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## IMPORTANT

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

A copy of this prospectus, together with the documents specified under the paragraph headed “Documents delivered to the Registrar of Companies” in Appendix II, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) of Hong Kong. The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of this prospectus.

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

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## CULTURECOM HOLDINGS LIMITED

文化傳信集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 343)

### PRIVATE PLACING OF 157,500,000 LISTED WARRANTS BEING WARRANTS IN REGISTERED FORM TO SUBSCRIBE FOR SHARES IN THE CAPITAL OF CULTURECOM HOLDINGS LIMITED AT AN ISSUE PRICE OF HK\$0.16 PER WARRANT

Financial Advisor



KINGSTON CORPORATE FINANCE LTD.

Placing Agent



KINGSTON SECURITIES LTD.

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

Application has been made to the Stock Exchange for the listing of and permission to deal in the warrants to be issued by the Company and the shares of the Company falling to be issued on exercise of the subscription rights attaching to such warrants. Commencement of dealings in the warrants are expected to be on 22 September 2014.

**It should be noted that the placing agreement (the “Placing Agreement”) in relation to the placing of warrants to be issued by the Company contains provisions entitling Kingston Securities Limited to terminate its obligations thereunder on the occurrence of certain events, which result in a material adverse change in the political, economic or stock market conditions in Hong Kong in the context of the placing of the warrants and which materially affect the success of the placing of warrants or any breach of warranties and representations on the part of the Company under the Placing Agreement which is material in the context of the placing of warrants prior to 5:30 p.m. on 19 September 2014, the date of completion of the Placing Agreement. If the obligations of Kingston Securities Limited under the Placing Agreement are so terminated, the placing of warrants will not proceed.**

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

Subject to the granting of the listing of and permission to deal in the warrants to be issued by the Company and the shares of the Company falling to be issued on the exercise of subscription rights attached to such warrants on the Stock Exchange, as well as the compliance with the stock admission requirements of HKSCC, the warrants and the Shares which may fall to be issued upon the exercise of the subscription rights attaching to the warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the warrants on the Stock Exchange, or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

\* for identification purpose only

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## ATTENTION

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

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## PRELIMINARY

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This prospectus includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and the Warrants. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

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

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

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

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

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

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

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## PRELIMINARY

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

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

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

Subject to the granting of the listing of and permission to deal in the Warrants and the Shares which may fall to be issued on the exercise of Subscription Rights on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Warrants and Shares which may fall to be issued on the exercise of Subscription Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

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

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## EXPECTED TIMETABLE

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

2014

Despatch of the Prospectus (for information only) .....	25 August
Placing closes .....	4:00 p.m. on 8 September
Latest time for returning the placing letter and remittances. ....	4:00 p.m. on 10 September
Warrant certificates to be despatched on or before .....	19 September
Latest time for termination of the Placing Agreement. ....	5:30 p.m. 19 September
Announcement of the level of indication of interest in the Placing to be published on the website of the Stock Exchange and the website of the Company .....	19 September
Dealings in the Warrants on the Stock Exchange to commence on or before .....	22 September

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## DEFINITIONS

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

“Announcement”	the Company’s announcement dated 30 July 2014 in relation to the Placing
“Application Form”	the application form for the application of the Warrants in relation to the Placing
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as the case maybe (as amended, supplemented or otherwise modified from time to time)
“Company”	Culturecom Holdings Limited, an exempted company incorporated in Bermuda with limited liability whose issued shares are listed on the Stock Exchange
“Completion”	completion of the Placing
“Completion Date”	the date when the Placing is completed, which is expected to be not later than four business days following the fulfillment of conditions of the Placing, or such later date as agreed between the Company and the Placing Agent
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by Shareholders at the annual general meeting of the Company held on 12 August 2013 to the Directors to allot, issue or deal with not exceeding 20% of the issued Shares at the time of the grant of the mandate
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial Subscription Price for Shares
“Latest Practicable Date”	22 August 2014, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information herein
“Listing Date”	the date on which the listing of and dealings in Warrants commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-listed Warrants”	outstanding non-listed warrants issued by the Company, each entitles the holder(s) thereof to subscribe for one Share at the initial subscription price of HK\$1.20 (subject to adjustment) at any time during a period of five (5) years commencing from 2 August 2012 to 1 August 2017, both days inclusive
“Options”	outstanding share options granted to the grantees under the share option schemes adopted by the Company
“Placee(s)”	the independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Warrants
“Placing”	the placing, on a best effort basis, of 157,500,000 Warrants pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 30 July 2014 entered into by the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.16, being the issue price per Warrant payable in full on application under the Placing Agreement
“Prospectus”	this prospectus issued by the Company relating to the issue of the Warrants by the Company
“Prospectus Documents”	together the Prospectus and the Application Form



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## DEFINITIONS

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“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s branch registrar and transfer office as for the time being maintained in Hong Kong maintaining the register of members of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Date”	the date on which any of the Subscription Rights are duly exercised
“Subscription Form”	the subscription form contained in each Warrant certificate in relation to the exercise of the Subscription Rights
“Subscription Period”	the two-year period from the Listing Date of the Warrants on the Stock Exchange, which is expected to be from 22 September 2014 to 21 September 2016, both days inclusive (subject to changes)
“Subscription Price”	the sum payable in respect of each Share to which the registered holder of each Warrant will be entitled upon exercise of the Subscription Rights represented thereby, being HK\$0.75 per Share or such adjusted price as may for the time being be applicable
“Subscription Rights”	the rights of the holders of the Warrants represented by the Warrants to subscribe up to HK\$118,125,000 for Shares pursuant to the Warrants
“Warrant(s)”	warrant(s) of the Company in registered form, each conferring rights to holder(s) thereof to subscribe for one Share at an initial Subscription Price of HK\$0.75 per Share (subject to adjustments under certain circumstances, including consolidation or subdivision of Shares, capitalisation of profits or reserves or capital distribution) at any time during the Subscription Period
“Warrantholder(s)”	holder(s) of the Warrant(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## SUMMARY OF THE PLACING

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

Issuer:	Culturecom Holdings Limited
Placing Agent:	Kingston Securities Limited
The Warrants:	157,500,000 Warrants in registered form conferring rights to subscribe up to HK\$118,125,000 for up to 157,500,000 Shares (subject to adjustments) at the Subscription Price.
Placing Price:	HK\$0.16 per Warrant
Placing:	On a best effort basis
Conditions of the Placing:	The Placing is conditional on the satisfaction of the conditions set out in the paragraph headed “Conditions of the Placing” in the section headed “The Placing” in this prospectus.
Board lot:	The board lot for trading in the Warrants is 15,000 units conferring rights to subscribe for 15,000 new Shares (subject to adjustments which details are set out in Appendix I to this prospectus).
Form:	<p>The 157,500,000 Warrants will be in registered form, giving the holders thereof the rights to subscribe for up to 157,500,000 new Shares (subject to adjustments) at the Subscription Price during the Subscription Period. Such rights to subscribe will be contained in and governed by the Instrument and the Warrant certificates.</p> <p>Warranholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.</p>
Denomination:	The Warrants are represented by certificates in units of Subscription Price of HK\$0.75 each or integral multiples in respect thereof.

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## SUMMARY OF THE PLACING

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**Exercise:** The Warrants are exercisable only in amounts of HK\$0.75 (subject to adjustments) or in integral multiples thereof. A Warrant may only be exercised by the delivery of a completed and signed Subscription Form together with the relevant Warrant certificate to the Registrar and together with a remittance for the aggregate Subscription Price for the Subscription Rights exercised.

**Subscription price:** HK\$0.75 per Share (subject to adjustments in accordance with the provisions of the Instrument).

**Subscription period:** The two-year period commencing from the Listing Date, which is expected to be 22 September 2014 to 21 September 2016, both days inclusive (subject to changes).

The Shares falling to be issued upon the exercise of Subscription Rights will, upon allotment and issue, rank *pari passu* in all respects with the existing Shares in issue on the relevant Subscription Date, save for any right or entitlement to dividends or other rights or distributions the record date of which precedes the relevant Subscription Date.

**Transfers of Warrants:** The Subscription Rights conferred by the Warrants are transferable in integral multiples of HK\$0.75 of Subscription Rights.

Warrants may only be transferred by delivery of a transfer form for registration to the Registrar in such form as may from time to time be in use and obtainable from the Registrar together with the relevant Warrant certificate(s). Where such dealings takes place on the Stock Exchange, delivery must currently be made at the end of the second trading day after the dealings has been entered into.

Currently, Hong Kong stamp duty is chargeable on contract notes evidencing sale or purchase of Warrants at a rate of HK\$2.00 per HK\$1,000 or part thereof (of which HK\$1.00 per HK\$1,000 is payable by the seller and HK\$1.00 per HK\$1,000 is payable by the purchaser) by reference to the value of the consideration or the market value, whichever is higher. A transfer deed of HK\$5.00 per transfer deed will also be charged.

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## SUMMARY OF THE PLACING

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Listing and dealing:	<p>Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 157,500,000 Warrants and the Shares which may fall to be issued upon the exercise of the Subscription Rights on the Stock Exchange. It is expected that dealings in Warrants on the Stock Exchange will commence on 22 September 2014.</p> <p>Subject to the granting of the listing of and permission to deal in the 157,500,000 Warrants and the Shares which may fall to be issued upon the exercise of the Subscription Rights on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Warrants and the Shares which may fall to be issued upon the exercise of Subscription Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Warrants on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.</p>
Expected market capitalisation:	<p>Based on the Placing Price, the expected market capitalisation of the 157,500,000 Warrants upon listing will be approximately HK\$25,200,000.</p>
Governing law:	<p>The laws of Hong Kong.</p>
Registrar:	<p>Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong</p>

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## THE PLACING

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### PLACING AGREEMENT DATED 30 JULY 2014

#### Placing Agent

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

#### Placees

The placees shall be professional, institutional or other investors independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). The Warrants will be placed to not less than 300 Placees. The market capitalisation of the Warrants upon Listing will be approximately HK\$25,200,000 and the Company has complied with Rule 8.09(4) of the Listing Rules.

#### Placing Price

The Placing Price is HK\$0.16 per Warrant and is determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to the prevailing market sentiment, liquidity flow in the capital market, the historical Share price, the requirement on the minimum market capitalisation of the Warrants under Rule 8.09(4) of the Listing Rules and the marketability to potential investors. The Directors consider that the Placing Price is fair and reasonable.

#### Terms of the Warrants

The Warrants will be issued in registered form subject to and with the benefit of the Instrument to be executed by the Company by way of a deed poll. Each Warrant will give the holder(s) thereof the right to subscribe for a new Share based on an initial subscription price of HK\$0.75 per Share (subject to adjustments). The aggregate of the Placing Price of HK\$0.16 per Warrant and the initial subscription price of HK\$0.75 per Share, i.e. HK\$0.91, represented:

- (a) a premium of approximately 3.41% over the closing price of HK\$0.880 per Share quoted on the Stock Exchange on 30 July 2014, being the date of the Placing Agreement;
- (b) a premium of approximately 1.79% over the average of the closing prices of HK\$0.894 per Share for the last five trading days for the Shares prior to the date of the Placing Agreement; and
- (c) a discount of approximately 22.88% to the closing price of HK\$1.180 per Share quoted on the Stock Exchange on the Latest Practicable Date.

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## THE PLACING

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The initial subscription price of HK\$0.75 per Share represented:

- (a) a discount of approximately 14.77% the closing price of HK\$0.880 per Share quoted on the Stock Exchange on 30 July 2014, being the date of the Placing Agreement;
- (b) a discount of approximately 16.11% to the average of the closing prices of HK\$0.894 per Share for the last five trading days for the Shares prior to the date of the Placing Agreement; and
- (c) a discount of approximately 36.44% to the closing price of HK\$1.180 per Share quoted on the Stock Exchange on the Latest Practicable Date.

It is the view of the Company that the aggregate of the Placing Price and the Subscription Price shall be at premium over the market price at the time of entering into of the Placing Agreement. The Placing Price and the Subscription Price are determined based on negotiations on arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market sentiment, liquidity flow in the capital market, the historical Share price and the business performance of the Group. In particular, having considered the Group had recorded continuous losses for the past three consecutive financial years up to the latest financial year ended 31 March 2014. The aggregate of the Placing Price and the Subscription Price was set at a relatively slight premium to the prevailing trading prices of the Shares is with a view to procure a placing agent and encourage the potential investors to participate in the Placing.

The subscription rights attaching to the Warrants may be exercised within a two-year period from the Listing Date, which is expected to be from 22 September 2014 to 21 September 2016, both days inclusive (subject to changes). Any subscription rights attaching to the Warrants which have not been exercised on or before the last day of the Subscription Period will lapse and the Warrants will cease to be valid for all purposes following such date. For the purpose of dealings on the Stock Exchange, the board lot of the Warrants will be 15,000 Warrants.

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

### Conditions of the Placing

Completion of the Placing Agreement is conditional on, among the other matters, the fulfillment of the following conditions on or before 30 September 2014 or such later date as the Company and the Placing Agent may agree:

- (i) the registration of one duly signed copy of the Prospectus (with all the documents required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong;
- (ii) if necessary, the consent of the Bermuda Monetary Authority to the issue of the Warrants and to the allotment and issue of all Shares to be issued on exercise of the subscription rights attaching to the Warrants; and

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## THE PLACING

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- (iii) the granting by Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and all Shares to be issued on exercise of the subscription rights attaching to the Warrants.

In the event that the above conditions are not fulfilled by on or before 30 September 2014 or such later date as the Company and the Placing Agent may agree, the Placing Agreement will lapse and none of the parties will have any liabilities to the other save for any antecedent breaches thereof.

As at the Latest Practicable Date, none of the conditions have been fulfilled yet.

### **Termination**

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

- (a) there is the occurrence of any local, regional, national or international event or change of a political, military or economic nature which results in a material adverse change in the political, economic or stock market conditions in Hong Kong in the context of the Placing and which materially affects the success of the Placing; or
- (b) there is any breach of the warranties and representations on the part of the Placing Agent or as appropriate, the Company under this Agreement which is material in the context of the Placing; or
- (c) there is any introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the subscription contemplated hereunder; or
- (d) there is any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (e) the suspension in the trading of all securities listed on the Stock Exchange generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this Prospectus or the Prospectus or other announcements in connection with the Placing.

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

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## THE PLACING

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### Reasons for the Placing and use of proceeds

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

The Company does consider the other fund raising methods including equity fund raising methods such as placing of new shares or rights issue or open offer and debt fund raising methods such as placing of convertible bonds. However, since (a) debt fund raising methods such as issue of convertible bonds will incur additional interest burden to the Company; and (b) a discount to market price would generally be required for other equity fund raising exercise in order to keep attractiveness of such fund raising exercise and it may be difficult for the Company to procure an underwriter to underwrite the rights issue or open offer for the time being, the Company considers that the placing of listed warrants, which will not cause direct dilution of existing shareholdings, is more appropriate than the other fund raising methods.

The maximum gross proceeds from the Placing and the exercise of the Warrant will be approximately HK\$25.20 million and HK\$118.12 million respectively. It is intended that the maximum net proceeds from the Placing of approximately HK\$22.67 million will be used as general working capital of the Company (including as to approximately HK\$7.7 million for rent and rates and as to the remaining balance of approximately HK\$14.97 million for salary and allowance) and the maximum net proceeds from the exercise of the Warrants of approximately HK\$118.12 million will be used for possible investments or projects which are expected to improve the profitability, sustain growth momentum and broaden the revenue stream of the Group, as and when the Board considers appropriate and in the interest of the Company and its Shareholders as whole. The Company is planning to capture the diversified preferences of game players around the world, the Group will continue to develop higher quality of mobile games and related gaming platform. The investment amount of the projects will be determined after taking into consideration of various factors. As at the Latest Practicable Date, the Company has not identified appropriate investment opportunities yet.

Based on the unaudited management accounts of the Company, the Group has an unaudited cash position of approximately HK\$168 million as at 31 July 2014. As shown on the previous financial statement of the Company, the Group incurs various operating and administration expenses (which amounts to approximately HK\$82.4 million for the year ended 31 March 2014). In addition, the Company has reserved a budget of an aggregate of approximately HK\$128 million for the operation and continuous development of its IT related business, which is one of its ordinary and usual course of businesses, including but not limited to intellectual property management and provision of online music, gaming and Online to Offline (O2O) eCommerce. While the net proceeds from the Placing of approximately HK\$22.67 million plus the current cash position of the Group will help meeting the current funding needs, the Warrants would provide additional funds for the Group's further development if the Warrant holders will exercise the Warrants in future.

The net proceeds raised per Warrant upon completion of the Placing will be approximately HK\$0.14 per Warrant.



## THE PLACING

### Application for listing

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and any new Shares that may fall to be issued upon the exercise of the subscription rights attaching to the Warrants. Subject to the fulfillment of the above conditions, it is expected that dealings in the Warrants on the Stock Exchange will commence on or before 22 September 2014 (subject to changes).

### Shareholding structure of the Company

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

Shareholders	As at the Latest Practicable Date		Immediately after the full exercise of the subscription rights attaching to the Warrants assuming that the Warrants are placed in full	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Substantial Shareholders and Director(s)</b>				
L&W Holding Limited (Note 1)	255,848,600	21.84	255,848,600	19.25
Harvest Smart Overseas Limited (Note 1)	13,213,712	1.13	13,213,712	0.99
Mr. Dizon Basilio (Note 1)	7,795,000	0.67	7,795,000	0.59
Ms. Chow Lai Wah Livia (Note 2)	32,962,800	2.81	32,962,800	2.48
Mr. Tang Kwing Chuen Kenneth (Note 3)	135,000	0.01	135,000	0.01
Mr. Wan Xiaolin (Note 3)	50,000	0.00	50,000	0.00
Mr. Chen Man Lung (Note 3)	200	0.00	200	0.00
<b>Public Shareholders</b>				
Holders of Warrants	–	–	157,500,000	11.85
Other public Shareholders	861,608,634	73.54	861,608,634	64.83
Total	<u>1,171,613,946</u>	<u>100.00</u>	<u>1,329,113,946</u>	<u>100.00</u>

*Notes:*

- Mr. Dizon Basilio (“Mr. Dizon”) is beneficially interested in 7,795,000 Shares as at the Latest Practicable Date and has controlling interests in L&W Holding Limited (“L&W”) and Harvest Smart Overseas Limited as to 65% and 100% respectively. Ms. Chow Lai Wah Livia, the spouse of Mr. Dizon, is the Vice Chairman and an Executive Director and is beneficially interested in 32,962,800 Shares in the Company as at the Latest Practicable Date. Mr. Dizon is therefore deemed to be interested in 309,820,112 Shares under the SFO, representing approximately 26.44% of the existing issued share capital of the Company.

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## THE PLACING

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2. Ms. Chow Lai Wah Livia (“Ms. Chow”), the Vice Chairman of the Company and an Executive Director, is beneficially interested in 32,962,800 Shares as at the Latest Practicable Date. She is the wife of Mr. Dizon and has controlling interests in L&W. Accordingly, Ms. Chow is deemed to be interested in 309,820,112 Shares under the SFO, representing approximately 26.44% of existing issued share capital of the Company.
3. Each of Mr. Tang Kwing Chuen Kenneth, Mr. Wan Xiaolin and Mr. Chen Man Lung is an Executive Director.
4. The percentages are subject to rounding difference, if any.

### GENERAL

The principal activities of the Company are publishing, Chinese information infrastructure and online social music gaming platform, provision of server management, data warehousing services, provision of online social music gaming and online shopping via an online platform and operation of cinema, retailing of red wine and mobile phones and wholesales of insulation materials and catering services.

The new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate. Assuming the full exercise of the subscription rights attaching to the Warrants, the maximum number of 157,500,000 new Shares represents approximately 13.44% of the existing issued share capital of the Company of 1,171,613,946 Shares as at the Latest Practicable Date and approximately 11.85% of the issued share capital of the Company as enlarged by the issue of the 157,500,000 new Shares. The General Mandate has not been utilised prior to the entering into of the Placing Agreement. Accordingly, the issue of the new Shares to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants is not subject to the approval of the Shareholders.

**Shareholders and potential investors should note that the Placing Agreement is subject to conditions precedent. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### Fund raising activities in the past 12 months

The Company has not conducted any equity fund raising exercise during the past 12 months immediately preceding the Latest Practicable Date.

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## GENERAL INFORMATION OF THE GROUP

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### FINANCIAL AND TRADING PROSPECT OF THE GROUP

Having been in the cultural business for over 40 years in Hong Kong, the Group is proud to be one of the largest comic book publishers in Asia since the 1970s. Our Group are now expanding our portfolio from mainly martial styles to a new one targeting mainland China with the good deeds Chinese traditional stories. Our Group also makes mobile games in monetizing our titles. In particular, the Company is excited to share with the Shareholders about the meaningful yet promising business initiative the Group has started reaping fruits.

The whole story started from a current social problem about the “left-behind children” in China. The rapid economic development in China caused a worsening income polarization problem that forced millions of village farmers to migrate to the cities as factory workers. This has created millions of children left behind in the rural areas under the care of relatives, mostly uneducated grandparents or family friends. Often, the caretakers do not have the physical ability, financial means or the knowledge needed to take care of the children. This causes the left-behind children to stay under-privileged and to suffer from developmental issues, increasing their vulnerability to becoming victims of human trafficking or involved in criminal activities. The number of this group is estimated to be in the range of 60 millions currently.

In response to this issue, the Group has started a 3D movie theatre and shopping kiosks project in western Guangdong to provide entertainment and merchandise of superb quality for the future generations. This is very much welcomed and highly supported by the local government for our excellent services provided to the local community, who couldn’t have the access to such in the past. The early results have been very encouraging, generating over HK\$3,754,000 revenue in less than one full operating year. As always, the Company believes in being a responsible corporate citizen as this is the key to its long term success. The early yet important success of this project reinforces our persistence in aligning our interests with the key stakeholders of our Company. The Company believes its shareholders would also be delighted with that update.

Turning back to the more technical aspect, the Company is glad to update that the Group has effectively finished the infrastructure of our social and gaming platform, Ucan.com, that integrates music, gaming, and Online-to-Offline (O2O) e-commerce. With the top-of-the-class network with companies, the Group is now actively enriching the contents creation and partnership every single second. All in all, the Group is getting confident and ever more enthusiastic in building a unique platform providing quality entertainment, cultural and lifestyle contents and services targeting the fast growing mainland China market leveraging on its long standing leadership and network here in Hong Kong, the metropolitan city in the country and Asia.

### BUSINESS TREND AND PROSPECTS

In an execution mode, the Group is ready to excel in the business strategies the Company has been planning in the last few years. As always, the Company understands the need for changes as the Group progresses and the Group is fully prepared for that.

To capture the diversified preferences of game players around the world, the Group will continue to bring in high quality mobile games from both external developers and internal development to cover the global market. The Company believes in and will continue bringing niche products to the market with a clear differentiation of its brand.

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## GENERAL INFORMATION OF THE GROUP

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While the management of the Company are confident in the business prospects of the various business initiatives discussed above, the Company is fully aware of the external headwinds in the global economy, with the tapering actions taken by the Federal Reserve of the United States and the long due albeit short term slowdown of the Chinese economy. That said, the Company is building a platform covering not just the mainland China market but a global footage. This has rendered the business model more resilient than ever.

### **RISK FACTORS**

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

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

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

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

The Group's major financial instruments include loan to an associate, trade receivables, other receivables, held for trading investments, bank balances and cash and trade and other payables. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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## GENERAL INFORMATION OF THE GROUP

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The financial risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

These financial risks are briefly described below.

**(a) Market risk**

*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. Several subsidiaries of the Group have foreign currency revenues and expenses giving rise to investments, receivables, payables and bank balances which expose the Group to foreign currency risk. The Directors monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

*Interest rate risk*

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing bank balances and fair value interest rate risk in relation to fixed rate loan to an associate.

*Other price risk*

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as held for trading investments. 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.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt periodically to ensure that adequate impairment losses are made for irrecoverable amounts. Each major operating business has a policy of credit control in place under which credit evaluations of customers are performed on all customers requiring credit.

**(c) Liquidity risk**

The management of the Company regularly monitor current and expected liquidity requirements to ensure it maintains sufficient reserves of cash and bank balances and adequate funding from its shareholders to meet with its liquidity requirements.

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## GENERAL INFORMATION OF THE GROUP

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

#### *Intense competition*

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

#### *Rapid technological changes*

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

#### *Commercialisation of technology*

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

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

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

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## GENERAL INFORMATION OF THE GROUP

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

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

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

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

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

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## GENERAL INFORMATION OF THE GROUP

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### MARKET STATISTICS

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

Set out below are the market statistics of the Company:

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

<b>Month</b>	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2013</b>		
August	1.5	1.36
September	1.54	1.3
October	1.51	1.38
November	1.53	1.38
December	1.36	1.18
<b>2014</b>		
January	1.69	1.19
February	1.47	1.32
March	1.4	1.06
April	1.12	1.05
May	1.08	0.86
June	0.98	0.89
July	0.97	0.85
August (up to the Latest Practicable Date)	1.27	0.96

- (b) Closing price per Share as at the Latest Practicable Date ..... HK\$1.18

- (c) Market capitalisation (*Note*) ..... HK\$1,382,504,456

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



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## **FINANCIAL INFORMATION OF THE GROUP**

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### **1. FINANCIAL SUMMARY**

The audited financial information of the Group for each of the three years ended 31 March 2012, 2013, and 2014 can be referred to the annual reports of the Company for the years ended 31 March 2012 (pages 35 to 146), 2013 (pages 36 to 134) and 2014 (pages 37 to 144) respectively.

The above-mentioned financial information has been published on both the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.culturecom.com.hk](http://www.culturecom.com.hk)). The auditors of the Company have not issued any qualified opinion on the Group's financial statements for the financial years ended 31 March 2012, 2013 and 2014.

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

At the close of business on 31 July 2014, being the latest practicable date prior to the printing of this prospectus apart from intra-group liabilities, the Group did not have any 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, hire purchase commitments, guarantees or other material contingent liabilities.

### **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 2014, being the date to which the latest audited consolidated financial statements of the Group were made up.

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

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

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## FINANCIAL INFORMATION OF THE GROUP

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### 5. MANAGEMENT DISCUSSION AND ANALYSIS

#### Financial Results

For the year ended 31 March 2014, the Group's overall turnover increased by approximately 16% to HK\$31,216,000, of which approximately HK\$11,080,000, HK\$4,324,000, HK\$12,984,000 and HK\$2,828,000 (2013: HK\$17,324,000, nil, HK\$8,968,000 and HK\$521,000) were attributable to our business of publishing, Chinese information infrastructure and online social music gaming platform, retailing and wholesales, and catering, respectively. In particular, there was HK\$3,754,000 revenue generated from a 3D movie theatre project which has commenced operations in 2014. This is included in the Chinese information infrastructure and online social music gaming platform turnover.

The Group's consolidated net loss attributable to the owners of the Company in 2014 decreased to HK\$147,229,000 or HK cents 12.6 per share (2013: loss of HK\$297,629,000 or HK cents 28.3 per share). This was mainly due to lower cost incurred to develop online business by HK\$88,978,000 and decreased in fair value change of held for trading investments in the amount of HK\$12,978,000 as well as a HK\$21,276,000 one time reserve release from the completion of the disposal of Raise Beauty Group.

Also, as at 31 March 2014, the Group's net asset value was approximately HK\$328,119,000 and net asset value per weighted average number of 1,164,543,000 shares of the Company was approximately HK\$0.28 (2013: HK\$0.50). Decrease in net asset value was primarily due to the disposal of Raise Beauty Group, impairment loss on loans to an associate and allowance for inventories that took place during this year.

#### Warrants

On 7 March 2011, the Company entered into a placing agreement with an independent placing agent in relation to the private placing of up to 137,850,000 warrants (the "2013 Warrants") with subscription price of HK\$0.2, conferring rights to subscribe for up to 137,850,000 new ordinary shares of the Company at an exercise price of HK\$0.28 per share, to not less than 300 placees who are independent third parties, which are exercisable during the two years from 3 May 2011 to 2 May 2013, both days inclusive. The placing of the 2013 Warrants was completed on 29 April 2011 and was classified as equity instruments.

The proceeds from the placing of approximately HK\$26,552,000, net of expenses incurred on warrants issue amounting HK\$1,018,000, were used as general working capital of the Company.

For the year ended 31 March 2014, registered holders of 78,840,000 units (31 March 2013: 53,180,000 units) of the 2013 Warrants exercised their rights to subscribe for 78,840,000 shares (31 March 2013: 53,180,000 shares) in the Company at exercise price of HK\$0.28 per share. As at 31 March 2014, 137,730,000 units of the 2013 Warrants was exercised and 120,000 units of the 2013 Warrants was expired.

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## FINANCIAL INFORMATION OF THE GROUP

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On 20 July 2012, the Company entered into a warrant subscription agreement in relation to the issue of up to 76,790,000 non-listed warrants to certain warrant subscribers, at the warrant issue price of HK\$0.10 per warrant. The net proceeds from the warrant subscription of approximately HK\$7,492,000 were used as the general working capital of the Group.

The non-listed warrants were issued by the Company at the warrant issue price to subscribe for an aggregate of HK\$92,148,000 in shares, each entitles the holder thereof to exercise the right to subscribe for one new share at the warrant subscription price of HK\$1.20 (subject to adjustment) at any time during a period of five (5) years commencing from the date of issue of warrants. The warrant subscription was completed on 2 August 2012. During the year, no non-listed warrants subscriber exercised their rights to subscribe share.

### **Substantial Disposal**

On 6 February 2013, the Group entered into the Sale and Purchase Agreement with an independent third party in relation to the disposal of 100% equity interest of Raise Beauty Investment Limited (“Raise Beauty”) at a consideration of RMB80,000,000. Raise Beauty holds 100% interest in the registered and paid up capital of Keenwell Energy Technology Limited (“Keenwell Energy”) and 東營健宏石油技術服務有限公司 (“Dong Ying”), the crude oil exploration services company, which was owned by Raise Beauty for 94.87% and Keenwell Energy for 5.13%. RMB32,000,000 was received by the Group upon the signing of the Sale and Purchase Agreement in which 40% equity interest of Raise Beauty was transferred to the independent third party (“Purchaser”). The completion of the disposal of remaining 60% was on 22 October, 2013 upon which the remaining 60% equity interest of Raise Beauty have been transferred to the Purchaser.

### **Liquidity and Financial Resources**

As at 31 March 2014, the Group had bank and deposits with financial institutions balance in aggregate of approximately HK\$182,802,000 and held for trading investment of HK\$19,267,000. The Group has no significant exposure to foreign exchange rate fluctuation.

As of 31 March 2014, the Group had a net current assets position of approximately HK\$289,185,000 (31 March 2013: HK\$473,726,000) and a current ratio of 9.5 (31 March 2013: 9.0). The Group’s total liabilities as of 31 March 2014 amounted to approximately HK\$34,092,000 (31 March 2013: HK\$59,065,000) and represented approximately 10.0% (31 March 2013: 12.1%) to equity attributable to owners of the Company.

Upon consideration of the above and expected cashflow, the Directors have no doubt that the Group will have sufficient liquidity to finance its daily operations. As always, the Group will continue to follow prudent and disciplined cash management practices on any excess liquidity.

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## FINANCIAL INFORMATION OF THE GROUP

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### **Employment and Remuneration Policies**

As of 31 March 2014, the Group had a total of 140 employees of which 88 are based in Hong Kong, 20 in Macau and 32 in the PRC. Total staff costs incurred during the year amounted to approximately HK\$37,239,000 (31 March 2013: HK\$18,266,000). 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.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### A. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

#### TO THE DIRECTORS OF CULTURECOM HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Culturecom Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2014 and related notes as set out on pages 30 to 31 of Appendix II to the prospectus issued by the Company dated 25 August 2014 (the "Prospectus") in connection with the placing of up to 157,500,000 warrants pursuant to a placing agreement dated 30 July 2014 (the "Placing"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages 30 to 31 of Appendix II to the Prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Placing on the Group's financial position as at 31 March 2014 as if the Placing had taken place at 31 March 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 March 2014, on which an audited report has been published.

#### **Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the 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 ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

#### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

25 August 2014

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**UNAUDITED PRO FORMA FINANCIAL INFORMATION**

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rule to illustrate the effect of the Placing on the consolidated net tangible assets of the Group as if the Placing had taken place on 31 March 2014.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Placing.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the consolidated statement of financial position of the Group as at 31 March 2014 as extracted from the annual report of the Company for the year ended 31 March 2014, after incorporating the adjustments described in the accompanying notes.

	<b>Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2014 <i>HK\$'000</i> <i>(Note 1)</i></b>	<b>Estimated net proceeds from the Placing <i>HK\$'000</i> <i>(Note 2)</i></b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Placing <i>HK\$'000</i></b>
Net tangible assets as at 31 March 2014	335,604	22,670	358,274
Consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 March 2014 based on 1,171,614,000 shares <i>(Note 3)</i> before the Placing	<u><u>0.2864</u></u>		
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after the Placing <i>(Note 4)</i> based on 1,171,614,000 shares			<u><u>0.3058</u></u>



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## UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2014 are calculated as follows:

	<i>HK\$'000</i>
Equity attributable to the owners of the Company	341,305
Less: Intangible assets	(2,905)
Goodwill	(2,796)
	<hr/>
Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2014	335,604
	<hr/> <hr/>

2. The estimated net amount of the Placing is approximately HK\$22,670,000. The estimated net proceeds from the Placing are based on the Placing Price of HK\$0.16 per Warrant on maximum number of 157,500,000 warrants and deducting the expenses directly attributable to the Placing of approximately HK\$2,530,000.
3. The number of shares of 1,171,614,000 used for the calculation of the consolidated net tangible assets of the Group attributable to owners of the Company per share represents the number of shares of 1,171,614,000 of the Company as at 31 March 2014.
4. The number of shares of 1,171,614,000 used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Placing is based on the assumption that i) there is placing of warrants only, and ii) there is no exercise of warrants.

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

The Warrants will confer rights to subscribe for 157,500,000 Shares, at an initial Subscription Price of HK\$0.75 per Share (subject to adjustment under certain circumstances, including consolidation or subdivision of the Shares, capitalisation of profits or reserves or capital distribution).

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

## 1. EXERCISE OF SUBSCRIPTION RIGHTS

- (a) Each Warrantholder shall have, in respect of the Warrants of which he is the registered holder for the time being the Subscription Rights which may be exercised in whole or in part, but not in respect of a fraction of a Share, at any time on or after 22 September 2014 to 21 September 2016 (or the next business day after 21 September 2016, if 21 September 2016 is not a business day, both days inclusive) to subscribe in cash the whole or part, in integral multiples of HK\$0.75 of the amount stated on the certificate for such Warrants which a Warrantholder is entitled to subscribe for Shares upon exercise of the Subscription Rights represented thereby (the “**Exercise Moneys**”), for fully-paid Shares at a price of HK\$0.75 per Share. Any Subscription Rights which have not been exercised upon the expiry of the Subscription Period will lapse and thereupon the Warrants and the Warrant certificates will cease to be valid for any purpose whatsoever.
- (b) Each Warrant certificate will contain a subscription form (the “**Subscription Form**”). In order to exercise his Subscription Rights, a Warrantholder must complete and sign the Subscription Form and deliver the same and the Warrant certificate to the Registrar in Hong Kong and such delivery shall constitute an irrevocable commitment by such Warrantholder to exercise such Subscription Rights, together with a remittance for the relevant portion of the Exercise Moneys, being the amount of the Subscription Price for the Shares in respect of which the Warrantholder is exercising his Subscription Rights. In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable.

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

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

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

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

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

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

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

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

### **3. REGISTERED WARRANTS**

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

**4. TRANSFER, TRANSMISSION AND REGISTER**

The Subscription Rights conferred by the Warrants shall be transferable in integral multiples of HK\$0.75 by instrument of transfer in any usual or common form or such other forms as may be approved by the Directors or, where the transferor and/or the transferee is HKSCC Nominees Limited (or its successor(s)), by an instrument of transfer executed under hand by authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as it may be. The Company shall maintain a register of Warrantholders in the territory where the Stock Exchange for the time being is situated (or in such other places as the Directors consider appropriate, having regard to applicable rules governing the listing of Warrants). The Instrument contains provisions relating to the transfer, transmission and registration of the Warrants. Transfers of Warrants must be executed by both the transferor and the transferee.

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

Since the Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities, terms of the Instrument and circumstances permit, the Company may determine the last dealing day of the Warrants to be a date at least three dealing days before 21 September 2016.

**5. CLOSURE OF REGISTER OF WARRANTHOLDERS**

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

**6. PURCHASE AND CANCELLATION**

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

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

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

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

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting the interests of Warrantholders, including the modification by “Special Resolution” (as defined in the Instrument) of the provisions of the Instrument and/or of the these Conditions. A Special Resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (b) All or any its of the right for the time being attached to the Warrant (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of these Conditions and/or the Instrument) with the prior sanction of a Special Resolution and may be effected only by deed poll executed by the Company and expressed to be supplemental to the Instrument.

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

**8. REPLACEMENT OF WARRANT CERTIFICATES**

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

In the case of lost Warrant certificates, Sections 163, 164, 165 and 166 of the Companies Ordinance shall apply as if “shares” referred to therein included Warrants.

**9. PROTECTION OF SUBSCRIPTION RIGHTS**

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

**10. CALL**

If at any time the aggregate of the Warrants which have not been exercised carry rights to subscribe less than HK\$11,812,500, the Company may, on giving not less than three months’ notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be automatically cancelled without compensation to Warrantholders.



**11. ISSUE OF FURTHER WARRANTS**

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

**12. UNDERTAKINGS OF THE COMPANY**

The Company has undertaken in the Instrument, that:

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

**13. OVERSEAS WARRANTHOLDERS**

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

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

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

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

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

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

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

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

**15. NOTICES**

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

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

**16. GOVERNING LAW**

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

**RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

**SHARE CAPITAL**

<i>Authorised capital:</i>		<i>HK\$</i>
<u>200,000,000,000</u>	Ordinary Shares of HK\$0.01 each	<u>2,000,000,000</u>
<i>Issued and fully paid or credited as fully paid:</i>		
1,171,613,946	existing Shares as at the Latest Practicable Date	11,716,139.46
157,500,000	Shares to be issued upon full exercise of the Warrants (based on the initial subscription price of HK\$0.75)	1,575,000.00
<u>1,329,113,946</u>	Shares immediately upon full exercise of the Warrants	<u>13,291,139.46</u>

As at the Latest Practicable Date, there were an aggregate 162,197,780 outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 162,197,780 Shares and 76,790,000 outstanding Non-listed Warrants entitling the holders thereof to subscribe for up to an aggregate of 76,790,000 Shares, representing approximately 13.84% and 6.55% of the issued share capital of the Company as at the Latest Practicable Date respectively. Save as disclosed above, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

All the Shares in issue rank *pari passu* in all respects with each other including as regards to dividends and voting rights. The Shares in issue are listed on main board of the Stock Exchange. The 157,500,000 Warrants will confer rights to subscribe in aggregate up to HK\$118,125,000 for up to 157,500,000 Shares (subject to adjustments) to be issued upon full exercise of the Warrants. The Warrants will be transferrable and exercisable in units of Subscription Rights of HK\$0.75 each and thus every Warrant will entitle the Warrantholder to subscribe in cash for one Share at the initial Subscription Price of HK\$0.75. The Shares falling to be issued upon the exercise of the Subscription Rights will upon allotment and issue rank equally in all respects with the existing Shares in issue on the relevant Subscription Date save for any right or entitlement to dividends or other rights or distributions the record date for which precedes the date on which such Subscription Rights are exercised pursuant to the terms of the Instrument.

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

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

There is no alternations in the capital of any member of the Group since 31 March 2014. There is also no member of the Group which capital is under option or agreed to be put under option.

### **MAJOR CUSTOMERS AND SUPPLIERS**

The aggregate turnover for the year ended 31 March 2014 attributable to the Group's five largest customers accounted for approximately 62.7% of the Group's turnover, of which approximately 23.0% was attributable to the largest customer.

The aggregate purchases for the year ended 31 March 2014 attributable to the Group's five largest suppliers accounted for approximately 39.7% of the Group's total purchases, of which approximately 22.19% was attributable to the largest supplier.

At no time during the year ended 31 March 2014 did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) have an interest in any of the Group's five largest customers or suppliers.

### **OPTION SCHEMES**

The Company has terminated its share option scheme adopted on 15 June 1993 (the 1993 Scheme") and adopted a new share option scheme (the "2002 Scheme") on its 2002 annual general meeting held on 21 August 2002. The 2002 Scheme was terminated in 2012 and a new share option scheme (the "2013 Scheme") was adopted by the Company at its 2013 annual general meeting held on 12 August 2013.

As at the Latest Practicable Date, there were an aggregate 162,197,780 outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 162,197,780 Shares.

### **OTHERS**

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

There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

## 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	
Ms. Chow Lai Wah Livia	(i)	Beneficial owner	Personal interest	32,962,800	26.44%
	(ii)	Interests of a controlled corporation	Corporate interest	255,848,600 (Note 1)	
	(iii)	Interests of spouse	Corporate interest and personal interest	21,008,712 (Note 2)	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	135,000	0.01%	
Mr. Wan Xiaolin	Beneficial owner	Personal interest	50,000	N/A	
Mr. Chen Man Lung	Beneficial owner	Personal interest	200	N/A	

*Note:*

- Ms. Chow Lai Wah Livia ("Ms. Chow") has controlling interests in L&W Holding Limited ("L&W"), L&W is beneficially interested in 255,848,600 shares in the Company. Accordingly, Ms. Chow is deemed to be interested in 255,848,600 shares in the Company under the SFO.
- Harvest Smart Overseas Limited ("Harvest Smart") is beneficially interested in 13,213,712 shares. Therefore, Ms. Chow is deemed to be interested in 13,213,712 shares in the Company under the SFO.

Mr. Dizon Basilio ("Mr. Dizon"), the spouse of Ms. Chow, is beneficially interested in 7,795,000 shares, and Mr. Dizon has controlling interests 100% in Harvest Smart. Therefore, Ms. Chow is deemed to be interested in 21,008,712 shares in the Company under the SFO.

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	6,450,000 ( <i>note 1</i> )	0.26%
	Mr. Chung Billy	Beneficial owner	Personal interest	800,000 ( <i>note 2</i> )	0.03%
	Mr. Tang U Fai	Beneficial owner	Personal interest	1,000,000 ( <i>note 3</i> )	0.04%
	Mr. Chen Man Lung	Beneficial owner	Personal interest	4,250,000 ( <i>note 4</i> )	0.17%
	Mr. Wan Xiaolin	Beneficial owner	Personal interest	3,250,000 ( <i>note 5</i> )	0.13%
	Mr. Tsang Wai Wa	Beneficial owner	Personal interest	1,876,355 ( <i>note 6</i> )	0.07%

*Notes:*

1. Mr. Kwan Kin Chung is beneficially interested in 6,450,000 share options in China Bio Cassava Holdings Limited.
2. Mr. Chung Billy is beneficially interested in 300,000 ordinary shares and 500,000 share options in China Bio Cassava Holdings Limited.
3. Mr. Tang U Fai is beneficially interested in 1,000,000 share options in China Bio Cassava Holdings Limited.
4. Mr. Chen Man Lung is beneficially interested in 4,250,000 share options in China Bio Cassava Holdings Limited. Mr. Chen Man Lung has resigned as the executive director of China Bio Cassava Holdings Limited with effect from 18 June 2012. Therefore, all the share options of Mr. Chen Man Lung in China Bio Cassava Holdings Limited have been lapsed.
5. Mr. Wan Xiaolin is beneficially interested in 3,250,000 share options in China Bio Cassava Holdings Limited. Mr. Wan Xiaolin has resigned as the executive director of China Bio Cassava Holdings Limited with effect from 26 June 2013. Therefore, all the share options of Mr. Wan Xiaolin in China Bio Cassava Holdings Limited have been lapsed.
6. Mr. Tsang Wai Wa is beneficially interested in 626,355 ordinary shares and 1,250,000 share options in China Bio Cassava Holdings Limited. Mr. Tsang Wai Wa has resigned as the independent non-executive director of China Bio Cassava Holdings Limited with effect from 14 March 2014. However, all the share options of Mr. Tsang Wai Wa in China Bio Cassava Holdings Limited are still valid.

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
Ms. Chow Lai Wah Livia	(i) Beneficial owner	Personal interest	548,500	0.92	7 July 2006 to 6 July 2016	0.42%
	(ii) Interest of spouse	Family interest	4,388,000 (Note 1)	2.16	29 June 2007 to 28 June 2017	
Mr. Kwan Kin Chung	(i) Beneficial owner	Personal interest	877,600	0.92	7 July 2006 to 6 July 2016	0.16%
	(ii) Beneficial owner	Personal interest	109,700	2.16	29 June 2007 to 28 June 2017	
	(iii) Beneficial owner	Personal interest	877,600	1.42	6 November 2007 to 5 November 2017	
Mr. Tang U Fai	(i) Beneficial owner	Personal interest	1,755,200	2.69	24 March 2005 to 23 March 2015	0.16%
	(ii) Beneficial owner	Personal interest	109,700	0.92	7 July 2006 to 6 July 2016	
Mr. Tang Kwing Chuen Kenneth	Beneficial owner	Personal interest	54,850	0.92	7 July 2006 to 6 July 2016	N/A
Mr. Chen Man Lung	(i) Beneficial owner	Personal interest	1,426,100	2.69	24 March 2005 to 23 March 2015	0.43%
	(ii) Beneficial owner	Personal interest	713,050	0.92	7 July 2006 to 6 July 2016	
	(iii) Beneficial owner	Personal interest	1,206,700	2.16	29 June 2007 to 28 June 2017	
	(iv) Beneficial owner	Personal interest	1,645,500	1.42	6 November 2007 to 5 November 2017	

*Notes:*

1. Mr. Dizon Basilio ("Mr. Dizon") has been granted 4,388,000 share options under the 2002 Scheme of the Company, Pursuant to the SFO, Ms. Chow, the spouse of Dizon deemed to be interested in the share options granted to Mr. Dizon.
2. 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 31 March 2014, 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 and underlying shares of the Company**

Name	Capacity	Number of shares held	Number of underlying shares held	Approximate percentage of issued share capital
L&W Holding Limited	Beneficial owner	255,848,600	–	21.84%
Harvest Smart Overseas Limited	Beneficial owner	13,213,712	–	1.13%
Mr. Dizon Basilio	Beneficial owner, interests in a controlled corporation and interests of spouse ( <i>Note 1</i> )	21,008,712	4,936,500	2.21%
Ms. Chow Lai Wah Livia	Beneficial owner, interests in a controlled corporation and interests of spouse ( <i>Note 2</i> )	309,820,112	4,936,500	26.87%

*Notes:*

1. Mr. Dizon Basilio (“Mr. Dizon”) is beneficially interests in 7,795,000 shares and 4,388,000 share options in the Company. Mr Dizon also has controlling interests 65% and 100% in L&W Holding Limited (“L&W”) and Harvest Smart Overseas Limited (“Harvest Smart”) respectively. Ms. Chow Lai Wah Livia (“Ms. Chow”), the spouse of Mr. Dizon and the Director of the Company, is beneficially interested in 32,962,800 shares in the Company, therefore, Mr. Dizon is deemed to be interested in 309,820,112 shares in the Company under the SFO.
2. Ms. Chow is beneficially interested in 32,962,800 shares in the Company and 548,500 share options in the Company. She is the spouse of Mr. Dizon and has controlling interests in L&W and Harvest Smart. Accordingly, Ms. Chow is deemed to be interested in 309,820,112 shares in the Company under the SFO.

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.

### **AGENCY FEES OR COMMISSION**

No commissions, discounts, brokerages or other special terms were granted since 31 March 2014 (being the date to which the latest published audited consolidated accounts of the Group were made up) in connection with the issue or sale of any capital of any member of the Group.

### **LITIGATION**

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

### **EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Deloitte Touche Tohmatsu ("Deloitte")	Certified Public Accountants

Deloitte 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.

Deloitte 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.

None of the Directors nor Deloitte has any direct or indirect interests in any assets which have been, since 31 March 2014 (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 conditional sale and purchase agreement dated 6 February 2013 (as supplemented by supplemental agreements dated 20 June 2013 and 20 August 2013) entered into between Success Dynasty Limited, a wholly owned subsidiary of the Company, as vendor and Waveon Holdings Limited as purchaser in relation to the disposal of 100% equity interest of Raise Beauty Investments Limited for a consideration of RMB80,000,000; and the Completion took place on 22 October 2013;
- (b) the conditional sale and purchase agreement dated 11 November 2013 and entered into between Culturecom Holdings (BVI) Limited, a wholly owned subsidiary of the Company as purchaser and 揭洋 also known as Jie Yang and Aaron Jie as vendor in relation to the acquisition of 51% issued share capital of Tianhe Union Holdings Group Limited and the deed of termination dated 9 May 2014 in relation thereto; and
- (c) the Placing Agreement

### **EXPENSES**

The expenses in connection with the placing, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$2.53 million and are payable by the Company.

### **DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS**

During the financial year 2013-14, the Company had carried on a continuing connected transaction, the details of the transactions are disclosed below.

- (a) On 29 June 2010, the Group entered into a licensing agreement (“Licensing Agreement”) with Mutual Work Media Investment Fund Limited (“Mutual Work”), of which Mr. Chen Man Lung, an Executive Director of the Company, is holding 100% of the interests of Mutual Work. Pursuant to the Licensing Agreement, the Group granted a 3-years right to Mutual work for the production of movies from 29 June 2010. Detail of the transaction was set out in the announcement of the Company dated 29 June 2010, which the right expired on 28 June 2013. The annual cap of the Licensing Agreement is based on the royalty payment and the share of bonus on the global box office result. No royalty income was received during the year.
- (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 2014, being the date to which the latest published audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

## PARTIES INVOLVED IN THE PLACING AND CORPORATE INFORMATION

**Registered office**

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

**Head office and principal place of business**

Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

**Directors***Chairman and non-executive Director*

Mr. Chu Bong Foo  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

*Executive Directors*

Ms. Chow Lai Wah Livia  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Dr. Lai Tak Kwong Andrew  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Kwan Kin Chung  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Chung Billy  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Wan Xiaolin  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Tang U Fai  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Tang Kwing Chuen Kenneth  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Chen Man Lung  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

*Independent non-executive Directors*

Mr. Tsang Wai Wa  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Joseph Lee Chennault  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Lai Qiang  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Ms. Ng Ying  
Suite 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

**Authorised representatives**

Mr. Kwan Kin Chung  
Suit 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

Mr. Chen Man Lung  
Suit 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

**Company Secretary**

Mr. Leung Kee Wai  
Suit 1102, 11th Floor  
Chinachem Tower  
34-37 Connaught Road Central  
Hong Kong

**Auditors**

Deloitte Touche Tohmatsu  
Certified Public Accountants  
35/F., One Pacific Place  
88 Queensway  
Hong Kong

**Financial Adviser**

Kingston Corporate Finance Limited  
Suite 2801  
28th Floor  
One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

**Placing Agent**

Kingston Securities Limited  
Suite 2801  
28th Floor  
One International Finance Centre  
1 Harbour View Street  
Central, Hong Kong

**Legal advisers**

*On Bermuda Law*  
Appleby  
2206-19 Jardine House  
1 Connaught Place, Central  
Hong Kong

*On Hong Kong Law*  
Michael Li & Co.  
19/F., Prosperity Tower  
No. 39 Queen's Road Central  
Central, Hong Kong

<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
<b>Principal share registrar and transfer office</b>	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08, Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712 – 1716 17th Floor, Hopewell Centre 183 Queen's road East Wan Chai Hong Kong

## PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

### Chairman and Non-Executive Director

**Mr. Chu Bong Foo**, aged 76, was appointed as the vice-chairman and an executive director of the Company in May 1999. On 21 January 2011, he was appointed as the Chairman and re-designated as Non-Executive Director of the Company. In addition, he is appointed as director of certain subsidiaries of the Group. He is responsible for the design and development of the Group's Chinese information infrastructure. Mr. Chu is the inventor of the Cangjie method, the most widely available Chinese input method and has engaged himself in the development of Chinese character generating technology for over 21 years. He is renowned for "the father of the modern Chinese computing". He is also a founder of Chu Bong Foo Culture Foundation.

### Executive Directors

**Ms. Chow Lai Wah Livia**, aged 53, joined the Company in April 2008 and was appointed as an Executive Director on 17 May 2011, and as Vice Chairman of the Company on 26 March 2012. Currently, Ms. Chow is a member of the Corporate Governance Committee and the Nomination Committee of the Company. Ms. Chow is the Director of L&W Holding Limited which is one of the substantial shareholders of the Company. Ms. Chow presently is responsible for corporate management of the Group. Prior to joining the Company, Ms. Chow was the president of East Universal Investments Inc., based in the United States for 11 years. She has more than 21 years of extensive experience in executive development and corporate management.

**Dr. Lai Tak Kwong Andrew**, aged 60, was appointed as an Executive Director and Chief Executive Officer on 2 April 2014. Dr. Lai was a corporate vice president of United States Hewlett-Packard (the “HP”) and general manager of HP Global Delivery China Center (the “GDCC”). In 2003, he was appointed as the chief executive officer of Bytewatch Inc., a high-profile, fast-paced silicon valley company. In 2006, Dr. Lai was named as 2006 Shanghai HP board of director, president of HP Software Engineering Academy and vice president and general manager of HP GDCC with clients mainly from Europe, the Americas and Fortune 500 listed companies in Asia. He holds a Master of Business Administration and Master of Computer Science from the University of Southern California, Los Angeles, as well as a Bachelor Degree and Doctor of Philosophy in Computer Science from United States University.

**Mr. Kwan Kin Chung**, aged 45, joined the Group in 1998 and has been one of the Executive Directors since March 2008. Mr. Kwan is also the Managing Director of the Group and serves as the Director for several subsidiaries of the Group. He held the position of vice president for the Group from 1998 to 2002 and was appointed as the acting chief executive officer of the Company in April 2007. During the period of serving as vice president, Mr. Kwan was also the vice publisher of Tin Tin Daily News where he gained valuable experience in the media industry. Mr. Kwan holds the position of managing director of China Bio Cassava Holdings Limited whose shares are listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. Mr. Kwan has extensive experience in businesses restructuring and corporate investment. He holds a Bachelor Degree of Arts in Economics from Zhongshan University, Guangzhou, PRC.

**Mr. Chung Billy**, aged 39, joined the Group in June 2007 and has been one of the Executive Directors since November 2007. Mr. Chung serves as the Director for several subsidiaries of the Group. He is 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 Degree of Arts in Accounting from the University of Waterloo, Canada and a Master Degree of Business Administration from the University of Toronto, Canada. As a member of the Canadian Institute of Chartered Accountants, he has over 13 years of extensive experience in the fields of accounting, consulting and investment banking. He is also a fellow member of the Hong Kong Institute of Certified Public Accountants. 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 of Hong Kong Limited.

**Mr. Tang U Fai**, aged 40, was appointed as an Executive Director of the Company in March 2008, and is a director of certain subsidiaries of the Group. Mr. Tang holds a Bachelor of Science Degree in Computer Science and Economics from the University of Victoria, Canada 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 Etown Online (Macau) Limited where he was gained extensive executive experience.

**Mr. Tang Kwong Chuen Kenneth**, aged 36, was appointed as an Executive Director of the Company on 8 December 2008. He was appointed as company secretary of ViaGOLD Capital Limited, a company whose shares are listed on Australian Stock Exchange, in January 2007. 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, Australia. 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 48, was appointed as Executive Director of the Company in October 2009 and appointed as Chief Operation Officer of the Company in October 2012. He was appointed as an executive director of China Bio Cassava Holdings Limited till 18 June 2012 whose shares are listed on the GEM of the Stock Exchange. He was appointed as an independent non-executive director of Opes Aisa Development Limited and Mobile Telecom Network Holdings Limited, both companies whose shares are listed on the Stock Exchange, and the chief financial officer of ViaGold Capital Limited, a company whose shares are listed on the Australian Stock Exchange. Mr. Chen is also the director and founder of two private equities focusing on antique and art investment, as well as media investment. He currently served as the director of The Hong Kong Baptist University Alumni Association Limited and founding member of the International Federation of Creative and Technology. He served as Academic Advisor of Academy of Visual Arts and the Humanities program of Hong Kong Baptist University, the director of the Hong Kong Comics & Animation Federation Limited (HKCAF) and Committee Member of the Inbound Travel Agent Association Limited (HKITA). He was granted the Bachelor of Arts Degree of Arts in Sociology and the Master of Arts Degree in Chinese Studies from The Hong Kong Baptist University and The Hong Kong University of Science and Technology respectively. Mr. Chen has over 22 years of extensive experience in investment industry.

**Mr. Wan Xiaolin**, aged 56, 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 Degree in Economics from Shanghai Maritime University, Shanghai, 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, and is a director of certain subsidiaries of the Group. Mr. Wan was an executive director of China Bio Cassava Holdings Limited, whose shares are listed on GEM of the Stock Exchange, and had been resigned with effect from 29 June 2013.

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

**Mr. Tsang Wai Wa**, aged 53, was appointed as an Independent Non-executive Director of the Company on 17 November 2009. Mr. Tsang is a member of the Audit Committee of the Group. Mr. Tsang was an Independent Non-executive Director of China Biocassava Holdings Limited and has resigned with effect from 14 March 2014. Mr. Tsang also served as an Independent Non-executive Director of Opes Asia Development Limited from 7 April 2009 to 20 December 2011, all 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.

**Mr. Joseph Lee Chennault**, aged 70, was appointed as an Independent Non-Executive Director of the Company in September 2004. Mr. Chennault is a member of the Audit Committee of the Group. He holds a Bachelor Degree of Arts in Economics from University of San Francisco and a Master Degree of Business Administration from Golden Gate University, both in the United States. He is a member of the California Society of Certified Public Accountants and has over 32 years of experience in accounting and auditing in listed companies.

**Mr. Lai Qiang**, aged 40, was appointed as an Independent Non-Executive Director in December 2008. Mr. Lai is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Group. He is an intermediate level economist. He holds a Bachelor Degree in International Finance (Professional Economics) under the International Trading Finance Department, from Zhongshan University, Guangzhou, PRC. Mr. Lai is currently the managing director of Shenzhen Huaqiang Microcredit Company Limited (深圳華強小額貸款有限公司). Mr. Lai has over 17 years of practical experience in group enterprise fund management and financial management.

**Ms. Ng Ying**, aged 45, was appointed as an Independent Non-Executive Director of the Group in December 2012. She has over 20 years of experience in accounting and finance management for the companies in Hong Kong and Mainland China, and the listed company in Hong Kong. Ms. Ng holds a Higher Diploma of Arts in Economics from Zhongshan University, Guangzhou, PRC.

### **Company Secretary**

Mr. Leung Kee Wai, aged 50, was appointed as Company Secretary on 12 June 2014. Mr. Leung is the fellow member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He holds a Master Degree in Business Administration from the University of Bradford in the United Kingdom. He is also a fellow of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Leung has substantial experience in the fields of company secretarial practice, accounting and finance.

### **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 (the “Code”) 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 the audited financial statements for the year ended 31 March 2014.

### **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 (Windings Up and Miscellaneous Provisions) Ordinance.

**MISCELLANEOUS**

Save as otherwise disclosed in this Prospectus:

- (a) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (b) there have been no other alterations in the share capital of the Group since 31 March 2014 (being the date to which the latest published audited consolidated accounts of the Group were made up).

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed “Expert and Consent” in this appendix have been registered with the Registrar of Companies in Hong Kong Pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company at Suite 1102, 11th Floor, Chinachem Tower, 34-37 Connaught Road, Central, Hong Kong during normal business hours up to and including 22 September 2014:

- (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 2013 and 31 March 2014 respectively;
- (c) the letter from Deloitte Touche Tohmatsu on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in the section headed the “Unaudited Pro Forma Financial Information” to this Prospectus;
- (d) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (e) the written consent referred to in the paragraph headed “Expert and consent” in this appendix; and
- (f) 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 2014, the date of the latest published audited consolidated financial statements of the Group were made up.