

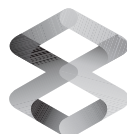
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **China 33 Media Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular appears for information only and does not constitute an invitation or offer to Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.



中國三三傳媒集團有限公司
CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8087)

**(I) OPEN OFFER OF 5,040,000,000 OFFER SHARES AT
THE SUBSCRIPTION PRICE OF HK\$0.1 EACH
ON THE BASIS OF SEVEN (7) OFFER SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD
ON THE RECORD DATE; AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



Underwriters of the Open Offer



**Independent Financial Adviser to the Independent Board Committee
And the Independent Shareholders**



Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Board is set out on pages 12 to 36 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from Opus Capital containing its recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 65 of this circular.

A notice convening the EGM to be held at 10:30 a.m. on Monday, 31 August 2015 at Seminar room — Lavender, Level 3, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting thereof should you so wish.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriters the right in its absolute discretion to terminate the obligations of the Underwriters thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 9 to 11 of this circular. If the Underwriting Agreement is terminated by the Underwriters or does not become unconditional, the Open Offer will not proceed.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from Wednesday, 2 September 2015 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

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

14 August 2015

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“33 Services”	33 Services Limited, an indirect wholly-owned subsidiary of the Company
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 24 July 2015 in relation to, among other things, the Open Offer
“Application Form”	the form of application to be used by the Qualifying Shareholders to apply for the Offer Shares in the form agreed by the Company and the Underwriters
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Beijing Ouguan”	Beijing Ouguan Business Service Limited, which engages in media production
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amend from time to time)
“Company”	China 33 Media Group Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Counter Party A”	a filming company with its principal place of business in Los Angeles, California, the United States of America
“Counter Party B”	one of the largest private-owned media production companies in Shanghai, China

DEFINITIONS

“Counter Party C”	an established movie and TV creation company with its principal place of business in Shanghai, China
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to convened and held to consider and to approve the Open Offer and the transactions contemplated hereunder
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to such Overseas Shareholders
“Euro” or “€”	the lawful currency of the Euro Zone
“Fifth LOI”	the fifth letter of intent stipulates that 33 Services is to invest RMB100 million (equivalent to approximately HK\$125 million) to a motion picture project described under the Fifth LOI to be filmed in China and Hong Kong
“First LOI”	the first letter of intent stipulates that the Company is to invest US\$5.0 million (equivalent to approximately HK\$39.0 million) to purchase the rights to receive certain amount of revenue generated from certain motion picture projects owned or controlled by the Counter Party A
“Fourth LOI”	the fourth letter of intent stipulates that 33 Services is to invest RMB70 million (equivalent to approximately HK\$87.5 million) to a motion picture project described under the Fourth LOI to be filmed in China and Hong Kong
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	Rules governing the listing of securities on GEM
“Gransing Securities”	Gransing Securities Co., Limited, being one of the Underwriters, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities for the purpose of the SFO
“Group”	the Company and its subsidiaries

DEFINITIONS

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hutong”	Hutong Capital Limited, an independent third party of the Company
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors formed for the purpose of advising the Independent Shareholders in relation to the Open Offer
“Independent Financial Adviser” or “Opus Capital”	Opus Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Shareholders”	Shareholders not required under the GEM Listing Rules to abstain from voting on the resolution(s) at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties not connected with or acting in concert with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries of the Company and their respective associates
“JV Agreement”	the agreement dated 1 June 2015 and entered into between 33 Services and Hutong with respect to the formation of the JV Company
“JV Company”	Motion Arts Entertainment Limited, a limited liability company incorporated in Hong Kong in accordance with the terms of the JV Agreement
“Kingston Securities”	Kingston Securities Limited, being one of the Underwriters, a licensed corporation to carry on Type 1 (dealing in securities) regulated activities for the purpose of the SFO
“Latest Acceptance Date”	Tuesday, 29 September 2015 or such other day as may be agreed between the Company and the Underwriters, being the latest date for the acceptance of, and payment for, the Offer Shares

DEFINITIONS

“Latest Practicable Date”	13 August 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Last Trading Day”	24 July 2015, being the last trading day for the Shares being the date of the Announcement
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Tuesday, 29 September 2015 or such other time as may be agreed between the Company and the Underwriters
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Tuesday, 6 October 2015, being the fourth Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriters
“Listing Committee”	the Listing Committee of the Stock Exchange
“Offer Shares”	5,040,000,000 new Shares to be allotted and issued pursuant to the Open Offer
“Offer Shares Undertakings”	the irrevocable undertakings given by the Undertaken Shareholders to the Company not to dispose of 305,622,300 Shares from the date of the offer share undertakings to and including the Record Date and to procure the acceptance of not less than an aggregate of 1,640,153,700 Offer Shares under the Open Offer
“Open Offer”	the proposed issue by way of open offer to the Qualifying Shareholders on the basis of seven (7) Offer Share for every one (1) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside of Hong Kong
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan

DEFINITIONS

“Prospectus”	the document containing details of the Open Offer to be despatched to the Qualifying Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Monday, 14 September 2015 or such later date as may be agreed between the Underwriters and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Excluded Shareholder(s))
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Friday, 11 September 2015, or such other date as may be agreed between the Company and the Underwriters for determining entitlements to the Open Offer
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrars of the Company
“RHB OSK Securities”	RHB OSK Securities Hong Kong Limited, being one of the Underwriters, a license corporation to carry on Type 1 (dealing with securities) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“SAG Awards”	Screen Actors Guild Awards in the United States
“Second LOI”	the second letter of intent stipulates that the Company is to invest US\$7.5 million (equivalent to approximately HK\$58.5 million) to a motion picture project described under the Second LOI to be filmed in the United States of America
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0010 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.1 per Offer Share

DEFINITIONS

“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Codes of Takeovers and Mergers and Share Buy-backs
“Third LOI”	the third letter of intent stipulates that the Company is to invest US\$7.5 million (equivalent to approximately HK\$58.5 million) to a motion picture project described under the Third LOI to be filmed in the United States of America and Morocco
“Undertaken Shareholders”	Lizhong Limited and New Express Investment Limited who have irrevocably undertaken to the Company that they will not dispose of an aggregate of 305,622,300 Shares and they will procure the acceptance of not less than 1,640,153,700 Offer Shares pursuant to the Offer Share Undertakings
“Underwriters”	Gransing Securities, Kingston Securities and RHB OSK Securities
“Underwriting Agreement”	the underwriting agreement dated 24 July 2015 entered into among the Company and the Underwriters in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	3,399,846,300 Offer Shares (excluding the aggregate of 1,640,153,700 Shares undertaken by the Undertaken Shareholders)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar, the lawful currency of the United States
“%”	per cent.

Unless otherwise specified in this circular, for illustration purpose only, amounts quoted in RMB has been converted into HK\$ at the rate of HK\$1.00 to RMB0.78887 and amounts quoted in US\$ has been converted into HK\$ at the rate of US\$1.00 to HK\$7.78. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

EXPECTED TIMETABLE

The expected timetable for the Open Offer and the change in board lot size set out below is for indicative purpose only:

Event	(Hong Kong time)
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Latest time to lodge the form of proxy for attending the EGM (not less than 48 hours prior to time of EGM)	10:30 a.m. on Saturday, 29 August 2015
EGM	10:30 a.m. on Monday, 31 August 2015
Announcement of the results of the EGM.....	Before 7:00 p.m. Monday, 31 August 2015
Last day of dealing in Shares on a cum-entitlement basis	Tuesday, 1 September 2015
First day of dealing in Shares on an ex-entitlement basis	Wednesday, 2 September 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Friday, 4 September 2015
Register of members of the Company closes	Monday, 7 September 2015 to Friday, 11 September 2015 (both dates inclusive)
Record Date for the Open Offer.....	Friday, 11 September 2015
Despatch of the Prospectus Documents (in case of the Excluded Shareholders, the Prospectus only).....	Monday, 14 September 2015
Latest Time for Acceptance of, and payment of Offer Shares.....	4:00 p.m. on Tuesday, 29 September 2015
Latest time for Open Offer to become unconditional.....	4:00 p.m. on Tuesday, 6 October 2015
Announcement of results of acceptance of the Offer Shares.....	Wednesday, 7 October 2015
Despatch of share certificates for Offer Shares or refund of cheques if terminated.....	Thursday, 8 October 2015
Dealing in Offer Shares commences	9:00 a.m. on Friday, 9 October 2015

EXPECTED TIMETABLE

Event	(Hong Kong time)
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Effective date of the new board lot size of 20,000 shares	9:00 a.m. on Friday, 9 October 2015
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Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Friday, 9 October 2015
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Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	4:00 p.m. on Monday, 2 November 2015
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All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EFFECT ON BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - a. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - b. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Tuesday, 29 September 2015, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriters, may, terminate the Underwriting Agreement by giving written notice to the Company prior to the Latest Time for Termination (if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), if at any time prior to the Latest Time for Termination:

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

TERMINATION OF THE UNDERWRITING AGREEMENT

5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Group taken as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
6. any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any one of the Underwriters, a material omission in the context of the Open Offer; or
7. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive business days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
8. any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise.

Any of the Underwriters shall be entitled by notice in writing to the Company and the other Underwriters, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

1. any material breach of any of the warranties, representations and undertakings of the Company contained under the Underwriting Agreement comes to the knowledge of any one of the Underwriters; or
2. any specified event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties, representations and undertakings of the Company contained under the Underwriting Agreement being untrue or incorrect in any material respect comes to the knowledge of any one of the Underwriters.

Any such notice shall be served by such Underwriters prior to the Latest Time for Termination.

In the event that the Underwriters terminate the Underwriting Agreement in accordance with above conditions, all obligations of each of the Parties under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement except for:

1. any antecedent breach of any obligation under the Underwriting Agreement; and
2. any rights or obligations under any provisions of the Underwriting Agreement.

TERMINATION OF THE UNDERWRITING AGREEMENT

If the Underwriting Agreement is terminated by the Underwriters at such time before the Latest Time for Termination but after the Underwriters have paid or procured payment to the Company of the aggregate Subscription Price for which the Underwriters are obliged to subscribe or procure subscription under the Underwriting Agreement, the Company shall, not later than the end of the second Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriters pursuant to above conditions, remit to the Underwriters such amount of aggregate Subscription Price which it has received from the Underwriters.

Rescission and termination of the Underwriting Agreement under the above conditions shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

LETTER FROM THE BOARD



中國三三傳媒集團有限公司
CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8087)

Executive Directors:

Mr. Ruan Deqing (*Chairman*)
Mr. Peng Lichun

Non-executive Directors:

Mr. Wang Fuqing

Independent Non-executive Directors:

Ms. Tay Sheve Li
Mr. Teng Tai
Ms. Yu Shun Yan Verda

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Suite 2001, Tower 1
China Hong Kong City
33 Canton Road
Tsimshatsui
Kowloon
Hong Kong

14 August 2015

To the Shareholders

Dear Sir or Madam,

**(I) OPEN OFFER OF 5,040,000,000 OFFER SHARES AT
THE SUBSCRIPTION PRICE OF HK\$0.1 EACH
ON THE BASIS OF SEVEN (7) OFFER SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD
ON THE RECORD DATE; AND
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 24 July 2015, the Board announced that the Company proposed to raise approximately HK\$504 million before expenses by issuing 5,040,000,000 Offer Shares at the Subscription Price of HK\$0.1 per Offer Share on the basis of seven (7) Offer Shares for every one (1) existing Shares held on the Record Date and payable in full on application.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Open Offer and Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details about the Open Offer; (ii) a letter from the Independent Board Committee to the Independent Shareholders setting out its advice in relation to the Open Offer; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer; (iv) the financial information and other general information of the Group; and (v) the notice convening the EGM.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer	: Seven (7) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price	: HK\$0.1 per Offer Share
Number of Shares in issue as at the date of this circular	: 720,000,000 Shares
Number of Offer Shares	: 5,040,000,000 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date)
Number of Offer Shares to be taken up or procure to be taken up by the Undertaken Shareholders pursuant to the Offer Shares Undertakings	: The Undertaken Shareholders have irrevocably undertaken to the Company to procure the acceptance of not less than 1,640,153,700 Offer Shares to be allotted to it under their entitlement pursuant to the Open Offer
Number of Offer Shares underwritten by the Underwriters	: 3,399,846,300 Offer Shares. Taking into account the Offer Shares Undertakings, the Open Offer is fully underwritten
Number of enlarged Shares in issue upon completion of the Open Offer	: 5,760,000,000 Shares

As at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The Offer Shares

Assuming no new Shares and no Shares being repurchase by the Company on or before the Record Date, the 5,040,000,000 Offer Shares proposed to be allotted and issued represents approximately 700% of the Company's issued share capital as at the Latest Practicable Date and approximately 87.50% of the Company's issued share capital of 5,760,000,000 Shares as enlarged by the allotment and issue of 5,040,000,000 Offer Shares immediately after completion of the Open Offer.

LETTER FROM THE BOARD

The aggregate nominal value of the Offer Shares will be US\$5,040,000 (equivalent to approximately HK\$39,000,000).

Basis of entitlement

The basis of the entitlement shall be seven (7) Offer Shares for every one (1) existing Share held on the Record Date, being 5,040,000,000 Offer Shares. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the Application Form and lodging the same with a remittance for the offer Shares being accepted for.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Excluded Shareholders.

Shareholders whose Share are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Friday, 4 September 2015.

Subscription Price

The Subscription Price is HK\$0.1 per Offer Share, which will be payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 75.61% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and on the Last Trading Date;
- (b) a discount of approximately 28.57% to the theoretical ex-entitlement price of approximately HK\$0.14 based on the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 75.0% to the average closing price of approximately HK\$0.40 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM THE BOARD

- (d) a discount of approximately 61.44% to the audited consolidated net asset value per Share of approximately RMB0.2046 (equivalent to approximately HK\$0.2594) (based on the latest published audited net asset value of the Group of RMB147,287,000 as at 31 December 2014 and 720,000,000 Shares in issue as at the Latest Practicable Date); and
- (e) a discount of approximately 64.91% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriters with reference to, among others, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; (ii) the net loss of the Group for the three consecutive financial years since 2012. The Directors consider that each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deducting all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.1.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Last Trading Day, there were no Overseas Shareholders with registered addresses located outside of Hong Kong.

No person receiving a copy of the Prospectus and/or the Application Form in any territory or jurisdiction outside of Hong Kong may treat it as an offer or an invitation to apply for the Offer Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. It is the responsibility of any person outside Hong Kong (including the ultimate beneficial owner(s) of the Qualifying Shareholders) wishing to make an application for the Offer Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including obtaining any government or other consents, and payment of any taxes and duties required to be paid in such jurisdiction in connection therewith. Completion and return of the Application Form will constitute a warranty and representation by the relevant applicant(s) to the Company that all registration, legal and regulatory requirements of all relevant territories other than Hong Kong in connection with the acceptance of the Offer Shares have been duly complied with by such applicant(s). For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. If you are in any doubt as to your position, you should consult your professional advisers.

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Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on Monday, 14 September 2015. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but no Application Form will be sent to them.

Those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Ranking of the Offer Shares

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

Share certificates and refund cheques for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Thursday, 8 October 2015. If the Open Offer is terminated, refund cheques will be despatched on or before Thursday, 8 October 2015 by ordinary post at the respective Shareholders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriters.

Fractions of the Offer Shares

On the basis of seven (7) Offer Shares for every one (1) existing Shares held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer. Underwriters will arise under the Open Offer.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

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Application for listing

The Company will apply to the GEM Listing Committee for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or 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.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

The Offer Shares will be traded in board lots of 20,000 Shares.

Closure of register of members for the Open Offer

The Company's register of members will be closed from Monday, 7 September 2015 to Friday, 11 September 2015, both days inclusive, to determine the eligibility of the Qualifying Shareholders. No transfer of Shares will be registered during the book closure period.

The Underwriting Agreement

- Date : 24 July 2015 (after trading hours)
- Underwriters : Gransing Securities, Kingston Securities and RHB OSK Securities
- Number of Offer Shares to be underwritten : Taking into account the Offer Shares Undertakings, the Open Offer is fully underwritten. The total number of Offer Shares, being 3,399,846,300 Offer Shares, will be underwritten severally by the Underwriters in the following manner:
- (i) Gransing Securities shall underwrite not more than 1,399,846,300 Underwritten Shares;
 - (ii) Kingston Securities shall underwrite not more than 1,500,000,000 Underwritten Shares; and
 - (iii) RHB OSK Securities shall underwrite not more than 500,000,000 Underwritten Shares.

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Such allocation of underwriting commitment between the Underwriters can be modified by mutual agreement between the Underwriters, provided that (i) other obligations of the Underwriters and all other terms and conditions of the Underwriting Agreement shall remain unchanged; and (ii) both the Underwriters shall notify the Company in writing such modification of underwriting commitment forthwith.

Under the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriters and the Underwriters shall procure that any subscribers procured by them shall be Independent Third Parties and shall not become Substantial Shareholders holding 10% or more shareholding in the Company immediately after completion of the Open Offer.

As at the Latest Practicable Date, Gransing Securities had entered into four sub-underwriting agreements with four sub-underwriters for an aggregate sub-underwriting commitment of 1,340,000,000 Offer Shares. One of the sub-underwriters, namely SBI China Capital Financial Services Limited, which principal activities are investment banking and stock brokerage, has sub-underwriting commitment of 800,000,000 Offer Shares, representing approximately 13.89% of the total issued Shares immediately after completion the Open Offer. The remaining three sub-underwriters have sub-underwriting commitment of an aggregate of 540,000,000 Offer Shares, representing approximately 9.37% of the total issued Shares immediately after completion the Open Offer. Each of the remaining three sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

As at the Latest Practicable Date, RHB OSK Securities had entered into two sub-underwriting agreements with two sub-underwriters for an aggregate sub-underwriting commitment of 500,000,000 Offer Shares, representing approximately 8.68% of the total issued Shares immediately after completion the Open Offer. Each of the sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

As at the Latest Practicable Date, Kingston Securities had entered into four sub-underwriting agreements with four sub-underwriters for an aggregate sub-underwriting commitment of 1,500,000,000 Offer Shares. One of the sub-underwriters, namely Harvest Aspect International Limited, which principal activities are investment holding, has sub-underwriting commitment of 644,640,000 Offer Shares, representing approximately 11.19% of the total issued Shares immediately after completion the Open Offer. The remaining three sub-underwriters have sub-underwriting commitment of an aggregate of 855,360,000 Offer Shares, representing approximately 14.85% of the total issued Shares immediately after completion the Open Offer. Each of the remaining three sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

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Pursue to the sub-underwriting agreements entered into between the Underwriters and the sub-underwriters, each of the sub-underwriters had unconditionally and irrevocable warranty and undertake that none of the persons to be procured by them to subscribe for the Underwritten Shares will become a substantial shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriters, the sub-underwriters and their respective ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriters are not interested in any Shares.

Underwriting commission

The Company will pay the Underwriters an underwriting commission of 1.5% of the aggregate Subscription Price in respect of the maximum number of the underwritten Offer Shares, being 3,399,846,300 Offer Shares. The commission rate was determined after arm's length negotiation between the Company and the Underwriters by reference to the market rate, the size of the Open Offer and the current and expected market condition. The Directors (including the independent non-executive Directors) are of the view that the terms of the Underwriting Agreement, including the commission, accord with the market practice, and are fair and reasonable so far as the Company and the Shareholders are concerned.

Irrevocable undertakings given by the Undertaken Shareholders

Offer Shares Undertakings

As at the date of the Underwriting Agreement, the Undertaken Shareholders are interested in an aggregate of 305,622,300 Shares, representing approximately 42.45% of the total issued share capital of the Company. The Undertaken Shareholders have irrevocably undertaken to the Company:

- (a) not to dispose any of the Shares owned by them from the date of the Offer Shares Undertakings up to the Record Date; and
- (b) to procure the acceptance of not less than 1,640,153,700 Offer Shares to be allotted and issued under their entitlement pursuant to the Open Offer.

Termination of the Underwriting Agreement

The Underwriters, may, terminate the Underwriting Agreement by giving written notice to the Company prior to the Latest Time for Termination (if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next

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business day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains in force in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), if at any time prior to the Latest Time for Termination:

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

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6. any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any one of the Underwriters, a material omission in the context of the Open Offer; or
7. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 10 consecutive business days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
8. any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise.

Any of the Underwriters shall be entitled by notice in writing to the Company and the other Underwriters, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriters shall be entitled by notice in writing to rescind the Underwriting Agreement if, prior to the Latest Time for Termination:

1. any material breach of any of the warranties, representations and undertakings of the Company contained under the Underwriting Agreement comes to the knowledge of any one of the Underwriters; or
2. any specified event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties, representations and undertakings of the Company contained under the Underwriting Agreement being untrue or incorrect in any material respect comes to the knowledge of any one of the Underwriters.

Any such notice shall be served by such Underwriters prior to the Latest Time for Termination.

In the event that the Underwriters terminate the Underwriting Agreement in accordance with above conditions, all obligations of each of the Parties under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Underwriting Agreement except for:

1. any antecedent breach of any obligation under the Underwriting Agreement; and
2. any rights or obligations under any provisions of the Underwriting Agreement.

If the Underwriting Agreement is terminated by the Underwriters at such time before the Latest Time for Termination but after the Underwriters have paid or procured payment to the Company of the aggregate Subscription Price for which the Underwriters are obliged to subscribe or procure subscription under the Underwriting Agreement, the Company shall, not

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later than the end of the second Business Day after (but not including) the date of receipt of the notice of termination issued by the Underwriters pursuant to above conditions, remit to the Underwriters such amount of aggregate Subscription Price which it has received from the Underwriters.

Rescission and termination of the Underwriting Agreement under the above conditions shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the passing of an ordinary resolution by the Independent Shareholders at the EGM for approving the Open Offer;
- (b) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance;
- (c) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (d) the listing committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Offer Shares, either unconditionally or subject to such conditions which the Underwriters in their opinion accept and satisfy (if any);
- (e) compliance with and performance of all undertakings and obligations of the Company hereunder;
- (f) the Underwriting Agreement not being terminated by the Underwriters in accordance with the terms of the Underwriting Agreement prior to the Latest Time for Termination;
- (g) none of the warranties, representations and undertakings of the Company contained under the Underwriting Agreement being breached, untrue, inaccurate or misleading in any material respect; and
- (h) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

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The Company shall use all reasonable endeavors to procure the fulfilment of the abovementioned conditions (except for condition (f) above) and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the terms of the Underwriting Agreement.

If the conditions are not satisfied on or before the Latest Time for Termination, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any rights or obligations under any provisions of the Underwriting Agreement prior to such termination.

Shareholding structure of the Company

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer assuming no Option Shares or Conversion Shares were allotted and issued on or before the Record Date:

	As at the Latest Practicable Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than Undertaken Shareholders under the Offer Shares Undertakings)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders						
Lizhong Limited	192,000,300	26.67%	1,536,002,400	26.67%	1,036,800,000	18.00%
New Express Investment Limited	<u>113,622,000</u>	<u>15.78%</u>	<u>908,976,000</u>	<u>15.78%</u>	<u>908,976,000</u>	<u>15.78%</u>
Sub-total	<u>305,622,300</u>	<u>42.45%</u>	<u>2,444,978,400</u>	<u>42.45%</u>	<u>1,945,776,000</u>	<u>33.78%</u>
Public						
Gransing Securities and the subscribers procured by Gransing Securities	—	—	—	—	1,399,846,300	24.30%
Kingston Securities and the subscribers procured by Kingston Securities	—	—	—	—	1,500,000,000	26.04%
RHB OSK Securities and the subscribers procured by RHB OSK Securities	—	—	—	—	500,000,000	8.68%
Existing public Shareholders	<u>414,377,700</u>	<u>57.55%</u>	<u>3,315,021,600</u>	<u>57.55%</u>	<u>414,377,700</u>	<u>7.20%</u>
Total	<u><u>720,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>5,760,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>5,760,000,000</u></u>	<u><u>100.00%</u></u>

Note:

- Pursuant to the Offer Shares Undertakings, the Undertaken Shareholders have irrevocably undertaken to the Company (i) not to dispose of any of the Shares beneficially owned by them from the date of the Offer Shares Undertakings up to and including the Record Date; (ii) to procure the acceptance of not less than an aggregate of 1,640,153,700 Offer Shares to be allotted and issued to Undertaken Shareholders under its entitlement pursuant to the Open Offer.

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As at the Latest Practicable Date, the existing public shareholders hold as to 57.55% of the entire issued share capital of the Company. Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than Undertaken Shareholders under the Offer Shares Undertakings), the existing public shareholders hold as to 7.20% of the entire enlarged issued share capital of the Company. Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Excluded Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Open Offer is approximately 87.49%.

As at the Latest Practicable Date, the Company has not entered or proposed to enter into any agreement, arrangement, understanding or undertaking, whether formal or informal and whether express or implied, and negotiation (whether concluded or not) with an intention to dispose of the existing business of the Group.

Reasons for the Open Offer and use of proceeds

The Company is an investment holding company, and the principal activities of its subsidiaries are principally engaged in the operation and provision of advertising services of printed media for railway networks, and outdoor advertising spaces on air traffic control towers at airports, trains and railway stations in the PRC.

The Board has been actively exploring business opportunities in order to diversify the Group's existing businesses and expand into new business. The Group has explored a new business segment of investment in international movie industry. In addition, the Board plans to continue to strengthen the Group's presence in the operation and provision of advertising services. The Board considers these businesses and investments are capital intensive and are seeking to meet the capital requirements by conducting the Open Offer. In addition, the Company intends to (i) provide sufficient surplus capital to support the development of existing and future businesses of the Group; (ii) provide funding for any potential investment or growth opportunities; and (iii) strengthen its working capital.

The gross proceeds from the Open Offer will be HK\$504 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be HK\$497 million which are intended to be applied in the following manner:

- (a) approximately HK\$447 million, representing 89.9% of the net proceeds from the Open Offer for the investments in international movie industry through the JV Company; and
- (b) remaining balance of approximately HK\$50 million, representing 10.1% of the net proceeds from the Open Offer for the general working capital for the existing businesses of the Group.

The Directors are of the view that, as at the date of the Announcement and up to the Latest Practicable Date, the proceeds from the Open Offer can satisfy the Company's expected funding needs for the next 12 months. Save for the Open Offer, the Company does not have

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any immediate plan and is not contemplating to conduct further fund raising exercise for funding its existing operations or the proposed new business activities as described above in the next 12 months since the date of the Circular.

Investments in international movie industry through the JV Company

Formation of a JV Company

The Group has continued to explore opportunities to diversify the businesses of the Group in order to enhance the income stream and continue to improve Shareholders' return. As disclosed in the announcement of the Company dated 1 June 2015, 33 Services, an indirect wholly-owned subsidiary of the Company, entered into a JV Agreement with Hutong which was an Independent Third Party prior to the formation of the JV Company, in relation to the formation of a JV Company in Hong Kong, which is principally engaged in the management and investment in media and/or telecom, media and technology related projects and/or investment funds globally. 33 Services has subscribed for 60% of the issued share capital of the JV Company for a consideration of HK\$2 million and Hutong has been entitled to 40% of the issued share capital of the JV Company and shall contribute its expertise and investment management expertise to the JV Company. 33 Services and Hutong have a profit sharing of 60% and 40% respectively. As advised by the Directors, the JV Company will be duly established by the 3rd quarter of 2015. Save as the formation of JV Company disclosed above, there are no other relationship between Hutong and the Company.

Letters of intent

As disclosed in the announcement of the Company dated 26 June 2015, the Group entered into three separate letters of intent with Counter Party A, one letter of intent with Counter Party B and one letter of intent with Counter Party C, in respect of investments in motion picture projects, with a total estimated investment amount of approximately HK\$368.5 million.

Counter Party A is a filming company with its principal place of business in Los Angeles, California, the United States of America. Its Co-Chief Executive Officer and Partner is a Canadian producer, director and screenwriter with over 25 years of industry knowledge and experience. He has participated as a producer for a drama film which participated in the Toronto International Film Festival.

Counter Party B is one of the largest private-owned media production companies in Shanghai, China. It has several award-winning productions, including TV drama series, narrative movies and short movies. It is also one of the companies which own both "film and television program production license" and "the commercial performance license" in the PRC. The company focus on the creation of film, public relations and brand marketing, which has integral film and television play industry system including scriptwriting, film director, production, marketing. Its production team is composed of professionals from domestic and overseas.

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Counter Party C is an established movie and TV creation company with its principal place of business in Shanghai, China. For 15 years, its principal activities are research and development of movie projects and systematic script-writing. It has an experienced crew of screenwriters in China. In addition, since 2013, it commenced the production of movies, starring popular celebrities in China.

The Company is now in further discussion and negotiation with the counter parties and targets to formulate a formal agreement. To the best knowledge of the Directors, the table below sets out the details of the investments in international movies as at the Latest Practicable Date:

Letters of Intent	Details of the movies					Estimated total investment amount (Note) HK\$
	Type of movies	Script	Casting	Location	Film shooting	
First LOI with Counter Party A	Multiple/ Varies	Writing in progress	In progress	To be confirmed	Expected to be started no later than the 4th quarter of 2015	39.0 million by 3rd quarter of 2015 as movie investment
Second LOI with Counter Party A	Comedy	Writing in progress	In progress	USA	Expected to be started no later than the 4th quarter of 2015	58.5 million by 3rd quarter of 2015 as movie investment
Third LOI with Counter Party A	Drama	Writing in progress	In progress	USA and Morocco	Expected to be started no later than the 4th quarter of 2015	58.5 million by 3rd quarter of 2015 as movie investment
Fourth LOI with Counter Party B	Comedy	Finalised	Confirmed. Casting includes well-known actors in the PRC and award winning actor in Hong Kong	Beijing, the PRC	Expected to be started no later than the 3th quarter of 2015	87.5 million by 3rd quarter of 2015 as movie investment
Fifth LOI with Counter Party C	Comedy	Writing in progress	In progress	Shanghai, the PRC	Expected to be started no later than the 4th quarter of 2015	125 million by 3rd quarter of 2015 as movie investment

Notes:

- As advised by the Directors, it is required to commit the investment of the movies at the pre-production stage in order to better plan and control the whole budget of the movies.
- All movies are at pre-production stage as at the Latest Practicable Date.

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Based on the signed letters of intent above, the Company would require imminent funding of approximately HK\$368.5 million in 3rd quarter of 2015. Hutong would contribute its expertise and knowledge for the day-to-day operation and management of international movies and source other opportunities for the investments in international movies.

Formal agreements

The Directors advised that, as the JV Company is our platform to develop the international movie business, the formal agreements in relation to the signed letters of intent above will be entered into between the JV Company and the counter parties once the JV Company established which is by the 3rd quarter of 2015. The Directors are of the view that the formal agreements can be finalised and those international movies described above can be started to produce no later than the 4th quarter of 2015.

The Directors are of the view that given the (i) loss making position of the Company for the year ended 31 December 2014 as disclosed in the annual report for the year ended 31 December 2014; (ii) lack of in-depth experience of the Directors in the movie industry compared to the counter parties under the five letters of intent; and (iii) insufficient cash and cash equivalents of the Company after considering the Company's expected funding needs for the next 12 months, the counter parties under the five letters of intent are not willing to enter into a formal agreement with the Company. The Directors believe that the proceeds from the Open Offer can provide sufficient surplus capital to support the development of the international movie business, which can ease the concern of those counter parties.

The experience in the movie industry

As disclosed in for the year ended 31 December 2014, the Group entered into the cooperation agreement with Beijing Ouguan for the joint investment, production, marketing and distribution of a movie in September 2013. Through such investment arrangement in the movie industry, the Group has been expanding its business platform to position itself available to a wider scope of potential clients, since the Group has recognised the rapid development of the movie industry. The Group believes that the movie together with its ancillary products and marketing activities has been providing additional advertising channels, and brought in additional revenue and business for the Group. Leveraging from our experience gained from the investment with Beijing Ouguan, the Group has also been gaining industry experience and also actively seeking for additional investment opportunities through industry networking events and marketing activities. Accordingly, the Directors believe that the management of the Company has sufficient industry experience to further expand the Company's movie business.

Hutong is the investment manager of Hutong Media Investment Fund, a US\$100 million private equity fund specialising in media and movie related projects. Please find below the biographies of the key employees and consultant of Hutong:

Mr. Chang Ching Lien ("Mr. Chang")

Mr. Chang, being the executive partner of Hutong, has extensive experience in Hollywood movie investments and has successfully raised funds for a movie which got the SAG Awards in 2014. He has recently engaged in the investment of a few Hollywood

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film projects of total investment of over US\$40 million which he participated in the design of investment structure and capital raising. Mr. Chang is currently an independent non-executive director and a member of the remuneration committee and audit committee of China Digital Culture (Group) Limited (stock code: 8175). He is also responsible for the preparation of investment platform and convention work for the Shanghai Broadcasting and Television Producers Association. Since 2011, Mr. Chang has been the managing director of Asian-Pacific of a financial media company listed on NASDAQ and in Japan with print and video media assets specializing in investment and development of television programs.

Ms. Chen Qiu Jin (“Ms. Chen”)

Ms. Chen, being the vice president of Hutong, obtained a bachelor degree of computer science from Fudan University in Shanghai, the PRC. Ms. Chen has 10 years of experience in the finance and media industry. She is also responsible for the coordination and development of investment platform for the Broadcasting and Television Producers Association. Ms. Chen previously worked for a financial media company which is listed on NSADAQ and in Japan. She has been company secretary of a listed company in Hong Kong. She participated in fund raising events of numerous Hollywood movie projects, primarily responsible for the coordination, operation and promotion in the PRC.

Mr. Chang Tat Joel (“Mr. Chang”)

Mr. Chang, being a consultant of Hutong, is a partner of Pohua JT Private Equity Fund L.P., a substantial shareholder of Long Sun Holdings Limited (stock code: 295). Mr. Chang is one of the founders of AID Partners Capital Limited, an Asian-based private equity investment company established in 2007. He is responsible for its strategic investment planning and overseeing its investment portfolio. He is also the founder of Genius Link Asset Management, a diversified investment company with focuses in the property, media and entertainment, and food and agricultural sectors. Prior to the establishment of AID Partners Capital Limited and Genius Link Asset Management, he was the chief investment officer of Investec Asia Limited and a managing director of China Everbright Capital Limited and an executive director of BNP Prime Peregrine Capital Limited. He is a member of the Australian Society of Certified Practising Accountants and the Hong Kong Institute of Certified Public Accountants. He obtained a bachelor's degree in Economics from Monash University in 1990.

Given the extensive experience of Hutong in investments in the international movie industry, the Company will assign Hutong to be in charge of the day-to-day operation of the movies. Given the extensive experience of Mr. Chang Ching Lien and the team at Hutong, the Directors believe that Hutong has sufficient time and resources to manage the investments in all the proposed movies at the same time.

The Directors considered that the formation of the JV Company will allow the Group to further expand its current media production business and align with the Company's strategy to further expand into the movie business. Currently, the JV Company is actively exploring possibilities for investments in the international movie industry. As advised by the management of the JV Company, the total investment cost of each international movie is expected to range

LETTER FROM THE BOARD

from approximately HK\$40 million to approximately HK\$100 million. The Directors believe that by having an enlarged capital base, the JV Company will be able to invest in international movie industry in a more timely manner. As at the Latest Practicable Date, other than the potential investments as stipulated under the letters of intent with Counter Party A, Counter Party B and Counter Party C, the JV Company has not identified and/or is not in discussion or negotiation for production of any other movies.

If the investment of international movies is not proceeded, the intended alternative use of the proceeds will be allocated fully for other investment activities in companies operating in the media industry when such investment opportunities arise. No specific nature of business in the media industry is required. As at the Latest Practicable Date, the Company has not identified any specific investment targets.

General working capital for the existing businesses of the Group

The Board aims to strengthen the Group's presence in the operation and provision of advertising services by continuing the building of its strong team of high caliber professionals. After considering the unutilised balance of approximately HK\$26.4 million of general working capital of the Group from the proceeds of the subscription of new shares under general mandate announced on 10 April 2015, the cash and cash equivalents of approximately RMB29.8 million (equivalent to approximately HK\$37.8 million) as disclosed in the 2014 Annual Report and the net proceeds of approximately HK\$50 million from the Open Offer, the Group will have not less than approximately HK\$114.2 million general working capital available for the operation and development of the Group upon completion of the Open Offer. As disclosed in the 2014 Annual Report, the total selling and distribution costs and general and administrative expenses of the Group for the year ended 31 December 2014 was approximately RMB78.6 million (equivalent to approximately HK\$99.6 million). The Group considers that with the development of the new business segments of international movie industry, the Group may have to incur additional selling and distribution costs and general and administrative expenses for the development and administration of such businesses. In addition, the Group plans to continue to develop its services to cope with the industry development and apply the general working capital for, among others, daily operating expenses such as marketing, employee training, research and development, office overheads, legal and professional fees and business networking expenditures incurred in conducting its existing business.

It is assumed that the total selling and distribution costs and general and administrative expenses of the Group will grow steadily at around 5% to 10% and at similar cost pattern for the next 12 months.

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, the Company has attempted to obtain loan financing from its principal bankers for financing its principal business, however, the principal bankers indicated that it was unlikely for the Company to obtain loan financing from them. Therefore, given the fund raising size of the Company, the Directors consider that it will not be feasible for the Company to obtain the required amount from bank financing at favourable terms. Placing of new Shares would only be available to

LETTER FROM THE BOARD

certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company. The Directors considered that it would be unfair to those Shareholders who had stayed with the Company for a considerable time, especially when the prospect of the Company is expected to improve.

Although rights issue, as compared to an Open Offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nilpaid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nilpaid rights. The Company will also involve additional time and incur resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer. In addition, in view of the average trading volume in the past twelve months before the Latest Practicable Date, were only approximately 0.1% of the total issued Shares, there is uncertainty of the existence of a market to trade the nil-paid rights. The Board intends not to invest the resources for the extra administrative work and cost for the trading arrangements in relation to the nil-paid rights to the business development of the Company. In view of the above, the Board considers that raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate interests in the Company should they wish to do so, ensuring stability in the Company's Shareholders base, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will already give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct an Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

Having considered other fund raising alternatives for the Group as disclosed above, and taking into account the benefits and cost of each of the alternatives, the Directors (including the independent non-executive Directors) are of the view that the Open Offer is in the interest of the Company and the Shareholders as a whole since it offers the Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company.

In assessing the fairness and reasonableness of the Open Offer, the Directors are of the view that:

- (a) the offer ratio of the Open Offer is determined after taking into account the estimated funding requirements of the Company and the Subscription Price;
- (b) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to, among other things, (i) the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price; and (ii) the net loss of the Group for the three consecutive financial years since 2012;

LETTER FROM THE BOARD

- (c) in the course of considering the Open Offer, the Company has approached five securities houses, trying to obtain the best available terms for the Open Offer. Finally, the Company has entered into the Underwriting Agreement with three securities houses, being the Underwriters, with the most competitive underwriting commission rate. During the negotiation of the Underwriting Agreement, it has been indicated to the Company that a subscription price with a relatively deep discount to the closing price is necessary to induce the Underwriters to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer. Based on the foregoing, without deep discount to historical trading price, it will be unlikely for the Group to obtain underwriting services for the Open Offer from the only available underwriters, being the Underwriters. Hence, taking into account the fund raising size and the need for setting the Subscription Price at a relatively deep discount for inducing the Underwriters to provide underwriting services under the Open Offer, it has resulted in the offer ratio of the Open Offer with such dilutive impact to the Shareholders;
- (d) in view of the uncertainties in the financial market in Hong Kong as a result of the uncertainties stemming from fluctuating market sentiment, capital flow and trend of interest rate, the Directors consider it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Open Offer under the volatile investment environment if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares;
- (e) the Open Offer will provide the Group with readily available fund for its investments in international movie industry;
- (f) under the Open Offer, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Open Offer, they will be subscribing the Offer Shares at a lower price as compared to the historical and prevailing market price of the Shares;
- (g) the Open Offer is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Open Offer;
- (h) inherent dilutive nature of Open Offer in general if the Qualifying Shareholders did not take up their entitlements under the Open Offer in full. However, the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Offer Shares; and
- (i) the Underwriters have also undertaken to the Company that none of the persons to be procured by the Underwriters to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Open Offer and shall be Independent Third Parties.

LETTER FROM THE BOARD

Risk Factors

No assurance on the Group's position as a dominant channel media provider for China's high-speed railway network

In the PRC, the railway media publication is subject to the supervision and approval by the Ministry of Railway which results in a high entry barrier of the industry. Being a dominant channel media provider for China's high speed railway network, the Group covers printed media, outdoor media and television media. The Group's dominant position achieved in the PRC railway printed media industry relies on the fact that limited competitors in the industry. Any changes of policies in relation to high-speed railway networks, such as approving entrance of new competitors, will change competitive landscape of the Group's industry. We cannot assure you that we will be able to position as a dominant channel media provider for China's high-speed railway network, and any increase in competition could materially and adversely affect our business, results of operations and financial condition.

Market risk on the printed media and outdoor media business

The revenue of the Group is principally derived from the sale of advertising space on the printed media and outdoor media which is characterised by changing preferences, trends and technology needs of customers and consumers. Our business growth and prospects primarily depends on customers continuing to utilise printed media and outdoor media which, in turn, is dependent on consumers continuing to be respective towards these media resources. Demand for printed media and outdoor media, and the resulting advertising spending by our customers, may fluctuate, and our customers may fluctuate, and our customers may reduce their advertising spending for a number of reasons, including:

- a period of general economic downturn, recession or a period of increased economic volatility, particularly in the cities where outdoor media and printed media in our network are located;
- a decision to shift their advertising expenditures to other available advertising media; and
- a decline in advertising spending in general.

Any adverse change of economic growth, decrease in demand for advertising media in general and for our media resources in particular may materially and adversely affect our ability to generate revenues from our media resources, and could result in a material adverse effect on our business, results of operations and financial condition.

Customers may decide not to use our media resources if they believe that they are not effective to conveying advertising messages to consumers or that consumer are not receptive to the advertisements displayed on our media resources.

LETTER FROM THE BOARD

Reliance on key management personnel

The Group's competitive edges are reflected from its key management and sales teams, which have extensive experiences in the advertising and media business, and are capable to apprehend and satisfy needs of different advertising customers and media industries. If one or more of the key management and sales team were unable to be retained, the Group's business and results of operations may be materially and adversely affected.

Execution risk on business plans

The business plan as set out in the section headed "Reasons for the Open Offer and use of proceeds" is based on circumstances currently prevailing and the assumptions that certain circumstances will or will not occur, and the risks inherent in various stages of the development of business. We may not have sufficient funding to execute our business plan if the Independent Shareholders will not approve the Open Offer or the Underwriters terminate their obligations upon occurrence of any of the events stated in the section headed "Termination of the Underwriting Agreement" in this circular on or before the Latest Time for Termination. Therefore, there can be no assurance that the Company will be successful in carrying out its business plan, or that its business plan, even if carried out, will lead to successful implementation in the future. In addition, to expand into a new business line of investment in media production involves risks including those relating to: (i) identification of appropriate investment targets or negotiation on favourable terms and valuation; (ii) implementation of proper business and accounting control; (iii) diversion of management attention; and (iv) unexpected costs, expenses and liabilities. In light of the above-mentioned risks and conditions, unsatisfied executions of the Company's business plan can lead to negative effect to the Company's business and results of operations.

Changes in the PRC economic, political and social conditions and the PRC government policies can affect the Group's business

The Group derived over 99% of its sales volume from operations in the PRC market for the year ended 31 December 2014. Accordingly, its business, financial condition or results of operations are subject, to a significant degree, to economic, political and legal developments in the PRC. Any changes in the PRC economic, political and social conditions, laws, regulations and policies will adversely affect on the Group's current or future business and financial conditions.

Fund raising exercises of the Company in the past 12 months

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 April 2015	Subscription of new shares under general mandate	Approximately HK\$26.40 million	General working capital of the Group and finance any attractive investment opportunities	The net proceeds of approximately HK\$26.40 million has not yet been utilised and is currently placed with bank and to be used as intended

LETTER FROM THE BOARD

Save for the above, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of the Announcement and up to the Latest Practicable Date.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size of the Shares for trading on the Stock Exchange will be changed from 2,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Friday, 9 October 2015.

The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

Based on the theoretical ex-rights price of approximately HK\$0.14 per Share (calculated based on the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is HK\$280 and the estimated market value of each proposed new board lot is HK\$2,800.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Gransing Securities as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 9 October 2015 to 4:00 p.m. on Monday, 2 November 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through Gransing Securities at 805–806 Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong (telephone: (852) 2544 0397 and facsimile: (852) 2544 8439) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

WARNING OF THE RISK OF DEALINGS IN SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 2 September 2015 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

LETTER FROM THE BOARD

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Tuesday, 6 October 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

GENERAL

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. As at the Latest Practicable Date, (i) Mr. Ruan Deqing is an executive Director and chairman of the Company; (ii) Lizhong Limited is a Substantial Shareholder and is indirectly owned as to approximately 48.73% and 48.73% by Mr. Ruan Deqing and Mr. Lin Pintong respectively; (iii) Mr. Wang Fuqing is a non-executive Director; and (iv) Mr. Peng Lichun is an executive Director. Mr. Ruan Deqing, Mr. Wang Fuqing, Mr. Peng Lichun, Lizhong Limited and their associates will be required to abstain from voting in favour of the ordinary resolution relating to the Open Offer. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed, there is no controlling Shareholder, Directors and chief executive of the Company and their respective associates will be required to abstain from voting in favour of the resolution relating to the Open Offer.

An independent board committee of the Company comprising all the independent non-executive Directors has been to make recommendation to the Independent Shareholders in respect of the Open Offer. An independent financial adviser has been appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

The EGM will be convened and held at 10:30 a.m. on Monday, 31 August 2015 at Seminar room — Lavender, Level 3, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong for the Independent Shareholders to consider, and if thought fit, to approve, among other things, the Open Offer and the transactions contemplated respectively thereunder by way of poll.

The notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the Company's branch share registrar in Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in an event not less than 48 hours before the time scheduled for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending or voting in person at the EGM or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

Upon approval of the Open Offer by the Independent Shareholders at the EGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on Monday, 14 September 2015 and the Prospectus will be despatched to the Excluded Shareholders for information only. No Application Form will be sent to the Excluded Shareholders.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking into account of the advice of Opus Capital) are of the opinion that the terms of the Open Offer are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account of the advice of Opus Capital) recommend the Independent Shareholders to vote in favour of all resolution(s) to be proposed at the EGM.

Your attention is drawn to the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders set out on pages 37 to 38 of this circular and the letter from Opus Capital containing its recommendation to the Independent Shareholders and the principal factors which it has considered in arriving at its recommendation with regard to the Open Offer, as set out on pages 39 to 65 of this circular.

Shareholders are advised to read carefully the letter from the Independent Board Committee regarding the Open Offer on page 37 to 38 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 37 to 38 of this circular, considers that the terms of the Open Offer are fair and reasonable insofar as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Open Offer at the EGM.

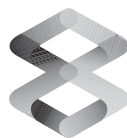
ADDITIONAL INFORMATION

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

By the order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Open Offer.



中國三三傳媒集團有限公司

CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8087)

14 August 2015

To the Independent Shareholders

Dear Sirs or Madams,

**OPEN OFFER OF 5,040,000,000 OFFER SHARES AT
THE SUBSCRIPTION PRICE OF HK\$0.1 EACH
ON THE BASIS OF SEVEN (7) OFFER SHARES
FOR EVERY ONE (1) EXISTING SHARE HELD
ON THE RECORD DATE**

We refer to the circular of the Company to the Shareholders dated 14 August 2015 (the “Circular”) of which this letter forms part. Capitalised terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as members to constitute the Independent Board Committee and to advise the Independent Shareholders in respect of the Open Offer and the transactions contemplated thereunder.

Opus Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Open Offer and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of its recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 39 to 65 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 12 to 36 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Open Offer, taking into account the information contained in the Circular and the factors and reasons considered by, and the opinion of, Opus Capital as set out in the “Letter from Opus Capital” in the Circular, we are of the opinion that the terms of the Open Offer and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Open Offer the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee

Ms. Tay Sheve Li
*Independent non-executive
Director*

Mr. Teng Tai
*Independent non-executive
Director*

Ms. Yu Shun Yan Verda
*Independent non-executive
Director*

LETTER FROM OPUS CAPITAL

Set out below is the text of a letter received from Opus Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer for the purpose of inclusion in this circular.

Opus Capital Limited
創富融資有限公司

18th Floor, Fung House
19–20 Connaught Road Central
Central, Hong Kong

14 August 2015

*To: The Independent Board Committee and the Independent Shareholders of
China 33 Media Group Limited*

Dear Sirs,

**OPEN OFFER OF 5,040,000 OFFER SHARES
AT THE SUBSCRIPTION PRICE OF HK\$0.1 PER OFFER SHARE
ON THE BASIS OF SEVEN (7) OFFER SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 14 August 2015 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement whereby the Company announced the proposed Open Offer and change in board lot size (details of which are highlighted in the Letter from the Board under the section headed “Proposed Open Offer” and “Change in Board Lot Size” respectively). The Company proposed to raise approximately HK\$504 million, before expenses, by the way of an open offer of 5,040,000,000 Offer Shares at a subscription price of HK\$0.1 per Offer Share on the basis of seven (7) Offer Shares for every one (1) existing Share held on the Record Date.

The Open Offer is fully underwritten by the Underwriters, on the terms and subject to the conditions set out in the Underwriting Agreement. We understand from the Company that the terms of the Underwriting Agreement were agreed after arm’s length negotiations between the Company and the Underwriters with reference to the market rate, size of the Open Offer and the current and expected market condition. The Open Offer is conditional upon, amongst other things, the passing of the resolution(s) at the EGM to approve the Open Offer becoming effective.

LETTER FROM OPUS CAPITAL

Since the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement, in accordance with Rule 10.39 of the GEM Listing Rules, the Open Offer must be made conditional on, amongst other things, the approval by the Independent Shareholders at the EGM at which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting on the resolution(s) relating to the Open Offer and the transactions contemplated thereunder.

As at the Last Practicable Date, (i) Mr. Ruan Deqing is an executive Director and chairman of the Company; (ii) Lizhong Limited is a Substantial Shareholder and is indirectly owned as to approximately 48.73% and 48.73% by Mr. Ruan Deqing and Mr. Lin Pintong respectively; (iii) Mr. Wang Fuqing is a non-executive Director of the Company; and (iv) Mr. Peng Lichun is an executive Director of the Company. Mr. Ruan Deqing, Mr. Lin Pintong, Mr. Wang Fuqing, Mr. Peng Lichun, Lizhong Limited and their associates will be required to abstain from voting in favour of the ordinary resolution relating to the Open Offer. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save as disclosed, there is no controlling Shareholder, Directors and chief executive of the Company and their respective associates will be required to abstain from voting in favour of the resolution relating to the Open Offer.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Ms. Tay Sheve Li, Mr. Teng Tai and Ms. Yu Shun Yan Verda, all being the independent non-executive Directors, has been established by the Company to advise and make recommendations to the Independent Shareholders in respect of the Open Offer. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee in this respect.

Our role as the Independent Financial Adviser is to advise the Independent Board Committee and the Independent Shareholders as to: (i) whether the terms of the Open Offer are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote on the relevant resolution(s) in relation to the Open Offer at the EGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with the appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things, the Underwriting Agreement, the Company's annual report for the financial year ended 31 December 2014 (the "**2014 Annual Report**"), the Company's first quarterly report for the three months ended 31 March 2015 (the "**2015 Quarterly Report**"), the Company's business plan in relation to its investment in the five movies as stated in the announcement of the Company dated 26 June 2015 (the "**Business Plan**") and other information as set out in the Circular.

We have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations contained or referred in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they are provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of EGM. We have also assumed that all statements of belief, opinion, explanation and intention made by the Directors in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informal view and to provide a reasonable basis for our opinion. However we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

We have not considered the tax implications, if any, on the Qualifying Shareholders of their acceptance or non-acceptance of the Open Offer since these are particular to their own individual circumstances. Qualifying Shareholders should consider their own tax position with regard to the Open Offer and, if any doubt, should consult their own professional adviser in due course.

The Directors have collectively and individually accepted full responsibility, including particulars given in compliance with the GEM Listing Rules, for the accuracy of the information contained in the Circular and have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other matters of facts, the omission of which would make any statement herein or the Circular misleading.

LETTER FROM OPUS CAPITAL

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Open Offer, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any purpose with our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Open Offer, we have taken into consideration the following principal factors and reasons:

Business overview of the Group

The Company is an investment holding company, and the principal activities of its subsidiaries are principally engaged in the operation and provision of advertising services of printed media for railway networks, and outdoor advertising spaces on air traffic control towers at airports, trains and railway stations in the PRC.

Set out below are the audited consolidated financial results of the Group for the two financial years ended 31 December 2013 and 2014, as extracted from the 2014 Annual Report:

Table 1: Highlights of the financial results of the Group

	Year ended 31 December	
	2014	2013
	<i>RMB million</i>	<i>RMB million</i>
Revenue	115.61	157.40
Profit (loss) after taxation	(59.75)	(29.12)
— From operating activities	(59.77)	(27.64)
— From discontinued operations	0.02	(1.49)

Source: 2014 Annual Report

For the financial year ended 31 December 2014 (“FY2014”), the Group recorded revenue of approximately RMB115.61 million, representing a decrease of approximately 26.55% as compared to the financial year ended 31 December 2013 (“FY2013”). During FY2014, the Group decided to discontinue the operation of audio advertising through audio broadcasting during train transmission and concentrate its resources on three major business segments: (i) printed media advertising; (ii) outdoor advertising; and (iii) money lending.

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The loss of the Group has also deteriorated by approximately 105.19%, from approximately RMB29.12 million in FY2013 to approximately RMB59.75 million in FY2014. The decrease in the segment profit of printed media advertising by approximately 46.3% was mainly attributable to high fixed costs including agency fee expenses and printing cost of the periodicals. Furthermore, the segment results of outdoor advertising recorded a segment loss of approximately RMB11.39 million in FY2014 as compared to a segment profit of approximately RMB13.36 million in FY2013. This was mainly attributable to an impairment loss of other non-current assets, which comprised of billboards constructed by the Group for advertising purposes, and non-current deposits, which comprised of deposits paid by the Group to its suppliers for the right to build the billboards where recoverability of the deposits from its suppliers are uncertain due to early termination of contracts between the two parties.

As stated in the 2015 Quarterly Report, the revenue of the Group was approximately RMB25.04 million for the three months ended 31 March 2015, representing a decrease of approximately 9.80% from the corresponding period in FY2014. The loss of the Group was approximately RMB10.51 million for the three months ended 31 March 2015, representing an improvement of approximately 36.53% from the corresponding period in FY2014 which recorded a loss of approximately RMB16.56 million. The improvement in the loss position was mainly attributable to the increase in gross profit margin in the printed media advertising segment due to the cessation of a loss marking periodical whilst outdoor advertising segment also record an increase in gross profit margin mainly attributable to increase in advertising income generated from advertising campaigns conducted in the railway station, which did not incur high fixed costs like agency fee and printing cost of periodicals.

Table 2: Revenue breakdown of the Group

	FY2014	Percentage to	FY2013	Percentage to
	<i>RMB million</i>	<i>total revenue</i>	<i>RMB million</i>	<i>total revenue</i>
		<i>%</i>		<i>%</i>
Printed media advertising	89.84	77.7	110.89	70.4
Outdoor advertising	24.79	21.4	46.51	29.6
Money lending interest income	0.98	0.9	—	—
Revenue	<u>115.61</u>	<u>100.0</u>	<u>157.40</u>	<u>100.0</u>

Source: 2014 Annual Report

As shown in the table above, the revenue from printed media advertising was the main revenue source for FY2014. As stated in the 2014 Annual Report, the decrease in revenue in FY2014 was mainly attributable to: (i) the significant decrease in the number of advertising customers in the printed media segment as the customers had not renewed their contacts when the contracts expired in December 2013; and (ii) the phasing out of advertising on air traffic control towers at airports due to the expiry of contracts in early 2014 in the outdoor advertising segment.

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Set out below are highlights of the financial position of the Group as at 31 December 2013 and 2014, as extracted from the 2014 Annual Report:

Table 3: Highlights of the financial position of the Group

	As at 31 December	
	2014	2013
	<i>RMB million</i>	<i>RMB million</i>
Cash and cash equivalent	29.79	105.46
Current assets	134.36	190.79
Current liabilities	51.42	66.71
Net current assets	82.94	124.08
Net assets	147.29	205.61

Source: 2014 Annual Report

The net assets of the Group has decreased from approximately RMB205.61 million as at 31 December 2013 to approximately RMB147.29 million as at 31 December 2014, representing a decrease of approximately 28.36%.

The significant decrease in available cash and cash equivalent of the Group from approximately RMB105.46 million as at 31 December 2013 to approximately RMB29.79 million as at 31 December 2014 was mainly due to customers not renewing their contracts upon the expiry of their contract period.

As discussed with the Management, it is the intention of the Group to potentially invest in international movie industry, production and other entertainment-related projects. However such investments would require substantial capital which may exert pressure on the liquidity of the Group. Therefore, the Open Offer can provide the required funding for the Group to invest in the international movie industry, production and other entertainment-related projects without decreasing the liquidity of the Group.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

As stated in the Letter from the Board, the Group has been actively exploring business opportunities in order to diversify the Group's existing businesses and expand into new business. The Group has explored a new business segment of investment in the international movie industry.

As stated in the Letter from the Board, the net proceeds to be raised from the Open Offer, being approximately HK\$497 million, are intended to be applied as follows:

- (i) approximately HK\$447 million, representing approximately 89.9% of the net proceeds from the Open Offer will be allocated for investments in the international movie industry through the JV Company; and

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- (ii) the remaining balance of approximately HK\$50 million, representing approximately 10.1% of the net proceeds from the Open Offer will be used for general working capital of the Group for the existing businesses of the Group.

Investment in international movie industry through the JV Company

As stated in the Letter from the Board, 33 Services, an indirect wholly-owned subsidiary of the Company, entered into a JV Agreement with Hutong (an Independent Third Party prior to the formation of the JV Company) in relation to the formation of a JV Company in Hong Kong, which is principally engaged in the management and investment in media and/or telecom, media and technology related projects and/or investment funds globally.

As stated in the Letter from the Board, Hutong is the investment manager of Hutong Media Investment Fund, a US\$100 million private equity fund specialising in media and movie related projects. Mr. Chang Ching Lien, being the executive partner of Hutong, has extensive experience in Hollywood movie investments and has successfully raised funds for a movie which was awarded by SAG Awards in 2014. The team at Hutong has extensive experience in international movie investments and details of their experience are highlighted in the Letter from the Board under the sub-section headed “The experience in the movie industry”. Given the extensive experience of Hutong in investments in the international movie industry, the Company will assign Hutong to be in charge of the day-to-day operation of the movies. Given the extensive experience of Mr. Chang Ching Lien and his team at Hutong, the Directors believe that Hutong has sufficient time and resources to manage the investment in all the proposed movies which the Group intends to invest.

33 Services has subscribed for 60% of the issued share capital of the JV Company for a consideration of HK\$2 million and Hutong is interested in 40% of the issued share capital of the JV Company via the contribution of its expertise and investment management expertise to the JV Company. Hutong would contribute its expertise and knowledge for the day-to-day operation and management of international movies and source other opportunities for the investments in international movies. The Directors advised that the JV Company is the platform of the Company to develop the international movie business. Formal agreements in relation to the signed letters of intent as stated in the Letter from the Board will be entered into between the JV Company and its counterparties once the JV Company is established by the 3rd quarter of 2015. As stated in the Letter from the Board and as discussed with the Management, the Directors are of the view that given the: (i) loss making position of the Company for the financial year ended 31 December 2014; (ii) lack of in-depth experience of the Directors in the movie industry compared to the counterparties under the five letters of intent (collectively the “Counterparties”); and (iii) insufficient cash and cash equivalent of the Company after considering the Company’s expected funding needs for the next 12 months, the Counterparties are not willing to enter into formal agreements with the Company. As stated in the Letter from the Board, the Directors are of the view that the proceeds from the Open Offer can provide sufficient surplus capital to support the development of the international movie business, which can ease the concern of the Counterparties.

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As disclosed in the announcement of the Company dated 26 June 2015, the Group entered into five separate letters of intent with three counterparties, in respect of the investments in motion picture projects to be filmed in United States of America, Morocco as well as the PRC and Hong Kong, with a total estimated investment amount of approximately HK\$368.5 million. As advised by the Management, the commitment of approximately HK\$368.5 million is required for the funding at the pre-production stage by 3rd quarter of 2015 for better planning and controlling of the budget of the movies. Details of the five letters of intent and the experience of the Counterparties are set out in sub-section headed “Letters of intent” in the Letter from the Board. As at the Latest Practicable Date, the JV Company has not identified and/or is not in discussion or negotiation for production of any other movies other than the five separate letters of intent mentioned above.

We also noted from 2014 Annual Report that the Company has investment experience in the movie industry through the cooperation with Beijing Ouguan, a company engaged in media production, in September 2013, where both parties entered into a cooperation agreement for the joint investment, production, marketing and distribution of a movie.

If the investment of international movies does not proceed, the intended alternative use of the proceeds will be allocated fully for other investment activities in companies operating in the media industry when such investment opportunities arise. No specific nature of business in the media industry is required. As at the Latest Practicable Date, the Company has not identified any specific investment targets.

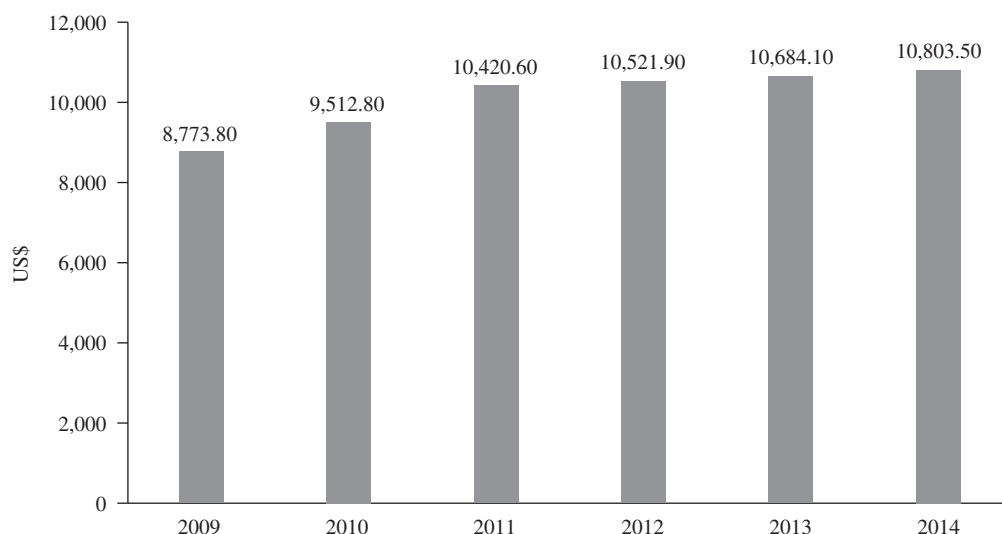
General working capital for the existing business of the Group

As stated in the Letter from the Board, the Group plans to allocate approximately HK\$50 million of the net proceeds of the Open Offer as general working capital. Along with the unutilised balance of approximately HK\$26.4 million of general working capital of the Group, constituting the entire proceeds raised from the subscription of new Shares under general mandate which was completed on 22 April 2015, and the cash and cash equivalents of approximately RMB29.8 million (equivalent to approximately HK\$37.8 million) as at 31 December 2014 stated in the 2014 Annual Report, the Group will have not less than approximately HK\$114.2 million general working capital available for the operation and development of the Group upon completion of the Open Offer. As disclosed in the 2014 Annual Report, the total selling and distribution cost together with general and administrative expenses amounted to approximately RMB78.6 million (equivalent to approximately HK\$99.6 million). As stated in the Letter from the Board, the Directors assumed that the selling and distribution cost together with general and administrative expenses of the Group will grow steadily at around 5% to 10% and at similar cost pattern for the next 12 months. Furthermore, as stated in the Letter from the Board, the Directors are of the view that additional selling and distribution costs as well as general and administrative expenses will be incurred for the development and administration of the new business segments of the international movie industry of the Group. Therefore, we are of the view that applying approximately HK\$50 million of the net proceeds from the Open Offer as general working capital is reasonable.

Market outlook of the international movie industry business

As discussed with the Management and as stated in the Business Plan, the Directors are of the view that there is good potential and promising prospects in the business contemplated by the Group with the expansion to invest in international movie business. We set out below the market outlook of the international movie industry business segment.

Chart 1: Global Gross Domestic Product per capita (“GDP per capita”)



Source: the World Bank (Note)

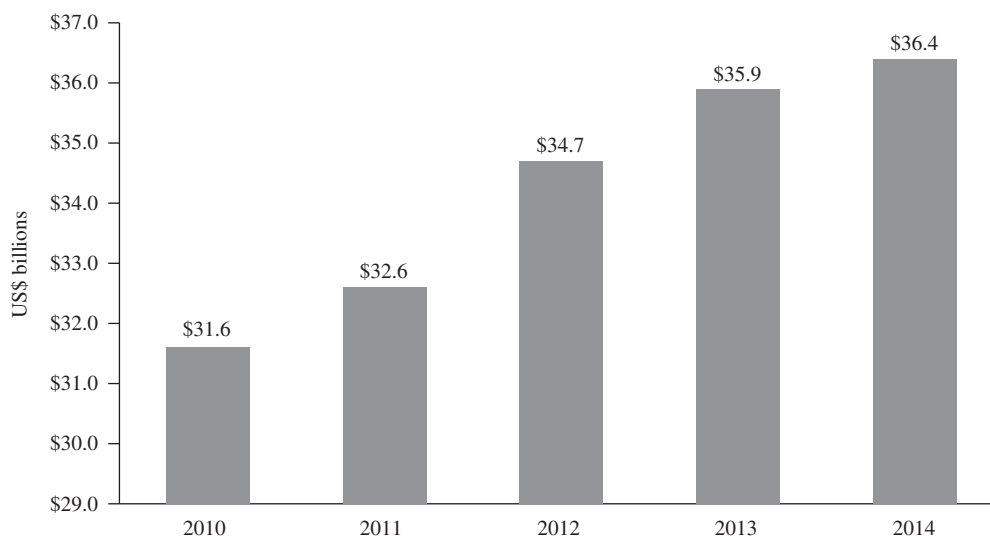
Note: The World Bank is an international financial institution that provides loans to developing countries for capital programs. It is a vital source of financial and technical assistance to developing countries around the world, and a unique partnership to reduce poverty and support development. Established in 1944, the World Bank Group is headquartered in Washington, D.C. and has more than 10,000 employees in more than 120 offices worldwide.

As shown in the chart above, global GDP per capita increased from approximately US\$8,773.8 in 2009 to approximately US\$10,803.5 in 2014, representing a compound annual growth rate (the “CAGR”) of approximately 4.25%. The chart above indicates that global economic performance has strengthened during the past few years. The increasing trend of the global GDP per capital indicates an increase in the consumer purchasing and spending power. The strengthening in global economic performance and increasing consumer spending power in general provide a positive and encouraging impetus for the international movie industry.

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Set out in the chart below is the global box office.

Chart 2: Global box office

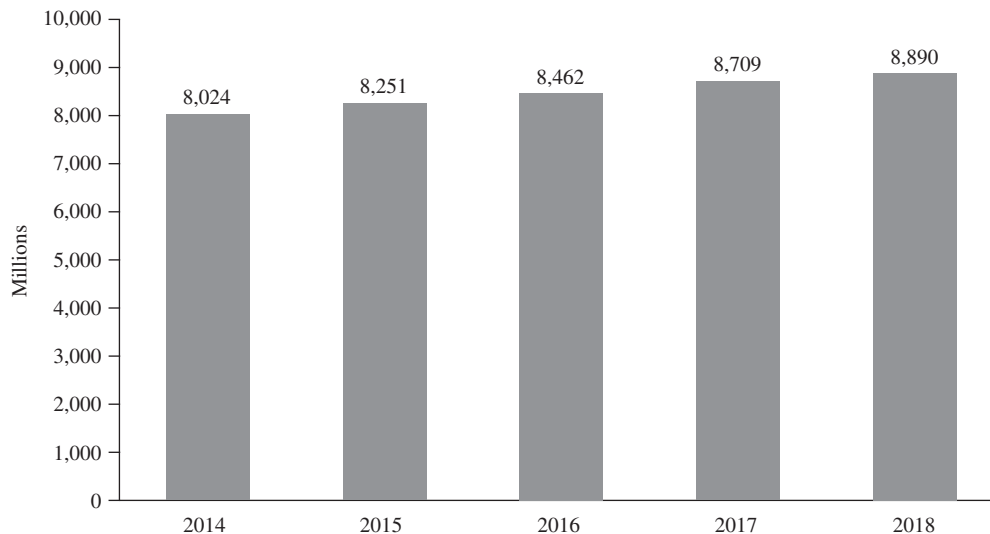


Source: Theatrical Market Statistics Report for 2014 by Motion Picture Association of America, Inc. (Note)

Note: The Motion Picture Association of America Inc. is a global organisation with commercial and regional offices working to protect the film industry around the world. Founded in 1922, it represents the six major Hollywood studios and now serves as the voice and advocate of the motion picture and television industry around the world.

According to a report titled “Theatrical Market Statistics Report for 2014” by the Motion Picture Association of America, Inc., the global box office has increased from approximately US\$31.6 billion in 2010 to approximately US\$36.4 billion in 2014, representing a CAGR of approximately 3.60%.

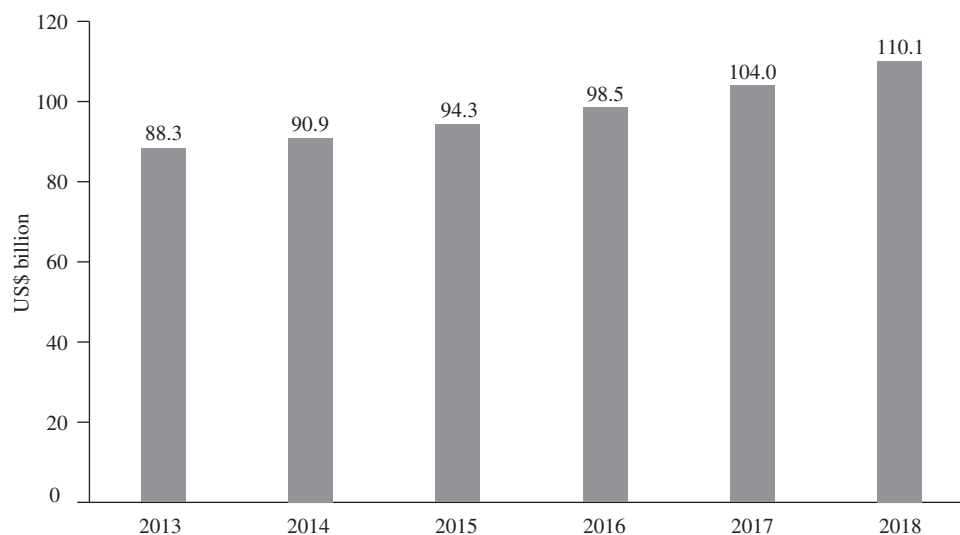
Chart 3: Global film admissions



Source: Global Entertainment and Media Outlook 2014–2018

According to the Global Entertainment and Media Outlook 2014–2018 issued by PricewaterhouseCoopers, the global film admissions (i.e. the number of people going to movies) has shown an increasing trend and has increased from approximately 8,024 million in 2014 to approximately 8,890 million in 2018, representing a CAGR of approximately 2.7%.

Chart 4: Global aggregate spending on filmed entertainment



Source: Global Entertainment and Media Outlook 2014–2018

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The global aggregate spending on filmed entertainment increased from approximately US\$88.3 billion in 2013 to approximately US\$90.9 billion in 2014, recording an increase of approximately 2.9%. This aggregate spending is estimated to grow to approximately US\$110.1 billion in 2018, representing a CAGR of approximately 4.5% from 2013 to 2018. Combined with the upward trend of global GDP per capita from 2009 to 2014, we are of the view that the increasing global spending on movies will provide an encouraging driving force for the international movie market.

On 19 June 2014, seven departments in China including the Ministry of Finance, National Development and Reform Committee, People's Bank of China, State Administration of Radio Film and Television jointly announced "The Notice of Economic Policies Supporting the Development of Film Industry". The PRC Government will spend approximately RMB1 billion (equivalent to approximately HK\$1.27 billion) a year to support the domestic movie industry, including film production, construction of digital cinemas and state media. In addition, the Europe Union (the "EU") has launched the "Creative Europe Programme" to support cultural and creative from 2014 to 2020, with a budget of approximately €1.46 billion (equivalent to approximately HK\$12.26 billion), and over €800 million (equivalent to approximately HK\$6.72 billion) will be dedicated to the movie industry. In addition, according to the critical analysis of US cultural policy in the global film market published by the International Communication Gazette, the United States has implemented a cultural policy for film to support the Hollywood movie industry in the global cultural market.

We note that the PRC Government, the United States Government and the EU policies are favourable to the development of the international movie industry. Accordingly, we are of the view that the current outlook of the international movie industry is positive.

As the Group is currently planning to expand into the international movie industry through the JV Company, and in light of the positive outlook in the international movie industry as stated above, we are of the view that the Company's allocation of HK\$447 million to the investments in international movie industry through the JV Company is reasonable.

Other financing alternatives available to the Group

As highlighted in the Letter from the Board, when formulating the structure of the Open Offer, the Directors have considered various fund raising alternatives for the Group including but not limited to debt financing and placing of new Shares and rights issue. Taking in account the benefits and costs of each of the alternatives, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it gives the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the growth and development of the Group.

As discussed with the Management, the Board believes that it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance cost. The Board believes that debt financing will result in addition interest burden to and higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, the Directors consider that it will not be feasible for the Company to obtain the required amount from bank financing at favourable terms. As stated in the Letter from the Board, the Company has attempt to obtain loan financing from its principal bankers but no positive feedback was received. In addition, placing of new Shares would not be available for all Qualifying Shareholders and would possibly dilute the shareholding of the existing Shareholders.

The Open Offer will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement. We consider that entering into the Underwriting Agreement will ensure the Group to raise the required funding under the Open Offer and remove a certain degree of uncertainty as compared to best-efforts placements, which is in the interest of the Company.

Although rights issue is similar to open offer, the rights issue enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits. However, the arrangement for trading of the nil-paid rights arose from the rights issue would involve additional administrative work and cost to the Group for the trading arrangement of nil-paid rights. In view of the above, the Board considered that raising funds by way of the Open Offer is more cost effective and efficient and beneficial to the Company and its Shareholders as a whole as compared to a rights issue.

Having taken into account the financial needs of the Group, the possible benefits of the Open Offer and the availability of and comparison with other financing alternatives, we concur with the Directors that the Open Offer is in the interests of the Company and the Shareholders as a whole.

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PRINCIPLE TERMS OF THE OPEN OFFER

The Company proposes to raise approximately HK\$504 million, before expenses, by way of an Open Offer of 5,040,000,000 Offer Shares at a subscription price of HK\$0.1 per Offer Share on the basis of seven (7) Offer Shares for every one (1) existing Share held on the Record Date. The following table summarises the major terms of the Open Offer:

Basis of the Open Offer:	Seven (7) Offer Shares for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.1 per Offer Share
Number of Shares in issue as at the Latest Practicable Date:	720,000,000 Shares
Number of Offer Shares:	5,040,000,000 Offer Shares (assuming no new Shares being issued and no Shares being repurchased by the Company on or before the Record Date)
Number of Offer Shares to be taken up or procure to be taken up by the Undertaken Shareholders pursuant to the Offer Shares Undertakings:	The Undertaken Shareholders have irrevocably undertaken to the Company to procure the acceptance of not less than 1,640,153,700 Offer Shares to be allotted to it under their entitlement pursuant to the Open Offer
Number of Offer Shares underwritten by the Underwriters:	3,399,846,300 Offer Shares. Taking into account the Offer Shares Undertakings, the Open Offer is fully underwritten
Number of enlarged Shares in issue upon completion of the Open Offer:	5,760,000,000 Shares

As stated in the Letter from the Board, as at the Latest Practicable Date, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

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The Subscription Price of HK\$0.1 per Offer Share will be payable in full upon application. The Subscription Price represents:

- (a) a discount of approximately 75.61% to the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and on the Last Trading Day;
- (b) a discount of approximately 28.57% to the theoretical ex-entitlement price of approximately HK\$0.14 based on the closing price of HK\$0.41 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 75.0% to the average closing price of approximately HK\$0.40 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 61.44% to the audited consolidated net asset value per Share of approximately RMB0.2046 (equivalent to approximately HK\$0.2594) (based on the latest published audited net asset value of the Group of RMB147,287,000 as at 31 December 2014 and 720,000,000 Shares in issue as at the Latest Practicable Date); and
- (e) a discount of approximately 64.91% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the Letter from the Board, the Subscription Price was arrived at arm's length negotiation between the Company and the Underwriters with reference to, among other things, the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price, and the net loss of the Group for the three consecutive financial years since 2012.

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ANALYSIS ON THE SUBSCRIPTION PRICE

For the purpose of assessing the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to: (i) the recent price performance of the Shares; and (ii) the market comparable analysis, as follows:

Review on Share price performance

The following table illustrates the highest and lowest closing prices and the average closing price of the Shares as quotes on the Stock Exchange in each month during the period commencing from 25 July 2014 up to and including the Last Trading Day (the “**Review Period**”).

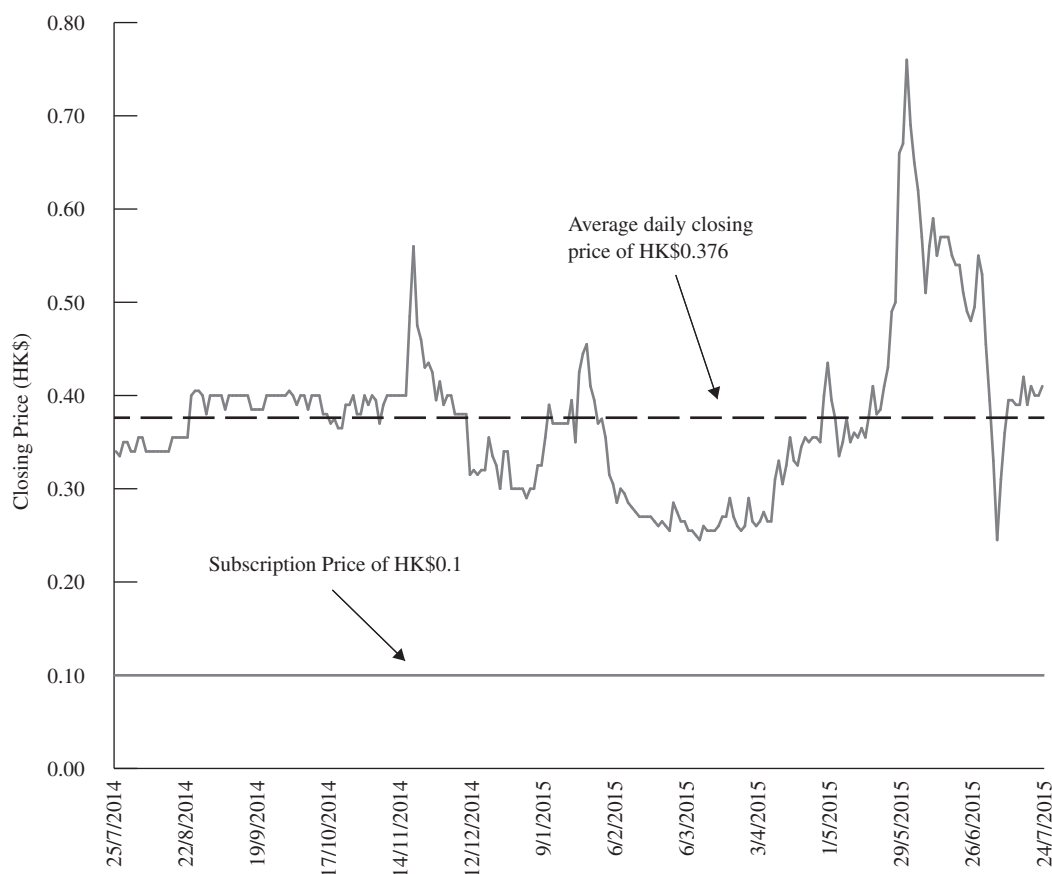
Table 4: Historical daily closing prices of the Shares during the Review Period

Month	Highest daily closing price of the Shares <i>HK\$</i>	Lowest daily closing price of the Shares <i>HK\$</i>	Average daily closing price of the Shares <i>HK\$</i>	Number of trading days in each month <i>days</i>
2014				
July (from 25 July 2014)	0.350	0.335	0.343	5
August	0.405	0.340	0.362	21
September	0.405	0.385	0.397	21
October	0.400	0.365	0.388	21
November	0.560	0.370	0.421	20
December	0.400	0.300	0.338	21
2015				
January	0.455	0.290	0.369	21
February	0.355	0.255	0.282	18
March	0.290	0.245	0.264	22
April	0.400	0.260	0.322	19
May	0.500	0.335	0.391	19
June	0.760	0.480	0.577	22
July (up to and including the Last Trading Day)	0.530	0.245	0.390	17

Source: Bloomberg, Hong Kong Stock Exchange

During the Review Period, the daily closing price of the Shares ranged from HK\$0.245 to HK\$0.760 per Share. In addition, the following chart highlights the movements of the daily closing price of the Shares as quoted from the Stock Exchange during the Review Period.

Chart 5: Historical daily closing prices of the Shares during the Review Period



Source: Bloomberg

We note that the Subscription Price of HK\$0.1 falls below the daily closing price of the Shares at all times throughout the Review Period and it represents: (i) a discount of approximately 86.84% from the highest closing price HK\$0.760; (ii) a discount of approximately 59.18% from the lowest closing price of HK\$0.245; and (iii) a discount of approximately 73.40% from the average daily closing price of the Shares of HK\$0.376 during the Review Period.

As all Qualifying Shareholders are entitled to subscribe for the Offer Shares in the same proportion his/her its existing shareholding in the Company held on the Record Date, the Directors consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholding in the Company and participate in the future growth of the Group. We concur with the Director's view that the Subscription Price is acceptable.

Comparison with the Open Offer Comparables

In order to reflect the general trend of open offer transactions in the recent market, we have, on a best effort basis, conducted a search of all recent open offers announced within the six-month period from 25 January 2015 up to the Last Trading Day (the “**Comparison**

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Period”). We are of the opinion that due to the volatility of the share prices of the companies listed on the Stock Exchange, the Comparison Period reflects a fair and recent period of comparison for the Open Offer. As the capital market changes rapidly, we consider that the Open Offer Comparables (as defined below) reflects the latest market conditions of open offer. During the Comparison Period and based on our research conducted, we identified a total of 30 open offers announced by companies listed on the Stock Exchange (the “**Open Offer Comparables**”). To the best of our knowledge effort and endeavor and based on our search conducted, the list of the Open Offer Comparables is an exhaustive list of comparable open offers for comparison purpose. We also noted that the business activities of the Open Offer Comparables are not directly comparable to those carried out by the Group and the terms of the open offer of the Open Offer Comparables may vary from companies with different financial standings, business performance and future prospects. Since the Open Offer Comparables are the most recent open offer transactions announced to the public, we consider that the Open Offer Comparables could represent the recent trend of the open offer transactions in the prevailing market condition and could provide a general reference in respect of the common market practice on open offers conducted by listed companies in Hong Kong. The details are set out below:

Table 5: Comparable analysis of the Open Offer Comparables

Company Name	Stock Code	Announcement Date	Basis of entitlement	Discount of the Subscription Price to the closing price per Share on the last trading day prior/on the date of announcement in relation to the respective Open Offer %	Discount of the Subscription Price to the ex-entitlements price per share on the last trading day prior to/on the date of announcement in relation to the respective Open Offer %	Underwriting Commission %	Excess Application
Ding He Mining Holdings Ltd	705	21/7/2015	1 for 2	54.95	44.75	2.50	No
Sau Sun Tong Holding Ltd	8200	7/7/2015	1 for 1	12.28	6.54	2.50	No
Fujian Holding Ltd	181	29/6/2015	1 for 2	59.60	49.37	2.50	Yes
Tai Shing International (Holding) Ltd	8103	17/6/2015	1 for 2	59.68	49.66	3.00	No
China National Culture Group Ltd	745	8/6/2015	1 for 1	76.40	61.80	2.00	No
New City Development Group Ltd	456	3/6/2015	1 for 4	24.32	20.45	0.00	No
APAC Resources Ltd	1104	27/5/2015	1 for 2	50.74	40.72	2.00	Yes
National United Resources Holdings Ltd	254	22/5/2015	1 for 2	53.57	43.48	1.50	No
Wealth Glory Holdings Ltd	8269	22/5/2015	1 for 2	34.00	25.50	3.00	No

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Company Name	Stock Code	Announcement Date	Basis of entitlement	Discount of the Subscription Price to the closing price per Share on the last trading day prior/on the date of announcement in relation to the respective Open Offer %	Discount of the Subscription Price to the ex-entitlements price per share on the last trading day prior to/on the date of announcement in relation to the respective Open Offer %	Underwriting Commission %	Excess Application
Hailiang International Holdings Ltd	2336	15/5/2015	1 for 2	34.07	25.60	0.75	Yes
China Kingstone Mining Holdings Ltd	1380	14/5/2015	1 for 2	61.50	51.70	3.50	No
Mastermind Capital Ltd	905	13/5/2015	2 for 1	59.50	28.10	2.44	No
Merdeka Mobile Group Ltd	8163	8/5/2015	2 for 1	76.62	52.13	2.50	Yes
China Vehicle Components Technology Holdings Ltd	1269	4/5/2015	1 for 1	86.80	76.60	2.00	Yes
Hua Han Bio-Pharmaceutical Holdings Ltd	587	28/4/2015	1 for 2	43.48	33.91	2.50	Yes
RCG Holdings Ltd	802	24/4/2015	5 for 1	78.40	37.80	2.00	No
China Culiangwang Holdings Ltd	904	17/4/2015	2 for 1	77.80	53.80	2.50	No
Century Sunshine Group Holdings Ltd	509	14/4/2015	1 for 2	47.37	37.50	1.50	No
Jun Yang Solar Power Investments Ltd	397	13/4/2015	1 for 2	25.71	18.75	2.50	No
Seamless Green China Holdings Ltd	8150	8/4/2015	1 for 2	17.14	12.12	1.50	No
Powerwell Pacific Holdings Ltd	8265	31/3/2015	1 for 2	24.73	17.94	2.00	No
EPI Holdings Ltd	689	31/3/2015	1 for 2	45.10	35.30	1.00	No
Chi Energy Holdings Ltd	8009	24/3/2015	1 for 1	40.48	25.37	2.50	No
Celebrate International Holdings Ltd	8212	18/3/2015	30 for 1	92.90	29.70	3.00	Yes
Capital VC Ltd	2324	13/3/2015	5 for 1	76.60	28.60	1.00	No
Heng Fai Enterprises Ltd	185	27/2/2015	1 for 10	11.50	10.60	2.50	Yes
Solartech International Holdings Ltd	1166	6/2/2015	5 for 1	69.70	27.80	2.50	No

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Company Name	Stock Code	Announcement Date	Basis of entitlement	Discount of the Subscription Price to the closing price per Share on the last trading day prior/on the date of announcement in relation to the respective Open Offer %	Discount of the Subscription Price to the ex-entitlements price per share on the last trading day prior to/on the date of announcement in relation to the respective Open Offer %	Underwriting Commission %	Excess Application
Global Energy Resources International Group Ltd	8192	5/2/2015	1 for 2	35.06	26.50	2.50	No
Convoy Financial Holdings Ltd	1019	6/2/2015	3 for 1	71.26	38.27	3.50	No
O Luxe Holdings Ltd	860	4/2/2015	2 for 1	57.70	31.80	0.50	No
Average				51.97	34.74	2.12	
Maximum				92.90	76.60	3.50	
Minimum				11.50	6.54	0.00	
The Company	8087	24/7/2015	7 for 1	75.61	28.57	1.50	No

Source: Stock Exchange

As shown in the above table, the subscription price of the Open Offer Comparables represented discounts ranging from approximately 11.50% to approximately 92.90% with an average of approximately 51.97% to the respective closing price of their shares on the last trading days prior to/on the date of the release of the respective open offer announcements. Although we note that the discount of approximately 75.61% to the closing price of the Shares on the Last Trading Day as represented by the Subscription Price is higher than the average discount of the Open Offer Comparables, the discount of approximately 75.61% to the closing price of the Shares on the Last Trading as represented by the Subscription Price nevertheless fall within the range. We consider that the Open Offer offers all the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata entitlement of the Open Offer and hence avoid dilution. In the view of the above, we are of the view that the discount of approximately 75.61% to the closing price of Shares on the Last Trading Day as represented by the Subscription Price is acceptable.

Furthermore, the subscription prices of the Open Offer Comparables represented discounts ranging from approximately 6.54% to approximate 76.60% with an average of approximately 34.74% to the respective theoretical ex-entitlements price of their shares on the last trading days prior to/on the date of the release of the respective open offer announcements. The discount of approximately 28.57% to the ex-entitlement price as represented by the Subscription Price falls within the range and is in fact lower than the average of the Open Offer Comparables, and therefore is fair and reasonable. In addition, as discussed with the Management, the Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters. As discussed with the Management and as stated in the Letter from the Board, it has been indicated to the Company that the relatively deep discount of the Subscription Price to the closing price is necessary to induce the Underwriters to participate in the underwriting of the Underwritten Shares, which is an essential part of the Open Offer.

LETTER FROM OPUS CAPITAL

In addition, we have discussed with the Management regarding to the current structure of the Open Offer. The Management are of the view that in the event that the Subscription Price is increased and the allotment ratio is lowered, the attractiveness of the Qualifying Shareholders to subscribe for the Offer Shares will likely decrease. Given that a deep discount of the Subscription Price: (i) can provide an incentive for the Qualifying Shareholders to subscribe for the Offer Shares as the Company has funding needs to raise such amount of proceeds to finance principally investment in international movie industry business segment; and (ii) is in line with the market practice as discussed in the section headed “Comparison with the Open Offer Comparables” below, we are of the view that the current structure of the Open Offer is fair and reasonable.

Based on the above and having considered in particular that:

- (i) the Company has funding needs for its investments in the international movie industry and general working capital as stated in this letter headed “Reasons for the Open Offer and use of proceeds”;
- (ii) the Subscription Price was arrived at after arm’s length negotiation between the Company and the Underwriters;
- (iii) it is a common market practice that the subscription prices of an open offer is normally set at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of an open offer and to encourage the existing shareholders to participate in the open offer;
- (iv) the discounts represented by the Subscription Price to the closing price of the Shares on the Last Trading Day and the theoretical ex-entitlement prices falls within the corresponding discounts range of the Open Offer Comparables;
- (v) the Subscription Price falls below the daily closing price of the Shares during the Review Period;
- (vi) after considering the benefits and drawbacks of other fund raising alternatives, the Open Offer seems to be an appropriate means for the Company to raise funds, in particular as the Open Offer offers all the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata entitlement of the Open Offer and hence avoids dilution; and
- (vii) the entering into the Underwriting Agreement will ensure the Group to raise the required funding under the Open Offer, which could reduce the Company’s risk while at the same time guarantee Company’s funding needs,

we are of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM OPUS CAPITAL

Underwriting commission

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to underwrite the Offer Shares not subscribed for by the Qualifying Shareholders on a fully underwritten basis, subject to the terms and conditions of the Underwriting Agreement with an underwriting commission of 1.5% of the aggregate Subscription Price in respect of maximum the number of Underwritten Shares (the “**Underwriting Commission**”). As confirmed by the Directors, the Underwriting Commission was determined after arm’s length negotiations between the Company and the Underwriters with reference to the market rate, the size of the Open Offer and the current and expected market condition.

Based on the table under the sub-section in this letter headed “Comparison with the Open Offer Comparables”, we note that the Underwriting Commission is in line with common market practice and falls within the range of underwriting commissions of 0%–3.50% with an average of approximately 2.12%. We note that the Underwriting Commission is lower than the average of 2.12%. Accordingly, we consider that the Underwriting Commission is on normal commercial terms and is fair and reasonable.

Termination of the Underwriting Agreement

It should be noted that the Open Offer will not proceed if the Underwriters exercise their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriters such termination rights are included in the Letter from the Board section headed “Termination of the Underwriting Agreement”. After reviewing prospectuses of the Open Offer Comparables, we consider such provision are on normal commercial terms and in line with the market practice.

No application for excess Offer Shares

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro-rata shareholding interests in the Company and to participate in the future growth and development of the Group. After arm’s length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess application, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to subscribe or procure subscription for the Offer Shares which have not been taken up by the Qualifying Shareholders.

LETTER FROM OPUS CAPITAL

After reviewing the prospectuses of the Open Offer Comparables in relation to the Open Offer, we noted that the above practice: (i) is in line with the market practice (i.e. 22 out of 30 Open Offer Comparables had no excess application for their Open Offer exercises); (ii) is able to lower the related administration costs in the absence of excess applications; and (iii) allows the Qualifying Shareholders to maintain their respective pro-rata shareholding, we are of the view that such arrangement is fair and reasonable to the Company and the Shareholders as a whole.

Taking into account the above principal terms of the Open Offer and the Underwriting Agreement, we consider that the terms of the Open Offer and the Underwriting Agreement are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned.

POSSIBLE DILUTION EFFECT OF THE OPEN OFFER

The table below depicts the shareholding structures of the Company (for illustrative purpose only): (i) as at the Latest Practicable Date; (ii) immediately after completion of the Open Offer assuming (a) full acceptance by the Qualifying Shareholders; and (b) nil acceptance by the Qualifying Shareholders:

	As at the Latest Practicable Date		Upon completion of the Open Offer (assuming all Offer Shares are subscribed for by the Qualifying Shareholders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders other than Undertaken Shareholders under the Offer Shares Undertakings)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholders						
Lizhong Limited	192,000,300	26.67%	1,536,002,400	26.67%	1,036,800,000	18.00%
New Express Investment Limited	113,622,000	15.78%	908,976,000	15.78%	908,976,000	15.78%
Sub-total	305,622,300	42.45%	2,444,978,400	42.45%	1,945,776,000	33.78%
Public						
Gransing Securities and the subscribers procured by Gransing Securities	—	—	—	—	1,399,846,300	24.30%
Kingston Securities and the subscribers procured by Kingston Securities	—	—	—	—	1,500,000,000	26.04%
RHB OSK Securities and the subscribers procured by RHB OSK Securities	—	—	—	—	500,000,000	8.68%
Existing public Shareholders	414,377,700	57.55%	3,315,021,600	57.55%	414,377,700	7.20%
Total	720,000,000	100.00%	5,760,000,000	100.00%	5,760,000,000	100.00%

LETTER FROM OPUS CAPITAL

Note:

1. Pursuant to the Offer Shares Undertakings, the Undertaken Shareholders have irrevocably undertaken to the Company (i) not to dispose of any of the Shares beneficially owned by them from the date of the Offer Shares Undertakings up to and including the Record Date; and (ii) to procure the acceptance of not less than an aggregate of 1,640,153,700 Offer Shares to be allotted and issued to Undertaken Shareholders under its entitlement pursuant to the Open Offer.

The Open Offer offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company. For those Qualifying Shareholders who take up their entitlements in full under the Open Offer, their shareholding interests in the Company will remain unchanged after the Open Offer.

For Qualifying Shareholders who do not take up in full their assured entitlements under the Open Offer should note that their shareholdings in the Company will be diluted upon completion of the Open Offer. As shown in the table above, assuming that none of the Qualifying Shareholders has subscribed for the Open Offer, the percentage of shareholding of the public Shareholders will be reduced from approximately 57.55% as at the Latest Practicable Date to approximately 7.20%. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Open Offer is approximately 87.49%.

Notwithstanding the potential dilution to the Independent Shareholders' proportional shareholding interests in the Company as discussed above, having taken into account that:

- (a) the Independent Shareholders are given the opportunity to express their view on the terms of the Open Offer and the Underwriting Agreement through their votes at the EGM;
- (b) the Qualifying Shareholders have their choice of whether to accept the Open Offer or not;
- (c) the Open Offer offers the Qualifying Shareholders an opportunity to subscribe for their pro-rata Offer Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market prices of the Shares; and
- (d) those Qualifying Shareholders who choose to accept the Open Offer in full can maintain their respective existing shareholding interests in the Company after the Open Offer,

we are of the view that the potential dilution effect on the existing shareholding interest of the Independent Shareholders, which may only result when the Qualifying Shareholders do not subscribe for their pro-rata Offer Shares, is acceptable.

LETTER FROM OPUS CAPITAL

As discussed with the Management and the Underwriters, we note that in the event that there is insufficient public float of the Company within the meaning of the GEM Listing Rules immediately upon completion of the Open Offer solely because of the Underwriters' performance of their obligations pursuant to the Underwriting Agreement, the Underwriters agree to take appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 11.23 of the GEM Listing Rules.

As stated in the Letter from the Board, as at the Latest Practicable Date, Gransing Securities had entered into four sub-underwriting agreements with four sub-underwriters for an aggregate sub-underwriting commitment of 1,340,000,000 Offer Shares. One of the sub-underwriters, namely SBI China Capital Financial Services Limited, which principal activities are investment banking and stock brokerage, has sub-underwriting commitment of 800,000,000 Offer Shares, representing approximately 13.89% of the total issued Shares immediately after completion the Open Offer. The remaining three sub-underwriters have sub-underwriting commitment of an aggregate of 540,000,000 Offer Shares, representing approximately 9.37% of the total issued Shares immediately after completion the Open Offer. Each of the remaining three sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

As at the Latest Practicable Date, RHB OSK Securities had entered into two sub-underwriting agreements with two sub-underwriters for an aggregate sub-underwriting commitment of 500,000,000 Offer Shares, representing approximately 8.68% of the total issued Shares immediately after completion the Open Offer. Each of the sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

As at the Latest Practicable Date, Kingston Securities had entered into four sub-underwriting agreements with four sub-underwriters for an aggregate sub-underwriting commitment of 1,500,000,000 Offer Shares. One of the sub-underwriters, namely Harvest Aspect International Limited, which principal activities are investment holding, has sub-underwriting commitment of 644,640,000 Offer Shares, representing approximately 11.19% of the total issued Shares immediately after completion the Open Offer. The remaining three sub-underwriters have sub-underwriting commitment of an aggregate of 855,360,000 Offer Shares, representing approximately 14.85% of the total issued Shares immediately after completion the Open Offer. Each of the remaining three sub-underwriters' commitment portion represents less than 5% of the total issued Shares immediately after completion of the Open Offer.

Pursue to the sub-underwriting agreements entered into between the Underwriters and the sub-underwriters, each of the sub-underwriters had unconditionally and irrevocable warranty and undertake that none of the persons to be procured by them to subscribe for the Underwritten Shares will become a substantial shareholder of the Company holding 10% or more shareholding in the Company as a result of the subscription of the Underwritten Shares. As stated in the Letter from the Board, the Underwriters, the sub-underwriters and their respective ultimate beneficial owners are Independent Third Parties.

POSSIBLE FINANCIAL EFFECTS OF THE OPEN OFFER

Effect on net asset

With reference to the unaudited pro forma statement of net asset of the Group attributable to the owners of the Company as set out in the Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company was approximately RMB141.90 million as at 31 December 2014. After taking into account the net proceeds from the Open Offer, the unaudited pro forma adjusted net tangible assets of the Group attributed to the owners of the Company will be increased to approximately RMB\$536.44 million. The audited consolidated net tangible assets of the Group per Share as at 31 December 2014 was approximately RMB0.2365. Upon completion of the Open Offer, the total number of Shares shall increase to 5,640,000,000 Shares without taking into account the subscription of 120,000,000 new Shares on 22 April 2015. Accordingly the unaudited pro forma adjusted consolidated net tangible assets of the Group will be approximately HK\$0.0951 per Share. This represents a decrease of approximately 59.79%.

Effect on working capital and liquidity

The net proceeds from the Open Offer is estimated to be approximately HK\$497 million and the working capital will increase by HK\$497 million, which will improve the Group's liquidity position.

Based on the foregoing, despite the fact that the net assets attributed to the equity shareholders of the Company will be diminished, the Open Offer will enhance the net asset of the Group and improve the liquidity position of the Group. Hence, we are of the view that the Open Offer is in interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into consideration of the following principal factors and reasons regarding the Open Offer including:

- (a) the net proceeds of the Open Offer will be used to finance the Group's investments in the international movie industry and general working capital of the Company;
- (b) the Open Offer would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Group;
- (c) the discount of the Subscription Price falls within the range of the discount of the subscription prices of the Open Offer Comparables;
- (d) the major terms and conditions of the Underwriting Agreement is in line with the market practice;

LETTER FROM OPUS CAPITAL

- (e) the dilution effect is not detrimental to the Independent Shareholder's interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer; and
- (f) the Open Offer will enhance the net asset value of the Group and improve the liquidity position of the Group,

we are of the view that the terms of the Open Offer are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the ordinary resolution(s) to be proposed at the EGM to approve the Open Offer.

Yours faithfully,
For and on behalf of
Opus Capital Limited

Alvin Lai **Koh Kwai Yim**
Chief Executive Officer *Executive Director*

Mr. Alvin Lai is the Chief Executive Officer of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Lai has over 15 years of financial industry, investments, corporate finance and legal experience in Asia and Australia. Mr. Lai is a qualified legal practitioner in New South Wales, Australia. Mr. Alvin Lai has acted as financial adviser and/or independent financial adviser to many companies and transactions involving fundraising and/or mergers and acquisition in Asia.

Ms. Koh Kwai Yim is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Ms. Koh has over 15 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.

1. FINANCIAL INFORMATION

The audited consolidated financial statement of the Group (i) for the year ended 31 December 2012, 31 December 2013 and 31 December 2014; and (ii) for the three months period ended 31 March 2015, including the notes thereto, have been published in the annual reports of the Company (i) for the years ended 31 December 2012 (pages 45 to 53), 31 December 2013 (pages 43 to 51) and 31 December 2014 (pages 39 to 45) respectively; and (ii) for the three months period ended 31 March 2015 (pages 1 to 2). The said annual report of the Company are published on both the Stock Exchange (www.hkex.com) and the Company's website (www.china33media.com).

2012 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2013/0328/GLN20130328137.pdf>

2013 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2014/0328/GLN20140328147.pdf>

2014 annual report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0331/GLN20150331057.pdf>

2015 first quarterly report:

<http://www.hkexnews.hk/listedco/listconews/GEM/2015/0515/GLN20150515067.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured and unguaranteed amount due to an associate of RMB3,000,000.

The Group had undrawn short-term banking facilities which was secured by pledged bank deposits of RMB15,276,000 as at 30 June 2015.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any other loan capital issued and outstanding or agreed to be issued but unissued, loans, bank overdrafts, or other similar indebtedness, finance lease or hire purchase commitment, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, guarantees or other material contingent liabilities as at the close of business on 30 June 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available resources and the estimated net proceeds from the Open Offer, the Group will have sufficient working capital for its normal business for at least the next twelve months from the date of this Circular in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position of the Group since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

As at 31 December 2014, the Group continues to principally engaged in operation and provision of advertising services of printed media for railway networks, and outdoor advertising spaces on air traffic control towers at airports, trains and railway stations in the PRC and money lending business in Hong Kong.

The Group's revenue decreased from approximately RMB157,404,000 for the year ended 31 December 2013 to RMB115,612,000 for the year ended 31 December 2014, representing a decrease of 26.55% as compared to last year. This is mainly attributable to that many customers had not renewed their advertising contracts upon the expiry of the contract period. For the year ended 31 December 2014. The cost of sales increased from approximately RMB85,920,000 for the year ended 31 December 2013 to RMB89,208,000 for the year end 31 December 2014, representing an increase of approximately 3.83%. Despite of the decrease in revenue, the cost of sales remained relatively stable mainly attributable to that agency fee expense, amortisation of other non-current assets and printing cost accounted nearly 80% of the total cost and those costs were relatively fixed subject to the business nature of the Group as a printed media advertising services provider. In light of the decrease in revenue and the relatively stable cost of sales, the loss attributable to the owner of the Company was approximately RMB59,123,000, representing an increase of approximately RMB33,099,000 or 127.19% from RMB26,024,000 as compared to last year.

Looking ahead, the Group will endeavor to maintain the growth of its existing businesses and expand into diversified new businesses. As part of the Group's diversified business development strategy, the Group tapped into the media production by entering into the cooperation agreement with Beijing Ouguan, a media provider, for a joint investment in the movie industry. In addition, the Group also cooperated with a directly owned subsidiary of China Central Television (the "CCTV"), and obtained the production rights of "Geographic China", one of the CCTV programmes. The Board will continue to seek for business opportunities available in the advertising and media market which can enhance shareholders' value and strengthen the financial position of the Group.

APPENDIX II	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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A. 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 attributable to the owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with Rule 7.31 of the GEM Listing Rules to illustrate the effect of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 31 December 2014.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2014, as extracted from the published annual report of the Company for the year ended 31 December 2014, and is adjusted for the effect of the Open Offer.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose 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 upon completion of the Open Offer as at 31 December 2014 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2014 <i>RMB'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Open Offer <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Open Offer as at 31 December 2014 <i>RMB'000</i> <i>(Note 3)</i>
Based on 5,040,000,000 Offer Shares at Subscription Price of HK\$0.1 per Offer Share	141,900	394,538	536,438
			<i>RMB cents</i>
Audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2014 before the completion of the Open Offer <i>(Note 4)</i>			23.65
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Open Offer <i>(Note 5)</i>			9.51

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company of RMB141,900,000 as at 31 December 2014 is extracted from the audited consolidated statement of financial position of the Group as at 31 December 2014 included in the published annual report of the Company.
- (2) The estimated net proceeds from the Open Offer of approximately HK\$497,400,000, equivalent to approximately RMB394,538,000, are based on 5,040,000,000 Offer Shares to be issued at the Subscription Price of HK\$0.1 per Offer Share and after deduction of the estimated related expenses, including among others, underwriting commission, financial advisory fee and other professional fees, which are directly attributable to the Open Offer, of approximately HK\$6,600,000, equivalent to approximately RMB5,235,000.

The number of 5,040,000,000 fully underwritten Offer Shares to be issued is based on 600,000,000 Shares of the Company in issue as at 31 December 2014 and 120,000,000 new shares issued on 22 April 2015 pursuant to subscription of the Company's new shares (the net proceeds of which has not been taken into account in the above table, see note 7 below for more details) and as the basis of seven Offer Shares for every one existing share in issue on the Record Date.

- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Open Offer represents the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2014 plus the estimated net proceeds from the Open Offer as set out in Note 2 above.
- (4) The calculation of the consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 31 December 2014 before the completion of the Open Offer is determined based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company of RMB141,900,000 as discussed in Note 1 above and the 600,000,000 Shares of the Company as at 31 December 2014.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2014 immediately after completion of the Open Offer is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Open Offer of approximately RMB536,438,000 as discussed in Note 3 above, divided by 5,640,000,000 Shares which represents
 - (i) 600,000,000 Shares of the Company in issue as at 31 December 2014; and
 - (ii) 5,040,000,000 Offer Shares to be issued pursuant to the Open Offer.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.
- (7) As discussed in Note 2 above, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after the completion of the Open Offer as at 31 December 2014 has not taken into account the subscription of 120,000,000 new shares on 22 April 2015. If the net proceeds of such subscription have been taken into account, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after the completion of Open Offer as at 31 December 2014 would have been increased by RMB20,940,000 to RMB557,378,000 upon the issuance of 120,000,000 new shares on 22 April 2015 pursuant to subscription of the Company's new shares. Also, the number of shares of the Company taking into account such subscription of 120,000,000 new shares and the completion of Open Offer would have been 5,760,000,000 Shares. Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company after adjustment of the subscription of 120,000,000 new shares and the completion of Open Offer would have been RMB9.68 cents.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF CHINA 33 MEDIA GROUP LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China 33 Media Group 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 unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2014 and related notes as set out in Section A of Appendix II to the circular issued by the Company dated 14 August 2015 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Section A of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed open offer of 5,040,000,000 new shares to be issued by the Company at a subscription price of HK\$0.1 per offer share on the Group's net tangible assets as at 31 December 2014 as if the Open Offer had taken place at 31 December 2014. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2014, on which an audit report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM 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 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 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 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited 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 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited 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 unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Group 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 purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 14 August 2015

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable and immediately upon completion of the Open Offer are as follows:

Authorised share capital:

	US\$
<u>40,000,000,000</u> Shares	<u>40,000,000</u>

Assuming there is no change to the issued share capital of the Company on or before the Record Date:

Issued and fully paid share capital or credited as fully paid:

720,000,000	Shares in issue as at the Latest Practicable Date	720,000
<u>5,040,000,000</u>	<u>Offer Shares to be issued</u>	<u>5,040,000</u>
<u>5,760,000,000</u>	<u>Shares in issue and fully paid immediately upon completion of the Open Offer</u>	<u>5,760,000</u>

As at the Latest Practicable Date, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

No capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including, in particular, as to rights to dividends, voting rights and return of capital.

The issued Shares are listed and traded on the GEM Board of the Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

3. DISCLOSURE OF INTERESTS

i. Directors

(a) Directors' and chief executives' interests in the Company

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives had interests and short positions in the Shares, the underlying Shares and/or the debentures (as the case may be) of the Company or any its associated corporations (within the meaning of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) (b) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or (c) which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Rule 5.46 to 5.67 of the GEM Listing Rules:

Long positions in the Shares and underlying Shares of the Company and its associated corporations.

Name of Director	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date
			(%)
Mr. Ruan Deqing	Interest of a controlled corporation	192,000,300 (Note 1)	26.67
Mr. Wang Fuqing	Interest of a controlled corporation	45,738,000 (Note 2)	6.35
	Beneficial owner	1,194,000	0.17

Notes:

- These Shares are registered in the name of Lizhong Limited ("Lizhong"), 48.73% of the entire issued share capital of which is owned by Joint Loyal Limited ("Joint Loyal"). The entire issued share capital of Joint Loyal is owned by Mr. Ruan Deqing ("Mr. Ruan"), an executive director. Mr. Ruan is deemed to be interested in all the Shares in which Joint Loyal is interested by virtue of the SFO. Mr. Ruan is the sole director of Joint Loyal.
- These Shares were registered in the name of Make Sense Group Limited ("Make Sense"), the entire issued share capital of which was owned by Mr. Wang Fuqing ("Mr. Wang"), a non-executive director. Mr. Wang was deemed to be interested in all the Shares in which Make Sense was interested by virtue of the SFO. Mr. Wang was the sole director of Make Sense.

(b) Directors' interests in 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 Company within one year without payment of compensation (other than statutory compensation));

(c) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which have been since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired by or disposed of or leased to any member of the Group or are proposed to be acquired by or disposed of or leased to any member of the Group;

(d) Directors' interests in contracts or arrangements

Save for being the Undertaken Shareholders in the Offer Shares Undertakings, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into with any member of the Group which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group; and

(e) Directors' interests in competing businesses

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

ii. Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, each of the following persons (other than a Director or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or were 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 members of the Company and were recorded in the register to be kept under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date
			(%)
Lizhong (<i>Note 1</i>)	Beneficial owner	192,000,300	26.67
Broad Win (<i>Note 1</i>)	Interest of a controlled corporation	192,000,300	26.67
Ms. Pan Xiaoying (<i>Note 2</i>)	Interest of spouse	192,000,300	26.67
Joint Loyal (<i>Note 1</i>)	Interest of a controlled corporation	192,000,300	26.67
Ms. Liu Sibin (<i>Note 3</i>)	Interest of spouse	192,000,300	26.67
New Express Investment Limited	Beneficial owner	113,622,000	15.78
China Investment and Finance Group Limited	Interest of a controlled corporation	113,622,000	15.78
Ms. Chu Yuet Wah (<i>Note 4</i>)	Interest of a controlled corporation	1,500,000,000	26.04
Active Dynamic Limited (<i>Note 4</i>)	Interest of a controlled corporation	1,500,000,000	26.04
Galaxy Sky Investments Limited (<i>Note 4</i>)	Interest of a controlled corporation	1,500,000,000	26.04
Kingston Capital Asia Limited (<i>Note 4</i>)	Interest of a controlled corporation	1,500,000,000	26.04
Kingston Financial Group Limited (<i>Note 4</i>)	Interest of a controlled corporation	1,500,000,000	26.04

Name of Shareholder	Nature of interest	Number of Shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date (%)
Kingston Securities (<i>Note 4</i>)	Others	1,500,000,000	26.04
Harvest Aspect International Limited	Other	644,640,000	11.19
Mr. Yu Tsung Chin William	Other	644,640,000	11.19
Gransing Securities (<i>Note 5</i>)	Beneficial owner	1,905,200,300	33.08
Oei Hong Eng (<i>Note 5</i>)	Interest of a controlled corporation	1,905,200,300	33.08
Que Bon Tan Gerald (<i>Note 5</i>)	Interest of a controlled corporation	1,905,200,300	33.08
RHB OSK Securities (<i>Note 6</i>)	Beneficial owner	500,000,000	8.68

Notes:

- These Shares are registered in the name of and beneficially owned by Lizhong Limited, 48.73% and 48.73% of the entire issued share capital of Lizhong Limited is owned by Broad Win Limited (“Broad Win”) and Joint Loyal Limited (“Joint Loyal”) respectively. The entire issued share capital of Broad Win and Joint Loyal is owned by Mr. Lin Pintong (“Mr. Lin”) and Mr. Ruan Deqing (“Mr. Ruan”) respectively. Under the SFO, each of Mr. Lin, Mr. Ruan, Broad Win and Joint Loyal is deemed to be interested in all the Shares held by Lizhong Limited.
- Ms. Pan Xiaoying (“Ms. Pan”) is the spouse of Mr. Lin. Therefore, Ms. Pan is deemed, or taken to be, interested in the 192,000,300 Shares which Mr. Lin is deemed, or taken to be interested in for the purposes of the SFO.
- Ms. Liu Sibin (“Ms. Liu”) is the spouse of Mr. Ruan. Therefore, Ms. Liu is deemed, or taken to be, interested in the 192,000,300 Shares which Mr. Ruan is deemed, or taken to be interested in for the purposes of the SFO.
- The Shares are the Offer Shares which Kingston Securities is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. Kingston Securities is a wholly-owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 49.19% interest in Kingston Financial Group Limited. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

5. The Shares are the Offer Shares which Gransing Securities is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. These Shares are registered in the name of and beneficially owned by Gransing Securities, 50% and 50% of the issued share capital of Gransing Securities is owned by Oei Hong Eng and Que Bon Tan Gerald respectively. Under the SFO, each of Oei Hong Eng and Que Bon Tan Gerald is deemed to be interested in all the Shares held by Gransing Securities.
6. The Shares are the Offer Shares which RHB OSK Securities is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO or were 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.

As at the Latest Practicable Date, save and except for information above, no other Director nor any parties acting in concert with any of them was interested in any Shares or any convertible securities, warrants, options or derivative in respect of Shares.

4. CORPORATE INFORMATION

Directors

Executive Director

Name	Address
Mr. Ruan Deqing	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong
Mr. Peng Lichun	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong

Non-executive Directors

Name	Address
Mr. Wang Fuqing	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong

Independent Non-executive Directors

Name	Address
Ms. Tay Sheve Li	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong
Mr. Teng Tai	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong
Ms. Yu Shun Yan Verda	Suite 2001, Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Kowloon Hong Kong
Audit Committee	Ms. Tay Sheve Li (<i>Chairman</i>) Mr. Teng Tai Ms. Yu Shun Yan Verda
Remuneration Committee	Mr. Teng Tai (<i>Chairman</i>) Mr. Ruan Deqing Ms. Yu Shun Yan Verda
Nomination Committee	Ms. Yu Shun Yan Verda (<i>Chairman</i>) Mr. Teng Tai Mr. Peng Lichun

Corporate Information and Other Parties Involved in the Open Offer

Registered office	Cricket Square Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Head office	12th Floor, Block B Yonggui Centre 41 Guangqumennei Main Street Dongcheng District Beijing China
Principal place of business in Hong Kong	Suite 2001 Tower 1 China Hong Kong City 33 Canton Road Tsimshatsui Hong Kong
Company Secretary	Mr. Siu Shing Tak
Compliance office	Mr. Ruan Deqing
Authorised representatives	Mr. Ruan Deqing Mr. Siu Shing Tak
Hong Kong branch share registrar	Level 22, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Auditors	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong

Principal Bankers

Industrial Bank Co., Ltd.
77-1 Chaoyang Gate Outer Street
Chao Yang District
Beijing
China

Standard Chartered Bank (Hong Kong) Limited
4-4A Des Voeux Road
Standard Chartered Bank Building
Central
Hong Kong

Industrial and Commercial Bank of
China (Asia) Limited
Shop F, G/F., Kai Tak Commercial Building
317-319 Des Voeux Road
Central
Sheung Wan
Hong Kong

Stock code

8087

Website

<http://www.china33media.com>

5. PARTIES INVOLVED IN THE OPEN OFFER**The Company**

China 33 Media Group Limited
Suite 2001
Tower 1
China Hong Kong City
33 Canton Road
Tsimshatsui
Hong Kong

Underwriters

Gransing Securities Co., Limited
Rm. 805-806
Far East Consortium Bldg.
121 Des Voeux Road
Central
Hong Kong

Kingston Securities Limited
Suite 2801, 28/F.
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

	RHB OSK Securities Hong Kong Limited 12/F, World-Wide House 19 Des Voeux Road Central Hong Kong
Financial adviser of the Company	Octal Capital Limited 801–805, 8th Floor, Nan Fung Tower 88 Connaught Road Central Hong Kong
Legal advisers to the Company as to Hong Kong laws	Peter Mak and Tse 16/F, Nan Fung Tower, 173 Des Voeux Road Central Hong Kong
Reporting Accountants	Deloitte Touche Tohmatsu 35/F One Pacific Place 88 Queensway Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	Opus Capital Limited 18th, Fung House 19–20 Connaught Road Central Central, Hong Kong
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen’s Road East Hong Kong

6. LITIGATION

As detailed in the Company’s announcement made on 13 December 2012, there were some contractual disputes between Beijing Aoshen Media Advertising Co., Ltd (“Beijing Aoshen”), being a wholly-owned subsidiary of the Company, and Guangzhou Railway Group Culture Advertising Company (the “Plaintiff”) regarding two agreements (the “Advertising Agreements”) entered into between Beijing Aoshen and the Plaintiff dated 15 November 2011 and 16 November 2011. The Advertising Agreements were in relation to the grant of an exclusive right of operation by the Plaintiff to Beijing Aoshen for advertising on the “Haikou-Sanya” and “Guangzhou-Shenzhen” routes of the China Railway High Speed trains.

In the course of implementing the Advertising Agreements, there were disputes between Beijing Aoshen and the Plaintiff such that Beijing Aoshen gave notice to the Plaintiff on 30 May 2012 to terminate the Advertising Agreements. Subsequently, Beijing Aoshen received two writs in the PRC issued by the Plaintiff alleging that Beijing Aoshen was in breach of the Advertising Agreements. As stated in the writs, the Plaintiff was seeking for the following orders from the court: (1) that the Plaintiff and Beijing Aoshen shall continue to perform the

Advertising Agreements in accordance with their respective terms; (2) that Beijing Aoshen shall pay to the Plaintiff the total outstanding amount of approximately RMB15.3 million and damages of approximately RMB4.7 million in accordance with the terms of the Advertising Agreements; and (3) that Beijing Aoshen shall be responsible for all the legal costs involved in the legal proceedings. Orders (the “First Order”) were made from 廣州鐵路運輸中級法院 (the “Court”) on 8 March 2013. The First Order stated that (i) the Advertising Agreements were terminated on 31 May 2012 pursuant to the termination notice served by Beijing Aoshen to the Plaintiff on 30 May 2012; (ii) Beijing Aoshen shall pay to the Plaintiff (I) the total outstanding amount under the Advertising Agreements; and (II) damages, (collectively the “Sums”) of approximately RMB2.4 million and RMB5.5 million, respectively; and (iii) the legal costs of approximately RMB63,000 for the First Order shall be borne by Beijing Aoshen.

On 14 March 2013, Beijing Aoshen issued a writ to the Court against the Plaintiff for the Plaintiff’s breach of the Advertising Agreements (the “Counterclaim”), and the first hearing of which was held on 8 May 2013. The Counterclaim was rejected by the Court on 29 May 2013.

Subsequently, both Beijing Aoshen and the Plaintiff filed their appeals in year 2013 on the results of the First Order in 廣東省高級人民法院 (the “High Court”). On 8 August 2013, orders (the “Second Order”) were made by the High Court. The Second Order upheld the First Order and that the legal costs of approximately RMB81,000 for the Second Order shall be borne by Beijing Aoshen. Details of the Second Order and the Counterclaim were set out in the Company’s announcement dated 18 September 2013.

Since Beijing Aoshen has not paid to the Plaintiff in accordance with the Second Order, the Plaintiff filed an application to the Court to freeze certain bank accounts (the “Bank Accounts”), motor vehicles (the “Motor Vehicles”) and the equity interest in 北京愛締文化發展有限公司 Beijing Oi Ai Culture Development Co. Ltd (“Beijing Oi Ai”) held by Beijing Aoshen (the “Equity Interest”) on 28 October 2013.

After a series of negotiations between the Group and the Plaintiff, on 27 November 2013, a settlement agreement was entered into between Beijing Aoshen and the Plaintiff under the supervision of the Court, pursuant to which:

- (a) The Sums shall be reduced to RMB7,500,000 (the “Revised Sums”);
- (b) The Plaintiff shall apply to the Court to unfreeze the Bank Accounts upon the date of the settlement agreement (of which such application has been made and the Bank Accounts were unfrozen before 31 December 2013);
- (c) The Plaintiff shall apply to the Court to unfreeze the Motor Vehicles and the Equity Interest upon the full settlement of RMB7,500,000 by Beijing Aoshen; and
- (d) The Revised Sums shall be fully settled by way of: (i) a first instalment of RMB2,000,000 upon unfreezing the Bank Accounts; (ii) a second instalment of RMB1,500,000 within 30 days from the date of the first instalment; and (iii) the remaining of RMB4,000,000 by eight instalments, each not less than RMB500,000, before 30 October 2014.

The directors of the Company made the full provision of RMB7,500,000 during the year ended 31 December 2012. Up to 31 December 2013, Beijing Aoshen has already settled the first instalment and the second instalment in aggregate of RMB3,500,000 to the Plaintiff. The remaining instalments in aggregate of RMB4,000,000 were settled during the year ended 31 December 2014.

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

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (i) the subscription agreement dated 10 April 2015 entered into between the Company and New Express Investment Limited (“New Express”), an independent third party, pursuant to which, the Company agreed to issue and New Express agreed to subscribe, in cash, for 120,000,000 new shares of the Company at a subscription price of HK\$0.22 per share; and
- (ii) the Underwriting Agreement dated 24 July 2015 (as supplemented by the supplemental underwriting agreement dated 4 August 2015) entered into among the Company and the Underwriters in relation to the underwriting arrangement in respect of the Open Offer.

8. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Executive Directors

Mr. Ruan Deqing, aged 50, is the Chairman and an Executive Director and is responsible for the operating and financial matters of the Group. He also acts as the compliance officer of the Group. Mr. Ruan was appointed as a Director on 5 May 2010. Mr. Ruan graduated from the Zhengzhou Institute of Railway Mechanics (鄭州鐵路機械學校) in 1986 and obtained an Adult Education Diploma in Advertising from the Xiamen University (廈門大學) in July 2000. Mr. Ruan has more than ten years of experience in the advertising industry. Prior to co-founding the Group with Mr. Lin Pintong, Mr. Ruan worked as a technician of the locomotive depot in Fuzhou of Nanchang Railway Bureau (南昌鐵路局福州機務處) during the period from 1986 to 1997. During the period from 1997 to 1999, Mr. Ruan worked at Fujian Huashui Advertising and Decorating Company Limited (福建華稅廣告裝潢有限公司). Mr. Ruan was the general manager of Fujian Annual Ring Advertisement Co., Ltd. (福州年輪廣告有限公司) during the period from 1999 to 2002. From August 2002 to April 2010, Mr. Ruan was the general manager of Fujian Ao Shen Media Advertising Co., Ltd. (福建省奧神傳媒廣告有限責任公司). Mr. Ruan did not hold any directorship in other listed public companies in Hong Kong or

overseas in the last three years. Mr. Ruan is currently a director of Lizhong Limited and Joint Loyal Limited, which have an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance.

Mr. Peng Lichun, aged 33, is an Executive Director appointed on 5 March 2015. Mr. Peng has over 12 years of working experience in financial industry and has solid experience in corporate fund raising and management in Hong Kong and the People's Republic of China (the "PRC"). Mr. Peng obtained a professional certificate of economic management and computer management from Xiangtan University (湘潭大學), PRC in 2002. He is currently a director in a wealth management company in Shenzhen which focusing securities investment and wealth management in the PRC. Mr. Peng did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years.

Non-Executive Director

Mr. Wang Fuqing, aged 47, was appointed as a Non-Executive Director on 17 December 2010 and redesignated as Executive Director on 1 June 2012. On 19 July 2013, he was re-designated as a Non-Executive Director. Mr. Wang obtained a bachelor's degree in agricultural economics and administration and a master degree in agricultural economics and administration in 1987 and 1992 respectively, from the Fujian Agriculture and Forestry University (福建農林大學) (then known as Fujian Agriculture University (福建農學院)). Mr. Wang worked at Fujian Agriculture General Development Co., Ltd. (福建省農業綜合開發公司) during the period from 1992 to 1994. Mr. Wang has nearly ten years of experience in the securities and brokerage industry. He worked at the investment banking department of Fujian Industrial Securities Co., Ltd. (福建興業證券公司) from 1994 to 1995 and worked for China Merchants Securities Co., Ltd. (招商證券股份有限公司) in China during the period from 1995 to 2004. During the period from 2004 to 2006, Mr. Wang was the Executive Director of Shenzhen Mindray Bio-medical Electronics Co., Ltd. (深圳邁瑞生物醫療電子股份有限公司) and was responsible for overseeing the capital market activities of the company. Since 2006, Mr. Wang is the general manager of Shenzhen Hui Jie Investment Company Ltd. (深圳市匯傑投資有限公司) and a director of Make Sense Group Limited. Mr. Wang did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years. Mr. Wang is currently a director of Make Sense Group Limited, which has an interest in such number of shares of the Company under Divisions 2 and 3 of Part XV of Securities and Futures Ordinance.

Independent Non-Executive Directors

Ms. Tay Sheve Li, aged 42, is an Independent Non-Executive Director appointed on 30 September 2013. Ms. Tay graduated from the University of Strathclyde, United Kingdom, in July 1994 with a bachelor's degree in arts majoring in accounting and finance and received her master's degree in applied finance from University of Western Sydney in September 2004. Since 2002, Ms. Tay has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants. Ms. Tay has over 15 years of experience in accounting and auditing experience. From November 1997 to September 2007, she worked at Ernst & Young as a senior manager in audit assurance. From October 2007 to September 2010, Ms. Tay worked at Ernst & Young as a senior manager in the finance department. From October 2010 to June 2011, Ms. Tay was the president of finance and capital management department in Centron Telecom International Holding Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1155). From November 2011 to January 2014, Ms. Tay was an independent non-executive director of National United Resources Holdings Limited (formerly known as China Outdoor Media Group Limited), a company listed on the Main Board of the Stock Exchange (stock code: 254). Ms. Tay is currently an independent non-executive director of Grand Concord International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 844). Ms. Tay is the Independent Non-Executive Director who has the qualifications and experience (as mentioned above) to meet the requirements under Rule 5.05(2) of the GEM Listing Rules. Save as disclosed herein, Ms. Tay did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years.

Mr. Teng Tai, aged 40, is an Independent Non-Executive Director appointed on 3 June 2014. Mr. Teng graduated from Lanzhou University with a bachelor degree in economics in 1995. He received his master degree in economics from Fudan University in 1998. In 2003, he obtained his doctorate degree in economics from 上海社科院世界經濟研究所 (World Economics Institute of Shanghai Academy of Social Sciences). Mr. Teng has about 16 years of experience in economics and assets management. From July 1998 to June 2002, he worked as analyst and head of industry research department and institutional investors department of Haitong Securities. From July 2002 to April 2005, he worked as the general manager of assets management department and head of fund investment department of SooChow Securities. From April 2005 to May 2010, he worked as the chief economist, head of research institute and general manager of China Galaxy Securities. From May 2010 to June 2012, he worked as the vice president and chief economist of Minsheng Securities. Starting from July 2012, he is the chairman of the board of directors of Winbro Asset Management Co., Ltd. and the head of Winbro Economic Research Institute. Starting from 2003, Mr. Teng has made various economics-related publications. Mr. Teng did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years.

Ms. Yu Shun Yan Verda, aged 33, is an Independent Non-Executive Director appointed on 5 March 2015. Ms. Yu graduated from The Hong Kong Institute of Education with a bachelor's degree in Education in 2004. She has over 7 years of experience in business promotion, corporate communication and relationship management in different business sectors including public relation company and financial institutes. She is currently working in a public relation company as a marketing director and had worked in financial institutes for almost 7 years. Ms. Yu did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years.

9. MISCELLANEOUS

- (a) The Company secretary and the Chief Financial Officer of the Company is Mr. Siu Shing Tak. Mr. Siu is a certified public accountant of American Institute of Certified Public Accountant and Hong Kong Institute of Certified Public Accountant.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the Company's principal place of business in Hong Kong is located at Suite 2001, Tower 1, China Hong Kong City, 33 Canton Road, Tsimshatsui, Hong Kong.
- (c) The branch share registrar of the Company in Hong Kong is Tricor Investment Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) In case of any inconsistency, the English text of this circular shall prevail over its Chinese text.

10. EXPERTS AND CONSENT

- (a) The following sets out the qualifications of the experts who have given their opinions or advice as contained in this circular:

Name	Qualifications
Opus Capital	a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu ("DTT")	Certified Public Accountants

- (b) Each of Opus Capital and DTT has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, statement or advice and references to its name in the form and context in which they are included.
- (c) As at the Latest Practicable Date, each of Opus Capital and DTT did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (d) As at the Latest Practicable Date, each of Opus Capital and DTT did not have any interest, direct or indirect, in any asset which have been since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, acquired by or disposed of or leased to any member of the Group or are proposed to be acquired by or disposed of or leased to any member of the Group.

11. EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, underwriting commission, printing, registration, translation, legal and accountancy charges, registration and other related expenses, are estimated to amount to approximately HK\$7 million and are payable by the Company.

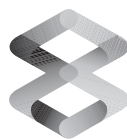
12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during 9:00 a.m. to 5:00 p.m. on any week day, except Saturday, Sundays and public holidays at the principal place of business in Hong Kong of the Company at Suite No. 2001, Tower 1, China Hong Kong City, 33 Canton Road, Tsimshatsui, Hong Kong during normal business hours from the Latest Practicable Date up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the material contracts referred to the paragraph headed “Material Contracts” to this appendix;
- (c) the annual reports of the Company for the three financial years ended 31 December 2014;
- (d) the quarterly report of the Company for the three months ended 31 March 2015;
- (e) the letter from the Board, the text of which is set out on pages 12 to 36 of this circular;
- (f) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 37 to 38 of this circular;
- (g) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 39 to 65 of this circular;
- (h) the service contract(s) or appointment letter(s) (as the case may be) entered into between the Company with the Directors referred to in paragraph headed “Director’s interest in service contracts or arrangements” in this appendix;
- (i) the letter from DTT on the unaudited pro forma financial information of the Group, the text of which is set out in Section B of Appendix II to this circular;

- (j) the letters of written consents referred to in the paragraph headed “Experts and Consent” in this appendix;
- (k) the circular of the Company dated 30 March 2015; and
- (l) this circular.

NOTICE OF EGM



中國三三傳媒集團有限公司 CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8087)

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China 33 Media Group Limited (the “Company”) will be held at Seminar room — Lavender, Level 3, Three Pacific Place, 1 Queen’s Road East, Admiralty, Hong Kong on Monday, 31 August 2015 at 10:30 a.m. to consider and, if thought fit, passing, with or without modifications, the following resolutions (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 14 August 2015:

AS ORDINARY RESOLUTIONS

“**THAT** subject to and conditional upon fulfillment of all the conditions precedent set out in the underwriting agreement dated 24 July 2015 (the “Underwriting Agreement”, a copy of which marked “UA” has been produced to the EGM and signed by the chairman of the EGM for identification purpose) and entered into between the Company, Gransing Securities Co., Limited, Kingston Securities Limited and RHB OSK Securities Hong Kong Limited as the underwriters (the “Underwriters”):

- (a) the allotment and issue of 5,040,000,000 new shares (the “Offer Shares”) of US\$0.001 each in the share capital of the Company (the “Shares”) pursuant to an offer by way of open offer (the “Open Offer”) to the holders of the Shares (the “Shareholders”) at a subscription price of HK\$0.1 per Offer Share in the proportion of seven Offer Shares for every one existing Shares held by the Shareholders whose names appear on the register of members of the Company on 11 September 2015 (or such other date as the Company and the Underwriters may agree to be the record date for the Open Offer) (the “Record Date”) other than those Shareholders with addresses on the Record Date outside Hong Kong whom the directors of the Company (the “Directors”), after making relevant enquiry, consider their exclusion from the Open Offer to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place (the “Excluded Shareholders”) as described in further details in a circular issued by the Company dated 14 August 2015 (the “Circular”) of which the notice convening this meeting forms part and on and subject to such terms and conditions as may be determined by the Directors, be and is hereby approved;
- (b) any one or more of the Directors be and are hereby authorised to allot and issue the Offer Shares pursuant to or in connection with the Open Offer notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements or the Excluded Shareholders as they deem necessary or expedient

NOTICE OF EGM

having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution;

- (c) the entering into of the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Offer Shares, if any, by the Underwriters) be and are hereby approved; and
- (d) any one or more of the Directors be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Open Offer or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Open Offer. The Underwriting Agreement and the transactions contemplated thereunder or in this resolution.”

By the order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman

Hong Kong, 14 August 2015

Notes:

- (1) Any Shareholder of the Company entitled to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint one or more proxies to attend and vote in his or her stead. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to represent him/her behalf. A proxy need not be a member of the Company.
- (2) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.
- (3) Completion and delivery of a form of proxy shall not preclude a Shareholder from attending and voting in person at the extraordinary general meeting and in such event, the instrument appoint a proxy shall be deemed to be revoked.
- (4) Where there are joint holders of any shares, any one of such joint holder may vote, either in person or by proxy in respect of such shares as if he/she was solely entitled hereto; but if more than one of such joint holders be present at the extraordinary general meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company.
- (5) A form of proxy for use at the extraordinary general meeting is attached herewith.

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- (6) Any voting at the EGM shall be taken by poll.
- (7) The form of proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other.
- (8) As at the date hereof, the executive Directors are Mr. Ruan Deqing (Chairman) and Mr. Peng Lichun; the non-executive Director is Mr. Wang Fuqing; and the independent non-executive Directors are Ms. Tay Sheve Li, Mr. Teng Tai and Ms. Yu Shun Yan Verda.