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

If you have sold or transferred all your shares in Culturecom Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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**CULTURECOM HOLDINGS LIMITED****文化傳信集團有限公司****(incorporated in Bermuda with limited liability)*

(Stock Code: 343)

**VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF REAL PROPERTY**

A notice convening a special general meeting of the Company to be held at Empire Room 1, 1st Floor, Empire Hotel Hong Kong – Wanchai, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 21 March 2011 at 10:30 a.m. is set out on pages 34 to 35 of this circular. A form of proxy for use at the special general meeting is enclosed. Such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk).

Whether or not you intend to attend and vote at the special general meeting, you are requested to complete and return the enclosed form of proxy to the principal place of business of the Company in Hong Kong at 6th Floor, Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

* *for identification purpose only*

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DEFINITIONS

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

| | |
|--------------------------------|---|
| “Board” | the board of Directors from time to time |
| “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 |
| “Completion” | completion of the Disposal in accordance with the terms and conditions of the Provisional Agreement |
| “connected persons” | has the meaning ascribed to this term under the Listing Rules |
| “Director(s)” | the director(s), including the independent non-executive directors of the Company from time to time |
| “Disposal” | the disposal of the Property by the Vendor to the Purchaser subject to and upon the terms and conditions thereof |
| “Formal Agreement” | the formal agreement for sale and purchase of the Property on or before 23 March 2011 and to be entered into between the Vendor and the Purchaser |
| “Group” | the Company and its subsidiaries from time to time |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | 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 |
| “Latest Practicable Date” | 24 February 2011, being the latest practicable date prior to this circular for ascertaining certain information in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on Stock Exchange |
| “Property” | a 15-storey industrial building named “Culturecom Centre” and located at 47 Hung To Road, Kwun Tong, Kowloon |
| “Provisional Agreement” | the provisional agreement for sale and purchase of the Property dated 27 January 2011 and entered into between the Vendor and the Purchaser in relation to the Disposal |

DEFINITIONS

| | |
|-------------------|---|
| “Purchaser” | Liu & Chen Limited or its nominee(s), a company incorporated in Hong Kong with limited liability, the purchaser of the Provisional Agreement |
| “Remaining Group” | the Group after completion of the Disposal |
| “Shareholders” | the holders of the issued Shares from time to time |
| “Shares” | ordinary shares of HK\$0.01 each in the share capital of the Company |
| “SGM” | the special general meeting of the Company to be convened and held for the Shareholders to consider and approve the Disposal and the transactions contemplated thereunder |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Vendor” | Culturecom Centre Limited, a wholly owned subsidiary of the Company and the beneficial owner of the Property |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “sq. feet” | square feet |

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 places of business

in Hong Kong:

6th Floor, Culturecom Centre

47 Hung To Road, Kwun Tong

Kowloon

Hong Kong

28 February 2011

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF REAL PROPERTY

INTRODUCTION

Reference is made to the announcement of the Company dated 28 January 2011 in relation to, among others, the Disposal of the Property.

On 27 January 2011, the Vendor, a wholly owned subsidiary of the Company, entered into the Provisional Agreement with the Purchaser in relation to the Disposal of the Property for a consideration of HK\$286,000,000 in cash. The Disposal as contemplated under the Provisional Agreement constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval at the SGM.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you, among other things, (i) further information on the Disposal; (ii) financial information of the Group; (iii) unaudited pro forma financial information of the Remaining Group; (iv) a valuation report from the valuer; and (v) the notice of SGM.

THE PROVISIONAL AGREEMENT

Date: 27 January 2011 (after trading hours)

Parties:

Vendor: Culturecom Centre Limited, a wholly owned subsidiary of the Company

Purchaser: Liu & Chen Limited or its nominee(s)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an investment holding company and the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Asset to be disposed of:

The Property is a 15-storey industrial building located at 47 Hung To Road, Kwun Tong, Kowloon with a total gross area of about 109,974 sq. feet. The Property was acquired by the Vendor in March 1994 at the purchase price of HK\$115,500,000. The net book value of the Property is approximately HK\$167,052,000 as at 31 December 2010. Currently save for the ground floor to third floor and the sixth floor, the Property is leased out to tenants who are Independent Third Parties. As set out in the unaudited profit and loss statements on the identifiable net income stream in relation to the Property of Appendix II of this circular, the attributable revenue in relation to the Property for the year ended 31 March 2009 and 2010 and for the ten months ended 31 January 2011 are approximately HK\$7,625,487, HK\$7,126,190 and HK\$6,440,780 respectively and the attributable profit before income tax in relation to the Property for the year ended 31 March 2010 and for the ten months ended 31 January 2011 are approximately HK\$37,635,383 and HK\$40,285,668 respectively and the attributable loss before income tax in relation to the Property for the year ended 31 March 2009 is approximately HK\$22,241,517 and the attributable profit after taxation in relation to the Property for the year ended 31 March 2010 and for the ten months ended 31 January 2011 are approximately HK\$31,367,288 and HK\$33,837,642 respectively and the attributable loss after taxation in relation to the Property for the year ended 31 March 2009 is approximately HK\$19,064,088.

Pursuant to the Provisional Agreement, the Property will be sold subject to tenancy.

Consideration:

The consideration for the Property is HK\$286,000,000 which will be settled by the Purchaser in cash in the following manner:

- (a) a sum of HK\$7,000,000, being the deposit and partial payment of the consideration which has been paid by the Purchaser to the Vendor's solicitors as stakeholder in cash upon signing of the Provisional Agreement;

LETTER FROM THE BOARD

- (b) a sum of HK\$21,600,000, being further deposit and partial payment of the consideration which shall be paid by the Purchaser to the Vendor in cash on or before 23 March 2011 upon signing of a Formal Agreement; and
- (c) the balance of the consideration of HK\$257,400,000 shall be paid by the Purchaser to the Vendor in cash on or before 23 September 2011.

The deposit as stated in (a) above would be released to the Vendor upon the proof to the satisfaction of the Purchaser's solicitors that the balance of purchase price is sufficient to discharge the existing charge, if any, in respect of the Property and has been released to the Vendor. As at the date of the Provisional Agreement and the Latest Practicable Date, the Property is not subject to any legal charge or mortgage.

The consideration for the Property, representing approximately HK\$2,600 per sq. feet of gross floor area, was arrived at after arm's length negotiations between the parties to the Provisional Agreement on normal commercial terms after having taken into account the market prices of comparable properties of similar size, character and location.

Condition:

Completion shall be conditional upon and subject to the passing by the Shareholders of the Company, at the special general meeting to be convened and held of an ordinary resolution (the "**Ordinary Resolution**") to approve the Provisional Agreement, the Formal Agreement, if applicable, and the transactions contemplated thereunder in accordance with the Listing Rules.

If the condition is not fulfilled on or before 23 March 2011 (or such later date as may be agreed by the Vendor and the Purchaser), the Vendor shall immediately without delay return all the deposits paid by the Purchaser and the Provisional Agreement shall cease and determine and none of the parties thereto shall have any obligations and liabilities towards each other save for any antecedent breaches of the provisions thereof.

Date for entering into the Formal Agreement:

On or before 23 March 2011

Completion:

Completion shall take place on or before 23 September 2011.

REASONS FOR THE DISPOSAL

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.

LETTER FROM THE BOARD

Given that the recent real property market in Hong Kong has been very buoyant and the value of the Property has appreciated significantly, the Directors consider that it is in the interests of the Company and its Shareholders to dispose of the Property capitalising on favourable market conditions to realise capital gain and enhance the working capital of the Group. The existing operation of the Group carried out in the Property will be relocated to rented premises upon Completion.

The Directors consider that the Provisional Agreement is entered into under normal commercial terms following arm's length negotiations between the Group and the Purchaser and that the terms of the Provisional Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

It is estimated that, upon Completion, the Group will record a gain on disposal of approximately HK\$115,948,000. Such gain is estimated based on the consideration receivable from the Disposal, i.e. HK\$286,000,000, less the net book value of the Property of approximately HK\$167,052,000 as at 31 December 2010 and other related costs and expenses. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III of this circular, the total assets of the Group will increase by approximately HK\$113,217,000 while the total liabilities of the Group will decrease by approximately HK\$18,502,000 as a result of the Disposal.

The Board intends to apply the net proceeds of approximately HK\$281,632,000 (after deduction of the real estate agent commission, legal costs, printer fees and all relevant expenses) from the Disposal for future investment(s) which may or may not be in the principal line of business of the group. As at the date of this circular, the Company is planning to engage into 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 project(s). The Board will also actively seek appropriate investment opportunities in order to maximise return for the Shareholders and further announcement(s) will be made as and when appropriate. As at the Latest Practicable Date, save as disclosed above, the Company has not identified appropriate investment opportunities yet.

The Directors (including the independent non-executive Directors) consider that the Disposal is on normal commercial terms and is fair and reasonable to the Company and the Shareholders as a whole.

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

LETTER FROM THE BOARD

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.

Despite the aforesaid, there are always various risk factors in conducting businesses and 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. There are intense competitions in relation to the core business of the Group. Despite the aforesaid, the management of Company will exercise its best endeavours to formulate suitable strategies to overcome such future uncertain challenges.

While the Company is currently occupying part of the Property as its principal place of business, there is no tenancy agreement entered into between the Company and the Vendor in relation to the rental of part of the Property as office for the Group and there is no rent payable by the Company to the Vendor for such rental. The Company is considering various plans upon Completion of the Disposal, including but not limited to entering into a tenancy agreement with the Purchaser for continuing occupancy of the office or moving to a new office. As at the Latest Practicable Date, there is no firm plan for the Company yet. In light of the current property market in Hong Kong, the Directors consider that there will be no substantial difficulty for the Company to identify appropriate office.

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 2010 interim results 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

LETTER FROM THE BOARD

database along with this Generating Engine will allow the mass public to participate in the production process; lowering cost on one hand, while appealing to a new generation of artists. Besides comics, our Group's venture in the petroleum extraction business has started to take shape and acting with prudence, our Group has devoted much effort on fine-tuning our exploration in the first half, leaving much of the oil extraction 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.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 75%, the Disposal constitutes a very substantial disposal on the part of the Company under Chapter 14 of the Listing Rules and is subject to the approval of the Shareholders at the SGM.

SGM

A notice of SGM convening the SGM at which resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Disposal is set out on pages 34 to 35 of this circular.

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

Whether or not you intend to attend the SGM, you are requested to complete and return the form of proxy accompanying with this circular in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof in person if you so wish.

RECOMMENDATION

The Directors consider that the Disposal is in the interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

By 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 circular, 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 Disposal, 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 Circular.

5. MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

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

The Group's consolidated net loss attributable to the owner of the company changed from HK\$2,174,000 or HK0.32 cents per share in 2009 to approximately HK\$19,245,000 or HK2.79 cents per share in the period of six months ended 30 September 2010 and this was primarily due to the decrease in the amount of HK\$13,968,000 (2009: increase of HK\$16,972,000) in the fair value of financial assets at fair value through profit or loss.

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

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

Liquidity and Financial Resources

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

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

Employment and Remuneration Policies

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

Capital Structure

The Group's objectives when managing capital are:

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

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

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

Segmental Information

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

The Group has identified the following reportable segments:

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

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

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

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

ACQUISITION

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

SIGNIFICANT INVESTMENTS AND RESULTS

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

CONTINGENT LIABILITIES

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

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

PROFIT AND LOSS STATEMENT AND VALUATION OF THE PROPERTY

In accordance with paragraph 14.68(2)(b)(i) of the Listing Rules, the profit and loss statement of the Property for the years ended 31 March 2008, 2009, 2010 and for the ten months ended 31 January 2011, and the valuation of the Property as at 31 March 2008, 2009, 2010 and 31 January 2011 are set out below. In the opinion of the directors of the Company, such information has been properly compiled and derived from the underlying books and records and valuation reports of the Property of the Group. The Company has engaged BDO Limited to conduct a review of such information in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. BDO Limited have compared and found such information has been properly compiled and derived from the underlying books and records of the Group or the valuation reports prepared by RHL Appraisal Limited, an independent professional valuer.

A. Profit and loss statement of the Property

| | Year ended 31 March | | | Ten months ended 31 January |
|--|---------------------|---------------------|---------------------|-----------------------------------|
| | 2008 <i>HK\$</i> | 2009 <i>HK\$</i> | 2010 <i>HK\$</i> | 2011 <i>HK\$</i> |
| Revenue | 7,359,105 | 7,625,487 | 7,126,190 | 6,440,780 |
| Cost of services provided | (4,544,815) | (4,011,844) | (4,234,282) | (3,800,260) |
| Gross profit | 2,814,290 | 3,613,643 | 2,891,908 | 2,640,520 |
| Other income | 270,135 | 45,512 | 1,050 | – |
| Administrative expenses | (4,859,947) | (2,009,701) | (1,731,260) | (1,433,799) |
| Valuation surplus/(deficit) on the Property | 55,894,723 | (23,890,971) | 36,473,685 | 39,078,947 |
| Profit/(Loss) before income tax | 54,119,201 | (22,241,517) | 37,635,383 | 40,285,668 |
| Income tax (expense)/credit | (9,567,895) | 3,177,429 | (6,268,095) | (6,448,026) |
| Profit/(Loss) for the year/period | <u>44,551,306</u> | <u>(19,064,088)</u> | <u>31,367,288</u> | <u>33,837,642</u> |

APPENDIX II**UNAUDITED PROFIT AND LOSS STATEMENTS ON
THE IDENTIFIABLE NET INCOME STREAM
IN RELATION TO AND VALUATIONS OF THE PROPERTY**

B. Valuation of the Property

| | As at 31 March 2008 <i>HK\$'000</i> | As at 31 March 2009 <i>HK\$'000</i> | As at 31 March 2010 <i>HK\$'000</i> | As at 31 January 2011 <i>HK\$'000</i> |
|---------------------------|--|--|--|--|
| Valuation of the Property | <u>200,000</u> | <u>163,000</u> | <u>205,000</u> | <u>250,000</u> |

Note: The valuations of the Property were based on the valuation reports prepared by RHL Appraisal Limited, an independent professional valuer on an open market existing use basis by reference to market prices for similar properties.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The following is the unaudited pro forma consolidated net assets statement and the unaudited pro forma consolidated profit and loss statement of the Group (collectively known as the “Unaudited Pro Forma Financial Information”) which have been prepared in accordance with paragraph 4.29 of The Listing Rules for the purpose of illustrating the effect of the Disposal on the financial position of the Remaining Group as if the disposal of Culturecom Centre (the “Disposal”), which is located at 47 Hung To Road, Kwun Tong, Kowloon (the “Property”) had been completed on 30 September 2010 and the results of the Remaining Group as if the Disposal had been completed on 1 April 2010.

As the Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position and results of the Remaining Group following the completion of the Disposal.

The Unaudited Pro Forma Financial Information is based on the unaudited consolidated net assets of the Group as at 30 September 2010 and the unaudited consolidated income statement of the Group for the six months ended 30 September 2010 extracted from the published unaudited interim financial report of the Group for the six months ended 30 September 2010, after giving effect to the pro forma adjustments relating to the Disposal that are (i) directly attributable to the Disposal and not relating to future events or decisions; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information is based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position and results of the Remaining Group that would have been attained had the Disposal been completed on 30 September 2010 and on 1 April 2010 respectively. The Unaudited Pro Forma Financial Information does not purport to predict the future financial positions or results of the Remaining Group.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

1. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT

| | The Group as at 30 September 2010 HK\$'000 | Pro forma adjustments | | Pro forma Remaining Group at 30 September 2010 HK\$'000 |
|---|---|------------------------------|---------------------------|--|
| | | <i>Note 1</i> HK\$'000 | <i>Note 2</i> HK\$'000 | |
| ASSETS AND LIABILITIES | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 90,547 | (16,076) | | 74,471 |
| Investment properties | 151,236 | (151,236) | | – |
| Long term deposits | 2,330 | | | 2,330 |
| Interests in associates | 23,220 | | | 23,220 |
| Goodwill | 2,617 | | | 2,617 |
| Intangible assets | 164,861 | | | 164,861 |
| Available-for-sale financial asset | 20,000 | | | 20,000 |
| | <u>454,811</u> | | | <u>287,499</u> |
| Current assets | | | | |
| Inventories | 2,861 | | | 2,861 |
| Trade receivables | 17,104 | | | 17,104 |
| Other receivables, deposits and prepayment | 16,798 | | | 16,798 |
| Amounts due from a related company | 2,655 | | | 2,655 |
| Amounts due from associates | 48 | | | 48 |
| Tax recoverable | 36 | | | 36 |
| Financial assets at fair value through profit or loss | 97,718 | | | 97,718 |
| Bank balances and deposits with financial institutions | 123,016 | 281,632 | (1,103) | 403,545 |
| | <u>260,236</u> | | | <u>540,765</u> |
| Current liabilities | | | | |
| Trade payables | 6,400 | | | 6,400 |
| Other payables and accrued charges | 20,818 | | (1,103) | 19,715 |
| Amounts due to fellow subsidiaries of an associate | 677 | | | 677 |
| Amounts due to associates | 32 | | | 32 |
| Obligations under finance leases – due within one year | 43 | | | 43 |
| Tax payable | 717 | | | 717 |
| | <u>28,687</u> | | | <u>27,584</u> |
| Net current assets | <u>231,549</u> | | | <u>513,181</u> |
| Total assets less current liabilities | <u>686,360</u> | | | <u>800,680</u> |
| Non-current liabilities | | | | |
| Obligations under finance leases – due after one year | 70 | | | 70 |
| Deferred tax liabilities | 54,817 | (17,399) | | 37,418 |
| | <u>54,887</u> | | | <u>37,488</u> |
| Net assets | <u><u>631,473</u></u> | | | <u><u>763,192</u></u> |

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes:

- (1) The adjustment reflects the elimination of the carrying value of HK\$167,312,000 of the Property upon Disposal and the net cash of HK\$281,632,000 received from the Disposal. The net cash received is the difference of sale proceeds of HK\$286,000,000 and the estimated direct transaction costs of HK\$4,368,000 incurred upon completion of the Disposal. The adjustment also reflects the reversal of the deferred tax liability of HK\$17,399,000 in relation to the accelerated tax depreciation and revaluation of the Property recognised in prior years.

According to the provisional agreement for sale and purchase (the “Provisional Agreement”) entered between Culturecom Centre Limited (the “Vendor”) and Liu & Chen Limited or its nominee(s) (the “Purchaser”), the Purchaser agrees to purchase the Property from Vendor, at a cash consideration of HK\$286,000,000.

- (2) The adjustment reflects the transfer of the rental deposits to the Purchaser of HK\$1,103,000. In accordance with the Provisional Agreement, subject to the Purchaser’s execution and delivery of a deed of indemnity to the Vendor and each of the tenants of the Property, the Vendor shall transfer the rental deposits in full without any deduction or set off, paid by the tenants under the tenancy agreements of the Property, to the Purchaser upon completion of the Disposal.
- (3) For the purpose of preparing the pro forma consolidated net assets statement, upon completion of the Disposal, it is assumed that the gain from the Disposal is of a capital nature and not subjected to Hong Kong profits tax.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

2. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

| | The Group for the six months ended 30 September 2010 HK\$'000 | <i>Note 1</i> HK\$'000 | <i>Note 2</i> HK\$'000 | Pro forma Remaining Group for the six months ended 30 September 2010 HK\$'000 |
|--|--|---------------------------|---------------------------|--|
| Revenue | 22,464 | (3,038) | | 19,426 |
| Cost of sales | (12,880) | 1,860 | | (11,020) |
| Gross profit | 9,584 | | | 8,406 |
| Other income | 15,644 | | | 15,644 |
| Administrative expenses | (31,988) | 1,474 | | (30,514) |
| Decrease in fair value of financial assets at fair value through profit or loss | (13,968) | | | (13,968) |
| Gain on disposal of investment property and property, plant and equipment | – | | 115,948 | 115,948 |
| Share of losses of associates | (499) | | | (499) |
| Finance costs | (74) | | | (74) |
| (Loss)/Profit before income tax | (21,301) | | | 94,943 |
| Income tax credit | 1,571 | | 17,399 | 18,970 |
| (Loss)/Profit for the period | (19,730) | | | 113,913 |
| (Loss)/Profit for the period attributable to: | | | | |
| Owners of the Company | (19,245) | 296 | 133,347 | 114,398 |
| Non-controlling interests | (485) | | | (485) |
| (Loss)/Profit for the period | (19,730) | | | 113,913 |

Notes:

- (1) The adjustment reflects the exclusion of the income and expenses attributable to the Property for the six months ended 30 September 2010 as if the Disposal had been completed on 1 April 2010.
- (2) The adjustment reflects the gain on disposal of the Property of HK\$115,948,000 after taking account of the gross sale proceeds of HK\$286,000,000 less the carrying amount of the Property as at 1 April 2010 of HK\$165,684,000 and the estimated direct transaction costs of HK\$4,368,000 in relation to the Disposal as if the Disposal had been completed on 1 April 2010. The adjustment also reflects the release of deferred tax liabilities of HK\$17,399,000 in relation to the accelerated tax depreciation and revaluation of the Property recognised in prior years to the income statement as if the disposal had been completed on 1 April 2010.
- (3) For the purpose of preparing the pro forma consolidated income statement, upon completion of the Disposal, it is assumed that the gain from the Disposal is of a capital nature and not subject to Hong Kong profits tax.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

3. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the full text of the accountant's report from the company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for incorporation in this Circular:



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

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 disposal of Culturecom Centre, which is located at 47 Hung To Road, Kwun Tong, Kowloon might have affected the financial information of the Group presented, for inclusion in Appendix III to the Company's circular dated 28 February 2011 (the "Circular"). 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 Remaining Group" in Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

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

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

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

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 position of the Group as at 30 September 2010 or any future date; or
- the results of the Group for the six months ended 30 September 2010 or any future period.

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, 28 February 2011

The following is the text of a letter and a valuation certificate, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation as at 31 January 2011 of the property interest held by Culturecom Holdings Limited and its subsidiaries.



永利行評值顧問有限公司
RHL Appraisal Limited
Corporate Valuation & Advisory

T +852 2730 6212
F +852 2736 9284

Room 1010, 10/F, Star House,
Tsimshatsui, Hong Kong

28 February 2011

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

Dear Sirs / Madam,

INSTRUCTIONS

We refer to your instruction for us to value the property interest held by Culturecom Holdings Limited (the “Company”) and its subsidiaries (the “Group”), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interest as at 31 January 2011 (the “Valuation Date”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interest is our opinion of its market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGY

In the course of our valuation, we have valued the property interest by using the Direct Comparison Approach by making reference to the comparable market transactions as available and where appropriate, on the basis of capitalisation of the net income shown on the documents handed to us. We have allowed for outgoings and, in appropriate case, made provisions for reversionary income potential.

VALUATION CONSIDERATIONS

In valuing the property interest, we have complied with all the requirements contained in Chapter 5 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1 January 2005.

VALUATION ASSUMPTIONS

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interest for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owner of the property interest has enforceable title to the property interest and has free and uninterrupted rights to use, occupy or assign the property interest for the whole of the respective unexpired terms as granted.

TITLE INVESTIGATION

We have caused searches to be made at the relevant Land Registry for the property interest. However, we have not searched the original documents to verify ownership or to verify the existence of any lease amendments, which do not appear on the documents available to us. All legal documents supplied by the Company have been used for reference only. No responsibility regarding the title to the property interest stated here is assumed in this valuation.

LIMITING CONDITIONS

We have inspected the exterior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us by the Group on such matters as statutory notices, easements, tenure, particulars of occupancy, floor area and in the identification of the property.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

EXCHANGE RATE

All monetary sums stated in this report are in Hong Kong Dollars (“HKD”).

We attached herewith the valuation certificate.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau

FHKIS, AAPI, MRICS, RPS(GP), MBA(HKU)
Managing Director

Thomas H.M. Lam

MHKIS, MRICS, RPS(GP), MHKSI, MSc, BSc(Hons)
Director

Ms. Serena S. W. Lau is a Registered Professional Surveyor (GP) with over 19 years’ experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is a Professional Member of The Royal Institution of Chartered Surveyors, an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Thomas H.M. Lam is a Registered Professional Surveyor (GP) with 11 years’ experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Mr. Lam is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE

| Property | Description and Tenure | Particulars of occupancy | Market value in existing state as at 31 January 2011 <i>HKD</i> |
|---|---|--|--|
| Culturecom Centre, No. 47 Hung To Road, Kowloon | The property comprises the whole block of a 15-storey industrial building of reinforced concrete construction with tiled external finishes completed in 1983. | Portions of the property with a total lettable area of approximately 6,108.05 sq.m. (65,747 sq.ft.) are subject to various tenancies with a total monthly rental of HKD 457,740 with the latest one expiring on 20 September 2014; another portions of the property with lettable areas of approximately 1,342.44 sq.m. (14,450 sq.ft.) and 2,006.97 sq.m. (21,603 sq.ft.) are occupied by the Company and its subsidiaries whilst the remaining portions of the property with a total lettable area of approximately 603.86 sq.m. (6,500 sq.ft.) is vacant. | 250,000,000 |
| Kwun Tong Inland Lot No. 248 | The property has a total gross floor area of approximately 10,216.83 sq.m. (109,974 sq.ft.). The property is held under Government Lease for a term of 21 years renewable for 15 years less 3 days commencing on 1 July 1961. We have assumed in our valuation that the lease term of the Government Lease is extended to 30 June 2047 without additional premium and a government rent of three percent of the ratable value of the property is charged from the date of extension. | | |

Notes:

1. The registered owner of the property is Culturecom Centre Limited (formerly known as Scope Charter Limited) vide memorial no. UB5987806 dated 31 March 1994.
2. The property is situated in an area zoned "Other Specified Uses" under Kwun Tong (South) Outline Zoning Plan No. S/K14S/16.
3. The property is subject to a Permit to Occupy a New Building (Permit No. NK86/83) dated 7 December 1983 with the following permitted uses:

| | |
|-----------------|--|
| Ground Floor: | Workshop, parking areas, transformer room and ancillary accommodation for non-domestic use |
| 1st-12th Floor: | Workshop with ancillary accommodation for non-domestic use |
| 13th Floor: | Workshop, canteen and ancillary accommodation for non-domestic use |
| 14th Floor: | Office and ancillary accommodation for non-domestic use |
4. We have valued the property based on its existing state and its current use. In the course of our valuation, we have not taken into account any of the redevelopment potential of the property and no allowance has been made to the value of the property due to any alternative use of the property.

RESPONSIBILITY STATEMENT

This Circular, 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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 (Note 1) | 0.02% |
| Mr. Chu Bong Foo | (i) Beneficial owner (ii) Interests of a controlled corporation | Personal interest Corporate interest | 16,018,000 12,287,200 (Note 2) | 2.74% |
| Mr. Henry Chang Manayan | Beneficial owner | Personal interest | 200,000 (Note 3) | 0.02% |
| Mr. Wan Xiaolin | Beneficial owner | Personal interest | 50,000 | 0.01% |
| Mr. Tang Kwing Chuen Kenneth | Beneficial owner | Personal interest | 570,000 | 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:

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

All interests stated above represent long positions.

Interests in share options of the Company

| Name of Director | Capacity | Nature of interests | Number of share options | Exercise price per share HK\$ | Exercisable period | Approximate percentage of issued share capital |
|---------------------------------|------------------------|---------------------|-------------------------|----------------------------------|---|--|
| Mr. Cheung Wai Tung | Beneficial owner | Personal interest | 400,000 (Note 1) | 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 (Note 2) | 2.65 | 19 December 2003 to 18 December 2013 | 0.01% |
| 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 | 81,498,600 | 7.88% |
| Harvest Smart Overseas Limited | Beneficial owner and interests in controlled corporation (<i>Note 1</i>) | 94,081,300 | 9.10% |
| Mr. Basilio Dizon | Interests in a controlled corporation and interests of spouse (<i>Note 2</i>) | 203,124,700 | 19.65% |
| Ms. Chow Lai Wah Livia | Beneficial owner, interests in a controlled corporation and interests of spouse (<i>Note 3</i>) | 203,124,700 | 19.65% |

Notes:

1. Harvest Smart Overseas Limited (“Harvest Smart”) is beneficially interested in 94,071,900 shares and is deemed to be interested in 9,400 shares held by Chamberlin Investments Limited (“Chamberlin”). Harvest Smart has controlling interests (35.76%) in Viagold Capital Limited (“Viagold”) and Chamberlin is a wholly owned subsidiary of Viagold. Therefore, Harvest Smart is deemed to be interested in 9,400 shares in the Company under SFO.
2. Mr. Basilio Dizon (“Mr. Dizon”) has controlling interests 65% and 98.64% in L&W Holding Limited (“L&W”) and Harvest Smart respectively. Ms. Chow Lai Wah Livia (“Ms. Chow”), the wife of Mr. Dizon, is beneficially interested in 27,544,800 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 203,124,700 shares in the Company under SFO.
3. Ms. Chow is beneficially interested in 27,544,800 shares in the Company. She is the wife of Mr. Dizon and has controlling interests in L&W. Accordingly, Ms. Chow is deemed to be interested in 175,579,900 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.

EXPERTS AND CONSENTS

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

| Name | Qualifications |
|-------------------|---------------------------------|
| BDO | Certified Public Accountants |
| RHL Appraisal Ltd | Independent Professional Valuer |

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

Each of BDO and RHL Appraisal Ltd 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.

Each of BDO and RHL Appraisal Ltd 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);

the agreement lasts for 3 years commencing on 29 June 2010 and will expired on 28 June 2013. From the date of the commencement, the total income earned from the agreement between the Group and Mutual Work was HK\$230,000;

- (b) the underwriting agreement dated 17 December 2010 between Culturecom Holdings Limited (the “Company”) and Kingston Securities Limited in relation to the proposed rights issue of 344,627,982 rights shares on the basis of one rights share for every two Shares held on record date at a subscription price of HK\$0.35 per rights share; and
- (c) the Provisional Agreement for the sale and purchase of the Property.

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.

MISCELLANEOUS

- (a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 6th Floor, Culturecom Centre, 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Mr. Tong Wai Sum, who is a member of both the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries.

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 date of SGM:

- (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 financial information of the Remaining Group, the text of which is set out in Appendix III to this Circular;

- (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 III to this Circular;
- (f) the report from RHL Appraisal Limited on the valuation report on the Property, the text of which is set out in Appendix IV to this circular;
- (g) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (h) the written consents referred to in the paragraph headed “Experts and consents” in this appendix; and
- (i) 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.

NOTICE OF SGM



CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 343)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Culturecom Holdings Limited (the “**Company**”) will be held at Empire Room 1, 1st Floor, Empire Hotel Hong Kong – Wanchai, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 21 March 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as a resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the provisional sale and purchase agreement dated 27 January 2011, as may be varied by and/or merged and/or superseded with the formal sale and purchase agreement to be entered on or before 23 March 2011 (the “**Agreement**”), entered into between Culturecom Centre Limited, a wholly-owned subsidiary of the Company as vendor, and Liu & Chen Limited or its nominee(s), a company incorporated in Hong Kong as purchaser, in relation to the sale and purchase of the 15-storey industrial building located at 47 Hung To Road, Kwun Tong, Kowloon, Hong Kong (a copy of which is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) be and is hereby approved, confirmed and ratified and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and things and execute all such documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 28 February 2011

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

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

* for identification purpose only

NOTICE OF SGM

Notes:

1. Any member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly lodged at the Company's principal place of business in Hong Kong at 6th Floor, Culturecom Centre, 47 Hung To Road, Kowloon, Hong Kong together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the Meeting or any adjourned Meeting.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.