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Prospectus

For Initial Public Offering

**CHINA INTEGRATED MEDIA
CORPORATION LIMITED**

For the Offer of 25,000,000 Shares at an issue price of \$0.20 each to raise \$5,000,000.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers. The Shares offered by this Prospectus should be considered speculative.

December 11, 2012

IMPORTANT INFORMATION

This Prospectus dated 11 December 2012 was prepared by China Integrated Media Corporation Limited (ABN 98 132 653 948) and lodged with Australian Securities & Investments Commission (ASIC) on 11 December 2012. Neither ASIC nor Australian Securities Exchange Limited (ASX) take any responsibility for the contents of this Prospectus.

CIMC has issued this Prospectus in Australia. In accordance with the requirements of the Corporations Act, no securities will be issued on the basis of this Prospectus later than thirteen months after the date of this Prospectus.

THIS IS AN IMPORTANT DOCUMENT

Before deciding to apply for New Shares in CIMC pursuant to this Prospectus, prospective Applicants should read the entire Prospectus and consider the risk factors that could affect the financial and operating performance of CIMC. In addition to the general risks applicable to all investments in shares, there are specific risks associated with an investment in Shares in CIMC. These risks are discussed in Section 6 - Risk Factors of this Prospectus. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not in this Prospectus may not be relied on as having been authorised by CIMC in connection with the Offer.

FOREIGN JURISDICTION

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia should consult their professional advisers on requisite formalities. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

ELECTRONIC PROSPECTUS

This Prospectus will be issued in paper form and as an Electronic Prospectus, which may be viewed online at www.chinamedia.com.au. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus or accompanying Application Form in electronic form within Australia.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a copy of this Prospectus or accompanied by the complete unaltered version of this Prospectus. Prospective Applicants should ensure they download and read the Prospectus in its entirety before completing the Application Form. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company via phone at +61 8 8232 0180.

CAUTIONARY STATEMENT

Statements contained in this Prospectus may be forward looking statements. Forward looking statements can be identified by the use of forward looking terminology such as, but not limited to, 'may', 'will', 'expect', 'anticipate', 'estimate', 'would be', 'believe', or 'continue' or the negative or other variations of comparable terminology. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties are set out in this document. The Directors' expectations, beliefs and projections are expressed in good faith and are believed to have a reasonable basis. There can be no assurance, however, that their expectations, beliefs or projections will result, be achieved, or be accomplished. Such statements (none of which is intended as a guarantee of performance) are subject to certain assumptions, risks and uncertainties, which could cause their actual future results, achievements or transactions to differ materially from those projected or anticipated. Accordingly, you should not place undue reliance on these forward looking statements.

DEFINED TERMS AND ABBREVIATIONS

Certain words and terms used in this Prospectus have defined meanings which are set out in Section 11 - Glossary.

APPLICATION FOR NEW SHARES

Any offer of New Shares must be accompanied by a copy of this Prospectus.

If you wish to apply for New Shares, you must complete and return the Application Form which accompanies this Prospectus, together with the Application Monies, by the Closing Date. If you have not received an Application Form, please contact the Company via phone at +61 8 8232 0180.

MISCELLANEOUS

This Prospectus is an important document and should be read in its entirety, together with the Application Form attached to it.

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KEY OFFERING DETAILS

Key Financial Data relating to the Offer:

Offer price per Share	20 cents
New Shares to be offered by CIMC – assuming full subscription	25,000,000
Cash proceeds of the Offer – assuming minimum subscription	\$3,000,000
Cash proceeds of the Offer – assuming full subscription	\$5,000,000
Total number of Shares on issue before the Offer	35,012,833
Total number of Shares on issue following the Offer – assuming minimum subscription	50,012,833
Total number of Shares on issue following the Offer – assuming full subscription	60,012,833

Key Dates of this Offering:

Date of Prospectus	11 December 2012
Opening Date	2 January 2013
Closing Date	25 January 2013
Shares expected to be allotted	31 January 2013
Holding Statements expected to be dispatched	3 February 2013
Estimated date for listing on ASX	8 February 2013

* The above dates are subject to change and are indicative only. CIMC reserves the right to amend this indicative timetable without notice. In particular, CIMC reserves the right, subject to the Corporations Act, to close the Offer early, to extend the Closing Date or to withdraw the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the allotment of New Shares.

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CHAIRMAN'S LETTER



Dear Investor,

On behalf of the Directors of China Integrated Media Corporation Limited ("CIMC" or "the Company"), I am pleased to present this Prospectus, and offer you the opportunity to become a Shareholder. This is an opportunity to invest in a company that is predominately focused on the Asian "Glasses-Free 3D (autostereoscopic) Digital Advertising" and "Gaming and Entertainment" market sectors.

The purpose of this Prospectus is to provide potential investors with information reasonably required to :

- Assist those persons or corporations to assess whether they shall invest in the capital of CIMC and subscribe for any of the New Shares to be issued pursuant to this Prospectus; and
- Value the Shares of CIMC and assess the merits of investing in CIMC.

This Prospectus Offers 25,000,000 Shares at an issue price of \$0.20 each to raise \$5,000,000 for the Company.

CIMC is committed to listing on the ASX as it offers a sophisticated capital market, an internationally recognised and sustainable corporate governance environment and a platform for CIMC's international expansion. The proceeds from the Offer will be used to progress CIMC's business goals. The Directors have formed an assessment as to the prospects of the Company and the ability of the Company to meet the anticipated business objectives and the likely effect on CIMC's financial position or prospects if it is unable to do so.

On the basis of the status of the proposed business enterprises to date, the possible opportunities available to CIMC and the other factors referred to herein, the Directors believe that CIMC has reasonable prospects of meeting its stated objectives. There is however a risk that forecasted outcomes may not be achieved and potential investors must consider this a risk to be associated with any investment in CIMC. While the objective of this document is to provide the necessary information to help you make an investment decision, we recommend that you seek independent professional advice.

The Board of CIMC commends the offer to you and looks forward to welcoming you as a Shareholder of the Company.

Yours sincerely

Con Unerkov

Con Unerkov
Chairman
11 December 2012

1.0 INVESTMENT OVERVIEW

1.1 KEY BUSINESS GROWTH OPPORTUNITIES

CIMC is predominately focused on the Asian “Glasses-Free 3D (autostereoscopic) Digital Advertising” and “Gaming and Entertainment” market sectors with specific focus in China. Listed below are a selection of the key business growth opportunities.

- High Growth Economy: The Chinese economy is forecast to continue its high growth and as such we expect an increase in demand for quality entertainment;
- Growing Shift of Population: China continues to experience an increasing shift of population and households from the “poor / lower middle” class to the “upper middle” class and as a result, increasing disposable income;
- Glasses-Free 3D Digital Advertising: The glasses-free 3D digital advertising market is still relatively immature and is expected to experience high levels of growth; and
- Growing Lottery Gaming Sector: The Chinese Lottery Gaming sector has and is expected to continue to experience high levels of growth.

1.2 CIMC HIGHLIGHTS

- Entered into a lottery rights agreement to manage and operate welfare lottery outlets in a municipality / province in China. Refer to Section 8.3 for additional details;
- Entered into an agreement to purchase 3D displays totalling \$976,501. Refer to Section 8.4 for additional details;
- Entered into Revenue Share Agreement to roll out the glasses-free 3D (autostereoscopic) digital advertising solution and services in Australia, China and Hong Kong. Refer to Section 8.6 for additional details; and
- Commenced Australian digital interactive multi-media operations.

1.3 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for securities, the subject of this Prospectus, involves a number of risks including, without limitation to the following:

- the Company has incurred losses in 2010 and 2011 of \$173,734 and \$374,473 respectively and has limited relevant operating history in the operation

of lottery, gaming, content provisioning, digital media and the unproven potential of its business model makes any evaluation of the businesses or its prospects difficult. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans. Until such time, it is likely that the Company will continue to incur ongoing operating losses;

- the Company has signed a cooperation agreement with Marvel Digital Limited to roll out glasses-free 3D (autostereoscopic) digital advertising solutions and services in Australia, China and Hong Kong. Pursuant to the agreement, Marvel will provide the use of its end to end glasses-free 3D (autostereoscopic) digital advertising solution including the management operating system. There can be no assurances that the solution from Marvel can be integrated into the CIMC business model and that the operating management system solution will adequately meet the needs of potential CIMC customers. There also can be no assurances that CIMC will have sufficient funds to purchase additional displays and to arrange the sales, marketing and customer support to successfully deploy this glasses-free 3D (autostereoscopic) digital advertising business;
- the Company has signed a lottery rights agreement with Tidewell Limited to manage and operate welfare lottery outlets and internet lottery sales operation (“Lottery Business”) in one municipality / province in China under a MOU signed between Tidewell and 3Ring International Limited. The MOU is not a binding contract with the relevant welfare lottery authority, but the intent, on a best effort basis, of the parties to pursue an agreement with a relevant welfare lottery authority to manage and operate the Lottery Business. There are no assurances that the Company will receive a contract with the proper welfare lottery authorities to manage and operate the Lottery Business. Refer to Section 8.3 for details of the lottery rights agreement;
- the Company intends to manage and operate the lottery operation in one province / municipality in China under a Lottery Rights Agreement. Our portion of the expected investment is a total of RMB25.5 million (approximately A\$3.68 million) to open 100 lottery outlets over an expected three year period. The Company does not have any commitments for funding at this time, and additional funding may not be available to the Company in the future on favorable terms, if at all. If the Company cannot raise the necessary funding then the proposed lottery operation may not proceed. The material terms of the Lottery Rights Agreement is set out in Section 8.3 of this Prospectus;

- the Company has had transactions with its Directors Messrs. Con Unerkov, Bing He and Herbert Ying Chiu Lee in the past and may have transactions with them and other Directors in the future so that there may be a risk that the Director's interests would be in conflict with the Company's interests. Although the Company has a Conflict of Interests Policy on its website at www.chinamedia.com.au, detailing amongst others, that any Director that has an interests, relationship or responsibility which conflicts with the interest of the Company or its Shareholders shall excuse himself or herself from any reporting, discussion and vote on the matter that gave rise to the conflict of interest and, if necessary, from the board meeting, the Director may still act in ways that are not in the best interests of the Company; and these actions may be detrimental to the affairs of the Company;
- the Company's existing and proposed operations in China are subject to ongoing compliance with existing law and regulations;
- the Company's businesses depend substantially on the efforts of senior executives and the businesses may be severely disrupted if their services are lost; and
- the Company may need additional capital and may not be able to obtain it on favourable terms, if at all.

These risks are set out in Section 6 - Risk Factors of this Prospectus and investors are urged to consider carefully these risks and other risks applicable to all investments in listed securities not specifically referred to (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

1.4 CIMC OBJECTIVES

CIMC's key objectives are to:

Minimum Subscription:

- Continue to develop as a solutions provider of glasses-free 3D (autostereoscopic) digital advertising in Australia, China and Hong Kong;
- Continue to explore the gaming and entertainment segments.

Full Subscription:

- Establish a network of welfare lottery outlets in one province in China.

1.5 PURPOSE OF THE OFFER AND USE OF MONIES

The net funds to be raised after taking into consideration of the convertible loans / debts for Shares (Refer Section 2.4 of this Prospectus) for minimum and full subscriptions are approximately \$1,558,705 and \$3,558,705, respectively.

The net funds raised pursuant to this Offer will provide CIMC with the financial resources to :

Minimum Subscription:

- Fund the sales and marketing program for the glasses-free 3D (autostereoscopic) digital advertising in Australia, China and Hong Kong; and
- Fund the business development costs for exploring business opportunities in the gaming and entertainment.

Full Subscription:

- Fund the sales and marketing program for the glasses-free 3D (autostereoscopic) digital advertising in Australia, China and Hong Kong;
- Establish a network of welfare lottery outlets in one province in China; and
- Pursue further opportunities for our Chinese lottery operations.

1.6 USE OF PROCEEDS

The funds raised by the Offer are intended to be applied as follows:

Table 1.1 – Use of Proceeds

Proposed application of funds (additional equity) raised	Minimum Subscription (\$3,000,000)	Full Subscription (\$5,000,000)
Digital Media Advertising (Platform / Equipment / Production / Content / Operating Capital)	300,000	1,300,000
Gaming and Entertainment (Electronic Games / Lottery Centers / Operating Capital)	295,000	1,500,000
Estimated costs of offer as outlined under Section 9.5 – Cost of the Offer	68,295	68,295
Conversion of convertible loans / debts to equity ⁽¹⁾	1,373,000	1,373,000
Administration costs and additional working capital	963,705	758,705
Funds (additional equity) raised by the Offer	\$3,000,000	\$5,000,000

⁽¹⁾ The Company has received written confirmation from convertible loans / debt holders to convert \$1,373,000 of their existing convertible loans / debts into New Shares, and all be bound under the same terms and conditions as offered under this Prospectus.

The amount of \$1,373,000 includes a Shareholder loan amount of \$976,000 referred to under Section 8.5 in this Prospectus.

Refer to Sections 2.1 and 2.4 for additional details and Note 8 of Section 7.7 for a detailed breakdown of the \$1,373,000 convertible loans / debts.

Given the unproven nature of the Company's business model, actual expenditure may differ significantly from the above estimates due to a number of factors. For details of the Company's business and risk factors relating to its operations please refer to Section 3 – CIMC Business and Section 6 – Risk Factors of this Prospectus.

1.7 WORKING CAPITAL ADEQUACY

The Directors are of the opinion, after reviewing its business plans, investment plans and monthly expenditures for Minimum Subscription and Full Subscription raised under this Prospectus, that on completion of the Offer the Company will have sufficient working capital to carry out its stated objectives in Section 1.4 for the Minimum Subscription or the Full Subscription raised.

As set out in Section 1.4 of our objectives, if the Company raises the Minimum Subscription, then the Company will continue the development of its existing businesses using the funds raised to fund its monthly expenditures; and if the Company raises the Full Subscription, then the Company will, in addition to funding its existing businesses, also fund the development of the new businesses from the capital raised.

1.8 PRO - FORMA CAPITAL STRUCTURE

The capital structure of the Company prior to the Offer and its pro-forma capital structure upon completion of the Offer are set out below.

Table 1.2 – Capital Structure Following Subscription

Shares	Minimum Subscription (\$3,000,000)	Full Subscription (\$5,000,000)
Shares on issue at date of the Prospectus	35,012,833	35,012,833
Shares now offered ⁽¹⁾	15,000,000	25,000,000
Total Shares on issue at completion of the Offer ⁽²⁾	50,012,833	60,012,833

⁽¹⁾ Includes Shares referred to under Section 2.4 in this Prospectus.

⁽²⁾ The total Shares on issue at completion of the Offer does not include the issuance of 500,000 Shares on 31 December 2013 as referred to under Section 8.16 in this Prospectus.

2.0 THE OFFER

By this Prospectus, the Company offers for subscription 25,000,000 New Shares in the capital of China Integrated Media Corporation Limited at an issued price of \$0.20 per New Share to raise \$5,000,000 before expenses. The maximum subscription accepted will be 25,000,000 New Shares at \$0.20 per New Share to raise a total of \$5,000,000 before expenses.

The New Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The rights and liabilities attached to all Shares presently on issue, or to be issued under this Prospectus, are set out in detail in Section 9 – Additional Information of this Prospectus.

2.1 MINIMUM SUBSCRIPTION

The minimum subscription for the Offer is the receipt of valid Applications for 15,000,000 New Shares issued at \$0.20 per New Share to raise \$3,000,000 which also includes the conversion of convertible loans / debts into New Shares as set out in Section 2.4 – Conversion of Convertible Loans / Debts for New Shares.

If this minimum subscription is not received by the Company within four months after the date of this Prospectus, the Company will either repay the Application Monies (excluding interest) to the Applicants or issue a supplementary or replacement Prospectus and allow Applicants one month to withdraw their Applications and be repaid their Application Monies.

In accordance with the Corporations Act, no New Shares will be allotted by CIMC until the minimum subscription has been subscribed.

2.2 OVERSUBSCRIPTIONS

No oversubscriptions will be accepted.

2.3 APPLICATION FOR SHARES

Applications must be for a minimum 10,000 New Shares for a \$0.20 per New Share (\$2,000) and thereafter in increments of 1,000 New Shares (\$200). No brokerage, stamp duty or other costs are payable by Applicants. The Company reserves the right to accept applications or reject any Application or to allocate fewer New Shares than the number applied for.

2.4 CONVERSION OF CONVERTIBLE LOANS / DEBTS FOR NEW SHARES

The Company has received written confirmation from current convertible loans / debt holders to convert \$1,373,000 of their existing convertible loans / debts into New Shares, and all be bound under the same terms and conditions as offered under this Prospectus.

The amount of \$1,373,000 includes a payment of Shareholder loan of \$976,000 referred to under Section 8.5 in this Prospectus.

Refer to Sections 2.1 for additional details and Note 8 of Section 7.7 for a detailed breakdown of the \$1,373,000 convertible loans / debts, and Section 8.1, 8.2 and 8.5 for material contracts.

2.5 APPLICATION FORMS

It is important that you consider the Offer carefully. If you decide to accept the Offer you must do so in accordance with the instructions set out in this Prospectus. If you are in doubt about the course you should follow, you should consult your professional adviser.

Attached to and forming part of this Prospectus is an application form for use by Applicants. Instructions for the completion and lodgement of Application Forms are set out on the Application Form.

Completed Application Forms together with Application Monies (by cheque) should be:

Posted to:

China Integrated Media Corporation Limited
PO Box 1171
North Adelaide SA 5006

Completed Application Forms may be lodged at any time after the Opening Date, but no later than the Closing Date.

2.6 PAYMENT

The Application Monies for the New Shares the subject of the Offer are payable in full on application. Cheques must be made out in Australian currency.

Cheques in Australian currency forwarded to the Company in Australia must be made payable to "China Integrated Media Corporation Limited – Share Subscription Account" and crossed "Not Negotiable". Receipts for payment will not be provided.

Application Monies will be held in a separate bank account in trust for the Applicant until allotment of the New Shares occurs. The account has been established solely for the purpose of depositing Application Monies received.

Application Monies will be refunded (in full or in part excluding interest) where an application is rejected or scaled back or if the Offer is withdrawn or cancelled.

2.7 OPENING AND CLOSING OF THE OFFER

The Offer will open on 2 January 2013 and, subject to the absolute discretion of the Directors to close the Offer at an earlier date or to extend it, will close at 5:00 pm (CST) on 25 January 2013 (the Closing Date).

The Directors expressly reserve the right to close the Offer at an earlier date or to extend the Closing Date.

2.8 NON-RESIDENT SHAREHOLDERS

This Prospectus does not constitute an offer in any jurisdiction outside of Australia or to any person to whom it would not be lawful to issue this Prospectus. Residents of countries outside Australia should consult their professional advisors as to whether any formalities need to be observed should they wish to make an Application to take up New Shares on the basis of this Prospectus. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

Nominees applying for New Shares on behalf of overseas residents are responsible for ensuring that such an Application does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant Application Monies will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

2.9 UNDERWRITER

This Offer is not underwritten.

2.10 TAXATION AND STAMP DUTY IMPLICATIONS

Applicants should seek their own independent advice in relation to matters relating to the operation of taxation laws in Australia.

The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of possible taxation consequence for the purchase and sale of securities by consulting their own professional tax advisers.

2.11 ACCEPTANCE OF APPLICATIONS

A completed and lodged Application Form, together with the Application Monies for the number of New Shares applied for, cannot be withdrawn and constitutes a binding Application for the number of New Shares specified in the Application Form on the terms set out in this Prospectus. The Application Form does not need to be signed to be binding.

CIMC reserves the right to accept or reject any Application, including Applications that have not been correctly completed or which are accompanied by cheques that are dishonoured. CIMC's decision as to whether to accept or reject an Application or how to construe, amend or complete it is final.

The Company has received written confirmation from convertible loans / debt holders to convert \$1,373,000 of their existing convertible loans / debts into New Shares, and all be bound under the same terms and conditions as offered under this Prospectus.

Refer to Section 7.6 for the list of current liabilities and sections 8.1, 8.2 and 8.5.

2.12 ALLOCATION AND ALLOTMENT

The allotment of New Shares to Applicants will occur as soon as possible after the Offer is closed, following which Holding Statements of Shareholders will be dispatched.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their Holding Statements will do so at their own risk.

Pending issue of the New Shares or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

The Company retains an absolute discretion in allocating New Shares under the Offer. The Company may reject any Application or allocate fewer New Shares than applied for by any Applicant under the Offer.

If an application is not accepted, or is in part only, the relevant part of the Allocation Monies will be refunded without interest. The Company will not be liable to any person not allocated New Shares.

2.13 IMPORTANT CONSIDERATIONS FOR APPLICANTS

This Prospectus is an important document and before deciding to invest in the Company, prospective Applicants should read the entire Prospectus and in particular the risk factors identified in Section 6 – Risk Factors in this Prospectus.

The Company's main operations are not expected to be based in Australia, and accordingly there are significant risks associated with investing in the Company. Applicants should consider the information contained in this Prospectus in light of their personal circumstances (including financial and taxation issues) and if prospective investors have any doubt as to their course of action or interest in investing in the Company they should seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding to invest in any securities the subject of this Prospectus. There is no guarantee that the New Shares offered under this Prospectus will provide a return on capital, lead to payment of dividends or that there will be any increase in the value of the New Shares. They should understand that any investment in the Company is both speculative and subject to a wide range of risks and that, unless the Company achieves its development objectives, they may lose the entire value of their investment.

Any information or representation not contained in this Prospectus may not be relied on as having been authorised by CIMC or its Directors.

No applications for New Shares will be accepted nor will any New Shares be issued on the basis of this Prospectus:

- earlier than seven days after the lodgement of this Prospectus with ASIC or earlier than the expiry of any longer Exposure Period required by ASIC under section 727(3) of the Corporations Act; and
- later than 13 months after the date of this Prospectus.

This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country other than Australia. The Shares, subject of this Prospectus have not been, nor will they be, approved by, nor registered with, any regulatory authority of any other country. This Prospectus does not constitute an offer to any person or in any jurisdiction in which it would not be lawful to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer of Shares in any place in which, or to any person to whom, it would not be lawful to make an offer. It is the responsibility of all overseas Applicants to ensure

compliance with the laws of any country relevant to their application for New Shares under this Prospectus.

Lodgement of Application Forms accompanied by the relevant Application Money will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants who are nominees or who are persons proposing to act as nominees should seek independent advice as to how they should proceed.

2.14 ASX LISTING

Within 7 days after the date of issue of this Prospectus, the Company will apply for admission and quotation of its Shares on the ASX. If granted, quotation of the Shares will commence as soon as practicable after allotment of Shares to the Applicants.

The fact that the ASX may admit the Company to its Official List is not taken in any way as an indication by the ASX of the merits of the Company or the New Shares offered by this Prospectus.

If the ASX does not grant permission for Listing of the Shares within 3 months after the date of this Prospectus, or any longer period permitted by the Corporations Act, all applications will be dealt with in accordance with section 724 of the Corporations Act.

2.15 CHESS AND ISSUER SPONSORED SUB-REGISTER

The Company will apply to participate in the Clearing House Electronic Subregister System, known as CHESS. ASX Statement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and ASTC Settlement Rules. The Company will maintain an electronic CHESS subregister (for Shareholders who are participants in CHESS or sponsored by such a participant) and an electronic issuer sponsored register (for all other Shareholders).

The Company will not issue certificates for Shares offered under the Offer. Instead, as soon as practicable after allotment, Shareholders will receive a Holding Statement (similar to a bank account statement) which sets out the number of Shares held by the Shareholder in the Company.

The Holding Statement will set out the number of Shares allotted to each successful applicant of the Prospectus and give details of their Holder Identification Number ("HIN"), in the case of holding on the CHESS sub register or the Shareholder's Security Holder Reference Number ("SRN") in the case of issuer sponsored holders.

Following distribution of the initial Holding Statements and CHESS notifications to all Shareholders, a Holding Statement will be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however the Company may charge an administration fee in these circumstances.

2.16 EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act 2001, this Prospectus is subject to an Exposure Period of seven days beginning on the day after the lodgement of this Prospectus with ASIC. This period may be extended by ASIC for a further period of up to seven days.

The purpose of this Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with Section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on applications received in the Exposure Period and all applications received during the Exposure Period will be treated as if they were simultaneously received on the Opening Date.

2.17 PRIVACY

When you apply to invest in the Company, you will provide the Company and the Share Registrar with certain personal information to:

- (i) facilitate the assessment of the application;
- (ii) enable the Company to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
- (iii) carry out appropriate administration.

The Company may be required to disclose this information to:

- (i) third parties who carry out functions on behalf of the Company; and
- (ii) other third parties to whom disclosure is required by law. Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

2.18 FINANCIAL FORECASTS

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the Company has limited operating history and the ultimate success of its business model is inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

2.19 ESCROW

In accordance with the requirements of the Listing Rules, and subject to the requirements of ASX, certain Shareholders will be required to enter into restriction agreements not to sell, dispose of or encumber any of the Shares held by them within a certain period as required by the Listing Rules and the ASX.

Under the Acquisition Agreement in Section 8.8 of this Prospectus, the Shareholders receiving Shares pursuant to the Acquisition Agreement have agreed not to sell, dispose of or encumber any of the Shares held by them for a period between 6-15 months from the date the Shares are first quoted on the Official List.

2.20 RISKS

Investments in the Company are subject to both general and specific risks. Some of these risks are described in Section 6 – Risk Factors. Applicants are advised to consider these risks carefully before deciding whether to invest in the Company and seek appropriate professional advice, if appropriate.

2.21 ENQUIRIES

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Questions relating to the Offer or the completion of the Application Form can be directed to the Company via phone at +61 8 8232 0180, facsimile at +61 8 8312 0248 or email at info@chinamedia.com.au.

3.0 INTRODUCTION

CIMC was incorporated as an Australian public company in 2008 and now has offices in Australia and Hong Kong.

Current Business

Currently, CIMC provides digital multimedia services in Australia (as described in Section 3.2). If only the Minimum Subscription amount is raised under this Prospectus, then CIMC will continue only with this current business together with the expansion to provide glasses-free 3D (autostereoscopic) digital advertising in Australia, China and Hong Kong (as described in Section 3.2), and to explore the gaming and entertainment segment.

Future Business

CIMC's future focus is in the i) glasses-free 3D (autostereoscopic) digital advertising and ii) the gaming and entertainment market sectors as described in Sections 3.2 and 3.3 respectively.

CIMC has entered into a contract for the roll out of a glasses-free 3D (autostereoscopic) digital advertising platform in Australia, China and Hong Kong (as described in Section 3.2) and has entered into an memorandum of understanding ("MOU") for the rollout of a lottery business in China (as described in Section 3.3.1). CIMC may only convert the MOU into a contract for the rollout of the lottery business provided the Company raises the Full Subscription amount under this Prospectus.

If the Company does not raise the Full Subscription amount, then it will delay the execution of the MOU to contract until the Company is in a position with adequate financial resources available. There are no financial penalties to the Company if there is a delay in the execution of the project other than that the project may not proceed.

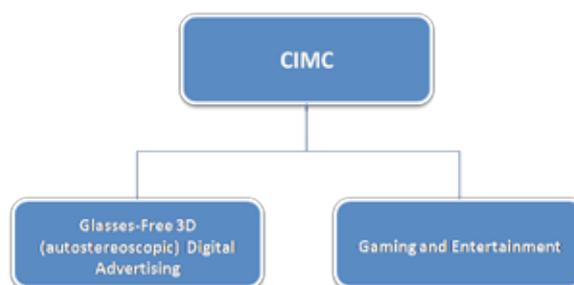
Business Model

Our overall business model is to enter the advertising and consumer market in China via our glasses-free 3D (autostereoscopic) digital advertising and the gaming and entertainment platforms. Our revenue under the Minimum and Full Subscription, and our strategies are set out below in the relevant descriptions of each business unit.

Our Objectives

Our overall objective is to target the Chinese domestic consumer market which we expect to grow in line with China's economy. We believe that the 3D digital advertising and, gaming and entertainment market sectors will continue to grow in a country that is currently experiencing an increasing shift of population and households from the "poor / lower middle" class to the "middle / upper middle" class.

Diagram 3.1 – Current & Future Business / Geographic Segment



Our Strategies

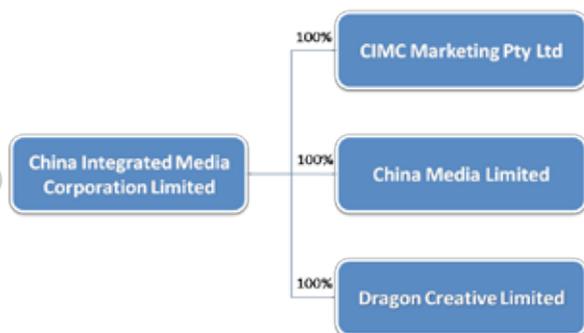
Our strategies for:

- glasses-free 3D (autostereoscopic) digital advertising - build a network of glasses-free 3D (autostereoscopic) digital advertising as set out in Section 3.2; and
- Gaming and Entertainment – to rollout a number of lottery outlets as set out in Section 3.3.

Our Competitors

The businesses that CIMC operates or plans to operate in are highly competitive. The Company is at the initial development stage of its glasses-free 3D (autostereoscopic) digital advertising business. The Company also intends to set up a lottery outlets business and is expected to face stiff competition in this business. In the glasses-free 3D (autostereoscopic) digital advertising industry, the main competitors are the established advertising companies which are entrenched in the market place. In the advertising industry, there are international and national advertising agencies that have more clients and resources available to them in Australia, China and Hong Kong than CIMC. In the lottery outlet business, there are already established lottery outlets throughout China.

3.1 CORPORATE STRUCTURE



China Integrated Media Corporation Limited is an investment holding company incorporated in Australia.

CIMC Marketing Pty Ltd., a company incorporated in Australia, is engaged in the provision of glasses-free 3D (autostereoscopic) digital advertising in Australia.

China Media Limited, a company incorporated in Hong Kong, is engaged in the provision of glasses-free 3D (autostereoscopic) digital advertising in Hong Kong and in the investment holding in lottery outlets in China.

Dragon Creative Limited, a company incorporated in Hong Kong, is engaged in the provision of glasses-free 3D (autostereoscopic) digital advertising in China.

3.2 GLASSES-FREE 3D (AUTOSTEREOSCOPIC) DIGITAL ADVERTISING

CIMC's focus in the glasses-free 3D (autostereoscopic) Digital Advertising sector is to build a network and become a provider of glasses-free 3D (autostereoscopic) digital advertising services in Australia, China and Hong Kong.

The advertising industry is taking hold on the 3D technology as the future in digital advertising, with the glasses-free 3D (autostereoscopic) as a possible future movement. The trend vividly shows a growing demand for glasses-free 3D (autostereoscopic) technology and solution for present applications and future developments. There is a need for glasses-free 3D (autostereoscopic) businesses to fulfill advertising media's increasing demand.

Glasses-free 3D (autostereoscopic) technology has grown into a thriving business in the current market. People are spending tremendously on 3D movies and 3D devices. The potential of the glasses-free 3D (autostereoscopic) products is truly infinite. A research conducted for a beverage brand found that glasses-free 3D (autostereoscopic) ads obtained 45% more viewer attention and an 8.5% increase in sales. 3D displays and 2D displays were placed separately in different gas stations to promote new drinks. It turned out that customers looked at the 3D displays longer than the 2D displays. Sales of the beverage brand products with the 3D displays had significant increase as well (Source: derived from Digital Signage Expo 2011/2012).

Partnership With Marvel Digital Group Limited ("Marvel")

In November 2012, CIMC entered into an agreement with Marvel Digital Limited ("Marvel") (as described in Section 8.6), where CIMC will focus on providing glasses-free 3D (autostereoscopic) digital advertising solutions and services in Australia, China and Hong Kong via a cooperation with Marvel where Marvel will provide the use of their end to end glasses-free 3D (autostereoscopic) digital advertising solution including the content management and operating system, and CIMC will provide the sales, marketing and customer support.

CIMC has a relative level of expertise in advertising media and has partnered with Marvel to build a glasses-free 3D advertising platform that we hope will provide us with an edge in the digital advertising industry. Marvel provides a total solution by providing a one-stop service that includes the provision of a new generation of 3D displays, content creation for 3D displays and remote content management and operating system. CIMC sees this opportunity by partnering with Marvel to provide a revolutionary glasses-free 3D advertising network that can provide a new advertising experience to the audience. This new business model may capture a portion of the existing digital-out-of-home advertising market as well as opens a new market for the advertising industry.

The cooperation between CIMC and Marvel is briefly stated below.

CIMC will perform the work in sales and marketing, such as:

- Develop glasses-free 3D advertising networks in different locations in Australia, China and Hong Kong as the initial markets;
- Acquire or joint venture with existing media networks to foster the coverage;
- Develop a direct sales force for field work sales; and
- Recruit media and advertising specialists and professionals to develop the targeted market.

Marvel will perform the function of hardware supply and technology provider, such as:

- Supply quality glasses-free 3D displays;
- Provide reliable maintenance service;
- Provide glasses-free 3D content conversion/creation service;
- Provide advertising content management service for the media; and
- Continuous development for new applications.

Digital Signage Content Management System

One of the advantages of glasses-free 3D (autostereoscopic) digital signage over 2D's is the visual quality. It makes products more realistic, lifelike and entertaining. The Digital Content Management System provides a one stop digital signage solution with a minimum total cost of ownership. It is a cloud based content management platform that can work with economical Android devices. The system also drives its flexibility to the maximum and can operate in standalone mode for simple operation, or connect to networks for managing thousands of displays easily with the cloud based services.



Australian Operations

In Australia, CIMC traditionally conducted its digital multimedia operations supplying a complete, innovative, robust and cost-effective suite of both passive and interactive digital signage products. In addition the business provided hardware support services, along with creative and content development services.

Our business model in Australia is to earn revenue from the supply and installation of digital display networks. Our revenue comprises margins on hardware sales (displays, media players, installation) as well as fees for graphic design work on how content will appear on screen. In addition CIMC also earns ongoing income from hosting and subscription services in managing and monitoring the system plus content management, where applicable.

In Australia, CIMC is currently extending its offering with the rollout of glasses-free 3D (autostereoscopic) digital advertising through its relationship with Marvel.

China and Hong Kong Operations

The model in both China and Hong Kong is to earn revenue from advertising through profit share arrangements partnering with established media agencies and placement agents who have the ability of securing customers for each location.

3.3 GAMING & ENTERTAINMENT

CIMC's stated focus is to enter the Chinese domestic consumer market. With a growing economy and a state sponsored desire to increase domestic consumption, CIMC intends to extend its focus on the Chinese gaming and entertainment market, initially in the areas of the Chinese welfare lottery.

3.3.1 China Welfare Lottery

In July 2011, the Company signed a lottery rights agreement ("LRA") with Tidewell Limited ("Tidewell") for the Company to manage and operate lottery outlets in one municipality / province in China. Tidewell is an indirect Shareholder and is owned by our Directors (Refer to Section 9.4.5 Related Party Transactions for additional details).

Diagram 3.5 – China Welfare Lottery



Tidewell has a Memorandum of Understanding ("MOU") with 3Ring International Limited ("3Ring") to establish a network of welfare lottery outlets in China. Under the LRA, Tidewell will transfer the rights of one of the municipalities / provinces in China under the MOU to the Company. The material terms of the MOU, which are assumed by the Company under the LRA for one province / municipality and are subject to entering into a final agreement with that relevant provincial lottery commission, are as follows:

- (i) the parties will establish a Joint Venture Company ("JVC") whereby Tidewell and 3Ring will each own 51% and 49%, respectively in the equity of the JVC;
- (ii) the estimated investment costs for the JVC is RMB50,000,000 (approximately A\$7,222,000) to open 100 lottery outlets ("Outlets") in three phases. The first phase is up to 30 Outlets, the second phase is up to 60 Outlets and the final phase is up to 100 Outlets;
- (iii) the JVC will be operating the land based chain lottery outlets and internet lottery sales channels under a unified brand;

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- (iv) the JVC will sign an agreement to finalise all the details of the cooperative agreement with the local lottery commission; and
- (v) the JVC will set aside 10% of the net profits for marketing and public relations and a further 10% of the net profits for management incentives.

In addition, the Company agrees to pay, a pre-existing Tidewell obligation of 20% of its share of the profits received from the JVC to Tidewell's consultants in respect of this lottery opportunity under a pre-defined mechanism whereby the Company will recover certain amount of the investment costs prior to the payout of the 20% share of profits.

The material terms for this agreement are set out in Section 8.3 in this Prospectus.

Partnership With 3Ring International Limited ("3Ring")

3Ring is our collaborative partner for the rollout of our Chinese lottery operations. 3Ring is an experienced operator in designing, supplying, and maintaining welfare lottery terminals and sports betting systems in China, Macau and Cambodia.

CIMC Lottery Operation

The Company is currently researching certain cities and provinces in which to operate and manage the lottery Outlets. The Company is also reviewing the preliminary business and operating plans. The Company expects to sign a MOU to work with the provincial lottery commission after completing our due diligence and surveys of potential Outlet locations. We also expect the first Outlet to be completed within 3 months from the establishment of the joint venture company which typically takes approximately one month. Therefore we anticipate that we will set up the joint venture company once we have closed this Prospectus and then operations will commence provided that we have raised the Full Subscription amount.

Diagram 3.6 – Sample of existing lottery outlet



The current style of lottery Outlets in China is very simplistic in layout, design and service. A typical Outlet is generally a counter with the lottery machines to sell tickets operated by individuals or small businesses operating the lottery counter as a side business.

Our concept is to standardise the lottery Outlets so that it offers a consistent service under a uniform brand. It is our intent that our Outlets will be larger than the traditional Outlets offering light refreshments, computer terminals for easy access to play the lottery games, and friendly and comfortable atmosphere for our customers. We believe that the lottery market will continue to grow with the per capita income growth in China. Therefore, there is an opportunity to differentiate our Outlets by offering a high level of service under a consistent brand.

Revenues earned under the Chinese Welfare Lottery business unit is calculated as a percentage of our total welfare lottery sales receipts. This percentage is still to be negotiated with the relevant Chinese authorities.

If the Full Subscription amount is not achieved, then this may delay the rollout of this business until the Company is in a position with adequate financial resources available to do so, if at all.

3.4 DIRECTORS AND SENIOR MANAGEMENT

The Company's Board of Directors and Senior Management have expertise in the business sectors that CIMC has focus in. The Board considers the blend of skills which the Directors and Senior Management possess to be appropriate for the development of the proposed business.

3.5 RISK FACTORS

An investment in the Company is speculative and involves a number of risks. While the Directors intend to focus management on investment risk minimisation no assurances can be given by the Company to Shareholders as to the success or otherwise of its businesses. Investors should consider all the possible risk factors, including those identified within this Prospectus, particularly those identified in Section 6 – Risk Factors, before applying for Shares.

3.6 FINANCIAL POSITION

The Company's Statement of Financial Position as at 17 October 2012 and the pro-forma balance sheet following completion of this Prospectus Offer and settlement of the Company's liabilities, assuming minimum and full subscriptions upon completion of the Offer, are summarised in the Financial Information in Section 7 – Financial Information.

4.0 MARKET RESEARCH

4.1 CHINA MARKET OVERVIEW

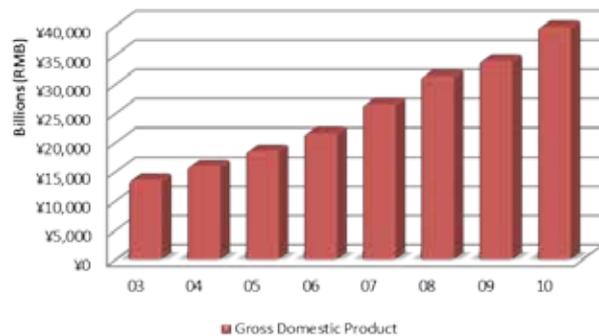
China's economic development since state directed free market reforms in the late 1970's has transformed the country into one of the largest economies in the world and given rise to a vibrant base of approximately 350 million urban consumers. With a rate of savings and investment exceeding 35% among its 1.3 billion people, and huge foreign reserves, China is set to become one of the most important countries in the 21st Century.

The Chinese economy has tripled in size in just six years with per capita income rising from US\$1,500 to US\$4,300 over the same period.

GDP and Import / Export

As indicated in Diagram 4.1 below, by the end of 2010, the Chinese Gross Domestic Product ("GDP") was RMB39,798 billion, an increase of 10.3% over the previous year. Over the 5 years ending 2010, the annual GDP growth rate was on average 11.2%.

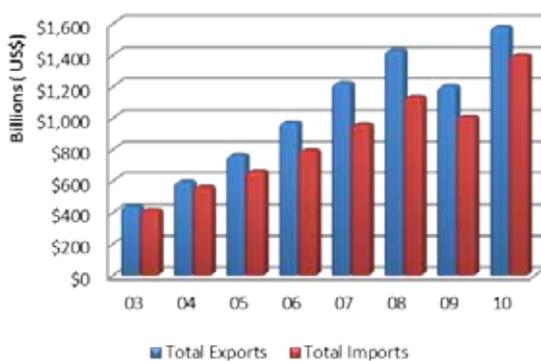
Diagram 4.1 – China GDP



Source: National Bureau of Statistics of China

In addition, as indicated by Diagram 4.2 below, export and import indicators show that China is focused on its domestic economy as its import growth exceeded export growth in 2009-10.

Diagram 4.2 – China Export & Import



Source: National Bureau of Statistics of China

China pushes domestic economy

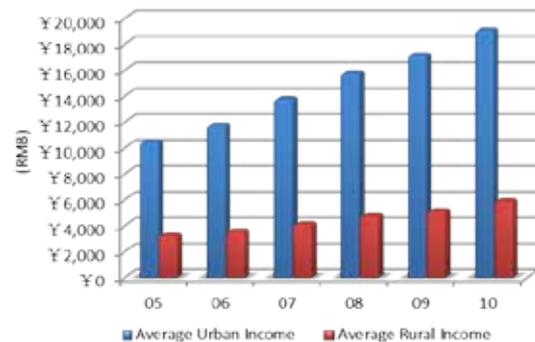
The Twelfth Five Year Plan (2011-15), signified that China is ready to go on to the next phase in economic growth by distributing wealth amongst its people by moving from an export led to a domestic led economy by raising Chinese labor income rates.

Urban vs Rural Income

In the Twelfth Five Year Plan the theme is to continue and sustain China's economic growth in this decade so that China can become a moderately prosperous country by 2020. To achieve this, the focus is to transform the economy from an export led consumption to a domestic led consumption. In addition, there is to be a focus to lift the income and wages of workers and to refocus income to rural areas.

From 2006 to 2010, per capita net income in China of rural residents grew from RMB3,587 to RMB5,919, with an average annual growth of 8.86%, however this income is still approximately one third of the urban income.

Diagram 4.3 – National Average Income

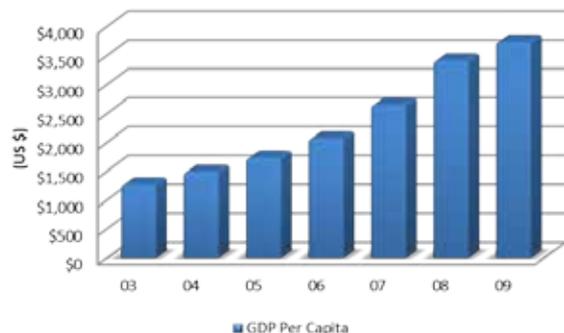


Source: National Bureau of Statistics of China

China's Per Capita Income

In 2009, China's GDP per Capita was approximately US\$3,749, and there is still room to grow when compared to developed countries such as United States and Australia which had a GDP per capita in 2009 of US\$45,745 and US\$42,279, respectively.

Diagram 4.4 – GDP Per Capita

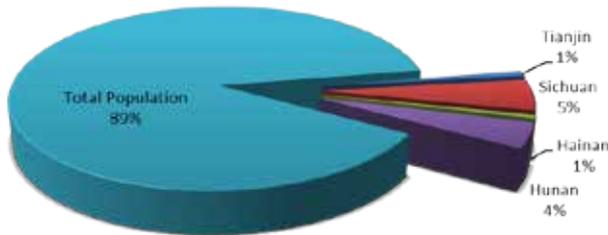


Source: World Development Indicator (WDI)

Population of China, Hunan Province, Sichuan Province and Hainan Province

China has an estimated population of 1.3 billion, which is approximately 19% of the world's population of approximately 7.0 billion. The provinces CIMC currently is or intends to operate in are highlighted in Diagram 4.5 below.

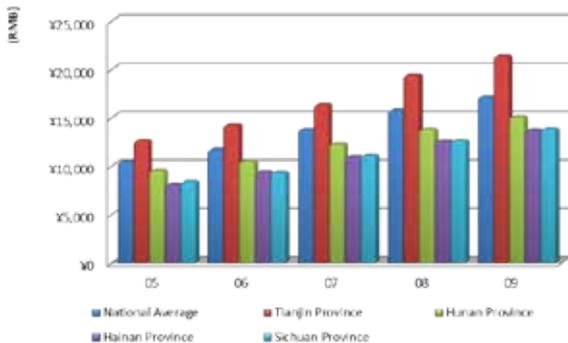
Diagram 4.5 – China Population by Province



Source: National Bureau of Statistics of China

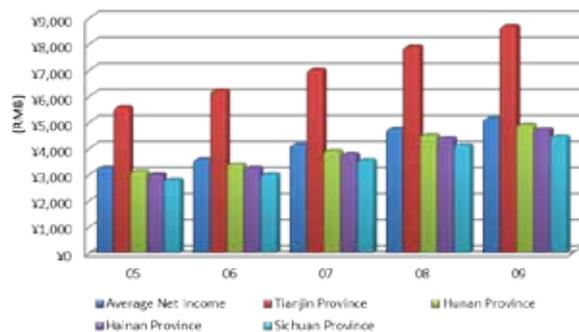
The average disposal income in the provinces / municipalities that CIMC is or intends to operate in for the urban and rural areas are shown in Diagram 4.6 and 4.7, respectively. Overall the provinces that CIMC currently is or intends to operate in are slightly below the national average, with the exception of Tianjin.

Diagram 4.6 – China Urban Average Disposable Income



Source: National Bureau of Statistics of China

Diagram 4.7 – China Rural Average Net Income



Source: National Bureau of Statistics of China

Size of Consumer Market

At present, China has become one of the world's largest car, television, mobile consumption and luxury markets. The growing use of credit cards in China has begun to change spending habits. In 2005, China had 13 million credit card users and three years later that number has increased to 115 million.

Meanwhile, the number of online shoppers with credit card usage increased. Approximately 120 million internet users have e-commerce experience among the total 400 million Chinese internet users.

Spending Habits

After meeting the basic living needs, the main priority of Chinese consumers is to deposit money into banks for their personal savings. After bank savings, Chinese urban consumers spend money on education, new clothes, dining in restaurants, books and high-tech products.

Summary

Overall, China's GDP Per Capita is still below the developed countries when compared to U.S. or Australia. With China's plan to push for domestic consumption and to develop its domestic economy, we can expect growth of consumerism as per capita income increases. We expect an increase in demand for non-essential necessities and entertainment together with advertising media.

4.2 GLASSES-FREE 3D ADVERTISING

In the past era where black and white TVs were installed in most households, the arrival of color TVs swept like a sandstorm which soon replaced most of the black and white TV market. Not unlike black and white TVs analogy, soon 3D that requires wearing special eye-glasses will be gradually faded and be replaced by other technology like the glasses-free 3D technology. Glasses-free 3D technology has been around for the past decade and its proper name is autostereoscopy. Only recently, the technology becomes mature and ready for commercialization, as you can see small quantity of glasses-free 3D TVs are selling in audio and visual equipment stores.

Glasses-free 3D technology breaks the confinement of glasses 3D, creating a unique 3D experience for viewers without the need of glasses. This is especially suited to digital-out-of-home (DOOH) advertising, as viewers would not have access to special glasses to view 3D advertisement even though the video is exceptionally produced and eye catching. Glasses-free 3D advertising not only can present to the viewer with a whole new experience, it can uplift brand recognition by providing an amazing impression. Image is displayed more life like with the addition of the sense of depth. Advertisement in the form of glasses-free 3D may provide more lasting memory retention which increases the advertising effect.

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Eastman Kodak in Digital Signage Expo 2011 stated that 3D makes advertising more interesting, attractive and greater word-of-mouth effect. Compared with 2D advertising, 3Ds' can keep audiences' attention 40% to 300% longer. 83% of audiences repeatedly watched the 3D's advertisement. 83% of audience had higher purchase impulse and increased sales by 12%.

3D Impact Media also conducted an impact study with Millward Brown in Sao Paolo that proved the following benefits of 3D advertising:

- 4 times higher stopping power
- Increase in dwell time (11sec)
- Strong increase in sales
- Enhanced audience's attention by 83%
- 94% of audiences like it
- 95% of audience showed the format is interesting

Outdoor advertising is the third most spending media in China. According to CRT Market Research, outdoor media picked up its growth by 9% to US\$3.4 billion in 2009. In 2010, echoing with the current trend of urban landscape environment transformation, new style, beautiful, high-end outdoor media has gained popularity so that the overall income from advertisement publication increased by 16% on a year-on-year basis to US\$4.15 billion.

Diagram 4.8 – China's Advertising Expenditure

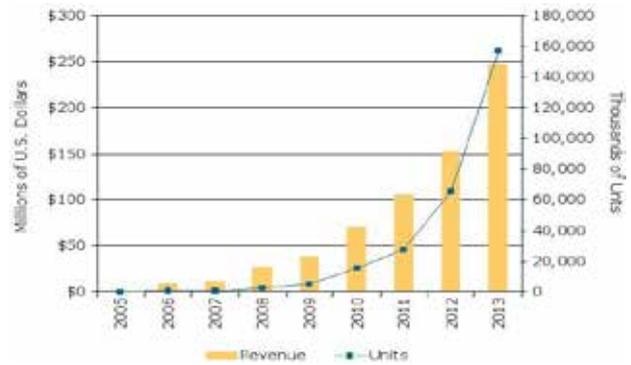
Media	2010 (USD Billions)	2009 (USD Billions)
TV	68.56	57.9
Newspaper	12.17	9.7
Magazine	2.37	1.9
Radio	2.27	1.5
Outdoor	4.15	3.4
Total	89.52	74.4

Source: CTR Media Intelligence

According to CTR Market Research, out-of-home (includes billboard and digital display) advertising contributed to US\$4.15 billion. We expect it will reach US\$4.5 billion at the end of 2012. Based on this research on Outdoor Advertising Industry in China, 2012-2016, advertising revenue of JCDecaux China, Focus media, VisionMedia China Inc (VISN), Clear Media, TOM Outdoor Media Group, accounts for about 45% (US\$2 billion) of the digital out-of-home advertising market share in 2011. Their performance growth rate outperformed the overall growth rate of the outdoor advertising market.

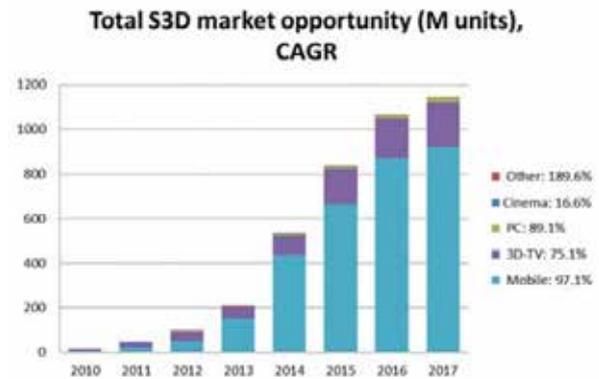
The digital signage market is showing no sign of slowing down.

Diagram 4.9 – Revenue per Digital Signage



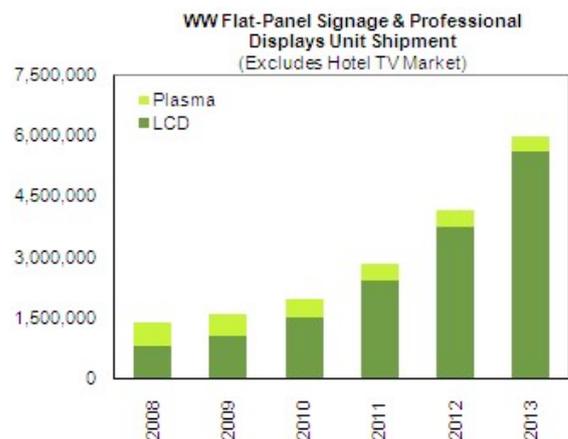
Source: "Digital Signage Market and Business Case Analysis."

Diagram 4.10 – S3D Market Analysis



Source: Combinations of S3D systems and display techniques. (Source: Jon Peddie Research)

Diagram 4.11 – Signage and Display Shipments



Source: <http://www.isuppli.com>

Worldwide shipments of LCD and plasma screens for use in digital signage and professional displays are forecasted to grow a hefty 25 percent in 2010, reaching 1.99 million units, up from 1.6 million in 2009. Because of renewed economic vigor after the recession, the industry can expect stellar growth during the following years as well, with increases of more than 40 percent annually from 2011 to 2013. By 2013, shipments of

LCD and plasma displays for signage and professional displays will total 5.99 million units.

4.3 LOTTERY

China Lottery Industry

Since its inception, the Chinese lottery market has developed rapidly with a compounded annual growth rate of approximately 30%. Annual lottery sales for 2008 were RMB\$104 billion (A\$15 billion) and it is expected that annual lottery ticket sales will reach RMB200 billion (A\$28 billion) by 2012.

The lottery market is shared by two government sponsored lotteries: the China Welfare Lottery and the China Sports Lottery. The Welfare Lottery accounts for approximately 56% of the lottery market shares with sales of RMB\$58.3 billion (A\$8 billion) for 2008. Both the Welfare Lottery and the Sports Lottery are ultimately controlled by the Ministry of Finance, but each province manages its own administration and contracts with its suppliers independently.

Although the lotteries are accessible to approximately 95% of the Chinese population, it is estimated that only 10% of the total population has ever played a lottery game. This figure is significantly lower than those in more developed markets, such as USA (85%), Japan (77%) and France (64%).

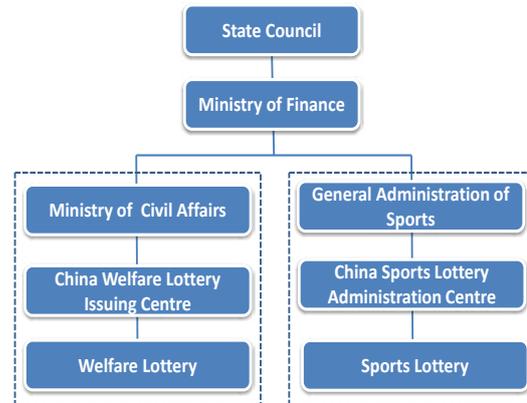
Regulatory Structure

The State Council authorises the issuance of Welfare and Sports Lottery. No other lottery can be issued without the authorisation of the State Council. No foreign lottery can be issued and sold within China.

The Ministry of Finance of the State Council is responsible for the supervision and administration of the lotteries nationwide. The Ministry of Civil Affairs and the State General Administration of Sport of the State Council are responsible for the administration of welfare and sports lotteries nationwide respectively.

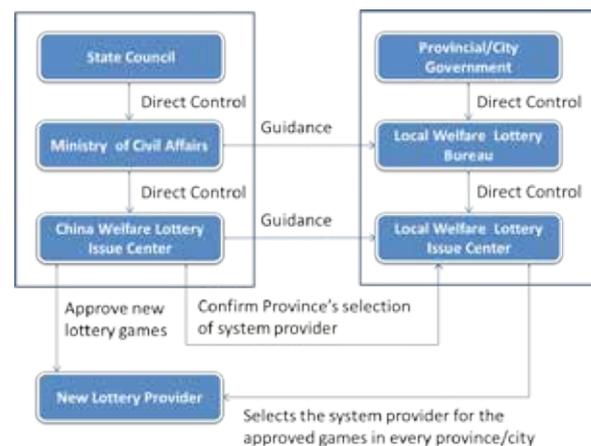
The Ministry of Civil Affairs and State General Administration of Sports of the State Council established a welfare lottery issuance organisation, China Welfare Lottery Issuance and Administration Centre ("CWLC") and a sports lottery issuance organisation, China Sports Lottery Administration Centre ("CSAC"), to be responsible for the issuance and sales of welfare and sports lotteries nationwide respectively.

Figure 4.12 – China Lottery Industry: Regulatory System



The finance authorities in the provinces, autonomous cities and municipalities are responsible for the supervision and administration of lotteries within their administration. The Civil Affairs authorities and the Sports Administration authorities in the provinces, autonomous cities and municipalities are responsible for the administration of Welfare Lotteries and Sports Lotteries within their administration respectively. The Civil Affairs authorities and the Sports Administration authorities in the provinces, autonomous cities and municipalities establishes Welfare Lottery sales organisations and Sports Lottery sales organisations to be responsible for the sales of welfare and sports lotteries within their administration respectively.

Figure 4.13 – Relationship between Central and Provincial Governments for the Welfare Lottery Approval Process



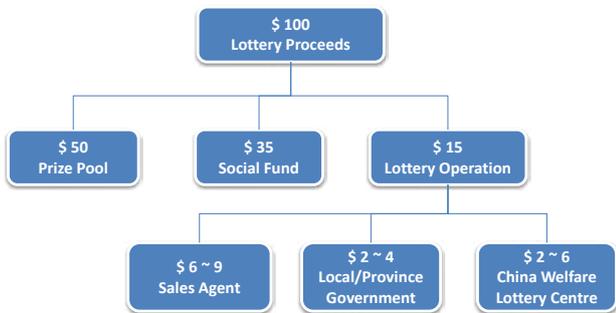
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In China, the central and provincial governments are both involved in the lottery matters, thereby significantly complicating the entire process of contract issuance. All new lottery games (scratch cards, Video Lottery Terminal (VLTs), Keno) require central government approvals by either CWLC or CSAC. Once approved, the selection of lottery system providers is made on a province-by-province basis (local CWLC or CSAC). Provincial governments' decision on the contract winner will however still need to be confirmed by the central government. Effectively, the approvals of both central and provincial governments are required before any lottery products can be rollout out in any province.

China Lottery Development Trends

The potential to generate strong tax revenue source and fight illegal gambling provided government support for China's lottery, and leading to the introduction of new games, better distribution channels and, potentially, increase payouts for players and social funds. The allocation of Welfare Lottery proceeds are split amongst the players for the prize pool, the social fund and the lottery operation. The expected normal allocation of the Welfare Lottery proceeds are set out in the Diagram below.

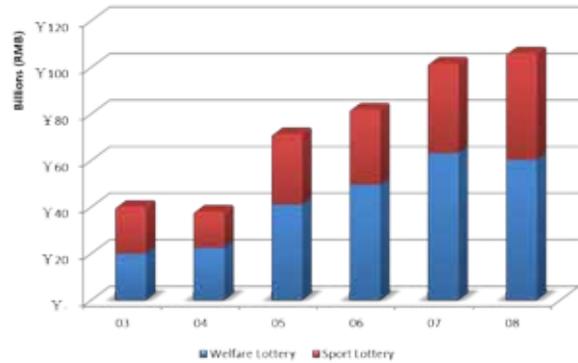
Diagram 4.14 – Expected Normal Allocation of Welfare Lottery Proceeds



China's Lottery Sales

Lottery products such as high frequency Keno, scratch instant lottery and video lottery terminals can stimulate the market by its higher frequency of payout, simplicity and greater variety to the players. The trend for the past years to 2008 has been a Compound Annual Growth Rate ("CAGR") of approximately 18.35% as shown in the Diagram below.

Diagram 4.15 – Total Lottery Sales in China



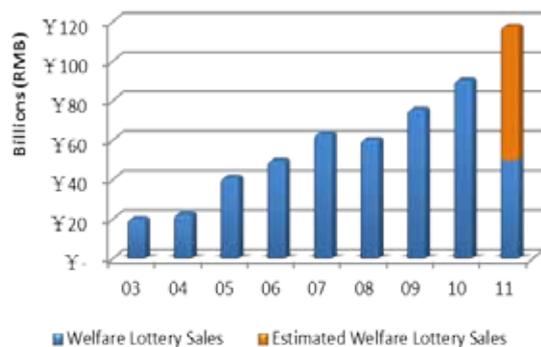
Source: Ministry of Finance (MOF)

China's Welfare Lottery Sales

China's Welfare Lottery sales have increased from the past 5 years to RMB96 Billion (USD\$14.47 Billion) in 2010. During this period the CAGR was approximately 17.06%.

The Welfare Lottery Distribution and Management Centre announced that the welfare lottery sales reached RMB50.16 billion (USD\$7.74 billion) as of 5 June 2011, up 30.61% year-a-year increase. It is expected that the 2011 welfare lottery sales alone will exceed RMB100 billion.

Diagram 4.16 – Welfare Lottery Sales



Source: National Bureau of Statistics of China

5.0 DIRECTORS' EXPERIENCE

The Board recognises that, as the Company develops its related activities, there may be a need for further directors to be appointed either in substitution for any of the present directors or generally as additional directors. Consequently, it is the directors' intention that the skill base of the board should at all times be both adequate and appropriate to carry out and manage the activities of the Company.

5.1 DIRECTOR PROFILES

Mr. Con Unerkov – *Executive Chairman & Chief Executive Officer*

Mr. Unerkov has held the position of Executive Chairman and Chief Executive Officer since incorporation in 2008. He is an Australian based businessman and investor with local and international experience in the Finance, Media, Advertising, and Telecommunications markets.

Mr. Unerkov holds a Bachelor of Applied Science in Computer Studies from the University of South Australia and over his career has worked as an executive for a number of companies both in the private and public sectors where he has gained significant experience in the commercial, financial, business development and transaction experience in mergers and acquisitions.

Mr. Unerkov is currently a director of China Media Group Corporation and Oakridge International Corporation, both fully reporting companies quoted on the over-the-counter market in the United States of America. Mr. Unerkov is also a director of Sino Strategic International Limited which is currently listed on the Australian Securities Exchange. Mr. Unerkov currently sits on a number of private company boards both here in Australia and internationally.

Mr. Unerkov, aged 43, is a citizen of Australia.

Dr. Herbert Ying Chiu Lee – *Executive Director*

Dr. Herbert Ying Chiu Lee ("Dr. Lee") is a seasoned businessman with significant experience in the Hong Kong and Chinese digital advertising market sector. Dr. Lee received his Bachelor of Applied Science in structural engineering in 1977 from the University of British Columbia, B. C., Canada. He obtained his training in structural design in Hong Kong after his graduation. In 1982, he became a corporate member of the Institute of Structural Engineer (MIStructE.) and subsequently he obtained his Chartered Engineer title from the Engineering Council of the United Kingdom. In 2004, Dr. Lee finished his Master of Technology Management degree at the Hong Kong University of Science and Technology. His major study is technology management. After that he joined Hong Kong Polytechnic University as an engineering doctoral student conducting research in knowledge management discipline. His major research is organising information through his newly developed

semantic search engine. In 2011, Dr. Lee had been conferred the degree of Doctor of Engineering. Over the past 15 years, Dr. Lee has extensive working experience in technology management. His expertise is in knowledge management systems and 3D autostereoscopy. He has also actively involved in the education sector and is the founding chair of Institute of Applications in Academia and Industry (IAAI), a worldwide community to untap innovative research applications and bridge the gap between theory and practice.

Dr. Lee has been chosen by the Wuxi Government under its "530" Plan for the year 2011 for his innovation and business development capability. Wuxi '530' Plan is a plan to introduce advanced overseas entrepreneurs for the city. It was launched in April of 2006, and aimed to introduce 30 advanced overseas entrepreneurs within 5 years. Subsequently, Dr. Lee has established an advance 3D autostereoscopic lab in one of the Wuxi high tech industrial parks for developing advance 3D autostereoscopic display technology.

Dr. Lee is currently the President, CEO & director of Oakridge International Corporation, a fully reporting company quoted on the over-the-counter market in the United States of America. Dr. Lee also sits on a number of private company boards in Hong Kong, China and internationally.

Dr. Lee, aged 59, is a citizen of Canada.

Mr. Bing He – *Non-Executive Director*

Mr. Bing He has been a director of CIMC since November 2009. Prior to his appointment with CIMC, he spent 5 years as general manager for the Chinese telecommunications company GuangZhou Yuying Communication Equipment Co., Ltd., which was engaged in the business of supplying telecom and related equipment to businesses and homes in the Guangdong province, China. During this time, he was involved in all aspects of the operation including marketing, sales, technical and financial.

Mr. He, aged 37, is a citizen of China.

Mr. Loui Kotsopoulos – *Non-Executive Director*

Mr. Kotsopoulos has been a Non-Executive Director of CIMC since its incorporation in 2008. His experience extends over 25 years, including having held company secretarial as well as various commercial and financial management positions in both private and publicly listed companies.

He completed a Bachelor of Business Degree from Victoria University in 1983 and is a current CPA member of the Certified Practising Accountant (CPA) of Australia.

Mr. Kotsopoulos, aged 52, is a citizen of Australia.

5.2 COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

Mr. Con Unerkov – *Acting Chief Financial Officer & Joint Company Secretary*

Mr. Unerkov, our Chairman and Chief Executive Officer, is currently acting in the capacity of Chief Financial Officer & Company Secretary. The Company is currently recruiting a permanent Chief Financial Officer and Company Secretary and Mr. Unerkov will remain in these positions until a suitable candidate can be found.

5.3 SENIOR MANAGEMENT TEAM

Mr. Leonard Leung – *General Manager – Hong Kong & China Operations*

Mr. Leung, aged 48, is the General Manager of our Hong Kong and China Operations. Mr. Leung has been working in the media and advertising industry for the past 8 years in addition to having previously spent over 17 years in the manufacturing industries in China and Hong Kong. Mr. Leung is currently responsible for all day to day business operations in Hong Kong & China.

Mr. Derek Wong – *Gaming and Entertainment Consultant*

Mr. Wong, aged 43, is responsible for the day to day sales and marketing activities of our Gaming and Entertainment business sector. He has over 7 years experience in lottery and information technology operations in selected countries in Asia. His experience includes sales and marketing in the computing industry, internet / online gaming experience and lottery system research and development.

Mr. Edward Ho – *Advertising Manager – Dragon Creative Limited*

Mr. Ho has over 15 years of experience in advertising and marketing industries and is the current Advertising Manager at our subsidiary company, Dragon Creative Limited. Mr. Ho's experience extends to the Pharmaceutical / Health Supplement, Electronics / Technology, Luxury Goods / Retail Services, Card Services / Financial Institute and the Properties / Educational market sectors.

Mr. Ho has an Advanced Diploma in Business Administration from the Durham University Business School and a Bachelor of Science (Computer Science) at the University of New South Wales.

Mr. Ho, aged 41, is a citizen of Hong Kong.

Mr. Deric Lau – *Business Development Manager – Dragon Creative Limited*

Mr. Lau is an experienced sales and marketing professional and is the current Business Development Manager for our subsidiary company Dragon Creative Limited. Mr. Lau has been actively involved providing turnkey IT solutions to companies in Hong Kong and the Asia Pacific region.

More recently he has specialised in LCD display solutions, public display systems and mobile applications, and has extensive experience in setting up sales channels of digital signage solutions to OOH media companies and retailers in Asia Pacific Region.

Mr. Lau has a B. SC (Physics & Computer Science) in the University of Hong Kong and has also completed a MBA in the City University of Hong Kong.

Mr. Lau, aged 44, is a citizen of Hong Kong.

Mr. Kimman Lui – *Operations Manager – Dragon Creative Limited*

Mr. Lui has over 17 years of experience in the IT and Technology, Fast Moving Consumer Product (brewery), Printing / Electrical Appliance Manufacturing and the Retail / Wholesale industries and is the current Operations Manager at our subsidiary company, Dragon Creative Limited.

Mr. Lui has a BEng at the Tamkang University in Taiwan, an MSc at the University of Witwatersrand in South Africa and a PhD at the Hong Kong Polytechnic University in Hong Kong.

He is an Associate Editor of the International Journal of Economics and Finance, and Editorial Board Member of the American Journal of Economics and an Editorial Board Member of the International Journal of Financial Research.

Mr. Lui, aged 44, is a citizen of Hong Kong.

Mr. Yuxi Meng – *Finance & Accounting Supervisor / Assistant Company Secretary*

Mr. Meng is the current Finance & Accounting Supervisor and the Assistant Company Secretary of the group. Mr. Meng has over 4 years experience as an accountant and financial analyst for several private and public companies both in the Peoples Republic of China and Australia.

Mr. Meng holds a Bachelor degree of accounting from Beijing Technology and Business University, a Master Degree of Accounting and Finance from University of Adelaide and is a current associate member of Certified Practising Accountant of Australia.

Mr. Meng, aged 26, is a citizen of China who currently resides in Australia.

5.4 CORPORATE GOVERNANCE

The ASX document, 'Corporate Governance Principles and Recommendations' ('Guidelines') was published by the ASX Corporate Governance Council with the aim of enhancing the creditability and transparency of Australia's capital markets. The Company endorses the Guidelines and to the extent practicable will endeavour to implement all recommendations. Copies of the Company's corporate governance policies will be available on the Company's website at www.chinamedia.com.au.

The format of this Part is guided by the ASX Corporate Governance Council's recommendations. The Company's corporate governance principles and policies are therefore structured as follows:

(a) Principle 1 - Lay solid foundations for management and oversight

The role of the Board and delegation to management has been formalised in the Company's Board charter. The charter will be reviewed and amended from time to time taking into consideration practical experience gained in operating as a listed company. The Company complies with this principle of the Guidelines.

(b) Principle 2 - Structure the Board to add value

The Board ultimately takes responsibility for corporate governance, and will be accountable to the Shareholders for the performance of the Company. The function and responsibilities of the Board are set out in the Company's Constitution and the Corporations Act, and include:

- (i) one third of the Board retiring and being subject to election at the next annual general meeting of the Company ("AGM");
- (ii) subsequent Directors being initially appointed by the Board and then subject to election by Shareholders at the next AGM;
- (iii) the Chair of the Board is to be elected by the Board, and the performances of the Directors are to be reviewed on an ongoing basis;
- (iv) that the Chair does not have a casting vote at meetings of the Directors;
- (v) Directors having the right, in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld;
- (vi) Directors having the right, in connection with their duties and responsibilities as Directors, to delegate any of their powers and discretions to committees responsible to the Board, which ensures an effective and efficient Board;

- (vii) the Board has established a Nomination and Remuneration Committee, and an Audit Committee;
- (viii) the Board approving the strategic direction and related objectives of the Company, and monitoring management performance in the achievement of these objectives;
- (ix) the Board will adopt budgets and monitor the financial performance of the Company;
- (x) the Board ensuring that all major business risks are identified and effectively managed;
- (xi) the Board being responsible for ensuring that the Company meets its legal and statutory obligations;
- (xii) the Board being responsible for establishing and maintaining adequate internal control procedures and effective monitoring systems. Compliance with these procedures covering financial reporting, quality and integrity of personnel and operational control will be regularly monitored; and
- (xiii) the Board scheduling meetings on a regular basis, and other meetings as and when required.

The Board has determined that it is not appropriate to disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives. Rather than a formal review procedure, the Board has adopted a self evaluation process to measure its own performance, which is overseen by the Nomination and Remuneration Committee.

(c) Principle 3 - Promote ethical and responsible decision making

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board is currently establishing a code of conduct to guide the Directors, the Managing Director and other key executives.

(d) Principle 4 - Safeguard integrity in financial reporting

The Directors require the CEO and any Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards.

(e) Principle 5 - Make timely and balanced disclosure

The Directors are committed to keeping the market fully informed of material developments, to ensure compliance with the ASX Listing Rules and the Corporations Act. At each board meeting, specific consideration is given as to whether any matters should be disclosed under the Company's disclosure policy. The Board has appointed two Company Secretaries in Australia, and required them to establish and maintain adequate disclosure procedures and effective monitoring systems, to ensure timely and appropriate disclosure to the market. The Company Secretary will act as the primary ASX liaison officer, to ensure timely and appropriate access to information for all investors. The Directors are establishing written policies and procedures to ensure compliance with the disclosure requirements of the Listing Rules, and to ensure accountability at a senior management level for that compliance.

(f) Principle 6 - Respect the rights of Shareholders

The Directors intend to establish a communications strategy to promote effective communication with Shareholders, and encourage effective participation at general meetings. As well as ensuring timely and appropriate access to information for all investors via announcements to ASX, the Company will ensure that all relevant documents are released on the Company's website. The Directors will request the external auditor to attend AGM's, and be available to answer questions from the Shareholders about the conduct of the audit and the preparation and content of the auditor's report.

(g) Principle 7 - Recognise and manage risk

The Company's Audit Committee will establish policies on risk oversight and management, risk management and internal control systems, including non-financial risks, which must be approved by the Board. The Committee will regularly report to the Board on compliance with any risk and audit policies and protocols in place at the time. The Directors require the CEO and Chief Financial Officer (or equivalent) to state in writing to the Board that:

- (i) the statement given in accordance with the recommendation of Principle 4 (the integrity of financial statements) is founded on a sound system or risk management and internal compliance and control which implements the policies established by the Board; and
- (ii) the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Directors intend to establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

(h) Principle 8 - Remunerate fairly and responsibly

The Board has provided disclosure in relation to the Company's remuneration policies in this Prospectus, to enable investors to understand:

- (i) the costs and benefits of those policies; and
- (ii) the link between remuneration paid to Directors and key executives and corporate performance.

Further disclosure will be given to investors annually, in accordance with the Listing Rules and the Corporations Act. The Board has also established the Nomination and Remuneration Committee.

The Board has clearly distinguished the structure of Non Executive Directors remuneration from that of executives, as set out in this Prospectus. The Board will ensure that payment of equity based executive remuneration is made in accordance with thresholds set in plans approved by Shareholders, from time to time.

(i) Principle 9 - Securities Trading Disclosure

The Company will establish a formal policy for dealing in the Company's securities by Directors, employees and contractors. This will set out their obligations regarding disclosure of dealing in the Company's Securities.

The Constitution permits Directors to acquire securities in the Company. However, Company policy prohibits Directors and senior management from dealing in the Company's securities at the time whilst in possession of price sensitive information and for 24 hours after:

- (i) any major announcements;
- (ii) the release of the Company's annual financial results to the ASX; and
- (iii) the AGM.

Directors must advise the Chairman of the Board before buying or selling securities in the Company. In accordance with the provisions of the Corporations Act and the Listing Rules, the Company must advise the ASX of any transaction conducted by Directors in the securities of the Company.

(j) Audit Committee

The objective of the Audit Committee is to ensure the integrity of the Company's financial reporting by assisting the Board to discharge its responsibility to exercise due diligence and skill in relation to:

- External financial reporting – by ensuring a review of all statutory financial statements;
- Accounting policy development and application;

- Financial Compliance – in accordance with statutory requirements;
- Internal audit – development of an internal audit plan and evaluation and performance review and remuneration;
- External audit – assessment of approach and evaluation of performance and remuneration;
- Budget review – ensure underlying assumptions are realistic and are applied; and
- Receive and review responses to its code of ethics and value complaints – from clients, employees and external service providers.

This committee will comprise 2 Non-Executive Directors of the Company, with Mr. Loui Kotsopoulos as Chairman and Mr. Bing He as member. The Company's external auditor will be invited to attend meetings of this committee.

(k) Nomination and Remuneration Committee

The purpose of this committee is to assist the Board by making recommendations in relation to the appointment of new Directors (both Executive and Non-Executive), senior executives, their levels of remuneration equity-based incentive plans and other employee benefit programs.

The Committee has the following duties and responsibilities:

- Regularly review the size and composition of the Board and the mix of expertise, skills, experience and perspectives that may be desirable to permit the Board to execute its functions;
- Identify any competencies not adequately represented and agree the process necessary to be assured that a candidate with those competencies is selected;
- Conducting a bi-annual external evaluation of the performance of the Board;
- Recommending suitable individuals for nomination as members of the Board and its committees;
- Reviewing the Company's recruitment, retention and termination policies;
- Reviewing the Company's superannuation arrangements;
- Reviewing succession plans of senior executives and executive Directors;
- Conducting an annual evaluation of the performance of senior executives;
- Considering those aspects of the Company's remuneration policies and packages, including equity-based incentives, which should be subject to shareholder approval; and

- Establishment of procedures, and recommendations to the Chairman, for the proper oversight of the Board and management.

The Remuneration and Nominations Committee will meet as often as necessary, but must meet at least twice a year. This committee will comprise the 2 Non-Executive Directors of the Company, with Mr. Loui Kotsopoulos as Chairman and Mr. Bing He as member. The remaining Executive Directors of the Company will be invited to attend meetings of this committee.

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6.0 RISK FACTORS

The Shares offered under this Prospectus should be regarded as speculative. An investment in the Company carries many risks. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies. The Shares offered under this Prospectus carry no guarantee in respect of profitability, dividends or return of capital. Neither the Company nor its Directors nor any party associated with the preparation of this Prospectus warrants that any specific objective of the Company will be achieved, or that any particular targets of the Company will be achieved.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with Company's business in China and elsewhere. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the business.

In addition to the extent that statements in this Prospectus constitute forward looking statements, these statements involve known and unknown risks, uncertainties and other factors that may cause the Company's or the industry's actual results, levels of activity, performance or achievements to be materially different from any future results, level of activity, performance or achievements expressed or implied by those forward looking statements. Although the Company believes that the expectations reflected in the forward looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements, and the Company does not assume responsibility for the accuracy and completeness of the statements.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives, financial circumstances and the risk factors set out below. This list is not exhaustive, and investors should consult their professional advisors before deciding whether to apply for Shares pursuant to this Prospectus.

Before making an investment decision, a prospective investor should carefully consider all the information and the general risks of investment, including the general and specific risks identified in this Section. There also may be other risks. The following, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of

which potential investors need to be aware, before making a decision on whether or not to invest in the Company

6.1 GENERAL RISKS

6.1.1 Share Price Variations

The Shares are to be quoted on the ASX, where their price may rise or fall in relation to the Issue Price. The Shares issue under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The value of the Shares will be determined by the share market and will be subject to a range of factors beyond the control of the Company and the Directors. Share market fluctuations in Australia and other stock markets around the world may negatively affect the value of the Shares. Factors that may influence the investment climate in stocks, which may not relate to actual performance of the Company, including general economic outlook, changes in governmental fiscal, monetary and regulatory policies, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

6.1.2 Economic Conditions

The performance of the Company may be significantly affected by changes in economic conditions, and particularly conditions which affect the glasses-free 3D (autostereoscopic) digital advertising, gaming and entertainment sectors. Changes in economic conditions could affect the ability of the Company to operate and could increase the costs of operating the Company. Adverse economic conditions, including economic recession, may have a negative impact on the Company's ability to raise capital. Factors such as inflation, currency fluctuation, interest rates have an impact on operating costs, media expenditures and stock market prices. The Company's future possible profitability and the market price of its Shares can be affected by these factors, which are beyond the control of the Company and its Directors, particularly due to the Company operating in fast changing economic conditions in China, Hong Kong and Australia.

6.1.3 ASX Listing

As a public company listed on the ASX, the Company will incur an increase in accounting, legal and other expenses in order to comply with its corporate governance obligations under the Corporations Act and Listing Rules.

6.1.4 Government Policy

The introduction of new legislation or amendment to existing legislation and regulations by governments, and the decisions of courts and tribunals, can impact adversely on the assets, operations and, ultimately,

the financial performance of the Company and its securities. Any adverse change in political and regulatory conditions in China, Hong Kong and Australia could markedly affect the Company's prospects. Political changes such as changes in both monetary and fiscal policies, regulations, taxation, methods of taxation and currency exchanges could affect the profitability of the Company and adversely affect the return to Shareholders.

6.1.5 Changes in Legislation or Regulation

The Company may be affected by changes to Government policies and legislation (both Australian and in foreign jurisdictions including, but not limited to, the PRC) concerning property, the environment, superannuation, taxation and the regulation of trade practices and competition, Government Grants and incentive schemes. These changes in legislation or regulation, or changes to accounting rules, could have adverse impacts on the Company from a financial and operational perspective. The Company's primary assets and business interests are in Australia and China and changes in these countries' legislation or regulation could have an adverse impact on the Company's results of operations, business or prospects.

6.1.6 Additional Capital

The Board believes that the Company's cash and cash equivalents following the Offer will be sufficient to meet the Company's anticipated cash needs in the short term. If the Company does not raise the Full Subscription amount, then some of the agreements and or projects stated in this Prospectus may not be able to proceed. The Company may, however, require additional cash resources to finance its continued growth or other future developments. The amount and timing of such additional financing needs will vary principally on the amount of cash flow from the Company's operations. If the Company's resources are insufficient to satisfy its cash requirements, the Board may seek to raise additional capital. The sale of additional equity could result in dilution to Shareholders.

6.1.7 Concentration of Ownership Shares

As at the date of this Prospectus, Jademan International Limited ("Jademan") holds 10,863,734 Shares in CIMC representing approximately 31.0% of the Shares and voting rights in CIMC. Jademan is majority owned by Keen Star International (Hong Kong) Limited and an executive director of CIMC is the sole director of Jademan. Furthermore, our executive Director, Dr. Herbert Ying Chiu Lee ("Dr. Lee") holds 8,336,266 Shares in CIMC representing approximately 23.81% of the Shares and voting rights in CIMC. Jademan and or Dr. Lee individually or together could exert substantial influence over matters requiring approval by the

Company's Shareholders, including electing directors, and in doing so they may not act in the best interest of other minority Shareholders. This concentration of ownership by two parties may also discourage, delay or prevent a change in control of the Company, which would deprive the Company's Shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price for the Company's Shares. These actions may be taken even if they are opposed by the Company's other Shareholders, including those who purchase Shares in this offering.

Refer to Section 9.4.3 of this Prospectus for additional information on the relevant interests in securities of Directors and Officers.

6.1.8 Changes in Geopolitical Situations

The Company may be affected by the impact that geo-political factors have on the various world economies or the Australian or Chinese economies or on the financial markets and investments generally or specifically. Changes in geopolitics on a global, regional or local scale could impact the Company's operations, its access to certain countries and its right to continue operating in a particular country. Acts of terrorism or outbreak of war may disrupt or prevent the Company from operating its business programs.

6.1.9 Others

Other risks include those normally found in conducting business, including litigation resulting of the breach of agreements or in relation to employees or contractors (through personal injuries, industrial matters or otherwise) or any other cause, including strikes, loss of service of key management or operational personnel, non-insurable risks, delay in resumption of activities after reinstatement following the occurrence of an insurable risk and other matters that may interfere with the business or trade of the Company.

6.2 SPECIFIC RISKS

6.2.1 Limited Operating History

The Company has limited relevant operating history in the operation of lottery shops, the provisioning of glasses-free 3D (autostereoscopic) digital advertising platform, and 2D & 3D content provisioning, and the unproven potential of its business model makes any evaluation of the businesses or its prospects difficult. No assurances can be given that the Company will achieve commercial viability through the successful implementation of its business plans. Until such time, it is likely that the Company will continue to incur ongoing operating losses.

We also face numerous risks, uncertainties, expenses and difficulties frequently encountered by companies at an early stage of development. Some of these risks and uncertainties relate to our ability to:

- Develop new customers or new business from existing customers;
- Expand the technical sophistication of the product we offer;
- Respond effectively to competitive pressures;
- Attract and retain qualified management and employees; and
- Adverse effect on our business caused by the global financial crises.

We may not meet internal or external expectations regarding our future performance. If we are not successful in addressing these risks and uncertainties, our business, operating results and financial condition may be materially adversely affected.

6.2.2 China Risks

Chinese laws and regulations restrict or limits foreign ownership of gaming center, advertising and content provision. Substantial uncertainties exist with respect to the continued and consistent application and implementation of Chinese laws and regulations.

The Company depends on its contractual relationships with various Chinese parties for holding certain operational licenses and rights in China. If the Company violates these contractual arrangements, the Company's business and operations could be disrupted and the Company's reputation (particularly in China) may be harmed. Although the Company has been prudent in selecting its Chinese partners and has taken steps to confirm and protect its intellectual property and other legal rights, there can be no assurance that there will be no detrimental impact on the Company if these arrangements are breached or for reasons outside the Company's control, the arrangement(s) cannot be renewed, or is terminated or otherwise varied.

6.2.3 Country Risks

The Company's primary operations are located in China. Accordingly, the Company's operations will be subject to:

- The risk of political and economic instability in China;
- The possible imposition of restrictive regulations in relation to carrying on lottery shops operation, the provisioning of glasses-free 3D (autostereoscopic) digital advertising platform, and 2D & 3D content provisioning in China;
- The risk of foreign exchange currency fluctuations; and

- Unexpected changes in regulatory and legal requirements (such as those relating to foreign ownership, taxation and other matters).

6.2.4 Key Personnel

The Company's operational success depends substantially on the continuing efforts of its senior executives (in particular Messrs. Con Unerkov, Herbert Ying Chiu Lee and Leonard Leung). The loss of services of one or more of these people may have an adverse effect on the Company's operations. Furthermore, if the Company is unable to attract, train and retain key individuals and other highly skilled employees and consultants, its business may be adversely affected. The Company has entered into employment contracts with Messrs. Unerkov and Herbert Ying Chiu Lee, however, their contract will not become effective until the Company's Shares are quoted on the ASX. The Company has not entered into any executive service agreements with Mr. Leung until the Company has raised sufficient funding to implement the planned operations. The material terms of Messrs. Unerkov's and Lee's executive service agreement are set out in Section 8.13 and 8.14 in this Prospectus.

6.2.5 Foreign Exchange Risks

The Company's costs and expenses in China and Hong Kong are denominated in RMB and Hong Kong Dollar respectively. Accordingly, the depreciation and / or the appreciation of the RMB and or Hong Kong Dollar relative to the Australian currency would result in a translation loss on consolidation which is taken directly to shareholder equity. In addition the reporting currency of CIMC's financial reports is denominated in Australian currency. Any depreciation of the RMB or Hong Kong Dollar relative to the Australian currency may result in lower than anticipated revenue, profit and earnings. The Company will be affected on an ongoing basis to foreign exchange risks between the Australian Dollar and the Chinese Yuan (RMB) and Hong Kong Dollar, and will have to monitor this risk on an ongoing basis. Any change in the ability to convert the Chinese Yuan (RMB) to Australian Dollars or Hong Kong Dollar to Australian Dollars due to currency control may have an adverse affect on the financials of the Company from time to time.

6.2.6 Regulatory Approvals

All regulatory approvals for the continual operation of the Company's business in China have been obtained, and the Company is not aware of any circumstances which might give rise to the cancellation or suspension of any of those approvals. If any of these approvals are cancelled or suspended, the Company's business may be adversely affected.

6.2.7 Legal System

The Company's business is reliant on the continued operation of China's legal systems. The loss or the destruction of the legal, taxation or political framework and the ability of foreign corporations to carry on business in China could have a material adverse effect on the Company's operations and financial conditions.

6.3 OTHER RISKS

6.3.1 Unforeseen Risks

There may be other risks which the Directors are unaware of at the time of issuing this Prospectus which may impact on the Company, its operations, and / or the valuation and performance of the Company's Shares.

6.3.2 Combination of Risks

The Company may not be subject to a single risk. A combination of risks, including any of the risks outlined in all the subsections of Section 6 could affect the performance, valuation, financial position and prospects of the Company.

6.3.3 Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

6.3.4 Increase Working Capital for 3D Digital Advertising platform

The Company's goal is to expand its operation by providing its glasses-free 3D (autostereoscopic) digital advertising platform in speciality shops and shopping malls in China. The Company has over 250 2D and 3D displays available to be used in its roll out of the platform. However, if we were to roll out more than these number of displays then the Company will be required to invest or find an investor to fund the additional displays.

6.3.5 Increase in Working Capital for Lottery Operation

The Company intends to manage and operate the lottery operation in one province / municipality in China under a Lottery Rights Agreement. Our portion of the expected investment is a total of RMB25.5 million (approximately A\$3.68 million) to open 100 lottery outlets over an expected three year period. The Company does not have any commitments for funding at this time, and additional funding may not be available to the Company in the future on favorable terms, if at all. If the Company cannot raise the necessary funding

then the proposed lottery operation may not proceed. The material terms of the Lottery Rights Agreement is set out in Section 8.3 of this Prospectus.

6.3.6 Legal and Litigation Risks

From time to time, the Company may be involved in litigation. This litigation may include, but is not limited to, contractual claims, personal injury claims, employee claims, product or service liability claims. If a claim is pursued against CIMC, the litigation may adversely impact on the sales, profits or financial performance of CIMC. Any claims, whether successful or not, may adversely impact on CIMC's share price. The Company may be subject to future intellectual property rights claims or other claims, changes in law or government regulations affecting media broadcast which could result in substantial costs and diversion of financial, management and operational resources away from existing and proposed business activities.

6.3.7 Uninsured Risks

CIMC may not be fully insured against all losses and liabilities that could unintentionally arise from its operations. If CIMC incurs uninsured losses or liabilities, the value of CIMC's assets may be at risk.

6.3.8 Tax Risk

The Company is subject to the tax regimes of the countries (i.e. Australia, Hong Kong and China) in which it operates. While the Company is not aware of any changes in any of its current tax positions, changes in the tax laws and regulations of their interpretation or application could adversely affect the tax liabilities of the Company.

6.3.9 Foreigner Ownership Restrictions

The Company predominately operates in China and is subject to changes in the laws of foreign ownership of gaming and advertising companies that may affect corporate structures employed by the Company, as well as the ability to repatriate future profits. There is a risk that future legislation may negatively affect the Company's growth prospects and the value of its regional assets.

6.3.10 Sharing of Executives

Mr. Con Unerkov is the executive Chairman of our Company and also a director of China Media Group Corporation ("CMG") and Oakridge International Corporation. Dr. Herbert Ying Chiu Lee is the executive Director of the Company and is also the Chairman of Marvel Digital Limited and Oakridge International Limited. There may be times where there would arise conflict in development of new business where both Mr. Unerkov and Dr. Lee would also be acting on the interests of these companies which are in the similar business of the Company which may affect growth prospects of the Company.

6.3.11 Glasses-free 3D (autostereoscopic) Risks

Glasses-free 3D (autostereoscopic) digital advertising is a relatively new technology. There is a risk that this type of technology and 3D images would not be able to convince 2D display platform owners to upgrade to 3D displays, and thus would adversely impact our 3D platform and content provisioning business, profits and prospects.

6.3.12 Contract Risks

The Company is a party to various agreements relating to its product and services which are important to the future of its business. Any failure by a party to perform its obligations under, or the termination of, any of the material agreements might have an adverse affect on CIMC. There can be no assurance that CIMC would be successful in enforcing its contractual rights. Refer to Section 8 in this Prospectus for details of the material agreements.

6.3.13 Lottery Contract Risks

The Company has signed a lottery rights agreement with Tidewell Limited to manage and operate welfare lottery outlets and internet lottery sales operation ("Lottery Business") in one municipality / province in China under a MOU signed between Tidewell and 3Ring International Limited. The MOU is not a binding contract with the relevant welfare lottery authority, but the intent, on a best efforts basis, of the parties to pursue an agreement with a relevant welfare lottery authority to manage and operate the Lottery Business. There are no assurances that the Company will receive a contract with the proper welfare lottery authorities to manage and operate the Lottery Business. Refer to Section 8.3 for details of the lottery rights agreement.

6.3.14 Digital Advertising Contract Risks

The Company has signed a cooperation agreement with Marvel Digital Limited to roll out glasses-free 3D (autostereoscopic) digital advertising solutions and services in Australia, China and Hong Kong. Pursuant to the agreement, Marvel will provide the use of its end to end glasses-free 3D (autostereoscopic) digital advertising solution including the management operating system. There can be no assurances that the solution from Marvel can be integrated into the CIMC business model and that the operating management system solution will adequately meet the needs of potential CIMC customers. There also can be no assurances that CIMC will have sufficient funds to purchase additional displays and to arrange the sales, marketing and customer support to successfully deploy this glasses-free 3D (autostereoscopic) digital advertising business.

6.3.15 Competition

CIMC faces competition in the highly competitive lottery and digital advertising sectors in China. There is no assurance that CIMC will be able to compete effectively with existing and new competitors in the future. Increased competition in these industries may reduce CIMC sales, selling price and profit margin and may adversely affect our operating results. CIMC will need to sustain and develop its branding in lottery and glasses-free 3D (autostereoscopic) digital advertising operations to ensure it maintains its competitive edge in the market. In addition, there is a risk that a competitor's product or service offering may be more costs effective than our product or service offerings. There is also the risk that a competitor could develop and market new products and services offerings in a way that creates extensive competition for CIMC. This may result in an increase in CIMC's technology and other costs, adversely affect our sales and decrease our current revenues. These adverse effects could impact on the profitability of CIMC.

6.3.16 Outbreak of Communicable Diseases Such as Avian Influenza

The outbreak of avian influenza in China or elsewhere may result in a deterioration of the economic conditions of the counties infected. In addition, CIMC's employees or those of its suppliers or its service providers or customers may be infected with the disease. This may result in CIMC, its suppliers or its service providers or its customers being required by health authorities to temporary shut down affected offices or operations and quarantine the relevant employees to prevent the spread of the disease. This may have an adverse impact on the operations of CIMC's business.

6.3.17 Conflicts of Interests Risks

The Company has had transactions with its Directors Messrs. Con Unerkov, Bing He and Herbert Ying Chiu Lee in the past and may have transactions with them and other Directors in the future so that there may be a risk that the Director's interests would be in conflict with the Company's interests. Although the Company has a Conflict of Interests Policy on its website at www.chinamedia.com.au, detailing amongst others, that any Director that has an interests, relationship or responsibility which conflicts with the interest of the Company or its Shareholders shall excuse himself or herself from any reporting, discussion and vote on the matter that gave rise to the conflict of interest and, if necessary, from the board meeting, the Director may still act in ways that are not in the best interests of the Company; and these actions may be detrimental to the affairs of the Company.

7.0 FINANCIAL INFORMATION

7.1 OVERVIEW

This section contains a summary of the Historical Financial Information and the Pro Forma Historical Financial Information (referred to as the Financial Information) of the CIMC Group that the Historical Financial Information and the Directors consider relevant to investors.

The Financial Information should be read in conjunction with the Company's significant accounting policies in Section 7.7 which have been consistently applied throughout the periods noted below, and other information contained in this Prospectus.

Investors are referred to Section 3 of the Prospectus for an overview of CIMC's business structure. Investors should note that CIMC's financial year ends on 31 December (NOT 30 June).

The Financial Information comprises:

Historical Financial Information

- Consolidated Statement of Comprehensive Income for CIMC for the period from 1 January 2012 to 17 October 2012 and for the years ended 31 December 2011 and 2010.
- Consolidated Statement of Financial Position at 17 October 2012, 31 December 2011 and 2010.
- Consolidated Statement of Cash Flow for CIMC for the period from 1 January 2012 to 17 October 2012 and for the years ended 31 December 2011 and 2010.

Pro Forma Historical Financial Information

- Consolidated Statement of Financial Position at 17 October 2012 which has been reviewed by DFK Gray Perry Pty Ltd.
- Consolidated Pro-forma Statement of Financial Position at 17 October 2012 giving details for the Minimum Subscription and Full Subscription. This Pro-forma Statement of Financial Position have been reviewed by PKF Corporate (S.A.) Pty Ltd and are based on the reviewed Statement of Financial Position at 17 October 2012 adjusted for material transactions proposed in the Prospectus.
- Notes to the Financial Statement.

The Financial Information contained in this section of the Prospectus is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with Australian equivalent to International Financial Reporting Standards (AIFRS) and the Corporations

Act. In the view of the Directors of CIMC, the omitted disclosure should provide no further relevant information to potential investors.

The Financial Information should be read in conjunction with the risk factors associated with an investment in CIMC as set out in Section 6, the Investigating Accountant's Report and the other information contained in this Prospectus.

Investor should note the scope and limitations of the Investigating Accountant's Report.

7.2 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

(1) Historical Financial Information

The Historical Financial Information has been extracted from the financial statements of CIMC as at 17 October 2012 which has been reviewed by DFK Gray Perry Pty Ltd., and as at 31 December 2011 and 2010 on which DFK Gray Perry Pty Ltd. has issued unqualified audit report on both years.

(2) Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information of the Group has been compiled from the reviewed accounts as at 17 October 2012 of the Company. This review has been carried out by DFK Gray Perry Pty Ltd. The Pro Forma Historical Financial Information has been reviewed by PKF Corporate (SA) Pty. Ltd. but not audited by them. A copy of their Investigating Accountant's Report is included in Section 12.

This review was conducted in respect of the Group as a whole. The level of materiality applied to this review was determined with respect to the Group as a whole. No opinion has been provided with respect to the Pro Forma Historical Financial performance of individual Group companies.

The Pro Forma Historical Financial Information has been prepared under the measurement and recognition requirements (but not all disclosure requirements) of Australia Equivalents to International Financial Reporting Standards (AIFRS).

The Pro Forma Historical Consolidated Balance Sheet of the Company is based on the reviewed consolidated accounts of the Company at 17 October 2012.

7.3 HISTORICAL FINANCIAL INFORMATION - SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE

**CHINA INTEGRATED MEDIA CORPORATION LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Period from 1 January 2012 to 17 October 2012 A\$ (Reviewed)	Year ended 31 December 2011 A\$ (Audited)	Year ended 31 December 2010 A\$ (Audited)
REVENUE	21,552	107,205	5,006
EXPENDITURES			
Costs of revenue	-	(10,513)	-
Depreciation and amortization	(69,646)	(94,633)	(6,620)
Employee and consultancy costs	(55,481)	(131,435)	(38,709)
Exchange (loss) / profit	(2,980)	5,597	10,468
TV Production costs	-	(89,357)	(96,844)
Finance costs	(8,971)	(12,866)	(9,255)
Loss on investment	-	-	(184,247)
Other expenses	(28,107)	(61,999)	(15,708)
Travel and accommodation expenses	(16,118)	(19,703)	(14,389)
Realized loss on marketable securities	(242,870)	-	-
Unrealized gain / (loss) on marketable securities	77,501	(47,140)	179,063
Gain on disposal of sign boards	35,209	-	-
Gain on disposal of subsidiaries	129,104	-	-
Written off goodwill expenses	-	-	(4,194)
LOSS BEFORE INCOME TAX	(160,807)	(354,844)	(175,429)
Taxation expense	-	-	-
Loss for the period / year	(160,807)	(354,844)	(175,429)
Profit attributable to non controlling equity interests	8,188	(19,629)	1,695
LOSS FOR THE PERIOD / YEAR ATTRIBUTABLE TO MEMBERS OF THE COMPANY	<u>(152,619)</u>	<u>(374,473)</u>	<u>(173,734)</u>

The above consolidated statement of comprehensive income has been prepared on the basis set out in Section 7.2 and should be read in conjunction with the accompany notes in Section 7.7.

7.4 HISTORICAL FINANCIAL INFORMATION – CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**CHINA INTEGRATED MEDIA CORPORATION LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	17 October 2012 A\$ (Reviewed)	31 December 2011 A\$ (Audited)	31 December 2010 A\$ (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	112,859	20,367	1,532
Marketable securities	920,974	536,485	584,434
Accounts and other receivables and deposits	82,786	313,395	36,472
Deposits for IPTV	-	202,725	193,768
Inventory	7,322	7,322	-
Due from a director	76,997	67,873	-
Due from related parties	-	17,661	18,281
TOTAL CURRENT ASSETS	<u>1,200,938</u>	<u>1,165,828</u>	<u>834,487</u>
NON CURRENT ASSETS			
Property and equipment, net	3,005	1,486,957	526,213
TOTAL NON CURRENT ASSETS	<u>3,005</u>	<u>1,486,957</u>	<u>526,213</u>
TOTAL ASSETS	<u>1,203,943</u>	<u>2,652,785</u>	<u>1,360,700</u>
LIABILITIES			
CURRENT LIABILITIES			
Other payables	360,074	1,511,447	298,383
Accrued liabilities	6,403	106,369	34,689
Customer and subscription deposits	39,500	9,475	-
Due to directors	26,051	122,802	112,343
Convertible loans	87,100	87,100	87,100
Loan from a related party	51,476	48,925	45,725
TOTAL CURRENT LIABILITIES	<u>570,604</u>	<u>1,886,118</u>	<u>578,240</u>
NET ASSETS	<u>633,339</u>	<u>766,667</u>	<u>782,460</u>
EQUITY			
Issued capital	1,552,475	1,552,475	1,165,475
Accumulated losses	(851,103)	(698,484)	(324,011)
Comprehensive income	(68,033)	(118,293)	(70,344)
Non-controlling minority interests	-	30,969	11,340
TOTAL EQUITY	<u>633,339</u>	<u>766,667</u>	<u>782,460</u>

The above consolidated statement of financial position has been prepared on the basis set out in Section 7.2 and should be read in conjunction with the accompany notes in Section 7.7.

7.5 HISTORICAL FINANCIAL INFORMATION – SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOW

CHINA INTEGRATED MEDIA CORPORATION LIMITED SUMMARY OF CONSOLIDATED STATEMENT OF CASH FLOW

	Period ended 1 January 2012 to 17 October 2012 A\$ (Reviewed)	Year ended 31 December 2011 A\$ (Audited)	Year ended 31 December 2010 A\$ (Audited)
CASHFLOWS FROM OPERATING ACTIVITIES			
Net loss	(152,619)	(374,473)	(173,734)
Adjustment to reconcile net loss to net cash used in operating activities:			
Depreciation	69,646	94,633	6,620
Write-off goodwill	-	-	4,194
Unrealized (gain) / loss on marketable securities	(77,501)	47,140	(179,063)
Gain on disposal of sign boards	(35,209)	-	-
Gain on disposal of subsidiaries	(129,104)	-	-
Loss on investment	-	-	184,247
Profit attributable to minority interest	(8,188)	19,629	(1,695)
Net cashflows from changes in working capital	(1,042,643)	948,232	205,545
NET CASH (OUTFLOWS)/INFLOWS FROM OPERATING ACTIVITIES	(1,375,618)	735,161	46,114
CASH INFLOWS FROM INVESTING ACTIVITIES			
Disposal / (Purchase) of property and equipment	1,449,515	(1,055,377)	(17,635)
Disposal of subsidiaries, net of cash	(1,662)	-	-
Investment in subsidiaries	-	-	(4,194)
NET CASH INFLOWS/(OUTFLOWS) FROM INVESTING ACTIVITIES	1,447,853	(1,055,377)	(21,829)
NET CASH FROM FINANCING ACTIVITIES			
Minority interest upon acquisition of subsidiary	-	-	13,035
Proceeds from disposal of investment	-	-	19,048
Proceeds from disposal of property and equipment	-	-	679
Proceeds from issuance of shares	-	387,000	-
NET CASH INFLOWS FROM FINANCING ACTIVITIES	-	387,000	32,762
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Effect of exchange rate changes on cash and cash equivalents	72,235	66,784	57,047
Cash and cash equivalents at the beginning of period	20,257	(47,949)	(72,635)
	20,367	1,532	17,120
CASH AND CASH EQUIVALENT AT END OF PERIOD	112,859	20,367	1,532

The above consolidated statement of cash flow has been prepared on the basis set out in Section 7.2 and should be read in conjunction with the accompany notes in Section 7.7.

7.6 PROFORMA FINANCIAL INFORMATION

**CHINA INTEGRATED MEDIA CORPORATION LIMITED
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Notes	17 October 2012 (Reviewed) A\$	Subsequent Events (Note 9) A\$	Minimum Subscription Pro-Forma 17 October 2012 A\$	Full Subscription Pro-Forma 17 October 2012 A\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	2	112,859	-	1,671,564	3,671,564
Marketable securities	7	920,974	-	920,974	920,974
Accounts and other receivables and deposits		82,786	-	82,786	82,786
Inventory		7,322	-	7,322	7,322
Due from a director		76,997	-	76,997	76,997
TOTAL CURRENT ASSETS		<u>1,200,938</u>	<u>-</u>	<u>2,759,643</u>	<u>4,759,643</u>
NON CURRENT ASSETS					
Property and equipment, net		3,005	976,501	979,506	979,506
TOTAL NON CURRENT ASSETS		<u>3,005</u>	<u>976,501</u>	<u>979,506</u>	<u>979,506</u>
TOTAL ASSETS		<u>1,203,943</u>	<u>976,501</u>	<u>3,739,149</u>	<u>5,739,149</u>
LIABILITIES					
CURRENT LIABILITIES					
Other payables		360,074	-	124,074	124,074
Accrued liabilities		6,403	-	6,403	6,403
Customer deposits		39,500	-	39,500	39,500
Due to directors		26,051	-	2,051	2,051
Convertible loans		87,100	-	100	100
Loan from a related party		51,476	976,501	1,977	1,977
TOTAL CURRENT LIABILITIES		<u>570,604</u>	<u>976,501</u>	<u>174,105</u>	<u>174,105</u>
NET ASSETS		<u>633,339</u>	<u>-</u>	<u>3,565,044</u>	<u>5,565,044</u>
EQUITY					
Issued capital	4	1,552,475	-	4,484,180	6,484,180
Accumulated losses		(851,103)	-	(851,103)	(851,103)
Comprehensive income		(68,033)	-	(68,033)	(68,033)
TOTAL EQUITY		<u>633,339</u>	<u>-</u>	<u>3,565,044</u>	<u>5,565,044</u>

7.7 NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the Financial Information included in this Report have been set out below.

(a) Basis of Preparation of Financial Information

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosures requirements of the Australian equivalent to International Financial Reporting Standards ("AIFRS"), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations.

The financial information has been prepared on a historical cost basis, except for derivatives and available for sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposals groups held-for-sale are measured at the lower of carrying amounts and fair value less cost to sell.

(b) Principles of Consolidation

A controlled entity is any entity controlled by CIMC. Control exists where CIMC has the capacity to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with CIMC to achieve the objectives of CIMC. All controlled entities have a 31 December financial year end.

All inter-company balances and transactions between entities within the economic entity, including any unrealised profits or losses, have been eliminated upon consolidation.

Where controlled entities have entered or left the economic entity during the year, the operating results have been included from the date control was obtained or until the date control ceased.

(c) Income Tax

The charge for current income tax is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be used.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the entities in the economic entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liabilities at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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Lease assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the assets or over the term of the lease.

Lease payments for operating lease, where substantially all the risk and benefits remain with the lessor, are charged as expenses on a straight line basis unless another method is more representative of the pattern if the users benefit.

Lease incentive under operating lease are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

(f) Investments and Other Financial Assets

i) Recognition

Financial instruments are initially measured at costs on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

ii) Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designed by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are stated at amortised costs using the effective interest rate methods.

iv) Financial liabilities

Non-derivative financial liabilities are recognised at amortised costs, comprising original debt less principal payments and amortisation.

v) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and options pricing models.

vi) Impairment

At each reporting date the Group assesses whether there is any objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the income statement.

(g) Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated over their estimated useful lives to the economic entity commencing from the time the assets is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are generally as follows:

Class of fixed assets	Depreciation rate
Plant and equipment	3-5 years
Software	3-5 years
Digital advertising boards	5 years

Gains and losses on disposal are determined by deducting the net book value of the assets from the proceeds of sale and are booked to the profit and loss account in the year of disposal.

(h) Foreign Currency Transactions and Balance

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Accounts receivable and payable in foreign currencies at balance sheet date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

(i) Trade and others receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are paid on normal commercial terms.

(k) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance sheet date. Employee benefits that are expected to be settled within one year together with entitlements arising from wages and salaries, annual leave which will be settled after one year, have been measured at their nominal amount plus related on-costs.

(l) Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

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(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and a call deposits with banks or financial institutions, investments in money market instruments maturing within less than three months and net of bank overdrafts.

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured.

(p) Goods and Services Tax

Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstance the GST is recognised as part of the cost of acquisition of the assets or as part of an item of expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(q) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Share based payments

For cash-settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

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Note 2. CASH

	Minimum Subscription Pro-Forma 17 October 2012 A\$	Full Subscription Pro-Forma 17 October 2012 A\$
Cash at bank and in hand		
Bank balance at 17 October 2012	112,859	112,859
Proceeds from Shares issued under this Prospectus ⁽¹⁾	3,000,000	5,000,000
Share issue expenses	(68,295)	(68,295)
Pay convertible and other debts ⁽²⁾	(1,373,000)	(1,373,000)
Pro Forma Balance	<u>1,671,564</u>	<u>3,671,564</u>

(1) The minimum and full subscription amounts of \$3,000,000 and \$5,000,000 respectively includes the conversion of convertible loans / debts into New Shares as set out in Section 2.4 in this Prospectus.

(2) The amount of \$1,373,000 includes a convertible loan amount of \$976,000 to acquire the Company's main operating asset being the digital media displays referred to under Section 8.4 in this Prospectus.

Refer to Sections 2.1 and 2.4 for additional details and Note 8 of Section 7.7 for a detailed breakdown of the \$1,373,000 convertible loans / debts.

Note 3. TAXATION

As at the date of this Prospectus, the Company has not filed the corporate tax return as it is seeking clarification on the submission of the accounts for the relevant tax period. The Company does not anticipate any material taxation charges and or penalty related to these tax filings.

Note 4. ISSUED CAPITAL

	Minimum Subscription Pro-Forma 17 October 2012 A\$	Full Subscription Pro-Forma 17 October 2012 A\$
Issued Capital		
Balance at 17 October 2012	1,552,475	1,552,475
Share capital raised pursuant to the Prospectus ⁽¹⁾	3,000,000	5,000,000
Share issue expenses	(68,295)	(68,295)
Total Issued Capital	<u>4,484,180</u>	<u>6,484,180</u>
Shares on Issue		
	No.	No.
Balance at 17 October 2012	35,012,833	35,012,833
Shares issued pursuant to the Prospectus ⁽²⁾	15,000,000	25,000,000
Total Shares Issued	<u>50,012,833</u>	<u>60,012,833</u>

(1) The minimum and full subscription amounts of \$3,000,000 and \$5,000,000 respectively includes the conversion of convertible loans / debts into New Shares as set out in Section 2.4 in this Prospectus.

(2) Includes the Shares referred to under Section 2.4 in this Prospectus.

Note 5. RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors are disclosed in the Prospectus.

Note 6. COMMITMENTS AND CONTINGENCIES

At the date of this Report, no material commitments or contingent liabilities exists that we are aware of, other than those disclosed in the Prospectus.

Note 7. MARKETABLE SECURITIES

The marketable securities is quoted on the Over the Counter in the United States which has been reflected at the balance sheet date at fair value.

Note 8. CONVERSION OF CONVERTIBLE LOANS AND DEBTS FOR NEW SHARES

Upon the Company being approved for quotation on the Official List, the following Convertible Loans and Debts in CIMC shall be converted into New Shares under the terms and conditions of this Prospectus.

	Loan / Debt Amount A\$	New Shares to be issued under this Prospectus No.
Convertible Loans as set out in Section 8.1	20,000	100,000
Convertible Loans as set out in Section 8.2	67,000	335,000
Shareholder loan for the acquisition of 2D & 3D display – Section 8.5 & Section 9.4.5 (iii)	976,000	4,880,000
Advance from Shareholder - Section 9.4.5 (iv)	70,000	350,000
Loan from a Director – Section 9.4.5 (i)	50,000	250,000
Debts due to Directors	24,000	120,000
Other Payables	166,000	830,000
Total	<u>1,373,000</u>	<u>6,865,000</u>

Note 9. SUBSEQUENT EVENTS

The events in the Proforma Historical Financial Information occurring after the date of the balance sheet date of 17 October 2012 were as follows:

- (a) In November 2012, CIMC entered into a loan agreement with a company owned by our Director to purchase 3D and 2D displays totalling \$976,501 to be used for the Group's 3D advertising business. Under the loan agreement, the loan of \$976,000 will be repaid by the issuance of Shares at the same price and terms offered as at the time the Shares are listed, provided that the Shares are listed on the ASX by 31 December 2013, otherwise an interests of 5.25% per annum will be charged on the unpaid amount.

8.0 MATERIAL CONTRACTS

Set out below are brief summaries of the material contracts which have been entered into by the Company, all of which have been identified as material and relevant to an investor. To fully understand all rights and obligations of a material contract it is necessary to review it in full and these summaries should be read in that light. A copy of each of these contracts may be inspected during normal business hours at the registered office of the Company by appointment by contacting + 61 8 8232 0180.

Apart from the agreements and matters disclosed within this Prospectus, the Company has not entered into any other material agreements, other than in the ordinary course of its business, which remain uncompleted or relevant to investment in the Company other than as set out herein.

8.1 \$20,000 CONVERTIBLE LOANS

In March 2010, the Company raised a total of \$20,000 in convertible loans to 10 individuals of \$2,000 loan each. The convertible loans are non-interest bearing, due in one year and convertible to Shares at the same price offered at the time of listing of Shares on the ASX. The loan may be extended for a further one year provided the Company pays a fee of \$160 to each lender. In 2011 and then in November 2012, these convertible loans were extended and are now due on 31 December 2013.

At the date of this Prospectus, the convertible loan holders have all agreed to convert the total \$20,000 loans at a conversion price of \$0.20 per share into 100,000 Shares under the same terms and conditions offered in this Prospectus.

8.2 \$67,100 CONVERTIBLE LOANS

In April 2010, the Company raised a total of \$67,100 by the issuance of convertible loans to 32 individual lenders. Each lender executed the same agreements all have the following terms and conditions:

- (i) (Interest): the Convertible Loan bears interest at the rate of 12% per year;
- (ii) (Repayment of Convertible Loan): the Convertible Loan and any interests accrued thereon are to be paid at the earlier of one year anniversary of the Convertible Loan and the date the Company shares are admitted to be listed on the ASX;
- (iii) (Conversion): the Convertible Loan and any interests accrued thereon may be converted to Shares in the event the Company is admitted to

be listed on the ASX. The conversion price is the same price offered at the time of listing of Shares;

- (iv) (Governing law): this agreement shall be governed by the laws of the State of South Australia.

In November 2012, the Company entered into an extension loan agreement with each of the convertible loan holder to extend the repayment term to 31 December 2013.

At the date of this Prospectus, the convertible loan holders having a total of \$67,000 loans have agreed to convert this amount at a conversion price of \$0.20 per share into 335,000 Shares under the same terms and conditions offered in this Prospectus.

8.3 LOTTERY RIGHTS AGREEMENT

In July 2011, the Company signed a Lottery Rights Agreement with Tidewell Limited ("Tidewell") for the Company to manage and operate lottery outlets in one province / municipality in China.

Tidewell has a Memorandum of Understanding ("MOU") with 3Ring International Limited ("3Ring") to establish a network of welfare lottery outlets in China. Tidewell will transfer the rights of one of the provinces in China under this MOU to the Company. The material terms of the MOU are as follows:

- (i) the parties will establish a Joint Venture company ("JVC") whereby Tidewell and 3Ring will own 51% and 49%, respectively in the equity of the JVC;
- (ii) the forecasted investment costs for the JVC is RMB50,000,000 (approximately A\$7,222,000) to open 100 lottery outlets ("Outlets") in three phases. The first phase is up to 30 Outlets, the second phase is up to 60 Outlets and the last phase is up to 100 Outlets;
- (iii) the JVC will be operating the land based chain lottery outlets and internet lottery sales channels under a unified brand;
- (iv) the JVC will sign an agreement to finalise all the details of the cooperative agreement with the local lottery commission; and
- (v) the JVC will set aside 10% of the net profits for marketing and public relations and a further 10% of the net profits for management incentives.

Under the Lottery Rights Agreement, Tidewell will receive the following share considerations:

- (i) 5,000,000 Shares upon the opening of the first Outlet;
- (ii) 25,000 Shares for each Outlet opened over a period of 3 years from the earlier of the date of opening the first Outlet and 31 March 2012; and
- (iii) Deferred performance shares calculated based on 3 times the annualised earnings at an issue price of 30 days average of the then closing price. Annualised earnings is defined as the average earnings for a period of three years from the earlier of the date of opening the first Outlet and 31 March 2012. Average earnings is defined as all revenue / sales from all the Outlets less all direct costs of Outlets operations. The payout of the Shares shall be within 60 days from the end date of the three year period.

In addition, the Company agrees to pay, a pre-existing Tidewell obligation of, 20% of its share of the profits received from the JVC to Tidewell's consultants in respect of this lottery opportunity. The parties agree that until the investment funding is paid in full from the JVC profits, the distributions received from the JVC shall be paid out as follows: 50% of the profits is paid to the Company as a return on its investment costs and the remaining 50% is used to calculate the 20% payout to Tidewell's consultants.

8.4 AGREEMENT TO PURCHASE 2D AND 3D ADVERTISING DISPLAYS

In November 2012 the Group entered into a contract and purchased 250 units of 2D and 3D displays for a total purchase price of US\$1,023,500 (A\$976,501). Delivery of these displays has been received and has been included in our subsequent event in our Pro-forma Balance Sheet in Section 7.6.

8.5 SHAREHOLDER'S LOAN

In November 2012, the Group entered into a loan agreement with Marvel Digital Limited, a company owned by our Director, Dr. Herbert Ying Chiu Lee, a shareholder to fund the purchase 2D and 3D displays totalling \$976,501 to be used for the Group's 3D advertising business. Pursuant to the terms of the loan agreement, the loan of \$976,000 will be repaid by the issuance of Shares at the same price and terms offered as at the time the Shares are listed, provided that the Shares are listed on the ASX by 31 December 2013, otherwise an interest of 5.25% per annum will be charged on the unpaid amount.

8.6 COOPERATION AGREEMENT WITH MARVEL DIGITAL LIMITED

In November 2012, CIMC entered into a cooperation agreement with Marvel Digital Limited ("Marvel") to roll out the glasses-free 3D (autostereoscopic) digital advertising solutions and services in Australia, China and Hong Kong. Pursuant to this agreement, Marvel will provide the use of its end to end glasses-free 3D (autostereoscopic) digital advertising solution and CIMC will provide the hardware mainly the 3D displays, the sales, marketing, and customer service and support. The parties shall agree to a revenue share basis based on market conditions, operating methods and contributions by the respective party. Any dispute between the parties shall be submitted to International Arbitration. This cooperation agreement has a term of three years.

8.7 AGREEMENT FOR DISPOSAL OF GUANGZHOU HWAHE CULTURE MEDIA LIMITED ("HH")

In September 2012, Guangzhou Hwahe Culture Media Limited ("HH") was sold to a third party for A\$1. As a result of the disposal, the following contracts in relation to IPTV business was also effectively sold from the Group. The list of material contracts are set out below:

- (i) Agreement with Sichuan Jin Peng Jiu Ding Media Limited for the right to operate and provide the contents for 3 television channels (Education, Home Shopping and Sports);
- (ii) Cooperative Service Agreement with Hunan Education Television Station to provide content to our IPTV Educational channel and also for the use of HETV's production, editing and studio facilities;
- (iii) Memorandum of Understanding ("MOU") with Hunan Jin Peng Jiu Ding Media Limited ("HJPJD") for a proposed joint venture to set up and operate IPTV platforms in 5 provinces in China;
- (iv) Agreement with Hunan Qi Sheng Culture & Media Limited ("Qi Sheng") to subscribe 49% shareholder's rights of Hunan Quantong Distance Education Media Limited ("Quan Tong") which was still in process at the date of disposal of HH by the Group; and
- (v) Equipment Purchase Agreement to purchase equipment from Hunan Jin Peng Jiu Ding Media Limited ("HJPJD") IPTV equipment totaling \$1,049,515.

8.8 ACQUISITION AGREEMENT FOR TOUCHE ADAPTIVE SYSTEMS PTY. LIMITED

On 8 September 2010, the Company entered into a Sale and Purchase Agreement with the shareholders of Touche Adaptive Systems Pty. Limited ("Touche"), an Australia incorporated company engaged in developing a proprietary digital signage management system for the display of images, text and video to network displays over the internet, with an intention to acquire 100% equity interest in Touche.

On 15 November 2010, the Company closed the transaction and acquired 54% equity interest in Touche by the issuance of 50% of total consideration shares of 1,355,300 Shares (the "Initial CIMC Shares"). In accordance with the agreement, if CIMC shares are successfully listed on the ASX within 2 years from the completion date, then the Initial CIMC Shares released at the completion date shall have a CIMC imposed restriction whereby:-

- (i) 30% of the initial CIMC Shares will be restricted for sale / transfer for 6 months following the date of initial quotation on the ASX;
- (ii) 40% of the Initial CIMC Shares will be restricted for sale / transfer for 12 months following the date of initial quotation on the ASX; and
- (iii) 30% of the Initial CIMC Shares will be restricted for sale / transfer for 15 months following the date of initial quotation on the ASX.

If the CIMC shares have not been approved for listing / quotation on the ASX by June 30, 2011, each selling shareholder of Touche will have an option to buy back the shares in Touche for the same number of the shares he / she owns in CIMC. At the date of this Prospectus, no qualified Touche shareholder has exercised his option.

The remaining 50% of the consideration shares of 1,355,300 Shares (the "Deferred CIMC Shares") shall be issued provided the audited profits for the calendar year 2011 ("2011 Profits") of Touche reaches the following:

- (i) If the 2011 Profits is between \$100,000 to \$124,999, then CIMC shall issues 25% of the Deferred CIMC Shares to the selling shareholders;
- (ii) If the 2011 Profits is between \$125,000 to \$149,999, then CIMC shall issues 50% of the Deferred CIMC Shares to the selling shareholders; and
- (iii) If the 2011 Profits is greater than \$150,000, then CIMC shall issues 100% of the Deferred CIMC Shares to the selling shareholders.

The Deferred CIMC Shares shall have a CIMC imposed restriction for sales / transfer for 50% of the Deferred

CIMC Shares for 6 months and the other 50% of the Deferred CIMC Shares for 12 months following the date of issue of the Deferred CIMC Shares.

As at the date of the Prospectus, the Company has been advised that Touche's 2011 Profits did not reach a level that requires the Company to issue any Deferred CIMC Shares.

8.9 AGREEMENT TO DISPOSE ENTIRE INTEREST IN TOUCHE ADAPTIVE SYSTEMS PTY LTD.

On 28 December 2010 the Company entered into a Sale and Purchase Agreement with Smoothline Limited to dispose all its interests in Touche for HK\$150,000 (approximately A\$17,000). All the terms in the agreement set out in Section 8.8 shall be adhered by the responsible parties.

8.10 LEASE AGREEMENT FOR 400 ADVERTISING SIGN BOARDS

On 22 December 2010, the Company entered into a Lease Agreement with World Class Media Sdn. Bhd. ("World Class") to lease 400 advertising sign boards from World Class from January 2011 to December 2016 for a total consideration of \$515,000, of which a promissory note of \$15,000 payable within 30 days from the date of completion was issued to World Class, and the remaining amount of \$500,000 was settled by the issuance of 2,500,000 shares in the Company in December 2010.

8.11 AGREEMENT TO ASSIGN ENTIRE INTEREST IN THE 400 ADVERTISING SIGN BOARDS

In September 2012 the Company entered into a Assignment Agreement with Maxcom Group International Limited to assign all of its rights and obligations to the 400 lease boards (Section 8.10 above) for A\$400,000.

8.12 AGREEMENT TO ACQUIRE 50% OF TAT MING

On 19 January 2011, the Company entered into a Share Option Agreement with Keen Star International (HK) Limited to subscribed 520,500 shares (equivalent to 50% equity interest) of Tat Ming Asia Limited ("Tat Ming") for a purchase consideration of A\$301,890 where the option shall terminate on the earliest of, a) the one year anniversary from the date CIMC is listed on a recognised exchange or b) eighteen months from the date of agreement.

Tat Ming is a company incorporated in Hong Kong and is engaged in the business of amusement electronic games in China.

This option expired on 19 July 2012.

8.13 EXECUTIVE SERVICE AGREEMENT WITH CON UNERKOV

On 1 November 2010, the Company entered into an Executive Service Agreement ("Agreement") with Mr. Con Unerkov on the following material terms and conditions:

- (i) (Term): the Agreement shall commence on the date when the CIMC shares are quoted on the ASX;
- (ii) (Position): Mr. Unerkov will be appointed as the Executive Chairman and Chief Executive Officer (CEO) of the Company and will:
 - (i) provide overall management of the Company as generally required by the CEO;
 - (ii) assume overall responsibility for the Company's operations including developing the market for the Company's products, managing employees and generally expanding and building the Company's business; and
 - (iii) carry out and perform all duties associated and related to this position.
- (iii) (Remuneration): Mr. Unerkov shall receive a remuneration of a salary of \$175,000 per annum and a Directors fee of \$6,000 per annum. Mr. Unerkov shall receive bonus of 10% of his annual salary at the one year anniversary of his employment agreement. Mr. Unerkov has further agreed that he will only receive the payment of the salary at the determination of the cash position from time to time with the Board, if necessary;
- (iv) (Termination): Mr. Unerkov can terminate the agreement by giving three months notice to the Company. The Company can terminate this agreement by giving three months notice or payment in lieu of notice. Furthermore, the Company can terminate this agreement without notice if Mr. Unerkov breaches a material term of the Agreement or commits an act of serious misconduct; and
- (v) (Governing Law): this agreement is governed by the laws of the State of South Australia.

8.14 EXECUTIVE SERVICE AGREEMENT WITH DR. HERBERT YING CHIU LEE

On 5 December 2012, the Company entered into an Executive Service Agreement (Agreement) with Dr. Herbert Ying Chiu Lee on the following material terms and conditions:

- (i) (Term): the Agreement shall commence on the date when the CIMC shares are quoted on the ASX;
- (ii) (Position): Dr. Lee will be appointed as an Executive Director of the Company and will:
 - (i) provide overall management of the Company as generally required by the Chief Operating Officer and Chief Technology Officer;
 - (ii) assume overall responsibility for the Company's operations including developing the market for the Company's products, managing employees and generally expanding and building the Company's business; and
 - (iii) carry out and perform all duties associated and related to this position.
- (iii) (Remuneration): Dr. Lee shall receive a remuneration of a salary of \$175,000 per annum and a Directors fee of \$6,000 per annum. Dr. Lee shall receive bonus of 10% of his annual salary at the one year anniversary of his employment agreement. Dr. Lee has further agreed that he will only receive the payment of the salary at the determination of the cash position from time to time with the Board, if necessary;
- (iv) (Termination): Dr. Lee can terminate the agreement by giving three months notice to the Company. The Company can terminate this agreement by giving three months notice or payment in lieu of notice. Furthermore, the Company can terminate this agreement without notice if Dr. Lee breaches a material term of the Agreement or commits an act of serious misconduct; and
- (v) (Governing Law): this agreement is governed by the laws of the State of South Australia.

8.15 DIRECTOR AGREEMENTS

On 1 November 2010, the other non-Executive Directors (the "Directors") entered into the same director service agreements with the Company on the following material terms and conditions:

- (i) (Term): the Director shall hold office until the next Annual General Meeting of the Company;
- (ii) (Services): the Director's services to the Company shall include, amongst others, service on the Board to monitor the management of the business and affairs of the Company in accordance with the applicable law and Memorandum and Articles of Association, and such other services mutually agreed to by Director and the Company, including service on the committees as nominated by the Board from time to time;
- (iii) (Remuneration): upon the listing of the Company's Shares on the ASX, the Director shall receive an annual fee of \$6,000 per annum for the Director's Services. The Company shall also reimburse the Director for all reasonable travel and other out-of-pocket expenses incurred in connection with the Director's Services rendered by the Director;
- (iv) (Termination): The Director may terminate this agreement at any time and the Director may be removed from or otherwise cease to hold office as a director of CIMC in accordance with the law and the Constitution; and
- (v) (Governing Law): this agreement is governed by the laws of the State of South Australia.

8.16 SERVICE AGREEMENT – THE MULLINS CONSULTING TRUST

On 1 April 2011, the Company entered into a service agreement with The Mullins Consulting Trust with ABN 75 770 097 445, (the "Consultant") on the following material terms and conditions:

- (i) (Term): the appointment of the Consultant is for a 6 month term commencing from 1 April 2011 to 30 September 2011;
- (ii) (Services): the Consultant's services to the Company shall include, amongst others, the provision of advice and assistance regarding the media industry, investment opportunities, potential mergers & acquisitions, funding arrangements and general commercial advice within the scope of the expertise of the Consultant;

- (iii) (Remuneration): the Consultant shall receive a service fee based on an hourly or daily consulting rate, as appropriate, to be paid by the issuance of Shares in the Company at \$0.20 per Share. The Consultant shall be entitled to receive 500,000 Shares in the Company at the completion of this agreement.
- (iv) (Termination): Either party may terminate this agreement at any time by giving written notice to the other party. If for breach then seven (7) days written notice, in all other cases six (6) weeks written notice; and
- (v) (Governing Law): this agreement is governed by the laws of the State of South Australia.

This agreement including the issuance of the 500,000 Shares at completion has since been extended to 31 December 2013.

8.17 DEED OF INDEMNITY AND ACCESS

Under a Deed of Indemnity and Access executed by the Company and each of the Directors, the Company must, to the maximum extent permitted by law, indemnify the Directors against any liability incurred by the Directors, except where the liability arises out of conduct involving a lack of good faith or the liability is for a pecuniary penalty or compensation order under the Corporations Act. The indemnity extends to legal costs and expenses unless they are incurred in defending civil or criminal proceedings in which the Director is found guilty, in defending proceedings brought by ASIC or a liquidator if the grounds for making the order sought by ASIC or the liquidator are found to have been established, or in instituting and maintaining proceedings in which the court denies relief to a Director.

The Company may also maintain in favour of each Director of the Company a Directors' and Officers' policy of insurance after the Company has been quoted on the Official List.

8.18 BROKER AGREEMENTS

The Company does not expect to enter into contracts with authorised brokers and dealers to assist the Company raise the capital sought under this Prospectus. However, if we enter into agreements with any broker we expect the broker fee will not be more than 7% of the funds raised.

9.0 ADDITIONAL INFORMATION

9.1 RIGHTS ATTACHING TO SHARES

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office during normal business hours by appointment with the Company on +61 8 8232 0180.

The following is a broad summary of the rights, privileges and restrictions attached to all Shares. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

9.1.1 General

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

9.1.2 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meeting of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

9.1.3 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) subject to paragraph (b) and (c), on a show of hands, each shareholder present has one vote;
- (b) where a shareholder has appointed more than one person as a representative, proxy or attorney for that shareholder, none of the representatives, proxies or attorneys is entitled to vote on a show of hands;
- (c) where a person is entitled to vote by virtue of paragraph (a) in more than one capacity, that person is entitled to only one vote on a show of hands; and
- (d) on a poll, each shareholder present:
 - (i) has one vote for each fully paid Shares held; and
 - (ii) for each other Share held has a fraction of a vote equivalent to the proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited) for the Share. When calculating this proportion, amounts paid in advance of a call are to be ignored.

9.1.4 Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend, all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

9.1.5 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders the assets and property of the Company and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

Without prejudice to the rights of the holders of Shares issued upon special terms and conditions, the assets and property available for distribution among the shareholders shall be distributed amongst the shareholders entitled to the assets and property in proportion to the number of Shares held by them irrespective of the amounts paid up on the Shares.

9.1.6 Transfer of Shares

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

9.1.7 Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

9.2 LEGAL PROCEEDINGS

The Company is not and has not been, during the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.3 TAXATION IMPLICATIONS

The acquisition and disposal of Securities will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the taxation and other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no responsibility or liability in respect to the taxation consequences of subscribing for Shares under this Prospectus.

The Company has not filed the corporate tax return as it is seeking clarification on the submission of the accounts for the relevant tax period.

9.4 DISCLOSURE OF INTEREST AND FEES

9.4.1 Interests of Directors

Except as otherwise set out herein, no Director named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer.

9.4.2 Directors' Remuneration

The Directors will be entitled to be remunerated (amount per annum) as set out below:

Table 9.1 – Directors' Remuneration

Name	Position	Amount p/a (A\$)
Con UNERKOV ⁽¹⁾	Executive Chairman	181,000*
Herbert Ying Chiu LEE ⁽²⁾	Executive Director	181,000*
Bing HE ⁽³⁾	Non-Executive Director	6,000*
Loui KOTSOPOULOS ⁽³⁾	Non-Executive Director	6,000*

(*) Salaries and board fees commence and are only payable upon listing of the Company's shares on the ASX.

(1) Refer to Section 8.13 in this Prospectus.

(2) Refer to Section 8.14 in this Prospectus.

(3) Refer to Section 8.15 in this Prospectus.

In addition, the Directors are entitled to be remunerated or receive benefits from the Company as follows:

- (i) If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above; and
- (ii) Directors are also entitled to travelling expenses for or in connection with any journeys undertaken by them on the Company's business.

The remuneration of executive Director may from time to time be fixed by the Board. The remuneration may be by way of salary or commission or participation in profits. Except as disclosed in this section, no other remuneration will be payable to an executive Director

9.4.3 Directors' and Officers' Relevant Interests in Securities

The relevant interests of the Directors and their related parties as defined in Accounting Standard AASB 1017, in securities of the Company, as will exist immediately prior to the issue of Shares are as follows:

Table 9.2 – Directors' Interests in Shares

Name	Shares
Herbert Ying Chiu LEE	8,336,266
Con UNERKOV ⁽¹⁾	2,828,383
Bing HE ⁽²⁾	2,914,847
Loui KOTSOPOULOS	10,000

(1) Mr. Unerkov holds 200,000 Shares directly and 10,000 Shares indirectly through each of Intek Solutions Pty. Limited ("Intek") and Unerkov Enterprises Pty. Limited, both of which are owned and controlled by Mr. Unerkov, and 2,608,383 Shares beneficially owned through Intek's 49% beneficial ownership in Tidewell Limited, which holds 49% equity interests in Jademan International Limited ("Jademan"). Jademan directly holds 10,863,734 shares of CIMC.

(2) Mr. He holds 200,000 Shares directly and 2,714,847 Shares indirectly through his 51% beneficial ownership in Tidewell Limited, which holds 49% interests in Jademan. Jademan directly holds 10,863,734 shares of CIMC.

9.4.4 Director's Retirement Benefits

There are no Directors' retirement benefits under any contracts or plans entered into between the Company and any Director and no such agreements are presently contemplated to be entered into.

9.4.5 Related Party Transactions

As at the date of this Prospectus, the Company has the following transactions with related parties:

- (i) In March 2009, the Company entered into a \$40,000 term loan agreement with Intek Solutions Pty. Ltd., a company owned and controlled by a director of the Company, Mr. Con Unerkov. The loan is unsecured, bears interests at 8% per annum and is repayable on or before 30 September 2011 and was subsequently extended to 31 December 2013. Intek has agreed to convert this loan into New Shares under the same terms and conditions offered in this Prospectus.
- (ii) In July 2011, the Company entered into a Lottery Rights Agreement with Tidewell Limited, a company owned and controlled by Messrs. Con Unerkov and Bing He, both directors of the Company. This Lottery Rights Agreement transfers the right to manage and operate lottery outlets in one province / municipality in China, and the Company shall pay Tidewell certain share consideration based on the number of outlets opened and earnings achieved in three years. The material terms of this Lottery Rights Agreement are set out in Section 8.3 of this Prospectus.
- (iii) In November 2012, the Company entered into a Loan Agreement with a company in which our director Dr. Herbert Ying Chiu Lee owns to fund the purchase of 2D & 3D displays totaling \$976,501 to be used for the Group's 3D advertising business. The material terms of this Loan Agreement is set out in Section 8.5 of this Prospectus. Pursuant to the terms of the Agreement, the loan of \$976,000 will be paid by the issuance of Shares at the same price and terms offered as at the time the Shares are listed, provided that the Shares are listed on the ASX by 31 December 2013, otherwise an interests of 5.25% per annum will be charged on the unpaid balance. The issuance of 4,880,000 Shares for the conversion of this loan has been included in the Pro-Forma balances at 17 October 2012 in Section 7.6.
- (iv) In December 2012, Jademan International Limited ("Jademan") a company our Directors beneficially owns 49% and our Director is the sole director, agreed to convert \$70,000 of the amount owed by the Company to Jademan by the issuance of Shares at the same price and terms offered in this Prospectus, provided that the Shares are listed on the ASX by 31 December 2013.

- (v) In November 2012, the Company entered into a Revenue Share Agreement with Marvel Digital Limited ("Marvel"), a company owned and controlled by our Director, Dr. Herbert Ying Chiu Lee. Pursuant to the Revenue Share Agreement, Marvel will provide the use of its end-to-end solution glasses-free 3D (autostereoscopic) digital advertising solution and CIMC will provide the hardware mainly the 3D displays, the sales, marketing, and customers services and support. The parties shall agree to a revenue share basis based on market conditions, operating methods and contributions by the respective parties. The details of this agreement is set out in Section 8.6.

9.5 COST OF THE OFFER

The estimated costs associated with the Offer are as follows:

Table 9.3 – Cost of the Offer

Description	Minimum Subscription	Full Subscription
	(\$3,000,000)	(\$5,000,000)
	\$	\$
Australian Legal Fees	5,000	5,000
Hong Kong Legal Fees	5,000	5,000
Others – including registry fees, listing fees, printing and travel expenses	58,295	58,295
Total	\$68,295	\$68,295

9.6 INTERESTS OF ADVISORS AND EXPERTS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- has any interest, or has had any interest during the last 2 years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; and
- no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

PKF Corporate (SA) Pty. Ltd. ("PKF") have acted as the investigating accountant to CIMC in connection with the Offer and have prepared the Investigating Accountant's Report. They have previously been paid A\$11,000 for these services. Other than as set out in this Prospectus, PKF has not received any fees from the Company during the 24 months preceding lodgement of this Prospectus.

9.7 CONSENTS

Each of the parties referred to in this section:

- (i) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (ii) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

PKF Corporate (SA) Pty. Ltd. has given their written consent to being named as investigating accountants and to the inclusion of the Investigating Accountant's Report in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

DFK Gray Perry Pty. Ltd. has given their written consent to being named as auditor in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Security Transfer Registrars Pty. Ltd. has given their written consent to being named as share registry in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

9.8 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00 / 044, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus and electronic Application Form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an Electronic Prospectus or electronic Application Form, subject to compliance with certain conditions.

If investors have received this Prospectus as an Electronic Prospectus, investors should ensure that they have received the entire Prospectus accompanied by the Application Forms. If not, investors should contact the Company who will send investors, free of charge, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, investors may obtain a copy of the Prospectus from the Company's website at www.chinamedia.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9.9 DISCLOSURE AND REPORTING OBLIGATIONS

CIMC will be subject to regular reporting and disclosure obligations in accordance with the continuous disclosure requirements of the Corporations Act.

Information will be communicated to the Shareholders in the following forms:

- (i) annual and half yearly financial; and
- (ii) annual and other general meetings convened for Shareholder review and approval of Board proposals.

The auditor is invited to attend the Annual General Meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report in accordance with the Corporations Act.

9.10 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of applications under this Prospectus are governed by the law applicable in the State of South Australia, and each Applicant submits to the non-exclusive jurisdiction of the courts of the State of South Australia.



The Directors of the Company report that for the purposes of Section 731 of the Corporations Act, they state that they have made all enquiries that were reasonable in the circumstances and have reasonable grounds to believe that any statements by them in this Prospectus are true and not misleading or deceptive, and that with respect to any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716(2) of the Corporations Act and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

Each Director of the Company consents to the lodgement of this Prospectus with ASIC, and has not withdrawn that consent prior to this Prospectus being lodged.

This Prospectus is prepared on the basis that:

- certain matters may be reasonably expected to be known to professional advisers of the kind with whom Applicants may reasonably be expected to consult; and
- information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

Signed by order of the Board for and on behalf of China Integrated Media Corporation Limited by,

Con Unerkov

Mr. Con Unerkov
Chairman
11 December 2012

These definitions are provided to assist investors in understanding some of the expressions used in this Prospectus:

A\$, \$ and AUD	Australian dollars (and reference to cents are to Australian cents) unless otherwise indicated
Applicant(s)	Person(s) subscribing for Shares under this Prospectus
Application Form	An Application Form attached to or accompanying this Prospectus
Application Monies	Monies received from Applicants in respect of their Application(s)
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited (ABN 98 008 624 691)
Board	The Board of Directors of China Integrated Media Corporation Limited
Close of Registers	5:00 pm CST on the Closing Date
CHESS	ASX Clearing House Electronic Sub-Registry System
Closing Date	25 January 2013 or such other date as determined by the Board
Company or CIMC or Group	China Integrated Media Corporation Limited ABN 98 132 653 948 and its controlled Entities
Corporations Act	The Corporations Act 2001 (cth)
CST	Central Standard Time
Directors	The Board of Directors of the Company as at the date of this Prospectus
Electronic Prospectus	The electronic version of this Prospectus
Exposure Period	The seven day period beginning on the day after lodgement of this Prospectus with ASIC, unless extended by ASIC under Section 727 (3) of the Corporations Act, and ending no later than fourteen days after lodgement of this Prospectus
Fully Paid Share	A fully paid Ordinary Share in the Company issued at \$0.20
Holding Statements	Holding statements for shares under CHESS
Issue Price	\$0.20 per New Share
Listing Rules	Listing rules of ASX
New Share	A Share to be issued pursuant to this Offer
Offer	The offer of New Shares under this Prospectus
Offer Period	The period from the Opening Date to the Closing Date
Official List	The Official List of entities that ASX has admitted and not removed
Opening Date	2 January 2013
PRC or China	People's Republic of China
Prospectus	This Prospectus dated 11 December 2012 as modified or varied by any replacement or supplementary Prospectus made by CIMC and lodged with the ASIC from time to time and any electronic copy of this Prospectus, replacement prospectus and supplementary Prospectus
RMB	Chinese Yuan Renminbi
Securities	Shares
Shareholder	A holder of Shares in the Company
Shares	Fully paid ordinary share in the capital of the Company



Chartered Accountants
& Business Advisers

10 December 2012

The Directors
China Integrated Media Corporation Limited
Suite 5, Level 2
187 Rundle Street
Adelaide SA 5000

Dear Sirs

Investigating Accountant's Report

Introduction

We have prepared this report at the request of the directors of China Integrated Media Corporation Limited ("CIMC" or "the Company") for inclusion in a prospectus to be issued by the Company on or about 11 December 2012 for the purpose of listing the securities of the Company on the Australian Securities Exchange ("ASX").

Financial Information

The historical and pro-forma financial information is set out in section 7 of the prospectus. This financial information comprises:

- > Consolidated statement of comprehensive Income for the years ended 31 December 2011 and 2012 audited by DFK Gray Perry Chartered Accountants and the period from 1 January 2012 to 17 October 2012 which has been reviewed by DFK Gray Perry, Chartered Accountants.
- > Consolidated Statement of Financial Position at 31 December 2011 and 2012 audited by DFK Gray Perry, Chartered Accountants and at 17 October 2012 which has been review by DFK Gray Perry, Chartered Accountants.
- > Summary of Consolidated Statement of Cash Flow for the years ended 31 December 2011 and 2012 audited by DFK Gray Perry, Chartered Accountants and for the period from 1 January 2012 to 17 October 2012 which has been reviewed by DFK Gray Perry, Chartered Accountants.
- > Consolidated Pro-forma Statements of Financial Position at 17 October 2012 giving details for the Minimum Subscription and the Full Subscription. These Pro-forma Statements of Financial Position have been reviewed by PKF Corporate (S.A.) Pty Ltd and are based on the reviewed Statement of Financial Position at 17 October 2012 adjusted for material transactions proposed in the prospectus.
- > Notes to the Financial Statements.

Tel 618 7421 1400 | Fax 618 7421 1499
adelaide@pkf.com.au | www.pkf.com.au
A South Australian Partnership | ABN 21 903 784 597
Level 2 | 139 Frome Street | Adelaide | South Australia 5000
GPO Box 2505 | Adelaide | South Australia 5001

PKF Adelaide Audit Practice is a member of PKF Australia Limited a national association of independent chartered accounting and consulting firms each trading as PKF, PKF Australia Limited is a member of PKF International, an association of legally independent chartered accounting and consulting firms.

Liability limited by a scheme approved under Professional Standards Legislation.



Chartered Accountants
& Business Advisers

Directors' Responsibility for the Financial Information

The Directors of CIMC are responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and for the accounting policies and accounting estimates inherent in the financial information.

Our Responsibility for the Financial Information

Our responsibility is to express a conclusion on the financial information based on our review.

We have reviewed the historical and pro-forma financial information in accordance with the Standard on Review Engagements ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". Our review procedures included enquiries of directors, review of the application of accounting standards and policies, and applying analytical and other review procedures.

These review procedures are substantially lesser in scope than an audit examination conducted in accordance with Australian Auditing Standards. Accordingly the level of assurance given is less than that given in an audit and therefore we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Consolidated Pro-forma Statements of Financial Position at 17 October 2012, set out in section 7.6 of the prospectus, do not present fairly in all financial respects the Consolidated Pro-forma Statements of Financial Position at 17 October 2012, assuming the transactions proposed in the prospectus are completed, and are in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Interpretations), and the accounting policies adopted by CIMC as disclosed at section 7.7 of the prospectus.

Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events outside of the ordinary course of business of the Company, subsequent to 17 October 2012 which are not otherwise disclosed in the prospectus, which require comments upon or adjustment to the information referred to in this report or which would cause such information to be misleading or deceptive.

Independence

PKF Corporate (S.A.) Pty Ltd does not have any interest in the outcome of the matters relating to the issuing of this prospectus other than in connection with the preparation of this report for which normal professional fees will be received.



Chartered Accountants
& Business Advisers

Disclaimer

PKF Corporate (S.A.) Pty Ltd was not involved in preparation of any part of the prospectus except this report. We express no opinion as to the completeness or accuracy of the information contained in the prospectus. Further, PKF Corporate (SA) Pty Ltd makes no recommendations to investors regarding participation in the offer.

Consent

PKF Corporate (S.A.) Pty Ltd has given consent for the inclusion of this report in the prospectus and has not withdrawn this consent at the date of this report.

Yours faithfully
PKF Corporate (S.A.) Pty Ltd

A handwritten signature in blue ink, appearing to read 'P J Whelan', written over a light blue horizontal line.

P J Whelan

Director

Email: peter.whelan@pkf.com.au

For personal use only

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED DECEMBER 11, 2012 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

This Application Form relates to the Offer of Fully Paid Shares in China Integrated Media Corporation Limited pursuant to the Prospectus dated December 11, 2012.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

Monies should be deposited to the following bank account using the **applicants name as reference**. Payment by electronic transfer to: **ACCOUNT NAME: China Integrated Media Corporation Ltd. BANK: Commonwealth BSB: 065-000 ACCOUNT: 11169507**. Please post, fax or scan and email a copy of your bank receipt together with this application form to China Integrated Media Corporation Ltd.

If payment can not be made electronically then a cheque(s) or bank draft(s) payable to China Integrated Media Corporation Limited must be forwarded together with your completed Application form. Your cheque(s) or bank draft(s) must be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cash should not be forwarded.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:
China Integrated Media Corporation Limited
PO Box 1171
North Adelaide SA 5006

Applications must be received by no later than 5.00PM CST on the Closing Date January 25, 2013 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to China Integrated Media Corporation Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

	<u>CORRECT</u>	<u>INCORRECT</u>
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), Do not use the name of the trust.	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Superannuation Funds Use the name of the trustee(s) of the super fund.	Jane Smith Pty Ltd <JSuper Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT Personal information is collected on this form by the Company and Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by the Company and Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact the Company.

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Corporate Directory

Directors

Mr. Con UNERKOV
Executive Chairman & CEO

Dr. Herbert Ying Chiu LEE
Executive Director

Mr. Bing HE
Non-Executive Director

Mr. Loui KOTSOPOULOS
Non-Executive Director

Company Secretary

Mr. Con Unerkov

Chief Financial Officer

Mr. Con Unerkov (Acting CFO)

Australian Business Number

98 132 653 948

Registered and Principal Office

Suite 5, Level 2
Malcolm Reid Building
187 Rundle Street
Adelaide SA 5000

Phone : + 61 8 8232 0180

Fax : + 61 8 8312 0248

Email

info@chinamedia.com.au

Website

www.chinamedia.com.au

Investigating Accountant

PKF Corporate (SA) Pty Ltd
Level 2, 139 Frome Street
Adelaide SA 5000

Phone : + 61 8 7421 1400

Fax : + 61 8 7421 1499

Auditors

DFK Gray Perry Pty Ltd
1st Floor, 89-92 South Terrace
Adelaide, SA 5000

Phone : + 61 8 8121 2366

Fax : + 61 8 8231 5035

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Phone : + 61 8 9315 2333

Fax : + 61 8 9315 2233

Proposed ASX Code

CIK

For personal use only

For personal use only



China Integrated Media Corporation Limited
Suite 5, Level 2, Malcolm Reid Building
187 Rundle Street, Adelaide SA 5000
Phone: +61 8 8232 0180 Fax: +61 8 8312 0248