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(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;
(II) CHANGE IN BOARD LOT SIZE; AND
(III) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial adviser to the Company



Underwriters of the Open Offer



**Independent financial adviser to the independent board committee
and the Independent Shareholders**



THE OPEN OFFER

The Company proposes to raise 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 Share held on the Record Date and payable in full upon application. 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.

Assuming no new Shares being issued and no Shares being repurchased 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 date of this announcement 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.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Friday, 4 September 2015.

The register of members of the Company will be closed from Monday, 7 September 2015 to Friday, 11 September 2015, both days inclusive, to determine the eligibility of the Open Offer. The Record Date is Friday, 11 September 2015. The last day of dealings in the Shares on cum-entitlement basis is on Tuesday, 1 September 2015. The Shares will be dealt in on ex-entitlement basis from Wednesday, 2 September 2015. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not being an Excluded Shareholder.

The Board is pleased to announce that on 24 July 2015 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriters in relation to the underwriting and the relevant arrangements in respect of the Open Offer. The Open Offer will be fully underwritten by the Underwriters, subject to the terms and conditions of the Underwriting Agreement.

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 this announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. Pursuant to the GEM Listing Rules, any controlling Shareholders and their associates the Directors (excluding the independent non-executive Directors, the chief executive of the Company and their respective associates) are 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 established 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 Circular containing, among other things, further details of the Open Offer, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and a notice convening the EGM will be despatched to the Shareholders on or before Thursday, 13 August 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

WARNING OF THE RISK OF DEALINGS IN THE 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.

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 Company will arrange odd lot matching services in order to facilitate the trading of odd lots (if any).

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Opus Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer.

THE OPEN OFFER

The Company proposes to raise HK\$504 million before expenses by way of Open Offer and details are set out as follows:

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 announcement	:	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 date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into 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 date of this announcement 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.

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

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 Day;
- (b) a discount of approximately 28.57% to the theoretical ex-entitlement price of 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; and
- (c) a discount of approximately 75.0% to the average closing price of approximately HK\$0.40 per Share for the last five consecutive trading days immediately prior to and including the Last Trading Day.

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.

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.

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.

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.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders 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 Open Offer will not be available to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Excluded Shareholders.

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 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 Share held on the Record Date, no fractional entitlements to the Offer Shares. 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.

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.

UNDERWRITING AGREEMENT

Underwriting Agreement

- Date : 24 July 2015 (after trading hours)
- Underwriters : Gransing Securities Co., Limited, Kingston Securities Limited and RHB OSK Securities Hong Kong Limited
- 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.

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.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the 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.

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.

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 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 Underwriter 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 Underwriter 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
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 this 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 Underwriter, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter 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 Underwriter 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 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 (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (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.

The Company shall use all reasonable endeavours 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 date of this announcement		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)	
	Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
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>720,000,000</u>	<u>100.00%</u>	<u>5,760,000,000</u>	<u>100.00%</u>	<u>5,760,000,000</u>	<u>100.00%</u>

Notes:

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; (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.

As at the date of this announcement, 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%.**

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:

- 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
- 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 this announcement, 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 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 from the date of this announcement.

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 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. As advised by the Directors, the JV Company will be duly established by the 3rd quarter of 2015.

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.

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 date of this announcement:

<u>LOI</u>	<u>Type of movies</u>	<u>Details of the movies</u>				<u>Film shooting</u>	<u>Estimated total investment amount</u>
		<u>Script</u>	<u>Casting</u>	<u>Location</u>			
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 in the 3rd 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	

Note:

1. 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.
2. All movies are at pre-production stage as at the date of this announcement.

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.

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 2014 Annual Report; (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 the 2014 Annual Report, 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 USD100 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. 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 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.

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 date of this announcement, 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 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 nil-paid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid 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 date of this announcement, 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:

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

- (iv) 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;
- (v) the Open Offer will provide the Group with readily available fund for its investments in international movie industry;
- (vi) 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;
- (vii) the Open Offer is subject to Shareholders' approval, which means that the Shareholders have a right to disapprove the Open Offer;
- (viii) 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
- (ix) 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.

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

Save for the above, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

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.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Event	(Hong Kong time)
Expected date of despatch of the Circular.....	Thursday, 13 August 2015
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)
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 cheques if terminated	Thursday, 8 October 2015

Dealing in Offer Shares commences..... 9:00 a.m. on Friday,
9 October 2015

Effective date of the new board
lot size of 20,000 Shares 9:00 a.m. on Friday,
9 October 2015

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

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

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in 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 Shareholders as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance

If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on Tuesday, 29 September 2015, being the date of the Latest Time for Acceptance:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance will be postponed to 5:00 p.m. on the same business day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be postponed to 4:00 p.m. on the next business day which does not have either of those warnings in force in Hong Kong 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 the above section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

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 this announcement, the Open Offer is subject to, among other things, the approval by the Independent Shareholders at the EGM. As at the date of this announcement, (i) Mr. Ruan Deqing is an executive Director and chairman of the Company; (ii) Mr. Lin Pintong was an executive Director in the last 12 months; and (iii) 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. Mr. Ruan Deqing, Mr. Lin Pintong, 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 established 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. A Circular containing, among other things, further details of the Open Offer, the recommendation from the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer and a notice convening the EGM will be despatched to the Shareholders on or before Thursday, 13 August 2015 so as to allow sufficient time for the preparation of the relevant information for inclusion in the Circular.

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.

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.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board wishes to announce that it has appointed Opus Capital Limited, a licensed corporation licensed under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders in respect of the Open Offer, and such appointment has been approved by the independent board

committee of the Company. The advice of Opus Capital Limited to the independent board committee of the Company and the Independent Shareholders will be included in the Circular.

DEFINITIONS

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

“2014 Annual Report”	the annual report of the Company for the year ended 31 December 2014
“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
“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
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular	the circular containing, among other things, further details of the Open Offer and a notice convening the EGM to be despatched to the Shareholders
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended 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 the GEM
“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
“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
“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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Hutong”	Hutong Capital Limited, an independent third party of the Company
“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
“Last Trading Day”	24 July 2015, being the last trading day for the Shares being the date of this 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 Shares 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”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“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 Investor Services 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 licensed corporation to carry on Type 1 (dealing in 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
“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
“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
“Underwriters”	Gransing Securities, Kingston Securities and RHB OSK Securities
“Underwritten Shares”	3,399,846,300 Offer Shares (excluding the aggregate of 1,640,153,700 Shares undertaken by the Undertaken Shareholders)
“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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“USD”	United States dollars, the lawful currency of United States
“%”	per cent.

Unless otherwise specified in this announcement, 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.

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

Hong Kong, 24 July 2015

As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman), Ms. Yang Kan 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.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company’s website at www.china33media.com.