

**POLY CULTURE GROUP CORPORATION LTD:  
PROFITS CONTINUE TO DROP TO A FOUR-YEAR LOW;  
AND, THERE IS A GUARANTEE OF NO DIVIDENDS**

The latest company to come to the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in order to pitch a Global Offering is, simply put, a PRC, State-Owned-and-Controlled corporate entity.

The Company wants to raise somewhere in the region of \$HK2 billion in order to add more money to its, already, bulging cash-coffers.

And, by the way, there are absolutely no prospects of a dividend to be paid to minority shareholders for some time to come – if ever.

**The Global Offering**

Poly Culture Group Corporation Ltd () (Stock Code: 3636, Main Board, The Stock Exchange of Hongkong Ltd) is Offering a total of 77,781,000, one renminbi Shares at an Indicative Offer Price Per Share, ranging from a low of \$HK28.20 to a high of \$HK33.00.

Of the total number of Shares on Offer, Hongkong Investors are being allotted 7,778,200 Shares and International Investors are being Offered 70,002,800 Shares.

One more thing about the total number of shares on Offer, 7,071,000 Shares have been given the nomenclature of 'Sale Shares'. These are the shares, belonging to China Poly Group Corporation () and Poly Southern Group Company Ltd ().

These two corporations are PRC, State-Owned entities that are the Controlling Shareholders of Poly Culture Group.

After the Global Offering has been completed, China Poly Group Corporation will be the beneficial owner of 67 percent of the Issued and Fully Paid-Up Share Capital of Poly Culture Group.

Public Shareholders will be holding 33 percent of the Issued and Fully Paid-Up Share Capital of this Company.

On the assumption that the Global Offering will be successful, based on the Offer Price Per Share of \$HK30.60, being the midpoint of the Indicative Offer Price, the Company expects to net about \$HK\$HK2,083.40 million.

That amount of money will be utilised for the following four purposes:

- *Approximately 50% of the net proceeds, or approximately HK\$1,041.7 million – to be used to develop our art business and auction segment, including expanding our global client network in major countries to promote artwork sourcing and sales, developing our artist dealer business through the establishment of an art gallery chain and expanding the scale of our art business;*

- ‘Approximately 25% of the net proceeds, or approximately HK\$520.9 million – to be used to develop our cinema investment and management segment, including expanding our cinema pipeline projects, investment and operations, such as cinema rental, equipment procurement, and cinema opening preparation, etc.;
- ‘Approximately 15% of the net proceeds, or approximately HK\$312.5 million – to be used to develop our performance and theatre management segment, including expanding our directly managed theatre network with broadening geographic coverage in China, and investing in original repertoire projects; and,
- ‘Approximately 10% of the net proceeds, or approximately HK\$208.3 million – to be used to supplement working capital and other general corporate purposes.’

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