen Man Lung  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

*Independent non-executive Directors*

Mr. Tsang Wai Wa  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

Mr. Joseph Lee Chennault  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

Mr. Lai Qiang  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

**Authorised representatives**

Mr. Kwan Kin Chung  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

Mr. Chung Billy  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

**Company Secretary**

Mr. Tong Wai Sum  
6th Floor, Culturecom Centre  
47 Hung To Road, Kwun Tong  
Kowloon  
Hong Kong

**Auditors**

BDO Limited  
Certified Public Accountants  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

<b>Placing Agent</b>	Kingston Securities Limited Suite 2801 28th Floor One International Finance Centre 1 Harbour View Street Central, Hong Kong
<b>Legal advisers</b>	<i>On Bermuda Law</i> Appleby 2206-19 Jardine House 1 Connaught Place, Central Hong Kong  <i>On Hong Kong Law</i> Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong
<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
<b>Principal share registrar and transfer office</b>	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716 17th Floor, Hopewell Centre 183 Queen's road East Wan Chai Hong Kong

## PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

### Chairman and non-executive Director

Mr. Chu Bong Foo, aged 73, was appointed as the vice-chairman and an executive Director of the Company in May 1999. On 21 January 2011, Mr. Chu was appointed as the Chairman of the Board and the non-executive Director of the Company and is responsible for the design and development of Chinese information infrastructure of the Group. Mr. Chu is the inventor of Changjie Index System and has been engaging in the development of Chinese character generating technology over 20 years.

**Executive Directors**

Mr. Kwan Kin Chung, aged 42, was appointed as an executive Director and managing Director of the Company in March 2008. He was appointed as an acting chief executive officer of the Company in April 2007. Mr. Kwan held the position as vice president of the Group from 1998 to 2002. He is the managing director of China Bio Cassava Holdings Limited, whose shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Kwan has extensive experience in businesses restructuring and corporate investment. He holds a Bachelor of Arts in Economics from Zhongshan University, Guangzhou, the PRC.

Mr. Wan Xiaolin, aged 53, joined the Group as the general manager in January 2000 and is responsible for the group administration, human resources and training, accounts and finance and information technology related management activities. Mr. Wan holds a Bachelor of Arts in Economics from Shanghai Maritime University, Shanghai, the PRC. Prior to joining the Group, he was general manager of China Merchants Transportation Group for finance and accounting division. Mr. Wan was appointed as an executive Director of the Company in July 2002. He is an executive director of China Bio Cassava Holdings Limited, whose shares are listed on GEM of the Stock Exchange.

Mr. Chung Billy, aged 36, was appointed as an independent non-executive Director of the Company in June 2007. He has been re-designated as an executive Director of the Company in November 2007 and later became the chief operating officer of the Company, responsible for the Group’s overall operation and business development, as well as human resources and accounting related managerial activities. Mr. Chung holds a Bachelor of Arts degree in Accounting from the University of Waterloo and a MBA from the University of Toronto in Canada. As a member of the Canadian Institute of Chartered Accountants, he has over ten years of extensive experience in the fields of accounting, consulting, and investment banking. Mr. Chung is also a fellow member of the Hong Kong Institute of Certified Public Accountants and prior to joining the Group, Mr. Chung acted as senior project director at Opes Asia Development Limited, whose shares are listed on the Main Board of the Stock Exchange.

Mr. Tang U Fai, aged 37, was appointed as an executive Director of the Company in March 2008. Mr. Tang holds a Bachelor of Science degree in Computer Science and Economics from the University of Victoria and a Master of Science degree in Software Engineering from the University of Macau. Mr. Tang joined the Group as the chief technology officer in May 2001. In 2003, he was further appointed as the general manager of 網城在綫（澳門）有限公司 where he was gained extensive executive experience.

Mr. Tang Kwing Chuen Kenneth, aged 32, was appointed as an executive Director of the Company in December 2008. He was appointed as company secretary of ViaGOLD Capital Limited in January 2007, a company whose shares are listed on Australian Stock Exchange. ViaGOLD Capital Limited is a controlled corporation of Harvest Smart Overseas Limited, which is a substantial shareholder of the Company. Mr. Tang holds a Master of Commerce degree in Finance and a Bachelor of Science degree majoring in Information Systems from the University of New South Wales. He joined the Group as Project Manager in October 2003. He has extensive years of experience in banking and finance industry.

Mr. Chen Man Lung, aged 45, was appointed as executive Director of the Company on 22 October 2009. He is currently an executive director of China Bio Cassava Holdings Limited and independent non-executive director of Opes Asia Development Limited, both of their shares are listed on the Stock Exchange. He is also a chief financial officer of ViaGOLD Capital Limited, a company whose shares are listed on Australian Stock Exchange. Mr. Chen acts as a director of the Hong Kong Comics & Animation Federation Limited and academic advisor to Academy of Visual Arts and Humanities Programme of Hong Kong Baptist University. Mr. Chen obtained the Degree of Bachelor of Arts in Sociology and the Degree of Master of Arts in Chinese Studies from The Hong Kong Baptist University and The Hong Kong University of Science and Technology respectively. Mr. Chen has over 16 years of extensive experience in investment industry.

#### **Independent Non-Executive Directors**

Mr. Tsang Wai Wa, aged 49, was appointed as an independent non-executive Director of the Company on 17 November 2009. He is also an independent non-executive director of Opes Asia Development Limited and the company secretary of China Solar Energy Holdings Limited, both of their shares are listed on the Stock Exchange. Mr. Tsang holds the Bachelor degree in Finance and Accounting and a Master degree in Business Administration. He is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in auditing, accounting, company secretary and corporate finance experience.

Mr. Joseph Lee Chennault, aged 66, was appointed as an independent non-executive Director of the Company in September 2004. Mr. Chennault holds a Bachelor of Arts in Economics from University of San Francisco and MBA from Golden Gate University. He is a member of California Society of Certified Public Accountants and has over 30 years of experience in accounting and auditing.

Mr. Lai Qiang, aged 36, was appointed as an independent non-executive Director of the Company in December 2008. He holds a Bachelor Degree in International Finance (Professional Economics), International Trading Finance Department, from Zhongshan University, Guangzhou, the PRC. He is also an intermediate level economist. Mr. Lai is a deputy officer of financial settlement centre and manager of treasury department of Shenzhen Huaqiang Holdings Limited (“Huaqiang Holdings”). Huaqiang Holdings is a large investment holding company with high technology industries as its core business. It was chosen as “the Most Advanced Enterprise in Quality and Efficiency in China” and “the Top Foreign Exchange-Earning Enterprise in China” continuously for many years. Mr. Lai has over ten years of practical experience in group enterprise fund management and financial management.

#### **Company Secretary**

Mr. Tong Wai Sum, aged 42, joined the Group in July 2008 and was appointed as company secretary of the Company on 3 May 2010. He is a member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. Mr. Tong holds a Master degree of Corporate Governance from The Hong Kong Polytechnic University.

**Audit Committee**

The audit committee of the Company, with written terms of reference in line with the code provisions set out in the Code on Corporate Governance Practices as stipulated in Appendix 14 to the Listing Rules, currently comprises three independent non-executive Directors, namely Mr. Tsang Wai Wa, Mr. Joseph Lee Chennault and Mr. Lai Qiang. The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of annual and interim financial statements of the Group.

**BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed “Experts and Consents” in this appendix have been registered with the Registrar of Companies in Hong Kong Pursuant to Section 342C of the Companies Ordinance.

A copy of the Prospectus will be filed with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication pursuant to the Companies Act.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company at 6th Floor, Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong during normal business hours up to and including the 3 May 2011:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2009 and 31 March 2010 respectively;
- (c) the interim report of the Company for the six months ended 30 September 2010;
- (d) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in the section headed the “Unaudited Pro Forma Financial Information” to this Prospectus;
- (e) the letter from BDO Limited on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in the section headed the “Unaudited Pro Forma Financial Information” to this Prospectus;

- (f) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (g) the written consents referred to in the paragraph headed “Experts and consents” in this appendix; and
- (h) if applicable, a copy of each of the circular(s) issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 March 2010, the date of the latest published audited consolidated financial statements of the Group were made up.