

Information Memorandum

excluded offer

MEDIA

ADVERTISING

OUTDOOR

WIRELESS

AUDIOVISUAL



Information Memorandum

23 December 2005

For the issue of Shares in

FLASH MEDIA GROUP LIMITED

ACN 117 646 269

The Offer being made pursuant to this Information Memorandum is being made to professional and sophisticated investors and others who do not require a disclosure document under Chapter 6D of the Corporations Act 2001 and accordingly this Information Memorandum has not been prepared in accordance with the disclosure requirements of that legislation. The Directors reserve the right to require production of evidence from investors as to compliance with section 708 of the corporations Act 2001.

Shares in Flash Media Group Limited ("Flash Media") should be viewed as a speculative investment. This Information Memorandum 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. Specifically, this Information Memorandum has not been lodged or registered under the securities or investment laws of China, United Kingdom, the United States of America or any other country. Each recipient is responsible for ensuring compliance with applicable securities and investment laws in their country of residence. The Directors reserve the right to require production of evidence or other assurances as to compliance by Flash Media or potential investors with foreign securities and investment laws.

Potential investors receiving this Information Memorandum should carefully consider risks associated with investment in Shares in Flash Media and should also consider their personal circumstances (including financial and taxation circumstances) and seek appropriate professional advice before deciding whether to invest in Flash Media.

Contents	Page
Investment Highlights	2
1. Investment Overview	3
2. Offer Details	6
3. The Team	8
4. Additional Information	10
5. Financial Information	13
6. Investment Risks	15
Glossary	18
Corporate Directory	19
Application Form	

Disclaimer

Neither Flash Media nor its Founding Members, promoters, Directors, officers, managers, employees, agents, advisers, consultants or contractors makes or gives any representation, warranty or undertaking (whether contractual or non-contractual and whether expressed or implied) in relation to or assumes any responsibility whatsoever for the authenticity, origin, validity, accuracy or completeness of, or accepts any liability whatsoever for any damages, losses or expenses resulting from any errors in or omissions from, the information, statements, comments, forecasts, projections, assumptions, estimates, opinions or other contents set out in this Information Memorandum or otherwise provided to recipients of this Information Memorandum or their advisers.

No Founding Member, promoter, Director, officer, manager, employee, agent, adviser, consultant or contractor of Flash Media is authorised to make any such representation, warranty or undertaking or accept any such responsibility or liability on behalf of Flash Media or any other person.

The information contained in this Information Memorandum is not intended to provide, and should not be taken as, the basis for any credit or investment decision nor to constitute a recommendation by Flash Media that any recipient should participate in the sale or purchase of any interest in Flash Media or the provision of funds to any person for that purpose.

Each recipient of this Information Memorandum must make (and will be deemed to have made) his/her or its own independent assessment of the transaction and of the relevance and adequacy of the information contained in the Information Memorandum, and such investigations and enquiries as he/she or it deems necessary to determine his/her or its interest in Flash Media.

Neither this Information Memorandum nor the information contained in it or any other information or representation supplied or made in connection herewith shall form the basis of any contract, arrangement or understanding. The delivery of this Information Memorandum at any time does not imply that the information contained herein is correct or complete at that time or that there has been no change in the operations, financial condition, prospects, creditworthiness, status or affairs of Flash Media or any other person associated with Flash Media since the date shown on this Information Memorandum.

Flash Media does not undertake any obligation to provide recipients of this Information Memorandum with additional information or to update this Information Memorandum or correct any inaccuracies or incompleteness in the Information Memorandum which may become apparent or known.

Nothing in this section limits or avoids any liability of Flash Media, its Founding Members, promoters, Directors, officers and managers which cannot by law be limited or excluded.



INVESTMENT HIGHLIGHTS

- *Creating a new advertising sector with innovative out-of-home advertising networks in Australia.*
- *Experience over the last 2 years in China has proved the new out-of-home advertising sector to be highly successful.*
- *Advertising targeting desirable and segmented consumer audiences within commercial buildings and real estate offices.*
- *Outdoor advertising market in Australia was \$327 million in 2004 and \$154 million in the first half year 2005.*
- *No established competitors in Flash Media's specific chosen sectors and opportunity to create high barriers to entry for potential competitors.*
- *Management with technical expertise to set up the new business platform.*
- *Low cost and efficient network system.*

The above information should be read in context with the whole Information Memorandum.



INVESTMENT OVERVIEW

1.1 Company Overview

Flash Media Group Limited ACN 117 646 269 is a newly formed Australian unlisted public company with the objective to develop a new business platform in the advertising industry in Australia. It plans to install audiovisual advertising displays in commercial buildings, real estate offices and other out-of-home commercial locations setting up advertising networks to target desirable and segmented consumer audiences.

1.2 Nature of the Business

Flash Media plans to establish innovative out-of-home advertising networks in major cities in Australia using audiovisual flat-panel liquid crystal displays (LCDs) to broadcast advertising .

Revenue will be derived principally by selling advertising time slots on the networks within the outdoor advertising sector of Australia. The LCDs are to be placed at two main location types:

- (a) targeting high-traffic areas of commercial office buildings such as in lobbies and near elevators, as well as in large shopping centres, banks, post offices and other venues that have a high concentration of consumers with higher-than-average disposable incomes; and
- (b) offices of real estate agents advertising properties for sale or lease and real estate related services and products capturing an audience visiting these offices for specific purposes and providing an attractive replacement to traditional plane advertisements in window displays.

The networks will focus in providing a targeted and cost-effective way for advertising clients to reach segmented consumer groups with relevant demographic characteristics. LCDs in different locations of the networks can have advertising contents programmed to target consumers who are likely to be interested in particular types of products and services.

By placing the LCDs in locations with captive and low distraction environment the networks aim to achieve higher consumer recall rates of advertisements than traditional television advertisements. Overseas experience shows consumers on average recalled more advertisements viewed on the type of network to be established by Flash Media than on other forms of media such as traditional television or outdoor billboards.

In addition, the planned low installation and maintenance costs for operating the networks should allow Flash Media to grow the business rapidly and efficiently.

1.3 The Industry

The advertising market in Australia is large with major media expenditure in 2003 totalling \$9.36 billion (up 7.9% from 2002) with \$2.7 billion on television and \$485 million on radio. The outdoor advertising sector reached \$327 million in 2004, a 10% increase over 2003, and steady growth has continued in 2005 with expenditure increasing 7% to \$154 million in the first half year of 2005.



Flash Media's sector of the advertising industry is referred to as out-of-home television advertising and will be a new sector in Australia, although that sector has been established for over 3 years in overseas markets, in particular China. The competitive advantage of Flash Media will be its ability to target desirable and segmented consumer audiences and it achieving comparatively higher recall rates compared to other media.

1.4 The Markets

Commercial Buildings Networks

The population and the number of high rise commercial buildings in the major cities of Australia are approximately as follows:

	POPULATION	NO. OF HIGH RISE BUILDINGS
Sydney	4,202,000	983
Melbourne	3,560,000	609
Brisbane	1,733,000	243
Perth	1,433,000	144
Adelaide	1,120,000	124
Darwin	108,000	25
TOTAL	12,156,000	2,128

Flash Media aims to instal on average 5 LCDs in a building which makes a potential total market size of 10,600 LCD installations in the major cities in Australia.

Real Estate Offices Networks

The number of real estate agents in the three major cities in Australia are as follows:

Sydney	4,388
Melbourne	2,466
Brisbane	1,765
TOTAL	8,619

Flash Media aims to instal on average 6 LCDs in a real estate office window which makes a potential total market size of 51,700 LCD installations in the three most populated cities in Australia.

Both types of advertising networks are new to Australia and it will be the challenge for Flash Media to achieve the highest level of acceptance and penetration in these markets.

There is insignificant competition in outdoor advertising in commercial buildings in Australia. Only one company has installed advertising and information displays in approximately 20 high rise commercial buildings with no audio facility.

There is no known competition in outdoor advertising in real estate offices in Australia and real estate agents currently use traditional plane window display advertising for their properties. Flash Media believes this market would embrace the new technology having regards to its efficiency and low maintenance cost.

1.5 Business Strategy

The committed focus of the Company is to generate revenue as promptly as possible from the creation of a new sector in the Australian advertising industry based on a model that has been successfully established over the last two/three years in China by two companies.

Flash Media has the technological expertise to seek to replicate the successes seen in China. It is in the enviable situation where competition in the chosen sector of advertising is almost non-existent. Flash Media will however need to compete for advertising expenditure with other advertising medium.

Flash Media has already raised \$750,000 as a first level of seed capital to enable it to acquire initial equipment, stock of LCDs and engage personnel with the relevant technology, marketing and advertising experience and expertise to lay the foundation from which to build the business.

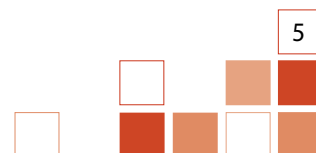
The next step is to secure display placement agreements with the maximum number of high rise commercial property owners with exclusivity and renewal terms in order to create high barriers to entry for potential competitors. The Company will need to show financial capability, with bank guarantees, to be able to enter into these property occupancy agreements. Therefore, a second level of seed capital of up to \$1,800,000, with the flexibility to accept oversubscriptions is being raised under this Information Memorandum to achieve this next step before any competitors enter Flash Media's market.

Once a significant number of display locations have been secured, the Company would be able to market aggressively its facilities to potential advertising clients for the commercial building locations.

Concurrently with the securing of display placement agreements, Flash Media will continue to aggressively market the placement of the LCDs at real estate offices.

As the business momentum is built up, more substantial development capital will be required. It is the intention of Flash Media to then seek capital through an initial public offering. However there is no guarantee that the Company will proceed to an initial public offering, if at all, and there is currently no timetable for an initial public offering.

The strategy may change according to the speed of development of the Company's business and subject to advice from experts at the time.



OFFER DETAILS

2.1 The Offer

Flash Media is seeking to raise seed capital of up to \$1.8 million by the issue of up to 6,000,000 Shares at \$0.30 per Share to New Investors who would qualify as professional or sophisticated investors or who would not require a disclosure document under section 708 of the Corporations Act 2001. The Directors reserve the right to accept oversubscriptions over \$1.8 million.

2.2 Capital Structure

The capital structure of Flash Media following completion of the Offer, assuming the Offer is fully subscribed is summarised below:

	%	Shares
Issues to Directors, Founding Members, staff and consultants	79.3	23,000,000
Shares offered to potential New Investors	20.7	6,000,000
Total	100.0	29,000,000

The Company has on issue 11,500,000 Options over unissued Shares exercisable at \$1.00 per Share on or before 30 June 2011.

2.3 Application of Proceeds of the Issue

It is proposed that the capital raised under this Information Memorandum be applied as follows assuming the Issue is fully subscribed:

	\$
Expenses of the Offer	30,000
Working capital	1,770,000
Total funds raised from the Offer	1,800,000

If less than \$1,800,000 is raised pursuant to the Offer then the amount available for working capital will be reduced as appropriate. Conversely if oversubscriptions are accepted, the amount available for working capital will be increased.

2.4 Right to Close or Cancel Offer

The Directors generally reserve the right to close the Offer without prior notice. The Directors also reserve the right not to proceed with the Offer. In that case, Application Money will be returned without interest.

2.5 Minimum Subscription

There is no minimum subscription. The Directors may close the Offer at any time when the Directors consider that adequate funds have been raised.

2.6 How to Apply

Application for Shares under the Offer can be made by completing the Application Form accompanying this Information Memorandum and submitting it to Flash Media together with the Application Money.

2.7 Unlisted Shares

Flash Media's Shares are not listed on any stock exchange and therefore there is not at present a ready market for Shares. The Directors may seek to apply for admission of the Shares on a stock exchange in future if circumstances allow but no assurance can be given that this will occur soon or at all.

2.8 Secondary Trading

New Investors subscribing for Shares, by virtue of such subscription, will be deemed to have acknowledged and agreed that:

- Flash Media does not issue the Shares with the purpose of the investor selling or transferring the Shares, or granting, issuing or transferring interests in or options over the Shares; and
- the New Investor does not acquire the Shares with the purpose of selling or transferring the Shares, or granting, issuing or transferring interests in or options over the Shares, within 12 months of the date of issue except by way of sale or transfer in that 12 months in circumstances not requiring a disclosure document under chapter 6D of the Corporations Act 2001 (ie to sophisticated or professional investors under section 708(8) or (11)).

THE TEAM

3.1 Charles Wright *Chairman*

Charles has over 30 years experience in corporate advisory services and chairs the Sydney-based Wright Corporate Group. He has advised a wide range of business sectors and his clients included Telstra, Canwest Global, Nestle, Colliers International, PNE Electronics, Computer Power and listed mining and energy entities such as Sydney Gas Ltd, Energy Resources Australia Ltd and Minerals Corporation Limited. He has an extensive network of relationships with government authorities in Australia at Federal, State and local levels, being well known at senior minister and heads of department level. He was Vice President of the New South Wales Employers Federation, Chairman of the Australian Capital Territory Tourist Commission, Council Member of the Australian War Memorial and President of Sydney Legacy. Charles brings vast opportunities to Flash Media to build a presence in the Australian business community.

3.2 Gang Zhuo *Director – Chief Executive Officer*

Gang holds a Bachelor of Electronic Automatic Control from the University of ZheJiang Radio and TV University. He has over 20 years experience in the electronic industry having previously been employed for five years as Chief Engineer in an Australian company and having operated his own business in the electronic and home appliance service industry for approximately 10 years. Gang's expertise in electronics and experience in business will be a driving force in building the Company and in implementing its business strategy.

3.3 John Wang *Non-Executive Director*

John holds a Bachelor of Computer Science from Shanghai University and a Master of Business Administration from the University of Technology Sydney . He is a Justice of Peace with more than 15 years experience in the accounting profession in Australia and is the principal of an accounting practice based in Sydney. He is a Federal member of the Taxation Institute of Australia, a member of Professional National Accountant and a member of the Financial Planner Association. John's finance and accounting background will be valuable in providing guidance on financial management and chairing the audit committee and the remuneration committee of the Board.

3.4 Patrick Sam Yue
Company Secretary

Patrick is a Chartered Accountant, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Financial Services Institute of Australasia and a member of the Institute of Company Directors. He started his career in accountancy in London with Coopers & Lybrand where he worked for 8 years until 1982. He came to Australia in 1985, after having worked in Africa and the Middle East. His financial management and corporate experience in Australia spans over more than 20 years in senior financial executive and company secretary positions including within listed entities Ord River Resources Limited, Eastern Star Gas Limited, Sydney Gas Ltd, Minerals Corporation Limited, Beach Petroleum Limited and Claremont Petroleum NL. Patrick's experience with public listed companies will assist Flash Media in adopting a high standard of corporate governance.

3.5 Mark Sneddon
Business Development Manager – Commercial Buildings

Mark holds a Diploma in Architectural Drafting and has over 25 years experience in the design and building industry in Australia with an emphasis on sales and marketing and an added experience of having operated his own business. Mark's experience with commercial buildings and keen design sense will contribute to Flash Media selecting and negotiating appropriate locations for the audiovisual advertising displays.

3.6 Robin Singh
Business Development Manager – Real Estate Offices

Robin is an Associate of the Real Estate Institute of New South Wales and the Estate Agents Co-operative. He has over 15 years experience in sales and marketing in the real estate industry in Australia, having achieved several high achievers awards in one of his previous real estate office. Robin's intimate knowledge of the real estate industry will assist in implementing Flash Media's business strategy of securing audiovisual display locations within real estate offices.

3.7 Craig Burkill
Account Advertising

Craig has over 20 years experience in the advertising industry in Australia following an initial career in public relations and advertising in Hong Kong. His professional experience included managing large advertising sales teams to the entrepreneurial organisation, in establishing and growing successful publishing ventures. More recently he has been involved in direct client and agency advertising sales with a publishing company focussing on lifestyle and finance advertisers targeting a high net worth audience. Craig's experience will be valuable in building Flash Media's advertising sales team and customer base as well as developing the Flash Media brand.



ADDITIONAL INFORMATION

4.1 Rights Attaching to Shares

Shares issued under this Offer will rank equally in all respects with all other Shares on issue. The rights attaching to Shares are derived through a combination of statute, Flash Media's constitution, common law and other applicable legislation. The following is a broad summary (though not an exhaustive or definitive statement) of the rights which are attached to Shares.

Voting Rights

At a general meeting each shareholder present in person or by proxy, company representative or attorney is entitled to one vote on a show of hands. Upon a poll, every shareholder present in person or by proxy, company representative or attorney is entitled to one vote for each fully paid share that the shareholder holds.

General Meetings

Each shareholder is entitled to receive notice of and to be present, to vote and to speak at a general meeting of Flash Media. Further, each shareholder is entitled to receive all notices, accounts and other documents required to be furnished to shareholders under the constitution of Flash Media or the Corporations Act 2001.

Dividend Rights

There is no entitlement to a dividend other than that determined by Directors from time to time. The Shares will rank equally with all other issued Shares in the capital of Flash Media for the purposes of participation in any dividend paid out of profits of Flash Media. The Directors are not anticipating paying dividends at this stage of Flash Media's development.

Rights on Winding-up

The rights to any surplus arising on a winding-up of the Company will be divided in accordance with the winding-up provisions of the Corporations Act 2001.

Transfer of Shares

Subject to the constitution of Flash Media and the Corporations Act 2001, Shares are freely transferable. Shares may only be transferred by a proper instrument in writing delivered to Flash Media, and the transferor is deemed to remain the holder of the Share until the name of the transferee is entered into Flash Media's register of members.



Future Increases in Capital

The allotment and issue of Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the constitution of Flash Media and the Corporations Act 2001, the Directors may allot, issue or otherwise dispose of new Shares on such terms and conditions as they determine.

4.2 Rights Attaching to Options

The terms and conditions of the Options are summarised as follows:

- The Options expire at 5:00pm EST on 30 June 2011 ("Expiry Date"). Any Option which has not been exercised prior to the Expiry Date automatically lapses.
- Each Option entitles the holder to subscribe for one Share upon payment of the exercise price of \$1.00 to the Company.
- The Options are exercisable in whole or in part, by notice in writing to the Company, at any time prior to the Expiry Date.
- Holders of Options will be permitted to participate in new issues of securities on the prior exercise of the Options in which case the Option holders will be afforded at least ten Business Days notice prior to and inclusive of the record date (to determine entitlements to the issue), to exercise the Options.
- Shares issued on exercise of the Options will be issued not more than three Business Days after receipt of a properly executed "Form of Notice of Exercise of Options".
- Shares allotted or issued pursuant to the exercise of Options will rank equally with the then issued Shares of the Company.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of issued capital of the Company, the number of Options or exercise price of the Options, or both, shall be reconstructed in a manner provided by the listing rules of ASX irrespective whether the Company is listed on ASX or not.

4.3 Inspection of Documents

A copy of Flash Media's constitution may be inspected at the registered office of Flash Media during normal business hours by appointment with the Company Secretary.

4.4 Taxation

The acquisition and disposal of Shares may have taxation consequences which will differ depending on the specific financial circumstances of each investor. All prospective investors are urged to seek independent financial advice about the consequences of acquiring Shares, from both a tax and a more general viewpoint.



4.5 Litigation

The Company is not involved in any legal proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

4.6 Regulatory Costs

The Federal and State governments of Australia may impose additional costs on the Company by way of new or amending legislation that may not have been taken into account in the preparation of this Information Memorandum.

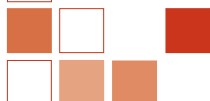
4.7 Directors' Interest

The Directors have the following relevant interests in the securities of Flash Media:

	%	NO. OF SHARES	%	NO. OF OPTIONS
Charles Wright	1.4	400,000	1.7	200,000
Gang Zhuo	17.2	5,000,030	21.7	2,500,000
John Wang	2.8	800,000	3.5	400,000
TOTAL	21.4	6,200,030	26.9	3,100,000

The percentage holdings are based on total issued Shares and Options when this Offer is fully subscribed.

The Directors will earn fees from Flash Media based on normal commercial terms for services, having regards to the responsibility and expertise of each Director and to the nature and size of the Company's business.



FINANCIAL INFORMATION

5.1 Pro Forma Consolidated Statement of Financial Position

The pro forma unaudited consolidated statement of financial position as at 23 December 2005, as set out below, has been prepared as if the Offer was completed fully subscribed.

	\$
Current Assets	
Cash assets	2,323,292
Receivables	268
Other	77,253
Total Current Assets	2,400,813
Non Current Assets	
Furniture and Equipment	42,382
Total Non Current Assets	42,382
Total Assets	2,443,195
Current Liabilities	
Payables	18,960
Total Liabilities	18,960
Net Assets	2,424,235
Equity	
Contributed equity	2,425,585
Accumulated losses	(1,350)
Total Equity	2,424,235

Contributed equity comprises of funds from the Founding Members and the capital raised under this Information Memorandum assuming the Issue is fully subscribed less estimated issue costs of \$30,000.

The statement of financial position has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards.



5.2 Financial Profile

The Company is a start-up operation. Cash was raised from Founding Members. The Company now requires additional capital to fund the development of the business. The capital raised under this Offer is to meet this requirement.

5.3 Financial Prospects

As Flash Media is at an initial stage of development, revenue, profits and cash flows for Flash Media are dependent on, among other factors, location acquisition and advertising sales success, the availability of funds, commercial arrangements that may be secured with third parties, and the regulatory environment in which the Flash Media operates. Accordingly, any forecast or forward looking statements of Flash Media would contain a very broad range of potential outcomes such that it is not possible to prepare reliable best estimate forecasts or projections other than hypothetical projections which the Directors do not consider appropriate for disclosure in this Information Memorandum.

As a start-up company, expenditure is likely to exceed revenues from operations for some time. Accordingly, it is unlikely that Flash Media will make profits as it starts to build up location numbers and advertising sales momentum and therefore unlikely to be in a position to pay dividends in the first year of operations.



6.1 General

Prospective investors should consider carefully all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in Shares. Any of the following risks could have a material adverse effect on Flash Media's business, financial condition and results of operations. In any such case, the market price of Shares could decline, and investors may lose all or part of their investment. This Information Memorandum carries no guarantee with respect to the return of capital, liquidity of Shares held or, if there is liquidity, as to the price at which the Shares may trade.

Prospective investors should be aware that the market price of Shares may be influenced by many unpredictable factors and that subscribing for Shares involves various risks. While some of the risks can be minimised by the use of safeguards and appropriate systems, some are outside the control of the Company. The value of the Shares may rise and fall depending on factors beyond the control of the Company.

The Company is at start-up stage. Any profitability in the future from the Company's business will be dependent upon the successful acquisition of advertising sites and securing advertising sales contracts.

The Shares being offered under this Information Memorandum are considered speculative due to the present stage of establishment of the Company and the risks inherent in the advertising sales business.

The principal risk factors applicable to the business of the Company include but are not limited to the following:

6.2 General Economic Climate

The Company's future revenues and operating costs can be affected by such factors as supply and demand for goods and services, industrial disruption, interest rates, currency fluctuation, inflation and global economic conditions. Accordingly, the future profitability and the Share prices may be affected by these factors. These factors are beyond the control of the Company.

6.3 New Advertising Media

The viability and sustainability of the business using audiovisual advertising displays in commercial buildings, real estate offices and other out-of-home commercial locations to introduce new forms of advertising media and to enter new and rapidly evolving market is not guaranteed. The market for out-of-home television advertising networks in Australia is new and its potential is uncertain. The Company will compete for advertising spending with many forms of more established advertising media. The Company's success depends on the acceptance of the out-of-home television advertising network by advertisers and their continuing interest in this medium as a component of their advertising strategies. The Company's success also depends on the viewing public continuing to be receptive towards the Company's advertising networks. Advertisers may elect not to use the Company's services if they believe that consumers are not receptive to the Flash Media networks or that the Company's networks do not provide sufficient value as an effective advertising medium.



Likewise, if consumers find some element of the network, such as the audio feature, to be disruptive or intrusive, commercial building owners and real estate offices may decide not to place the flat-panel displays in their properties and advertisers may view the network as a less attractive advertising medium compared to other alternatives. In that event, advertisers may not commit spending on Flash Media advertising networks. If advertisers lose interest in advertising on Flash Media advertising networks for these or other reasons, the Company may be unable to generate revenues and cash flow to operate the business, and the Company's advertising service revenue, liquidity and results of operations could be negatively affected.

6.4 Negotiation

Various aspects of the Company's future performance and profitability are dependent on the outcome of future negotiations with third parties that include property owners, real estate agents and advertisers. These include negotiations on advertising contents, site access arrangements, display placement agreement, funding, outsourced operations and services.

6.5 Personnel

The success of the Company and its ability to continue operations is dependent upon its ability to retain and recruit the services of key employees, consultants and members of the Board of Directors. The continued involvement of certain key employees, consultants and Directors is not assured and the loss of their services to the Company may have a material adverse effect on the performance of the Company.

The senior management and employees have worked together at the Company for only a relatively short period of time commencing in December 2005. Although the Directors have selected the personnel with due care there is no certainty on the effectiveness of the senior management and other key employees and their ability to address future challenges of the business.

6.6 Funds Requirement

The Directors expect that the proceeds from this Offer will provide sufficient funds to enable the Company to achieve its current business objectives. There can be no assurance however that the objectives can be met without further financing, or if further financing is necessary that it can be obtained on favourable terms or at all. There can also be no assurance that the Offer will be able to raise the full amount sought. In the event that the Offer is not fully subscribed the Company may require further financing to be obtained by the issue of additional equity or other appropriate means to be determined by the Directors at that time.

6.7 Location Commitments

Under the display placement agreements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. Failure to meet these payments and other obligations will render the display placement agreements liable to be cancelled.

6.8 Environmental Regulations

The Company will be subject to environmental laws and regulations in connection with all its operations, in particular in the disposal of discarded display LCDs. Although the Company believes that it will be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks that could subject the Company to significant liability.

6.9 Competition

The Company competes with other companies, including major established advertising companies. Some of these companies have greater financial and other resources than the Company and, as a result may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

6.10 Managing Growth

To achieve the objectives set out in this Information Memorandum, the Company will be required to implement operational and financial systems, procedures and controls and develop, expand, retain, manage and where appropriate train its staff. No assurance can be given of the Company's ability to manage its future growth, however the Company will seek to engage appropriately qualified and experienced professionals to manage growth at the appropriate time.

6.11 Taxation

Changes in taxation law and application in Australia may affect adversely the operations and business of the Company.

6.12 Liquidity Risk

The Shares are not listed on any stock exchange and there is no current timetable for an application for listing or quotation of the Shares on any stock exchange. Accordingly if New Investors wish to sell their holding there will at best be only a limited market for the Shares and there may be no one available to buy Shares at all. New Investors should therefore be prepared to hold their Shares for extended periods pending the development of the Company and potential for markets for the Shares emerging in the future.

GLOSSARY

“**Applicant**” means an applicant for Shares who duly completes an Application Form and pays the applicable Application Money.

“**Application**” means an application for Shares pursuant to the Offer on an Application Form;

“**Application Form**” means the application form accompanying this Information Memorandum.

“**Application Money**” means the aggregate amount of money payable for Shares applied for in the Application Form.

“**ASX**” means Australian Stock Exchange Limited ABN 98 008 624 691.

“**Business Day**” means any day which is defined to be a Business Day under the listing rule of ASX.

“**Company**” means Flash Media Group Limited A.C.N. 117 646 269 and where context requires includes its wholly owned subsidiary company Flash Media Holding Pty Ltd A.C.N. 115 789 681.

“**Directors**” means directors of the Company.

“**Dollars**” or “**\$**” means dollars in Australian currency.

“**EST**” means Eastern Standard Time in Australia.

“**Information Memorandum**” means this Information memorandum dated 23 December 2005.

“**Founding Members**” means holders of Shares and persons entitled to Shares, including Directors, consultants and staff, prior to Shares to be issued under this Offer.

“**Issue**” means the issue of Shares under this Information Memorandum.

“**New Investor**” means an Applicant who is allotted Shares under this Offer.

“**Flash Media**” means the Company.

“**Offer**” means the offer of Shares pursuant to this Information Memorandum.

“**Options**” means options over unissued Shares exercisable at \$1.00 per Share on or before 30 June 2011.

“**Share**” means a fully paid ordinary share in Flash Media Group Limited A.C.N. 117 646 269.



CORPORATE DIRECTORY

DIRECTORS

Charles Wright (Chairman)
Gang Zhuo (Chief Executive Officer)
John Wang (Non-Executive)

COMPANY SECRETARY

Patrick Sam Yue

HEAD OFFICE

Level 14
Gold Fields House
1 Alfred Street
Sydney NSW 2000
Telephone: 612 9250 1878 Facsimile: 612 9250 1838

OPERATIONS

16/538 Gardeners Road
Mascot NSW 2020
Telephone: 612 9669 5428 Facsimile: 612 9669 5545

CONTACT DETAILS

Charles Wright

Office: 02 9250 1878
Email : charles@flash-media.com.au

John Wang

Office: 02 9267 5988
Email : john@flash-media.com.au

Gang Zhuo

Office: 02 9669 5428
Email : gang@flash-media.com.au

Patrick Sam Yue

Office: 02 9250 1878
Email : psy@flash-media.com.au



Dear Investor,

Flash Media Group Limited ("Company")

Share Offer

As you are aware, the Company is proposing to issue up to 6,000,000 new fully paid ordinary shares ("Shares") at an issue price of \$0.30 to raise up to \$1.8 million ("Offer") with the Directors reserving the right to accept oversubscriptions. Details of the Offer are contained in the Information Memorandum which accompanies this letter.

Excluded Offers

The Offer is an excluded offer made under section 708 of the Corporations Act 2001 (Cth) ("Corporations Act") and does not require the Company to issue a formal disclosure document. To be eligible to accept Shares in the Offer, you or your nominee must qualify as a Sophisticated Investor or a Professional Investor as defined under section 708 of the Corporations Act 2001.

Use of funds

The money raised from the Offer will be applied to developing the Company's business in out-of home advertising in Australia, to general corporate purposes and to meet the costs associated with the Offer.

Rights of Shares

Shares issued under the Offer will rank pari passu in all respects (including dividends and bonus issues) with all existing ordinary shares in the capital of the Company from the date of allotment and issue.

Risks

There are a number of risks associated with an investment in the Company and the Shares should be considered a speculative investment. Potential investors should make their own enquiries in relation to the Company and should seek their own professional advice whether to invest in the Company.

Yours faithfully,

Gang Zhuo

Director

23 December 2005

Flash Media Group Limited

Head Office:
Level 14, Gold Fields House
1 Alfred Street, Sydney NSW 2000
Australia

T + 61 2 9250 1878
F + 61 2 9250 1838

ACN: 117 646 269

www.flash-media.com.au

Operations:
16/358 Gardeners Rd
Mascot NSW 2020
Australia

T + 61 2 9669 5428
F + 61 2 9669 5545

SHARE APPLICATION FORM

OFFER OF SHARES IN FLASH MEDIA GROUP LIMITED ACN 117 646 269 AT \$0.30 EACH

NAME(S) OF APPLICANT(S):

ADDRESS OF APPLICANT(S):

..... STATE :..... POSTCODE:.....

CONTACT NAME AND PHONE NUMBER: EMAIL:.....

NUMBER OF ORDINARY SHARES SUBSCRIBED:.....

APPLICATION MONEY ENCLOSED: \$

I/We whose full name(s) and address(es) appear above hereby apply for the number of fully paid ordinary shares shown above at \$0.30 per share, payable in full with this Application.

DECLARATION

By completing and lodging this Application Form with the Company, the Applicant(s):

- 1) Agree to be bound by the constitution of the Company;
- 2) Represents and warrants that the Applicant(s) is/are a sophisticated or professional investors for the purpose of section 708 of the Corporations Act 2001;
- 3) Acknowledge and agree as set out in the "Disclaimer" section and Section 2.8 of the Information Memorandum dated 23 December 2005 which accompanied this Application Form;
- 4) Acknowledges that the Applicant(s) have/has made its/their own enquiries concerning the Company and its business and affairs and has relied on their own judgement as to whether to invest in the Company and have not relied on any statements or representations made by the Company or its directors and employees;
- 5) Acknowledges that the Company is not required to provide the Applicant(s) a prospectus or other disclosure document for the issue of the Shares; and
- 6) Acknowledge(s) that this Application Form is governed by the laws of New South Wales, Australia.

Signing/Lodgement Instructions

In the case of joint Applicants, each Applicant must sign. A corporation must execute in accordance with section 127 of the Corporations Act 2001. If this Application is signed by an Attorney, please provide a copy of the Power of Attorney and confirm that the Attorney has no notice of revocation of that Power of Attorney.

SIGNATURE(S)

(or duly attested

Seal if a Corporation)

Flash Media Group Limited

Head Office:
Level 14, Gold Fields House
1 Alfred Street, Sydney NSW 2000
Australia

T + 61 2 9250 1878
F + 61 2 9250 1838

ACN: 117 646 269

www.flash-media.com.au

Operations:
16/358 Gardeners Rd
Mascot NSW 2020
Australia

T + 61 2 9669 5428
F + 61 2 9669 5545