
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Culturecom Holdings Limited (the “Company”), you should at once hand this prospectus together with the accompanying Provisional Allotment Letter (as defined herein) to the purchaser or transferee, or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents (as defined herein), together with the documents mentioned in the paragraph headed “Documents delivered to the Registrar of Companies in appendix III to the Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). 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, 1981 of Bermuda (as amended). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of these documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a 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 Rights Shares (as defined herein) (in both their nil-paid and fully paid forms) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Rights Shares (in their nil-paid and fully-paid form) or such other dates 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their respective 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 these documents.



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

RIGHTS ISSUE OF 344,627,982 RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

Underwriter



KINGSTON SECURITIES LTD.

The latest time for application and payment for the Rights Shares is 4:00 p.m. (Hong Kong time) on 18 February 2011. The procedures for application of the Rights Shares are set on page 25 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed “Termination of the Underwriting Agreement” on page 8 of this prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed. Shareholders should note that, based on the expected timetable, the Shares have been dealt in on an ex-entitlement basis commencing from 26 January 2011 and that dealing in the Shares may take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on or before 23 February 2011), will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Any Shareholder or other persons contemplating dealings in the Shares and/or the nil-paid Rights Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

* for identification purpose only

1 February 2011

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 17 December 2010 in relation to, among others, the Rights Issue
“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“BDO”	BDO Limited, the auditors of the Company
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Capital Reduction”	the capital reduction involving the reduction of (i) the issued share capital of the Company by cancelling the paid up capital of the Company to the extent of HK\$0.99 on each of the issued Shares of HK\$1.00 each such that the nominal value of each issued Share will be reduced from HK\$1.00 to HK\$0.01; and (ii) the authorised share capital of the Company by reducing the nominal value of all Shares from HK\$1.00 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$1,000,000,000 divided into 1,000,000,000 Shares of HK\$1.00 each to HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each, effective from 25 January 2011
“Capital Reorganisation”	the capital reorganisation involving the Capital Reduction and the Increase in Authorised Share Capital, effective from 25 January 2011
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Culturecom Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Increase in Authorised Share Capital”	the increase in the authorised share capital of the Company (upon the Capital Reduction becoming effective) from HK\$10,000,000 divided into 1,000,000,000 Shares of HK\$0.01 each to HK\$2,000,000,000 divided into 200,000,000,000 Shares
“Kingston Securities” or “Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	17 December 2010, being the date of the Underwriting Agreement
“Latest Lodging Date”	4:30 p.m. on 27 January 2011 as the latest time for lodging transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	26 January 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on 18 February 2011 or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date

DEFINITIONS

“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Rights Shares to them
“Prospectus”	this prospectus despatched by the Company to the Shareholders in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	1 February 2011 or such later date as may be agreed between Kingston Securities and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	31 January 2011, being the date by reference to which entitlements to the Rights Issue will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, the branch share registrar of the Company in Hong Kong
“Rights Share(s)”	344,627,982 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date and payable in full on acceptance pursuant to the Rights Issue
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company or, if the context requires, ordinary shares of HK\$1.00 each in the share capital of the Company before the effective date of the Capital Reorganisation
“Shareholder(s)”	holder(s) of the Share(s)

DEFINITIONS

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

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from, and should be read in conjunction with, the full text of this prospectus.

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held on the Record Date and payable in full on acceptance
Subscription Price:	HK\$0.35 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	689,255,964 Shares
Number of Rights Shares:	344,627,982 Rights Shares
Number of Rights Shares undertaken to be taken up by the Undertakers:	Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue
Number of Rights Shares underwritten by Kingston Securities:	276,922,882 Rights Shares, being the number of the Rights Shares less the aggregate number of the Rights Shares agreed to be taken up by the Undertakers under the Undertakings
Number of Shares in issue upon completion of the Rights Issue:	1,033,883,946 Shares

EXPECTED TIMETABLE

The expected timetable for the Rights Issue as set out below is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue 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.

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

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 18 February 2011. Instead the latest time of acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 18 February 2011. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on Friday, 18 February 2011, the dates mentioned in the section headed “Expected timetable” in this prospectus may be affected. A press announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

Termination of the Underwriting Agreement

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

- (1) in the absolute opinion of Kingston Securities, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of Kingston Securities, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this prospectus or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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

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

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

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

LETTER FROM THE BOARD



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

Chairman and non-executive Director:

Mr. Chu Bong Foo

Executive Directors:

Mr. Kwan Kin Chung

Mr. Wan Xiaolin

Mr. Chung Billy

Mr. Tang U Fai

Mr. Tang Kwing Chuen Kenneth

Mr. Chen Man Lung

Independent non-executive Directors:

Mr. Tsang Wai Wa

Mr. Joseph Lee Chennault

Mr. Lai Qiang

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Principal place of business

in Hong Kong:

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

1 February 2011

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE OF 344,627,982 RIGHTS SHARES ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING
SHARES HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement of the Company dated 17 December 2010 in relation to, among others, the Rights Issue.

The purpose of this prospectus is to provide you with further details of the Rights Issue including information on dealings in and application for the Rights Shares, and certain other information of the Group.

* for identification purpose only

LETTER FROM THE BOARD

RIGHTS ISSUE

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) existing Shares held on the Record Date and payable in full on acceptance
Subscription Price:	HK\$0.35 per Rights Share
Number of Shares in issue as at the date of this prospectus:	689,255,964 Shares
Maximum number of Shares to be allotted and issued upon the exercise of the outstanding Share Options:	144,650,000 Shares
Number of Rights Shares:	344,627,982 Rights Shares
Number of Rights Shares undertaken to be taken up by the Undertakers:	Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue
Number of Rights Shares underwritten by Kingston Securities:	276,922,882 Rights Shares, being the number of the Rights Shares less the aggregate number of the Rights Shares agreed to be taken up by the Undertakers under the Undertakings
Number of Shares in issue upon completion of the Rights Issue:	1,033,883,946 Shares

LETTER FROM THE BOARD

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

Qualifying Shareholders

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

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

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

Closure of register of members

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

Subscription Price

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

- (i) a discount of approximately 41.7% to the closing price of HK\$0.60 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 32.7% over the theoretical ex-entitlement price of approximately HK\$0.52 per Share based on the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.7% to the average of the closing prices of HK\$0.60 per Share for the last five consecutive trading days including and up to the Last Trading Day; and
- (iv) a discount of approximately 35.2% to the closing price of HK\$0.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

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

Basis of Provisional Allotment

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

Status of the Rights Shares

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

Fractions of Rights Shares

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

Rights of Overseas Shareholders

As at the Latest Practicable Date, there are overseas Shareholders with registered addresses located in the British Virgin Islands, Australia, Macau, the PRC, Singapore, the United Kingdom and the United States of America ("USA"). The Directors have, in compliance with the Listing Rules, conducted enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders.

Based on the legal opinions provided by the legal advisers in the relevant jurisdictions, the Directors consider that the Rights Shares can be offered to the Overseas Shareholders in the relevant jurisdictions other than the USA as there are no legal restrictions for the Company on offering of the Rights Shares to these Overseas Shareholders other than the USA Shareholder(s). Accordingly, there are no Overseas Shareholders other than the USA Shareholder(s) being prohibited from the Rights Issue.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares (in its nil-paid and fully-paid form).

LETTER FROM THE BOARD

The Prospectus without the PAL has been sent to the USA Shareholder(s), being the Prohibited Shareholders for his/her information only.

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

Certificates of the Rights Shares

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

No excess application for the Rights Shares

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

Application for listing

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

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms 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 Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of 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.

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

LETTER FROM THE BOARD

Undertakings given by the Undertakers

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

UNDERWRITING ARRANGEMENT

Date: 17 December 2010 (after trading hours)

Underwriter: Kingston Securities Limited

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

Accordingly, the Rights Issue is fully underwritten.

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

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

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Termination of the Underwriting Agreement

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

- (1) in the absolute opinion of Kingston Securities, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

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- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of Kingston Securities, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this prospectus or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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

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

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

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

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (1) the passing of all necessary resolution(s) by the Shareholders and the Board approving (a) the Capital Reorganisation; and (b) the Rights Issue and the transactions contemplated hereunder by no later than the Prospectus Posting Date;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (3) the filing of one copy of the Prospectus signed by one Director (for and on behalf of all Directors) with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid form) by no later than the first day of their dealings;

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- (5) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (7) compliance with and performance of all undertakings and obligations of the Undertakers under the Undertakings;
- (8) if necessary, the obtaining of the consent or permission from the Bermuda Monetary Authority in respect of the issue of the Rights Shares;
- (9) there being no Specified Event occur prior to the Latest Time for Termination; and
- (10) the Capital Reorganisation having been completed.

The conditions precedent are incapable of being waived. As at the Latest Practicable Date, the Shareholders' resolution approving the Capital Reorganisation have been passed at the SGM held on 24 January 2011 and the Capital Reorganisation have been completed. Save for conditions (1) and (10) above, the other conditions are pending to be fulfilled as at the Latest Practicable Date. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston Securities may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party save for any antecedent breaches.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

The estimated net proceeds from the Rights Issue will be approximately HK\$115 million. The Board intends to apply such proceeds from the Rights Issue for technology development project(s) in relation to transforming 2D graphics into 3D in the PRC. We are further instructed that 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. As at the date hereof, no binding agreement has been entered into by the Group in relation to such projects.

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

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

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CAPITAL REORGANISATION

In order to facilitate the Rights Issue, the Capital Reorganisation which involves the Capital Reduction and the Increase in Authorised Share Capital has been implemented. Details of the Capital Reorganisation have been disclosed in the circular of the Company dated 29 December 2010.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any other fund raising activities announced in the past twelve months before the Latest Practicable Date.

EFFECTS ON SHAREHOLDING STRUCTURE

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

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Rights Issue) <i>(Note 5)</i>	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Substantial Shareholders						
Mr. Basilio Dizon and his associates <i>(Note 1 and 2)</i>	135,410,200	19.645%	203,115,300	19.645%	203,115,300	19.645%
Chamberlin Investments Limited	26,589,400	3.860%	39,884,100	3.860%	26,589,400	2.570%
Directors <i>(Note 3)</i>						
Chu Bong Foo <i>(Note 4)</i>	28,305,200	4.105%	42,457,800	4.105%	28,305,200	2.740%
Wan Xiaolin	50,000	0.005%	75,000	0.005%	50,000	0.005%
Tang Kwing Chuen Kenneth	380,000	0.055%	570,000	0.055%	380,000	0.040%
Resigned/Retired Director						
Cheung Wai Tung <i>(Note 6)</i>	188,600	0.030%	282,900	0.030%	188,600	0.020%
Henry Chang Manayan <i>(Note 7)</i>	200,000	0.030%	300,000	0.030%	200,000	0.020%
Public Shareholders						
Underwriter	–	0.000%	–	0.000%	276,922,882	26.780%
Other public Shareholders	498,132,564	72.270%	747,198,846	72.270%	498,132,564	48.180%
Total	689,255,964	100.000%	1,033,883,946	100.000%	1,033,883,946	100.000%

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Notes:

1. Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 62,714,600 Shares and is deemed to be interested in 26,589,400 Shares held by Chamberlin Investments Limited (“Chamberlin”). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited (“Viagold”) and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 26,589,400 Shares in the Company held by Chamberlin under SFO. L&W Holding Limited is beneficially interested in 54,332,400 Shares. Mr. Basilio Dizon (“Mr. Dizon”) has controlling interests 65% and 98.64% in L&W Holding Limited (“L&W”) and Harvest Smart respectively. Ms. Chow Lai Wah Livia (“Ms. Chow”), the wife of Mr. Dizon, is personally beneficially interested in 18,363,200 Shares in the Company, therefore, Mr. Dizon is deemed to be interested in 161,999,600 Shares in the Company under SFO.
2. Each of the Undertakers has given the Undertakings in favour of the Company and Kingston Securities that to subscribe for or procure subscriptions for: (i) 9,181,600 Rights Shares to which Ms. Chow Lai Wah, Livia, the wife of Mr. Basilio Dizon, is entitled under the Rights Issue; (ii) 27,166,200 Rights Shares to which L&W Holding Limited is entitled under the Rights Issue; and (iii) 31,357,300 Rights Shares to which Harvest Smart Overseas Limited is entitled under the Rights Issue. For the avoidance of doubt, under the Undertakings, the Undertakers will not procure subscription for those Rights Shares to which Chamberlin Investments Limited is entitled under the Rights Issue.
3. In addition to the interest in the Shares as shown above, the Directors of the Company (including Mr. Cheung Wai Tung and Mr. Henry Cheng Manayan) are also in aggregate interested in 8,900,000 Share Options.
4. Among the 28,305,200 Shares, 12,287,200 Shares are held by Bay-Club Enterprises Inc., the entire issued share capital of which is beneficially owned by Mr. Chu Bong Foo.
5. This scenario is for illustrative purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Untaken Shares:
 - (i) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 9.9% of the voting rights of the Company upon the completion of the Rights Issue; and
 - (ii) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (ii) any subscribers procured by the Underwriter shall not, together with any party acting in concert with it, hold 10.0% or more of the voting rights of the Company upon completion of the Rights Issue.
6. Mr. Cheung Wai Tung is a former Director who has resigned on 1 January 2011, who is also interested in 400,000 Share Options.
7. Mr. Henry Chang Manayan is a former Director who has retired on 13 September 2010, who is also interested in 100,000 Share Options.

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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

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has devoted much effort on fine-tuning our exploration in the first half, leaving much of the oil extraction 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 not expressed or implied below, 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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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.

The Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies.

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. However, the Directors monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

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. The directors manage this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise.

(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.

The credit risk for financial assets at fair value through profit or loss and liquid funds is considered negligible as the counterparties are reputable banks in either Hong Kong and the PRC.

(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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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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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.

LISTING RULES IMPLICATIONS

Since the Rights Shares will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12 month period immediately preceding the Announcement, the Rights Issue is not subject to the Shareholders' approval under the Listing Rules.

PROCEDURES FOR ACCEPTANCE AND TRANSFER

A PAL is enclosed with this prospectus which entitles Qualifying Shareholders to subscribe for the number of Rights Shares shown thereon. If Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the enclosed PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than 4:00 p.m. on 18 February 2011. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong dollars and made payable to "Culturecom Holdings Limited – Provisional Allotment Account" and crossed "Account Payee Only".

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Company's branch share registrar in Hong Kong by 4:00 p.m. on 18 February 2011, whether by the original allotted or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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If Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on 10 February 2011 to the Registrar, who will cancel the original PAL and issue new PAL in the denominations required. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such moneys will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier's order is dishonored on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If Kingston Securities exercises the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions of the Rights Issue are not fulfilled and/or waived as mentioned in the paragraph headed "Conditions of the Rights Issue", as the case may be, the moneys received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques crossed "Account Payee Only" despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses on or before 28 February 2011.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this prospectus.

By the order of the Board
Culturecom Holdings Limited
Chu Bong Foo
Chairman

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) and the website of the Company (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 31 December 2010, 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\$909,000. They included (i) Amounts due to fellow subsidiaries of an associate of approximately HK\$675,000; (ii) Amounts due to associate of approximately HK\$131,000; (iii) obligation under finance leases of approximately HK\$103,000.

Save as aforesaid or as otherwise disclosed therein and intra-group liabilities, the Group did not have outstanding at the close of business on 31 December 2010 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, 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 31 December 2010.

The Directors have confirmed that the Group has not incurred any material indebtedness, charges and contingent liabilities of the Group since 31 December 2010.

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 including the proceeds from Rights Issues, 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.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue 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 Rights Issue.

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 Rights Issue on the net tangible assets of the Group as if the Rights Issue 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 shareholders 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 effect of the Rights Issue.

	Unaudited consolidated net assets of the Group attributable to the shareholders 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 shareholders of the Company as at 30 September 2010 HK\$'000	Estimated net proceeds from the Rights Issue HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the shareholders of the Company after the Rights Issue HK\$'000	Unaudited consolidated net assets per Share of the Group as at 30 September 2010 <i>(Note 4)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per share of the Group after the Rights Issue HK\$
Based on 344,627,982 Rights Shares to be issued at Subscription Price of HK\$0.35 per Rights Share	628,459	(167,478)	460,981	115,620 <i>(Note 3)</i>	576,601	0.91	0.56 <i>(Note 5)</i>
Based on 416,952,982 Rights Shares to be issued at Subscription Price of HK\$0.35 per Rights Share	628,459	(167,478)	460,981	140,554 <i>(Note 6)</i>	601,535	0.91	0.54 <i>(Note 7)</i>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. The unaudited consolidated net assets of the Group attributable to the shareholders of the Company as at 30 September 2010 was approximately HK\$628,459,000 as disclosed in the interim report of the Company.
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 estimates net proceeds from the Rights Issue is calculated based on 344,627,982 Rights Shares to be issued at the Subscription Price of HK\$0.35 per Rights Share, after deduction of the estimated related expenses of approximately HK\$5 million. It is assumed that no outstanding share option of the Company will be exercised on or before the Record Date.
4. The number of Shares used for the calculation of unaudited consolidated net assets per Share of the Group is 689,255,964 as at the Latest Practicable Date.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share of the Group after the Rights Issue is calculated based on 1,033,883,946 Shares which represents the existing 689,255,964 Shares in issue as at the Latest Practicable Date and 344,627,982 Shares expected to be issued following the completion of the Rights Issue assuming no outstanding share option of the Company will be exercised on or before the Record Date.
6. The estimated net proceeds from the Rights Issue is calculated based on 416,952,982 Rights Shares to be issued at the Subscription Price of HK\$0.35 per Rights Share, after deduction of the estimated related expenses of approximately HK\$5.4 million. It is assumed that all share options of the Company will be exercised on or before the Record Date.
7. The unaudited pro forma adjusted consolidated net tangible assets per Share of the Group after the Rights Issue is calculated based on 1,106,208,946 Shares which represents the existing 689,255,964 Shares in issue as at the Latest Practicable Date and 416,952,982 Shares expected to be issued following the completion of the Rights Issue assuming all outstanding share options of the Company will be exercised on or before the Record Date.

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

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong
Telephone: (852) 2541 5041
Telefax: (852) 2815 2239

1 February 2011

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 rights issue of the Company (the “Rights Issue”) might have affected the financial information of the Group presented, for inclusion in section A of Appendix II to the Company’s prospectus dated 1 February 2011 (the “Prospectus”). The basis of preparation of the unaudited pro forma financial information of the Group is set out in the section headed “Unaudited Pro Forma Financial Information of the Group” in section A of Appendix II to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the sole responsibility solely 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.

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.

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 positions of the Group as at 30 September 2010 had the Rights Issue actually been completed on the date or any future dates.

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

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

Authorised capital: *HK\$*

<u>200,000,000,000</u>	Ordinary Shares of HK\$0.01 each	<u>2,000,000,000</u>
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Issued and fully paid or credited as fully paid:

689,255,964	Shares as at the Latest Practicable Date	6,892,559.64
344,627,982	Rights Shares to be allotted and issued	3,446,279.82
<u>1,033,883,946</u>		<u>10,338,839.46</u>

As at the Latest Practicable Date, save for the 144,650,000 Share Options granted entitling the holders thereof to subscribe for 144,650,000 Shares, the Company has no outstanding warrants, options or convertible or exchangeable securities.

All the Shares in issue and the Rights Shares (in their fully paid form) to be issued 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.

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.

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

Name of Director	Capacity	Nature of interests	Number of shares held	Approximate percentage of issued share capital
Mr. Cheung Wai Tung	Beneficial owner	Personal interest	188,600 <i>(Note 1)</i>	0.03%
Mr. Chu Bong Foo	(i) Beneficial owner (ii) Interests of a controlled corporation	Personal interest Corporate interest	16,018,000 12,287,200 <i>(Note 2)</i>	4.11%
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	200,000 <i>(Note 3)</i>	0.03%
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	0.01%
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	380,000	0.06%

Notes:

- (1) Mr. Cheung Wai Tung has resigned as executive Director of the Company on 1 January 2011.
- (2) 12,287,200 shares are held by Bay-Club Enterprises Inc., the entire issued share capital of which is beneficially owned by Mr. Chu Bong Foo.
- (3) 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:

- Mr. Kwan Kin Chung is beneficially interested in 16,000,000 share options in China Bio Cassava Holdings Limited.
- Mr. Chung Billy is beneficially interested in 1,200,000 ordinary shares and 2,000,000 share options in China Bio Cassava Holdings Limited.
- Mr. Tang U Fai is beneficially interested in 4,000,000 share options in China Bio Cassava Holdings Limited.
- Mr. Tsang Wai Wa is beneficially interested in 2,505,420 ordinary shares in China Bio Cassava Holdings Limited.
- Mr. Chen Man Lung is beneficially interested in 16,000,000 share options in China Bio Cassava Holdings Limited.
- 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	400,000 (<i>Note 1</i>)	2.65	19 December 2003 to 18 December 2013	0.06%
Mr. Kwan Kin Chung	(i) Beneficial owner	Personal interest	800,000	1.01	7 July 2006 to 6 July 2016	0.25%
	(ii) Beneficial owner	Personal interest	100,000	2.37	29 June 2007 to 28 June 2017	
	(iii) Beneficial owner	Personal interest	800,000	1.56	6 November 2007 to 5 November 2017	
Mr. Henry Chang Manayan	Beneficial owner	Personal interest	100,000 (<i>Note 2</i>)	2.65	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	300,000	2.65	19 December 2003 to 18 December 2013	0.04%
Mr. Tang U Fai	(i) Beneficial owner	Personal interest	100,000	2.65	19 December 2003 to 18 December 2013	0.26%
	(ii) Beneficial owner	Personal interest	1,600,000	2.95	24 March 2005 to 23 March 2015	
	(iii) Beneficial owner	Personal interest	100,000	1.01	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	50,000	1.01	7 July 2006 to 6 July 2016	0.01%
Mr. Chen Man Lung	(i) Beneficial owner	Personal interest	1,300,000	2.95	24 March 2005 to 23 March 2015	0.66%
	(ii) Beneficial owner	Personal interest	650,000	1.01	7 July 2006 to 6 July 2016	
	(iii) Beneficial owner	Personal interest	1,100,000	2.37	29 June 2007 to 28 June 2017	
	(iv) Beneficial Owner	Personal interest	1,500,000	1.56	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	54,332,400	7.88%
Harvest Smart Overseas Limited	Beneficial owner and interests in controlled corporation (<i>Note 1</i>)	89,304,000	12.96%
Mr. Basilio Dizon	Interests in a controlled corporation and interests of spouse (<i>Note 2</i>)	161,999,600	23.50%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in a controlled corporation and interests of spouse (<i>Note 3</i>)	161,999,600	23.50%

Notes:

1. Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 62,714,600 shares and is deemed to be interested in 26,589,400 shares held by Chamberlin Investments Limited (“Chamberlin”). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited (“Viagold”) and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 26,589,400 shares in the Company 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 18,363,200 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 161,999,600 shares in the Company under SFO.
3. Ms. Chow is beneficially interested in 18,363,200 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 143,636,400 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:

Name	Qualifications
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); and
- (b) the Underwriting Agreement.

EXPENSES

The expenses in connection with the Rights Issue, including underwritten commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$5.0 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 RIGHTS ISSUE AND CORPORATE INFORMATION

Registered office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head office and principal place of business	6th Floor, Culturecom Centre 47 Hung To Road, Kwun Tong Kowloon Hong Kong
Directors	<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

Underwriter	Kingston Securities Limited Suite 2801 28th Floor One International Finance Centre 1 Harbour View Street Central, Hong Kong
Legal advisers	<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
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Principal share registrar and transfer office	Butterfield Fund Services (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda
Hong Kong branch share registrar and transfer office	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 52, 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 24 February 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 Appendix II 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 Appendix II 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.