THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purpose only and does not constitute an offer to sell or an invitation or offer acquire, purchase or subscribe for any securities of the Company.

CULTURE LANDMARK INVESTMENT LIMITED
文化地標投資有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 674)

PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; CONNECTED TRANSACTION; APPLICATION FOR WHITEWASH WAIVER; AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

寶橋 BaoQiao Partners

BaoQiao Partners Capital Limited

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in connection with the Open Offer, the Underwriting Agreement and the Whitewash Waiver are set out on page 33 of this circular. A letter from BaoQiao Partners Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice and recommendation in connection with the Open Offer, the Underwriting Agreement and the Whitewash Waiver, is set out on pages 34 to 65 of this circular.

A notice of the SGM to be held at 11:00 a.m. on Friday, 29 July 2016 at Rooms 2501-05, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 215 to 218 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at Tricor Secretaries Limited, the Hong Kong branch share registrar of the Company, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the form appointing a proxy shall be deemed to be revoked.

The Open Offer is conditional, upon, among other things, the fulfillment of the conditions set out under the sub-section headed "Conditions precedent" of the letter from the Board on pages 9 to 32 of this circular. In particular, the Open Offer is conditional upon, among other things, (i) the Whitewash Waiver having been granted by the Executive and (ii) the approval of the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM by the Independent Shareholders. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described in the section headed "Termination of the Underwriting Agreement" on pages 7 to 8 of this circular. Accordingly, the Open Offer may or may not proceed.

Any Shareholders and potential investors of the Company contemplating buying or selling Shares up to the date on which all the conditions of the Underwriting Agreement are fulfilled (which is expected to be on 4:00 p.m. on 31 August 2016) will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

8 July 2016

CONTENT

Set out below is an indicative timetable for the implementation of the Open Offer.

The timetable is subject to change in accordance with the Underwriting Agreement.

The Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.

	2016
Latest time for return of proxy form for the SGM	11:00 a.m. on 27 July (Wednesday)
SGM	11:00 a.m. on 29 July (Friday)
Poll results announcement of the SGM	29 July (Friday)
Last day of dealings in Shares on cum-entitlements basis	1 August (Monday)
First day of dealing in Shares on ex-entitlements basis	2 August (Tuesday)
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on 3 August (Wednesday)
Register of members of the Company closes (both dates inclusive)	4 August (Thursday) to 9 August (Tuesday)
Record Date	9 August (Tuesday)
Register of members of the Company re-opens	10 August (Wednesday)
Despatch of the Prospectus Documents	10 August (Wednesday)
Latest time for acceptance of, and payment for, the Offer Shares	4:00 p.m. on 24 August (Wednesday)
Open Offer and Underwriting Agreement expected to become unconditional on or before	4:00 p.m. on 31 August (Wednesday)*

Announcement of results of the Open Offer	1 September (Thursday)
Despatch of certificates for the Offer Shares and refund cheques	2 September (Friday)
Expected first day of dealings in the Offer Shares	9:00 a.m. on 5 September (Monday)
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of Shares	9:00 a.m. on 5 September (Monday)
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of Shares	4:00 p.m. on 4 October (Tuesday)

Notes:

* if the Latest Time for Termination falls on a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day

(i) All times in this circular refer to Hong Kong time.

(ii) Effect of bad weather on the latest time for acceptance of and payment for Open Offer:

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning:

(a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on 24 August 2016. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same business day; or

(b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on 24 August 2016. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on 24 August 2016, the dates mentioned in the section headed "Expected timetable" above may be affected. In such event, the Company will notify the Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

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

"acting in concert"	has the meaning ascribed to it thereto in the Takeovers Code
"Application Form"	the application form for use by the Qualifying Shareholders to accept assured allotment of the Offer Shares
"Announcement"	the announcement of the Company dated 16 May 2016
"associates"	has the meaning ascribed to it thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday, or Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business or on which the Stock Exchange is open for the transaction of business
"CCASS"	Central Clearing and Settlement System established and operated by HKSCC
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)
"Company"	Culture Landmark Investment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"Director(s)"	the director(s) of the Company from time to time

"Excluded Shareholders"	those Overseas Shareholders whom the Directors, after making relevant enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, consider it necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the relevant place or the requirements of any relevant regulatory body or stock exchange in that place
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board comprising Tong Jingguo, Yang Rusheng and So Tat Keung, established to give recommendations to the Independent Shareholders on among other things, whether the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and as to voting
"Independent Financial Adviser" or "BaoQiao Partners"	BaoQiao Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Open Offer, the Underwriting Agreement and the Whitewash Waiver
"Independent Shareholders"	Shareholders other than the Underwriter, Ms. Bai, any of their respective associates or parties acting in concert with them, and persons who are involved or interested in the Open Offer (other than in the sole capacity as a Shareholder), the Underwriting Agreement and the Whitewash Waiver

"Latest Practicable Date"	5 July 2016, being the latest practicable date for ascertaining certain information in this circular prior to its bulk printing
"Last Trading Day"	25 April 2016, being the last trading day of the Shares immediately prior to the publication of the Announcement
"Latest Time for Acceptance"	4:00 p.m. on 24 August 2016 or such other time or date as may be agreed between the Underwriter and the Company in writing, being the latest time for acceptance of, together with payment for, the Offer Shares
"Latest Time for Termination"	4:00 p.m. on 31 August 2016 or such later time or date as may be agreed between the Underwriter and the Company in writing, being the latest time to terminate the Underwriting Agreement (provided that if the Latest Time for Termination falls on a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Ms. Bai"	Bai Xue, the spouse of the Underwriter
"Offer Shares"	not less than 359,259,523 and not more than 371,833,632 new Shares to be allotted and issued pursuant to the Open Offer
"Open Offer"	the proposed offer for subscription by way of open offer of the Offer Shares on an assured allotment basis at the Subscription Price to be made by the Company to the Qualifying Shareholders in the proportion of one (1) Offer Share for every two (2) Shares held on the Record Date upon the terms and conditions of the Underwriting Agreement and the Prospectus Documents

"Option(s)"	options to subscribe for an aggregate of 31,135,887 new Shares granted by the Company
"Overseas Shareholders"	those persons whose address as shown on the register of members of the Company on the Record Date are outside Hong Kong
"PRC"	the People's Republic of China, which for the purpose of this circular shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be despatched to the Shareholders in connection with the Open Offer
"Prospectus Documents"	together, the Prospectus and the Application Form(s)
"Prospectus Posting Date"	10 August 2016, or such later date as may be agreed between the Underwriter and the Company in writing for the despatch of the Prospectus Documents
"Qualifying Shareholder(s)"	the person(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
"Record Date"	9 August 2016, or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Open Offer
"Registrar"	Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"SFC"	the Securities and Future Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company convened to be held to approve, among others, the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder, as well as the Whitewash Waiver

"Share(s)"	ordinary share(s) of HK$0.05 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the issue price of HK$0.30 per Offer Share
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Underwriter"	Cheng Yang, an executive Director, the Chairman of the Company and a substantial Shareholder
"Underwriting Agreement"	the underwriting agreement dated 25 April 2016 and entered into among the Company, the Underwriter and Ms. Bai (and as supplemented by four letters dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016 respectively signed by the Company and the Underwriter) in relation to the Open Offer
"Underwritten Shares"	not less than 314,585,023 and not more than 327,159,132 Offer Shares, being the total number of Offer Shares (in the amount of not less than 359,259,523 and not more than 371,833,632 Offer Shares) less such number of Offer Shares agreed to be taken up by (i) the Underwriter (in his capacity as a Shareholder) pursuant to the Underwriting Agreement (being 44,650,000 Offer Shares); and (ii) Ms. Bai (in her capacity as a Shareholder) pursuant to the Underwriting Agreement (being 24,500 Offer Shares), and taking into account the undertaking in relation to Options to subscribe for 5,987,670 new Shares held by the Underwriter
"Whitewash Waiver"	a waiver from the Executive pursuant to Note 1 on the dispensation from Rule 26 of the Takeovers Code in respect of the obligations of the Underwriter to make a mandatory general offer for all relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which would be triggered as a result of its underwriting obligation under the Underwriting Agreement

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

The Underwriter may terminate the Underwriting Agreement at any time prior to the Latest Time for Termination:

(i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the operation of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(v) any other material adverse change in relation to the business or the financial or trading position of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(vi) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Open Offer.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed.

CULTURE LANDMARK INVESTMENT LIMITED
文化地標投資有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 674)

Executive Directors:
Cheng Yang *(Chairman)*
Tsoi Tung
Lei Lei
Huang Ranfei

Independent non-executive Directors:
Tong Jingguo
Yang Rusheng
So Tat Keung

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Rooms 2501-05
25th Floor
China Resources Building
No. 26 Harbour Road
Wanchai
Hong Kong

8 July 2016

To the Qualifying Shareholders and, for information only, the Excluded Shareholders and holders of Options

Dear Sir or Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; CONNECTED TRANSACTION; APPLICATION FOR WHITEWASH WAIVER; AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Open Offer, the Underwriting Agreement and the Whitewash Waiver. This circular is to provide you with, among other things, (i) details of the Open Offer, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter of recommendation from the Independent Board Committee in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver; (iv) other information required pursuant to the Listing Rules and the Takeovers Code in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver; and (v) a notice of the SGM.

THE OPEN OFFER

The Company proposes to raise not less than approximately HK$107,777,857 and not more than approximately HK$111,550,090 before expenses by way of the Open Offer, pursuant to which not less than 359,259,523 and not more than 371,833,632 Offer Shares will be issued at the Subscription Price of HK$0.30 per Offer Share. The Company will allot one (1) Offer Share for every two (2) Shares held by the Qualifying Shareholders whose names appear on the register of members of the Company on the Record Date.

Issue statistics

Basis of the Open Offer	—	One (1) Offer Share for every two (2) Shares held on the Record Date
Total number of issued Shares as at the Latest Practicable Date	—	718,519,047 Shares
Number of Offer Shares	—	not less than 359,259,523 and not more than 371,833,632 Offer Shares
Subscription Price	—	HK$0.30 per Offer Share
Underwriter	—	the Underwriter, who is an executive Director and the Chairman of the Company, and is beneficially interested in (i) 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) Option to subscribe for 5,987,670 new Shares. His spouse, Ms. Bai, is interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date.

Number of Offer Shares irrevocably undertaken to be accepted by the Underwriter (in his capacity as a Shareholder)	—	44,650,000 Offer Shares
Number of Offer Shares irrevocably undertaken to be accepted by Ms. Bai (in her capacity as a Shareholder)	—	24,500 Offer Shares
Number of Offer Shares to be underwritten by the Underwriter	—	not less than 314,585,023 and not more than 327,159,132 Offer Shares (being all the Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer, less those Offer Shares which the Underwriter and Ms. Bai (in their capacity as a Shareholder) have undertaken to take up). Accordingly, taking into account (i) the irrevocable undertaking of the Underwriter not to exercise the Option to subscribe for 5,987,670 new Shares held by him; and (ii) the irrevocable undertaking of the Underwriter and Ms. Bai (in their capacity as a Shareholder) in respect of an aggregate of 44,674,500 Offer Shares, the Open Offer is fully underwritten.
Issued share capital upon the close of the Open Offer	—	not less than 1,077,778,570 and not more than 1,115,500,896 Shares (including the Offer Shares, assuming all Options (other than those held by the Underwriter) have been exercised)

The Offer Shares proposed to be issued represent:

(a) 50.00% of the issued share capital of the Company as at the Latest Practicable Date assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer; and

(b) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares, assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer.

The aggregate nominal value of the Offer Shares is not less than HK$17,962,976.15 and not more than HK$18,591,681.60.

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

Qualifying Shareholders

The Company will send the Prospectus containing details of the Open Offer to the Qualifying Shareholders and, for information only, to the Excluded Shareholders and holders of Options. The Application Forms will also be sent to the Qualifying Shareholders only.

To qualify for the Open Offer, Shareholders must at the close of business on the Record Date be registered as a member of the Company. Shareholders having an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer. Shareholders having addresses outside Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Open Offer only if the Board, after making relevant enquiry with lawyers in the relevant jurisdictions, considers that the offer to these Shareholders would not contravene any legal restriction under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place and such offer will not require any relevant registration. As at the Latest Practicable Date, there were no Overseas Shareholders.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge the relevant transfer of Shares (with the relevant share certificates) with the Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on 3 August 2016.

Closure of Register of Members

The Company's register of members will be closed from 4 August 2016 to 9 August 2016, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Rights of the Overseas Shareholders

The Board will make enquiries as to whether the issue of the Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules and result of the enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders.

Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send any Application Forms in respect of the Open Offer to the Excluded Shareholders. The basis of exclusion of the Excluded Shareholders, if any, from the Open Offer will be disclosed in the Prospectus.

Fractional entitlements

The Company shall not allot any fractions of Offer Shares to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Such fractional entitlements shall be aggregated and will be dealt with as Offer Shares not accepted.

Subscription Price

The Subscription Price of HK$0.30 per Offer Share is payable in full when a Qualifying Shareholder accepts the Open Offer.

The Subscription Price represents:

(i) a discount of approximately 49.15% to the closing price of HK$0.59 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 50.82% to the average closing price of approximately HK$0.61 per Share for the ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;

(iii) a premium of approximately 87.5% over the audited consolidated net asset value per Share of approximately HK$0.16 (calculated by dividing the audited equity attributable to owners of the Company as at 31 March 2016 as shown in the annual results of the Company for the year ended 31 March 2016 of approximately HK$118,431,131 divided by 718,519,047 Shares in issue as at the date of the Announcement);

(iv) a discount of approximately 38.78% to the theoretical ex-entitlement price (calculated by dividing the aggregate of (i) the market value of the Shares at the closing price as quoted on the Stock Exchange on the Last Trading Day; and (ii) the net proceeds from the Open Offer, by the number of Shares then in issue immediately after the close of the Open Offer) of approximately HK$0.49 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and

(v) a discount of approximately 18.92% to the closing price of HK$0.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was agreed based on arm's length negotiations between the Company and the Underwriter after having taken into account primarily the unaudited consolidated net asset value per Share as at 30 September 2015 of approximately HK$0.31. The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net Subscription Price per Offer Share is approximately HK$0.292.

Odd lot arrangement

To alleviate the difficulties in trading odd lots of the Shares arising from the Open Offer, the Company has appointed Kingston Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the 30-day period immediately following the despatch date of the Share certificates of the Offer Shares (which is expected to be from 9:00 a.m. on Monday, 5 September 2016 to 4:00 p.m. on Tuesday, 4 October 2016, both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Rosita Kiu of Kingston Securities Limited at Suite 2801, 28/F., One IFC, 1 Harbour View Street, Central, Hong Kong (telephone: (852) 2298 6215 and facsimile: (852) 2295 0682) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above odd lot arrangement.

Basis of the assured allotment of the Offer Shares

One (1) Offer Share will be issued for every two (2) Shares held by a Qualifying Shareholder on the Record Date. Acceptance of all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form.

Status of the Offer Shares

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

Share certificates and refund cheques

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on 2 September 2016. If the Open Offer is terminated, refund cheques are expected to be posted to the respective Qualifying Shareholders by ordinary post at their own risk on 2 September 2016.

No application for excess Offer Shares

After arm's length negotiations with the Underwriter, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements. The Company considers that the administrative costs would be lowered without the excess application.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the same board lot size as the Shares, ie. 4,000 Shares.

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

Subject to the grant of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Stamp duty

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

THE UNDERWRITING AGREEMENT

Principal terms of Underwriting Agreement

Date	—	25 April 2016 (after trading hours) (and as supplemented by four letters dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016 respectively signed by the Company and the Underwriter)
Underwriter	—	the Underwriter, who is an executive Director and the Chairman of the Company, and is beneficially interested in (i) 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) Option to subscribe for 5,987,670 new Shares
Number of Offer Shares to be underwritten	—	not less than 314,585,023 and not more than 327,159,132 Offer Shares (being all the Offer Shares (including the Offer Shares to which the Excluded Shareholder(s) would otherwise have been entitled) to be issued pursuant to the Open Offer, less those Offer Shares which the Underwriter and Ms. Bai (in their capacity as a Shareholder) have undertaken to take up). Accordingly, taking into account (i) the irrevocable undertaking of the Underwriter not to exercise the Option to subscribe for 5,987,670 new Shares held by him; and (ii) the irrevocable undertaking of the Underwriter and Ms. Bai (in their capacity as a Shareholder) in respect of an aggregate of 44,674,500 Offer Shares, the Open Offer is fully underwritten.
Commission	—	no commission will be payable by the Company to the Underwriter

Undertaking from the Underwriter (in his capacity as a Shareholder)

The Underwriter has (in his capacity as a Shareholder) irrevocably undertaken to the Company:

(i) to accept the Offer Shares to be allotted to him on assured allotment basis (in his capacity as a Shareholder) pursuant to the Open Offer;

(ii) not to dispose of the 89,300,000 Shares or Option to subscribe for 5,987,670 new Shares held by him prior to the close of the Open Offer and that such Shares and Option remain to be registered under his name and/or under the name of his nominee on the Record Date and until the close of the Open Offer; and

(iii) not to exercise the Option to subscribe for 5,987,670 new Shares held by him prior to the close of the Open Offer.

Undertaking from Ms. Bai

Ms. Bai, the spouse of the Underwriter, has irrevocably undertaken to the Company:

(i) to accept the Offer Shares to be allotted to her on assured allotment basis (in her capacity as a Shareholder) pursuant to the Open Offer;

(ii) not to dispose of the 49,000 Shares held by her prior to the close of the Open Offer and that such Shares remain to be registered under her name and/or under the name of her nominee on the Record Date and until the close of the Open Offer.

Termination of the Underwriting Agreement

The Open Offer is conditional upon the Underwriting Agreement becoming unconditional and not being terminated by the Underwriter in accordance with its terms.

The Underwriter may terminate the Underwriting Agreement at any time prior to the Latest Time for Termination:

(i) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(iii) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the operation of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(v) any other material adverse change in relation to the business or the financial or trading position of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(vi) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Open Offer.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Open Offer will not proceed.

Conditions precedent

The obligations of the Underwriter under the Underwriting Agreement are conditional on the following conditions being fulfilled:

(1) the passing by the Independent Shareholders of the necessary resolutions at the SGM to approve the Open Offer (including the absence of arrangements for application for Offer Shares by the Qualifying Shareholders in excess of their assured entitlements under the Open Offer), the Underwriting Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver on or before the Prospectus Posting Date;

(2) the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver;

(3) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly appointed by way of attorney) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (marked "For Information Only") and a letter in the agreed form to the Excluded Shareholders, if any, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(5) the Stock Exchange granting and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the Prospectus Posting Date and the Stock Exchange not having withdrawn or revoked such listing and permission on or before the Latest Time for Termination; and

(6) the Underwriting Agreement not having been terminated pursuant to the terms of the Underwriting Agreement.

None of the conditions precedent can be waived. In the event that the above conditions have not been satisfied on or before the dates specified therein or if no such time is specified, the Latest Time for Termination (or such other time and date as the Company and the Underwriter may agree in writing), all obligations and liabilities of the parties under the Underwriting Agreement shall cease and terminate and none of the parties shall have any claim against the other. In such case, the Open Offer will not proceed.

As at the Latest Practicable Date, none of the conditions set out above had been fulfilled.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional upon the fulfilment of the conditions set out under the sub-section headed "Conditions precedent" above. The Open Offer is also subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from 2 August 2016 and that dealings in the Shares will take place while the conditions set out under the sub-section headed "Conditions precedent" above remain unfulfilled. Any dealing in the Shares up to the date on which all conditions are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before and upon completion of the Open Offer, assuming no Shares will be issued or bought back by the Company after the Latest Practicable Date and upon the close of the Open Offer (save for the exercise of Options held by optionholders other than the Underwriter):

	As at the Latest Practicable Date		Immediately after the close of the Open Offer (assuming all Qualifying Shareholders have taken up their respective entitlements under the Open Offer and assuming no Options have been exercised)		Immediately after the close of the Open Offer (assuming none of the Qualifying Shareholders other than the Underwriter and Ms. Bai (in their capacity as a Shareholder) have taken up their respective entitlements under the Open Offer and assuming no Options have been exercised)		Immediately after the close of the Open Offer (assuming all Qualifying Shareholders have taken up their respective entitlements under the Open Offer and assuming all Options (other than those held by the Underwriter) have been exercised)		Immediately after the close of the Open Offer (assuming none of the Qualifying Shareholders other than the Underwriter and Ms. Bai (in their capacity as a Shareholder) have taken up their respective entitlements under the Open Offer and assuming all Options (other than those held by the Underwriter) have been exercised)	
	Shares	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*	*Shares*	*Approximate %*
The Underwriter and parties acting in concert with him										
The Underwriter	89,300,000	12.43	133,950,000	12.43	448,535,023	41.61	133,950,002	12.01	461,109,132	41.33
Ms. Bai	49,000	0.01	73,500	0.01	73,500	0.01	73,500	0.01	73,500	0.01
Subtotal	**89,349,000**	**12.44**	**134,023,500**	**12.44**	**448,608,523**	**41.62**	**134,023,502**	**12.02**	**461,182,632**	**41.34**
Directors										
Idea Elite Investments Limited *(Note 1)*	88,000,000	12.25	132,000,000	12.25	88,000,000	8.16	132,000,000	11.83	88,000,000	7.89
Lei Lei *(Note 2)*	–	–	–	–	–	–	8,083,354	0.72	5,388,903	0.48
Tong Jingguo *(Note 2)*	–	–	–	–	–	–	449,076	0.04	299,384	0.03
Yang Rusheng *(Note 2)*	–	–	–	–	–	–	449,076	0.04	299,384	0.03
So Tat Keung *(Note 2)*	–	–	–	–	–	–	449,076	0.04	299,384	0.03
Subtotal	**88,000,000**	**12.25**	**132,000,000**	**12.25**	**88,000,000**	**8.16**	**141,430,582**	**12.67**	**94,287,055**	**8.46**
Others										
Commotra Company Limited *(Note 3)*	66,666,666	9.28	99,999,999	9.28	66,666,666	6.19	99,999,999	8.96	66,666,666	5.98
Other public Shareholders	474,503,381	66.03	711,755,071	66.03	474,503,381	44.03	740,046,813	66.35	493,364,543	44.22
Subtotal	**541,170,047**	**75.31**	**811,755,070**	**75.31**	**541,170,047**	**50.22**	**840,046,812**	**75.31**	**560,031,209**	**50.20**
Total	**718,519,047**	**100.00**	**1,077,778,570**	**100.00**	**1,077,778,570**	**100.00**	**1,115,500,896**	**100.00**	**1,115,500,896**	**100.00**

Notes:

1. Idea Elite Investments Limited is controlled by Wang Ming, the spouse of Tsoi Tung, who in turn is an executive Director.

2. These Directors have been granted with Options.

3. Commotra Company Limited is controlled by China Resources (Holdings) Company Limited, which is controlled by CRC Bluesky Limited, which is in turn controlled by China Resources Co., Limited, which is in turn controlled by China Resources National Corporation.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing business, property development and investment, sludge and sewage treatment, entertainment business, as well as food and beverages business. The Group was also granted with a money lenders licence to conduct money lending business in Hong Kong.

For the year ended 31 March 2016, the Group recorded a loss attributable to owners of the Company of approximately HK$131.3 million. Among the seven reportable segments of the Group, except for the property sub-leasing business segment, which recorded a segmental profit of approximately HK$4.4 million, all other reportable segments of the Group were loss making. As at 31 March 2016, the net current liabilities of the Group amounted to approximately HK$45.3 million. As at 31 March 2016, the Group had cash and bank balances of approximately HK$103.0 million. Apart from trade payables, the Group's current liabilities were primarily attributable to (i) amounts due to non-controlling shareholders of approximately HK$53.6 million, which was interest free and repayable on demand; (ii) amount due to related parties of approximately HK$27.1 million which was interest free and repayable on demand; and (iii) short term bank loan of approximately HK$50.7 million. The Group had been experiencing loss-making results for five consecutive years ended 31 March 2016, during which the aggregate loss attributable to Shareholders amounted to approximately HK$1,000.8 million. An aggregate of approximately HK$172.5 million negative cashflow had also been recorded for the past five consecutive years ended 31 March 2016.

The trading volume of the Shares was thin for the 12 months immediately prior to the date of the Underwriting Agreement. Market capitalisation of the Shares is also maintained at a relatively small scale at approximately HK$423.9 million. The price performance of the Shares has been on a gradual downward trend since the second half of 2015.

To tackle the problems relating to the Group's performance and financial position, it has been the continuous goal of the Board to turn around the situation and look for opportunities to enhance the Group's earning potential, as having been previously stated in the Company's annual report. While conducting a review of the Group's existing business, the Directors considered the Group's money lenders licence could in fact be utilised to its advantage. The Group was granted the money lenders licence back in 2007. It has been maintaining the money lending operations on a small scale and the profits of this sector have been relatively small. Yet given the macro economic environment (which the Directors believed were not optimistic), there may be an increasing demand in money lending business and third party financing services. As announced by the Hong Kong Monetary Authority, the estimated number of residential mortgage loans in negative equity as at 31 March 2016 increased to 1,432 cases, representing an increase of more than 14 times compared to that as at 31 December 2015. In fact, it has come to the Board's attention that increasing number of potential clients has approached the Group for lending purpose. However, due to the lack of capital, the Group had repeatedly turned away such opportunities, save for some relatively small and short-term money lending transactions conducted in the past.

While the Group's then existing budget had not catered for the basic capital required for expansion of the money lending business, the Directors considered it imperative to obtain the necessary funds as soon as possible so as to ride on such opportunity. Time is of the essence. Also, the Directors do not consider it a good corporate governance practice nor is it a proper discharge of their fiduciary duties if the Group seeks for funds only when its cash level is dropped to an alarming level. In addition, the Directors were also mindful of the requirements under the Listing Rules and other regulatory requirements, and therefore would like to allow reasonable time for the Company to go through all necessary compliance and planning on the fund raising timeline. To this end, the Directors had started exploring different means of fund raising.

As regards debt financing such as bank borrowings, it would increase the gearing ratio of the Group, and the Group would have to bear the corresponding interest expense. The poor financial performance of the Group also affects serviceability of any bank borrowings. As stated in the Company's interim report for the six months ended 30 September 2015, personal and corporate guarantees were given to banks for certain bank loans by a director of certain subsidiaries of the Company. Further, personal assets of the aforesaid director of certain subsidiaries of the Company had been pledged to secure the bank loans. The interest rates for the six months ended 30 September 2015 ranged from 2.79% to 7.20% per annum (31 March 2015: from 7.20% to 17.64% per annum). Also, given the mixed nature of assets held by the Group, the Directors did not consider they could provide adequate collateral to secure a viable sum of bank borrowings.

As regards placing of Shares, given the Share's unsatisfactory market performance in the past, based on their experience, the Directors believed no institutional placing agent would be willing to commit on a fully underwritten basis. If placing were to be conducted via a placing agent on a best effort basis only, the Directors believed not too many placees would be attracted due to the Share's performance. In such case, the costs to be incurred would not be justifiable by the results, and might even turn into a waste of money and time.

As regards subscription by individual subscriber, again, given the Group's financial and market performance history, it is not difficult for a reasonable person to come to a conclusion that this is possible only when the subscription price comes with a steep discount and the subscription itself imposing enormous dilution effect. Although the Directors noticed in the past 24 months prior to the date of the Underwriting Agreement, various other listed issuers were conducting the same and this appeared to be a common practice recognised by the Stock Exchange to raise funds, the Directors were weary of such method. The Directors believed an outright substantial dilution to Shareholders' shareholding would do more harm than good.

It was against the aforesaid background that the Directors decided an offer of Shares by way of rights would be more appropriate to raise funds. Yet, based on the Directors' market experience, given the Group's, the Share's as well as the macro economic performance, it would be extremely difficult to locate an institutional underwriter. The Directors were also aware of the fact that based on recently published offers prior to the date of the Underwriting Agreement, the underwriting commission payable would be of considerable sum as well. Although subsequently the Company did approach financial institutions in Hong Kong as underwriters of the Open Offer, such financial institutions rejected such opportunity.

Having exhausted all available means in terms of finance options, the Board therefore proceeded to explore the possibility of having a connected person to act as underwriter to an offer of Shares. However, so far only the Underwriter had shown considerable interests. This therefore has become the only viable means for the Company to raise funds under the current circumstances.

The net proceeds from the Open Offer (after deducting the relevant expense including professional fees, printing charges and sundry expenses) will amount to not less than approximately HK$104,777,857 and not more than approximately HK$108,550,090. It is intended that out of the net proceeds, (i) approximately HK$74,777,857 to HK$78,550,090 will be applied in conducting the money lending business of the Group in Hong Kong; and (ii) approximately HK$30,000,000 will be used as general working capital of the Group.

The Board considers that the Open Offer will enable the Group to strengthen its capital base and provide sufficient capital to support the development of the Group's money lending business. The Board further considers that it is prudent to finance the Group's long-term business development by long-term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Board considers that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interest in the Company. The Directors are of the view that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing business, property development and investment, sludge and sewage treatment, entertainment business, as well as food and beverages business. The Group was also granted with a money lenders licence to conduct money lending business in Hong Kong. For the year ended 31 March 2016, the Group recorded a loss attributable to Shareholders of approximately HK$131.3 million. Licence fee collection and provision of intellectual property enforcement services business, exhibition-related business and property sub-leasing business continued to be the Group's main source of income. Yet among the seven reportable segments of the Group, except for the property sub-leasing business segment, all other reportable segments of the Group were loss making.

Looking ahead, the Directors expect the business environment to remain challenging, but are cautiously optimistic towards the overall outlook of the Group. The Group plans to maintain its existing business, with a focus on licence fee collection and provision of intellectual property enforcement services business, exhibition-related business and property subleasing business. The Group will continue to closely monitor and review its existing business from time to time and adopt timely and appropriate measures to improve the business operation and financial position of the Group. At the same time, the Group will also continuously explore and look for opportunities to diversify the business of the Group and to enhance shareholder value.

In view of macro-economic environment (which the Directors believed were not optimistic), there may be an increasing demand in money lending business and third party financing services. The Group intends to further develop its money lending business. The

Board believes that the money lending business will provide the Group an opportunity to broaden revenue sources and obtain stable interest income for the Group. The Group is optimistic that the money lending business will have positive impact on the Group.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTH PERIOD IMMEDIATELY BEFORE THE DATE OF THE ANNOUNCEMENT

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of the Announcement.

ADJUSTMENTS IN RELATION TO THE OPTIONS

Pursuant to the terms of the share option scheme of the Company, the number or nominal amount of Shares comprised in each Option and/ or the exercise price of the Options will be adjusted in accordance with such scheme upon the Open Offer having become unconditional. Such adjustments will be verified by the auditors of the Company and the Company will notify holders of the Options such adjustments upon the Open Offer having become unconditional. Further announcement will be made by the Company in relation to details of such adjustments.

IMPLICATION UNDER THE LISTING RULES

As no excess application for Offer Shares shall be available to the Qualifying Shareholders, and the Open Offer is fully underwritten by the Underwriter (being an executive Director, the Chairman of the Company and a substantial Shareholder), (i) the absence of excess application for Offer Shares by the Qualifying Shareholders must be specifically approved by the Independent Shareholders pursuant to Rule 7.26A(2); and (ii) the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, and are therefore subject to Independent Shareholders' approval. The Underwriter (being an executive Director) had abstained from voting at the Board meeting approving the Open Offer.

THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter was beneficially interested in 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company. His spouse, Ms. Bai, was interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date. The Underwriter also holds Option to subscribe for 5,987,670 new Shares.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken (in his capacity as a Shareholder) to accept the assured entitlements to be allotted to him pursuant to the Open Offer, not to exercise the Option held by him and not to dispose of the Shares and Option held by him prior to the close of the Open Offer. Ms. Bai has also undertaken (in her capacity as a Shareholder) to accept the assured entitlements to be allotted to her pursuant to the Open Offer and not to dispose of the Shares held by her prior to the close of the Open Offer.

Assuming (i) no further Shares will be issued or bought back by the Company prior to the close of the Open Offer; and (ii) none of the Qualifying Shareholders other than the Underwriter and Ms. Bai (in their capacity as a Shareholder) have taken up their respective entitlements under the Open Offer, the interests in the Company held by the Underwriter and the parties acting in concert with him (including Ms. Bai) upon the close of the Open Offer will increase from approximately 12.44% to approximately 41.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. The Underwriter and the parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code and to make appropriate offer for the Options pursuant to Rule 13 of the Takeovers Code. In this regard, the Underwriter has applied to the Executive for the Whitewash Waiver, which shall be subject to, among others, the approval by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

INFORMATION ON THE UNDERWRITER

The Underwriter is an executive Director and the Chairman of the Company, and is beneficially interested in (i) 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) Option to subscribe for 5,987,670 new Shares. His spouse, Ms. Bai, is beneficially interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date.

DEALINGS IN THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH HIM

As at the Latest Practicable Date, neither the Underwriter nor any parties acting in concert with him:

(a) save for the Shares and Option held by the Underwriter and Ms. Bai as set out in the section headed "Information on the Underwriter" above, owned, controlled or had direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(b) had received an irrevocable commitment to vote for the Open Offer, the Underwriting Agreement and the Whitewash Waiver;

(c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

(d) save for the Underwriting Agreement, had any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Open Offer, the Underwriting Agreement and the Whitewash Waiver, with any other persons;

(e) save for the Underwriting Agreement, had any agreement or arrangement to which he is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Open Offer, the Underwriting Agreement and the Whitewash Waiver; or

(f) had dealt in Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Underwriting Agreement.

INTENTION OF THE UNDERWRITER

If the Underwriter and parties acting in concert with him become the controlling Shareholders as a result of the Underwriter's performance of the underwriting obligations under the Underwriting Agreement, the Underwriter intends to continue the existing businesses of the Group following completion of the Open Offer.

The Underwriter considered that the Open Offer is favourable to the Group as the Group will be able to obtain capital for development of the Group's business. For further details, please refer to the section headed "REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS" above. If the Underwriter and parties acting in concert with him become the controlling Shareholders as a result of performance of the underwriting obligations under the Underwriting Agreement, the Underwriter and the Group have no intention to introduce any material change to the existing businesses of the Group, the continued employment of the Group's employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business.

Nevertheless, the Underwriter and the Group will conduct review on the business operations of the Group from time to time following the Open Offer and consider all possible options with a view to improving the performance of the Group. The Company will comply with all applicable requirements of the Listing Rules and/or the Takeovers Code as and when appropriate.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee comprising all independent non-executive Directors, namely Tong Jingguo, Yang Rusheng and So Tat Keung to give recommendations to the Independent Shareholders as to whether the terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable and as to voting, and in the interests of the Company and/or the Independent Shareholders.

BaoQiao Partners has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

SGM

The SGM is convened to be held to approve the Open Offer (including the absence of excess application for Offer Shares by the Qualifying Shareholders), the Underwriting Agreement and the transactions contemplated thereunder, as well as the Whitewash Waiver. The Underwriter and Ms. Bai, any of their respective associates or parties acting in concert with them, and persons who are involved or interested in the Open Offer (other than in the sole capacity as a Shareholder), the Underwriting Agreement and the Whitewash Waiver will abstain from voting at the SGM. As at the Latest Practicable Date, the Underwriter was interested in 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company. As at the Latest Practicable Date, Ms. Bai was interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company. As at the Latest Practicable Date, Lei Lei, an executive Director, was beneficially interested in Options to subscribe for 5,388,903 Shares. She was involved in the negotiations of the Underwriting Agreement on behalf of the Company and therefore will abstain from voting at the SGM should she become a Shareholder.

A notice of the SGM to be held at 11:00 a.m. on Friday, 29 July 2016 at Rooms 2501-05, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong is set out on pages 215 to 218 of this circular for the purpose of considering and, if thought fit, approving the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

The form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the form appointing a proxy shall be deemed to be revoked.

Subject to, among other things, the Open Offer, the Underwriting Agreement and the Whitewash Waiver being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

RECOMMENDATION

Your attention is drawn to (i) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Open Offer, the Underwriting Agreement and the Whitewash Waiver set out in its letter on page 33 of this circular; and (ii) the advice and recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out in its letter on pages 34 to 65 of this circular. The Independent Board Committee, having taken into account the advice and recommendation of Independent Financial Adviser, consider that the terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, are fair and reasonable so far as the Independent Shareholders are concerned, and the Open Offer, the Underwriting Agreement and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver at the SGM.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board of
Culture Landmark Investment Limited
Cheng Yang
Chairman

CULTURE LANDMARK INVESTMENT LIMITED
文化地標投資有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 674)

8 July 2016

To the Independent Shareholders

Dear Sir or Madam,

We refer to the circular of the Company dated 8 July 2016 (the "**Circular**"), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meaning as those defined in the Circular.

We have been appointed to advise you on the Open Offer, the Underwriting Agreement and the Whitewash Waiver. The Independent Financial Adviser has been appointed as the independent financial adviser to advise you and us in this regard. Details of its independent advice and recommendation, together with the principal factors and reasons it has taken into consideration, are set out on pages 34 to 65 of the Circular.

Having considered the respective terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, and the advice of Independent Financial Adviser in relation thereto, we are of the opinion that the respective terms of the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable in so far as the Company and/or the Independent Shareholders are concerned, and the Open Offer, the Underwriting Agreement and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

Yours faithfully,
For and on behalf of the Independent Board Committee

Tong Jingguo **Yang Rusheng** **So Tat Keung**
Independent non-executive Directors

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders relating to the Open Offer, the Underwriting Agreement and the Whitewash Waiver, which has been prepared for the purpose of inclusion in this circular.

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

Room 3303, 33/F, West Tower, Shun Tak Centre,
200 Connaught Road Central, Hong Kong

8 July 2016

To the Independent Board Committee and the Independent Shareholders of Culture Landmark Investment Limited

Dear Sir or Madam,

PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE; CONNECTED TRANSACTION; AND APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Underwriting Agreement and the Whitewash Waiver, details of which are set out in the letter from the Board ("**Letter from the Board**") contained in the circular of the Company dated 8 July 2016 issued to the Shareholders (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On 16 May 2016, the Company proposed to raise not less than approximately HK$107.8 million and not more than approximately HK$111.6 million, before expenses, by way of an Open Offer of not less than 359,259,523 and not more than 371,833,632 Offer Shares to the Qualifying Shareholders at a Subscription Price of HK$0.30 per Offer Share on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date. The Open Offer is not available to the Excluded Shareholders. Qualifying Shareholders are not entitled to apply for excess Offer Shares not taken up in excess of their respective assured entitlements under the Open Offer.

As no excess application for Offer Shares shall be available to the Qualifying Shareholders, and the Open Offer is fully underwritten by the Underwriter (being an executive Director, the chairman of the Company and a substantial Shareholder), (i) the absence of excess application for Offer Shares by the Qualifying Shareholders must be specifically approved by the Independent Shareholders pursuant to Rule 7.26A(2) of the Listing Rules; and (ii) the transactions contemplated under the Underwriting Agreement constitute a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules, and are therefore subject to Independent Shareholders' approval.

As at the Latest Practicable Date, the Underwriter is an executive Director, the chairman of the Company and a substantial Shareholder beneficially interested in (i) 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company; and (ii) Options to subscribe for 5,987,670 Shares. Ms. Bai is the spouse of the Underwriter beneficially interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date. Each of the Underwriter and Ms. Bai has undertaken in the Underwriting Agreement (i) not to dispose of the Shares and Options beneficially held by them prior to the close of the Open Offer; (ii) (in respect of the Underwriter only) not to exercise the Options granted to him prior to the close of the Open Offer; and (iii) to accept all Offer Shares allotted to them (in their capacities as a Shareholders) on an assured allotment basis.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, the Underwritten Shares (being the total number of Offer Shares less such number of Offer Shares agreed to be taken up by the Underwriter and Ms. Bai respectively pursuant to the aforesaid undertaking). Assuming no further Shares will be issued or bought back by the Company prior to the close of the Open Offer, in the event that the Underwriter is called upon to subscribe the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the interests in the Company held by the Underwriter and the parties acting in concert with him (including Ms. Bai) upon the close of the Open Offer will increase from approximately 12.44% to approximately 41.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares. The Underwriter and the parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code and to make appropriate offer for the Options pursuant to Rule 13 of the Takeovers Code. The Underwriter has applied to the Executive for the Whitewash Waiver, which shall be subject to, among others, the approval by the Independent Shareholders at the SGM. If the Whitewash Waiver is not granted by the Executive, the Open Offer will not proceed.

The Board has established the Independent Board Committee comprising all independent non-executive Directors, namely Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung to advise the Independent Shareholders as to whether the Open Offer, the Underwriting Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole and as to voting in respect of the relevant resolution(s) to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver. We, BaoQiao Partners Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

In accordance with the Takeovers Code and the Listing Rules, the Underwriter and Ms. Bai, any of their respective associates or parties acting in concert with them, and persons who are involved or interested in the Open Offer (other than in the sole capacity as a Shareholder), the Underwriting Agreement and the Whitewash Waiver will abstain from voting on the relevant resolutions in respect of the Open Offer (including the absence of excess application arrangement under the Open Offer), the Underwriting Agreement and the Whitewash Waiver at the SGM. As at the Latest Practicable Date, Ms. Lei Lei, an executive Director, is beneficially interested in Options to subscribe for 5,388,903 Shares. She was involved in the negotiations of the Underwriting Agreement on behalf of the Company and therefore will abstain from voting at the SGM should she become a Shareholder thereon.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Group or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 2.6 of the Takeovers Code and Rule 13.84 of the Listing Rules. We have not acted as the independent financial adviser to the Company for the two years prior to the date of this letter.

BASIC OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular, the annual report of the Company for the year ended 31 March 2015 (the "**2015 Annual Report**"), the announcement of the final results of the Company for the year ended 31 March 2016 (the "**2016 Results Announcement**") and the information and representations as provided to us by the Directors and the management of the Company. We have assumed that all information and representations that have been provided by the Directors and the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquiries and careful consideration.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, the currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the Open Offer, the Underwriting Agreement and the Whitewash Waiver, and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, carried out any independent verification of the information provided by the Company, nor have we conducted any independent investigation into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date and Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

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

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulation our opinion and advice in respect of the Open Offer, the Underwriting Agreement and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

I. Background and financial information of the Group

(a) Business of the Group

The principal activities of the Group include licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing business, property development and investment, sludge and sewage treatment, entertainment business and food and beverages business. The Group was also granted with a money lenders licence to conduct money lending business in Hong Kong.

(b) Financial information of the Group

Set out below is the audited consolidated financial information of the Group for the two years ended 31 March 2015 ("**FY2015**") and 2016 ("**FY2016**") as extracted from the 2015 Annual Report and the 2016 Results Announcement.

	FY2016	**FY2015**
	HK$'000	*HK$'000*
Turnover		
— Licence fee collection and provision of intellectual property enforcement services business	12,811	39,740
— Exhibition-related business	54,603	66,713
— Property sub-leasing business	44,243	33,586
— Entertainment business	298	604
— Food and beverages	22	736
— Sludge and sewage treatment *(Note 1)*	—	N/A
— Property development and investment *(Note 2)*	—	—
	111,977	141,379
Loss for the year	(133,812)	(450,560)

	As at 31 March	
	2016	**2015**
	HK$'000	*HK$'000*
Total assets	407,467	496,346
Total liabilities	290,995	256,603
Net assets	116,472	239,743

Note:

1. The sludge and sewage treatment business was commenced in August 2015.

2. No revenue was recorded for the property development and investment business for both FY2015 and FY2016 as the projects under this business segment have yet to commence development.

(i) Financial performance of the Group

The total revenue for the Group mainly derived from (i) licence fee collection and provision of intellectual property enforcement services business for karaoke music products in the PRC; (ii) exhibition-related business; and (iii) property sub-leasing business, which in aggregate contributed over 99.1% and 99.7%, of the Group's total revenue for FY2015 and FY2016 respectively. Geographically, China is the largest market contributing over 99.1% and 99.7% of the Group's total revenue for each of FY2015 and FY2016. The Group shows a downward trend in revenue and has been loss making for each of FY2015 and FY2016.

Turnover for FY2016 was approximately HK$112.0 million, representing a decrease of approximately HK$29.4 million or 20.8% as compared to the turnover of approximately HK$141.4 million for FY2015. As shown in the above table, the decrease in turnover was mainly attributable to the decrease in turnover from the licence fee collection and provision of intellectual property enforcement services business and the exhibition-related business, partially offset by the improvement in the Group's property sub-leasing business for FY2016.

As set out in the 2016 Results Announcement, higher rental income was reported for the Group's property sub-leasing business in the PRC, from approximately HK$33.6 million for FY2015 to approximately HK$44.2 million for FY2016. Nevertheless, turnover from the licence fee collection and provision of intellectual property enforcement services business decreased from approximately HK$39.7 million to approximately HK$12.8 million, which was mainly attributable to (i) the absence of the licence fee from Hua Rong Sheng Shi Holding Limited ("**Hua Rong**"), a non-wholly owned subsidiary of the Company principally engaged in the provision of copyright license fees settlement and collection of copyright license fees services in respect of karaoke music products and videos in PRC upon completion of the disposal of Hua Rong by the Company in August 2014, which contributed approximately 36.6% of the segment revenue for FY2015 as advised by the management of the Company; and (ii) less operating fees collected from MVCM Association due to the non-payment of the operating fees from MVCM Association as further explained under paragraph headed "Litigation" below. The decrease in turnover from the exhibition-related business was mainly as a result of the slowing economy in the PRC.

Loss of approximately HK$133.8 million for FY2016 as compared to approximately HK$450.6 million for FY2015 was resulted, mainly due to the absence of (i) the loss on disposal of Hua Rong of approximately HK$16.0 million; (ii) the amortization on intangible asset and deferred expenditure of approximately HK$24.0 million; and (iii) the impairment loss on available-for-sale investments, goodwill and intangible assets of approximately HK$332.3 million recognized in FY2015, partially set off against the (i) gain on disposal of listed securities of approximately HK$14.3 million for FY2016; (ii) impairment loss on goodwill and intangible assets of approximately HK$20.3 million for the sludge and sewage treatment business due to the suspension of certain projects during FY2016 and (iii) the impairment of trade and other receivables of HK$41.3 million, of which HK$37.7 million represented the outstanding operating fees from MVCM Association as at 31 March 2016.

(ii) *Financial position of the Group*

There was deterioration in the financial position of the Group with total assets and net assets decreased from approximately HK$496.3 million and HK$239.7 million respectively as at 31 March 2015 to approximately HK$407.5 million and HK$116.5 million respectively as at 31 March 2016 mainly due to recording loss of the Group for FY2016. In addition, the Group reported net current liabilities of approximately HK$45.3 million as at 31 March 2016 as compared to net current assets of HK$112.3 million as at 31 March 2015.

As at 31 March 2016, the Group's total assets of approximately HK$407.5 million mainly comprised property, plant and equipment of approximately HK$100.5 million, trade and other receivables of approximately HK$73.3 million, cash and bank balances of approximately HK$103.0 million, of which bank deposits of approximately HK$2.3 million and RMB36.4 million were pledged for securing certain bills payable, credit and banking facilities of the Group, the available-for-sale investments of listed Hong Kong securities with fair value of approximately HK$12.8 million and an investment fund principally engaged in unconventional oil/gas industry in the PRC with a carrying amount of approximately HK$30.3 million and the interests in associates of Great Group of approximately HK$38.8 million.

As at 31 March 2016, the total liabilities of the Group were approximately HK$291.0 million, which mainly comprised trade, bills and other payables of approximately of HK$128.6 million, the amount due to non-controlling Shareholders of approximately HK$53.6 million, the amount due to related parties of approximately HK$27.1 million and bank borrowings of approximately HK$50.7 million. As advised by the management of the Company, bank borrowings bore interests at rates between 2.81% to 7.00% per annum for FY2016. The amounts due to non-controlling Shareholders and related parties are unsecured, interest free and repayable on demand as at 31 March 2016.

(c) Litigation

As set out in the 2016 Results Announcement and the information disclosed in the section headed "Litigation" in Appendix III – "General Information" to this Circular in relation to the legal proceedings (the "**Litigation**") initiated by both China Music Video Broadcast (Shenzhen) Company Limited*（中音傳播（深圳）有限公司）("**China Music**"), an indirect non wholly-owned subsidiary of the Company and Song Labs Co, Ltd*（北京天語同聲信息技術有限公司）("**Song Labs**"), an indirect wholly-owned subsidiary of the Company against China Music Video Collective Management Association*（中國音像著作權集體管理協會）(the "**MVCM Association**") in the PRC court regarding the non-payment of the outstanding operating fees due from MVCM Association to China Music and Song Labs.

The operating fees income from MVCM Association accounted for approximately 14.3% and 8.3% of the Group's revenue for FY2015 and FY2016. We concur with the Directors' view that the non-recovery of the outstanding operating fees may accordingly have negative impact on the interests of the Group's license fee collection and provision of intellectual property enforcement services business. As it is uncertain as to whether the Group can fully recover the outstanding operating fees from MVCM Association under the Litigation, the Company recognised an impairment loss on trade receivables of approximately RMB30.7 million (equivalent to approximately HK$37.7 million) for FY2016, which represented the amount of outstanding operating fee income due from MVCM Association and recognised by the Group as at 31 March 2016.

* *For identification purpose only*

As advised by the Directors, there is no fixed contracted amount under the existing cooperative contracts with MVCM Association. As the entire amount of outstanding fee receivable from MVCM Association was fully impaired in the audited financial statements of the Group for the year ended 31 March 2016, the historical effect of the Litigation on the Group's financial statements was therefore properly presented for Shareholders' information.

We also noted that the Company has issued two announcements dated 23 May 2016 and 2 June 2016 (the "**Litigation Announcements**") to keep its shareholders informed of the latest development of the Litigation.

As disclosed in the Litigation Announcements, the Group, as the plaintiff of the litigation, initiated legal proceedings against MVCM Association in the PRC court claiming for, among other things, a declaration that the unilateral termination of one of the co-operation agreements (the "**Agreement**") by MVCM Association was invalid and that MVCM Association should continue to perform its obligations under the Agreement. Based on our discussion with the Directors, subject to the results of the Litigation, the Agreement, which will expire in 2022, will continue to be valid. We are of the view that there is an uncertainty on the due performance of MVCM Association under the Agreement, which may therefore affect the interests of the Company in the license fee collection and provision of intellectual property enforcement services business pending the results of the Litigation.

As the Litigation is on a preliminary stage, we concur with the Directors' view that the Company is not in a position to predict the timing and the results thereof.

(d) Recent business development of the Group

With reference to the 2016 Results Announcement, the Directors expect the business environment of the Group remain challenging and while maintaining the momentum in its existing businesses, the Board will continue to explore and look for opportunities to diversify the business of the Group and to enhance Shareholders value.

Money lending business

As stated in the Letter from the Board, the Group obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and commenced small scale money lending transactions since 2012. As advised by the management of the Company, the Group intends to expand the scale of the money lending business in the future in order to generate more income to the Group, and enhance values for the Shareholders.

Sludge and sewage treatment

The Group completed the acquisition of 51% equity interests of Suzhou Great Research & Industrialization Co., Ltd.* (蘇州格瑞特環保科技產業發展有限公司) ("**Great Research**") in August 2015, which is principally engaged in the provision of sludge and sewage treatment services (the "**Sludge and Sewage Treatment Business**") in the PRC. As disclosed in the 2016 Results Announcement, no turnover was generated from the Sludge and Sewage Treatment Business for FY2016 and its growth will depend on any new projects carried out in the future.

II. Reasons for the Open Offer and use of proceeds

As advised by the Directors, the Group has been continuously exploring and identifying suitable investment and business opportunities, including financial services business, in order to diversify its business and enhance value for the Shareholders.

The gross proceeds from the Open Offer will be not less than approximately HK$107.8 million and not more than approximately HK$111.6 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than approximately HK$104.8 million and not more than approximately HK$108.6 million. As disclosed in the Letter from the Board, it is intended that out of the net proceeds, (i) approximately HK$74.8 million to HK$78.6 million will be applied in the money lending business of the Group in Hong Kong; and (ii) approximately HK$30.0 million will be used as general working capital of the Group.

As confirmed by the Directors, the Company had not carried out other equity fund raising activities during the past 12 months immediately prior to the Latest Practicable Date. As at the Latest Practicable Date, save for the Underwriting Agreement, the Company has not entered into any agreement, understanding, intention or negotiation regarding any fund raising plan.

(a) Funding needs for the development of money lending businesses

As stated in the Letter from the Board, the Group obtained a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) since 2007 and commenced small scale money lending transactions since 2012. The Group intends to expand the scale in money lending business in the

* *For identification purpose only*

future in order to generate more income to the Group and enhance value for the Shareholders. The Group is planning to provide loans to borrowers, subject to the size and nature of the loans, background and repayment capability of the borrowers and the quality of the collaterals. It is currently expected that the additional capital requirement for this business is approximately HK$70.0 million, subject to further revision depending on the then prevailing market condition and operating environment. We have discussed about the money lending business with the management of the Company and the Company considers that the demand for finance services business, especially money lending business in Hong Kong, is promising and the number of non-bank licensed moneylenders witnessed rapid growth and increased from 959 in 2012 to 1,730 up to 31 May 2016 (Source: Companies Registry*), represented by a compound annual growth rate of about 18.9%. As disclosed in the Letter from the Board, it has come to the Board's attention that increasing number of potential clients has approached the Group for lending purpose. However, due to the lack of capital, the Group had repeatedly turned away such opportunities, save for some relatively small and short-term money lending transactions conducted in the past. As advised by the management of the Company, the Group has already achieved progress in the money lending business. The interest income generated from the money lending business was approximately HK$0.9 million, HK$0.7 million and HK$0.8 million for FY2014, FY2015 and FY2016 respectively and the individual loan size was ranged from approximately HK$3.1 million to HK$22.5 million during the above years. The Directors are of the view that, with the available funds, the Group could expand its money lending business through offering the financial services to more clients and enhancing its ability to cater for customers with larger money lending needs, thereby generating more income for the Group.

The Group currently has preliminary negotiations with various potential customers for lending purpose and given that an increasing number of potential clients has approached the Group for lending purpose as stated in the Letter from the Board, the expansion of the reserve would lead the money lending business to a better position to expand its loan portfolio and customer base, the Board considers that it is crucial to conduct a fund raising exercise as soon as possible in order to raise sufficient capital to enable the Group to further develop its money lending business.

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(b) Funding needs for general working capital of the Group

As noted from the 2016 Results Announcement, the Group reported net current liabilities of approximately HK$45.3 million as at 31 March 2016. The current liabilities of the Group as at 31 March 2016 was approximately HK$263.2 million, which mainly comprised trade, bills and other payables of approximately HK$128.6 million and borrowings of approximately HK$131.3 million. The current assets of the Group as at 31 March 2016 of approximately HK$218.0 million, which mainly comprised trade and other receivables of approximately HK$73.3 million, inventories of approximately HK$32.6 million, cash and bank balances of approximately HK$103.0 million and the amount due from an associate of approximately HK$5.3 million. As advised by the management of the Company, the cash and bank balances of the Group increased to approximately HK$103.3 million as at 31 May 2016, of which approximately HK$45.3 million has been pledged as security for bills payable, credit and banking facilities of the Group.

Given that (i) all short-term debts are due within the next 12 months; (ii) the Group reported net current liabilities of approximately HK$45.3 million as at 31 March 2016; and (iii) the current cash position of the Group, we are of the view that the net proceeds of the Open Offer will help to strengthen the capital base and improve the working capital position of the Group in order to support the operation and development of the Group's businesses.

(c) Financial alternatives available to the Group

As advised by the management of the Company, apart from equity financing, the Company has considered other fund raising alternatives before resorting to the Open Offer, including but not limited to debt financing (such as bank borrowings), placing of new shares and rights issue. The Company considers that, in comparison, debt financing exercises such as bank borrowings will increase the gearing ratio of the Company and the Company will also have to bear the corresponding interest expenses. Given the historical loss making position of the Group and the money lending business is relatively small scale and new to the Group, the availability of bank borrowings is uncertain and it will be subject to negotiations with banks which may take considerable time. Placing of new Shares will only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders and the placing price would come with a steep discount in light of the Group's financial performance.

The Board has also considered rights issue as an alternative means of fund raising other than the Open Offer. Although a rights issue enables those Shareholders who do not wish to take up their provisional entitlements to trade their nil-paid rights, it would incur additional administrative work and costs by the Company to arrange for the trading of nil-paid rights. Having considered and balanced against the additional administrative work and cost in connection with the trading arrangements of nil-paid rights, and given that all Qualifying Shareholders can have an equal opportunity to participate in the Open Offer, the Directors are of the view that raising funds by way of the Open Offer is a more cost-effective option than a rights issue.

Based on the above, and having considered that (i) debt financing may incur interest burden to the Company; (ii) placing of new Shares will further dilute the proportional of interests of the existing Shareholders and the placing price is expected to be in a steep discount in light of the Group's financial performance; (iii) rights issue which involves the trading of the nil-paid rights may incur relatively higher costs to complete as compared with an open offer; and (iv) the Qualifying Shareholders are offered an equal opportunity to participate in the Open Offer and maintain their proportional interests in the Company, we consider that the Open Offer is an equitable means to raise capital for the Company.

Having considered that (i) majority of the net proceeds from the Open Offer will be applied to business expansion in money lending business, which will in turn diversify the Group's business portfolio and broaden the income source of the Group; (ii) additional fund for sustaining the Group's operations will help to strengthen the capital base and improve the working capital position of the Group; (iii) the Open Offer's advantage in offering all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enabling the Qualifying Shareholders to maintain their proportionate interests in the Company and participating continuously in the future development of the Company should they wish to do so; and (iv) notwithstanding the availability of alternative fund raising methods, it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs, we concur with the Directors' view that conducting the Open Offer is in the interests of the Company and the Independent Shareholders.

III. Principal terms of the Open Offer

The principal terms of the Open Offer are summarised as follows:

Basis of the entitlement	One (1) Offer Share for every two (2) Shares held on the Record Date
Subscription Price	HK$0.30 per Offer Share
Number of Shares in issue as at the Latest Practicable Date	718,519,047 Shares
Number of Offer Shares	Not less than 359,259,523 Offer Shares and not more than 371,833,632 Offer Shares
Number of Offer Shares irrevocably undertaken to be accepted by the Underwriter (in his capacity as a Shareholder) pursuant to the Underwriting Agreement	44,650,000 Offer Shares
Number of Offer Shares irrevocably undertaken to be accepted by Ms. Bai (in her capacity as a Shareholder) pursuant to the Underwriting Agreement	24,500 Offer Shares
Number of Underwritten Shares	Not less than 314,585,023 Offer Shares and not more than 327,159,132 Offer Shares
Enlarged issued share capital upon completion of the Open Offer	Not less than 1,077,778,570 Shares and not more than 1,115,500,896 Shares

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

As at the Latest Practicable Date, save for the Options, the Company had no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions to the Underwriting Agreement are set out in the Letter from the Board contained in the Circular.

(a) The Subscription Price

The Subscription Price of HK$0.30 per Offer Share will be payable in full upon application for the relevant assured allotment of Offer Shares by a Qualifying Shareholder and represents:

(i) a discount of approximately 18.92% to the closing price of HK$0.37 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 49.15% to the closing price of HK$0.59 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 38.78% to the theoretical ex-entitlement price (calculated by dividing the aggregate of (i) the market value of the Shares at the closing price as quoted on the Stock Exchange on the Last Trading Day; and (ii) the gross proceeds from the Open Offer, by the number of Shares then in issue immediately after the close of the Open Offer) of approximately HK$0.49 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day;

(iv) a discount of approximately 50.82% to the average of the closing prices of approximately HK$0.61 per Share for the previous ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and

(v) a premium of approximately 42.9% to the audited consolidated net asset value per Share of approximately HK$0.21 (calculated by dividing the sum of the audited equity attributable to owners of the Company of the Group as at 31 March 2016 as shown in the 2016 Results Announcement of approximately HK$118,431,131 and the minimum amount of gross proceeds from the Open Offer of approximately HK$107,777,857 by the minimum number of Shares in issue after the completion of the Open Offer of 1,077,778,570 Shares.

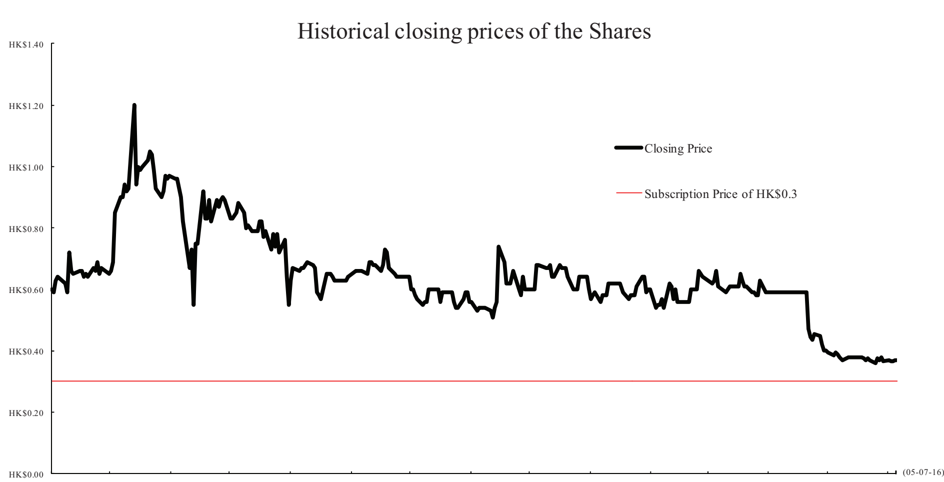
As disclosed in the Letter from the Board, the Subscription Price was agreed based on arm's length negotiations between the Company and the Underwriter after having taken into account the unaudited consolidated net asset value per Share as at 30 September 2015.

As discussed with management of the Company, given that the financial performance of the Group's existing businesses was on a sliding trend and the Group has recorded consecutive losses for the five consecutive years since 2011, the Directors consider that a lower subscription price shall encourage the existing Shareholders to take up their entitlements under the Open Offer. Furthermore, as each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/ her/ its shareholding held on the Record Date, the Directors consider that it is fair and reasonable and in the interests of the Company and the Independent Shareholders to set the Subscription Price at a level with a discount to the prevailing market price of the Shares so as to encourage the Qualifying Shareholders to participate in the Open Offer.

Historical trading prices

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the movements in closing price of the Shares for the period commencing from 25 April 2015, being the 12 month period prior to the Last Trading Day, and up to the Latest Practicable date (the "**Review Period**").

The chart below shows the daily closing prices of the Shares during the Review Period and the Subscription Price.



Source: the website of the Stock Exchange

As illustrated in the above chart, the Shares were traded above the Subscription Price throughout the Review Period with an average of approximately HK$0.64 and we note that the closing price of the Shares represents a gradual downward trend during the Review Period due to the recent volatility and market downturn of the Hong Kong stock market. The highest closing price and lowest closing price were HK$1.20 per Share on 8 June 2015 and HK$0.36 per Share on 20 June 2016, respectively. The Subscription Price represents a discount of approximately 75.00%, 16.67% and 53.13% to the highest, lowest and average closing price of the Shares of the Review Period respectively.

Taking into consideration that (i) the Subscription Price was set at a significant discount to the recent closing price of the Shares with the aim to encourage the existing Shareholders to participate in the Open Offer on a pro rata basis; (ii) it is a common market practice that the subscription price of an open offer normally represented a discount to the prevailing market price of the relevant shares as discussed in the paragraph "Comparable analysis" below; (iii) the thin trading volume of the Shares as discussed in the paragraph "Historical trading volume" below; and (iv) the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter, we are of the opinion that the Subscription Price being set below the prevailing market prices of the Shares are in line with the market practice and is fair and reasonable.

Historical trading volume

We have also reviewed the historical trading volume of the Shares during the Review Period. The average daily trading volume of the Shares, the percentages of daily trading volume of the Shares as compared to the total number of issued Shares and the total number of issued Shares held by the public during the Review Period are shown in below table.

Historical average daily trading volume of the Shares

Month	Average daily trading volume of the Shares	% of average daily trading volume of the Shares to the total number of issued Shares *(Note 1)* %	% of average daily trading volume of the Shares to the total number of issued Shares held by public shareholders *(Note 2)* %
2015			
April *(Note 3)*	1,128,250	0.157	0.208
May	1,494,353	0.208	0.276
June	2,071,350	0.288	0.383
July	372,518	0.052	0.069
August	238,057	0.033	0.044
September	63,860	0.009	0.012
October	111,570	0.016	0.021
November	29,962	0.004	0.006
December	193,073	0.027	0.036
2016			
January	1,778,320	0.247	0.329
February	363,889	0.051	0.067
March	2,280,810	0.317	0.421
April *(note 4)*	747,150	0.104	0.138
May *(note 4)*	1,447,127	0.201	0.267
June	772,514	0.108	0.143
July *(note 5)*	271,000	0.038	0.050

Source: the website of Stock Exchange

Note:

1. Calculated based on 718,519,047 Shares in issue as at the date of the Underwriting Agreement.

2. Calculated based on 541,170,047 Shares in issue held by public shareholders as at the date of the Underwriting Agreement.

3. Represents the trading volume for the period from 25 April 2015 to 30 April 2015.

4. The Shares were suspended from trading during 26 April 2016 to 16 May 2016. The data of April 2016 represents the trading volume for the period from 1 April 2016 to 25 April 2016 (i.e. the date of the Underwriting Agreement) and the data of May 2016 represents the trading volume for the period from 17 May 2016 to 31 May 2016.

5. The data of July 2016 represents the trading volume for the period from 4 July 2016 to the Latest Practicable Date.

The above table demonstrates that during the Review Period, the percentage of the average daily trading volume of the Shares were in the range of approximately 0.004% to 0.317% as to the total number of issued Shares as at the date of the Underwriting Agreement and approximately 0.006% to 0.421% as to the total number of issued Shares held in public hands as at the date of the Underwriting Agreement. The above statistics revealed that trading in the Shares was relatively thin during the Review Period and the Shares were generally illiquid in the open market. As such, we consider it would be difficult to attract the Qualifying Shareholders to participate in the Open Offer if the Subscription Price was not set as a discount to the prevailing market price of the Shares.

Having considered the thin liquidity of the Shares which illustrated in the above table, we concur with the Directors' view that it is fair and reasonable and interests of the Company and the Independent Shareholders to set the Subscription Price below the prevailing market price of the Shares so as to encourage the existing Qualifying Shareholders to take up their entitlements under the Open Offer.

Comparable analysis

To further evaluate the fairness and reasonableness of the Open Offer, we also considered a broad comparison of open offers conducted by other companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange. Based on the information available from the Stock Exchange's website, we have reviewed, so far as we are aware of, all the open offers announced by the companies listed on the Main Board or Growth Enterprise Market of the Stock Exchange, save for the open offers announced by the companies which have been suspended in trading for more than 3 months preceding the dates of the respective announcements in relation to the open offer transactions (the "**Comparables**") during the period from 25 October 2015, being six (6) months immediately preceding the Last Trading Day, to the Latest Practicable Date (the "**Comparable Period**"), which is the exhaustive list based on the selection criteria.

Having considered the recent volatility of the Hong Kong stock market and that the Comparable Period is reasonably long enough to (i) reflect the prevailing market conditions and sentiments in the Hong Kong stock market; (ii) include sufficient number of transactions for comparison purposes; and (iii) allow the Independent Shareholders to have a general understanding of the recent open offer transactions being conducted in the Hong Kong stock market, we considered that the Comparable Period is adequate.

Although the principal businesses, size of funds to be raised, share price, financial conditions of the Company and the terms of the Open Offer are not directly comparable to those of the Comparables, however, as the terms of open offers of the Comparables were determined under similar market conditions and sentiments as those when the terms of the Open Offer were determined and reflect the recent trend of the open offer transactions in the market, we are of the opinion that the Comparables are fair and representative samples to serve as a general reference to the recent market practice.

Details of the Comparables are summarised in the following table:

Date of announcement	Company name	Stock Code	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day %	Premium/ (discount) of subscription price over/(to) the theoretical ex-entitlement price %	Maximum dilution *(Note 1)* %	Underwriting commission %	Excess application
17-6-2016	Tesson Holdings Limited	1201	3 for 4	1.27	0.76	43	0	No
3-6-2016	Global Energy Resources International Group Limited	8192	1 for 2	(30.23)	(22.48)	33	2.5	No
2-6-2016	United Energy Group Limited	467	1 for 1	(52.38)	(35.48)	50	3.0	Yes
17-5-2016	Newtree Group Holdings Limited	1323	3 for 2	(56.84)	(34.50)	60	4.0	No
6-5-2016	Rosan Resources Holdings Limited	578	1 for 2	(68.25)	(58.90)	33	0	Yes
3-5-2016	China Innovation Investment Limited	1217	1 for 2	(5.66)	(3.85)	33	3.0	Yes
1-4-2016	Neptune Group Limited	70	1 for 2	(32.30)	(24.10)	33	3.0	Yes
29-3-2016	Aurum Pacific (China) Group Limited	8148	1 for 2	(2.04)	(1.23)	33	2.5	No
24-3-2016	Amax International Holdings Limited	959	1 for 2	(69.23)	(60.00)	33	5.0	No
11-3-2016	Grand Peace Group Holdings Limited	8108	10 for 1	(22.58)	15.38	91	3.5	No
26-2-2016	Sunway International Holdings Limited	58	3 for 2	(55.56)	(33.33)	60	2.5	No
23-2-2016	China Demeter Investments Limited	8120	1 for 2	(26.47)	(19.35)	33	3.5	No
28-1-2016	China Ruifeng Renewable Energy Holdings Limited	527	1 for 5	(1.30)	(1.10)	17	2.0	Yes
20-1-2016	AMCO United Holding Limited	630	1 for 2	(67.50)	(58.10)	33	2.5	No
19-1-2016	China Culiangwang Beverages Holdings Limited	904	2 for 1	(46.67)	(22.58)	67	2.5	No
14-1-2016	Creative Energy Solutions Holdings Limited	8109	5 for 2	(55.56)	(26.38)	71	2.0	No

Date of announcement	Company name	Stock Code	Basis of entitlement	Premium/ (discount) of subscription price over/(to) the closing price on the last trading day %	Premium/ (discount) of subscription price over/(to) the theoretical ex-entitlement price %	Maximum dilution *(Note 1)* %	Underwriting commission %	Excess application
7-1-2016	QPL International Holdings Limited	243	5 for 1	(65.96)	(24.35)	83	1.5	No
7-1-2016	China CBM Group Company Limited	8270	3 for 1	(80.34)	(50.70)	75	3.5	No
3-12-2015	Kong Shum Union Property Management (Holding) Limited	8181	3 for 1	(55.56)	(24.05)	75	2.5	Yes
27-11-2015	Deson Development International Holdings Limited	262	1 for 2	(40.70)	(31.90)	33	3.5	No
20-11-2015	Timeless Software Limited	8028	1 for 5	(39.39)	(35.06)	17	2.0	Yes
9-11-2015	Wealth Glory Holdings Limited	8269	1 for 2	(27.10)	(19.50)	33	3.5	No
6-11-2015	PPS International (Holdings) Limited	8201	1 for 2	(58.06)	(48.00)	33	2.5	No
2-11-2015	UDL Holdings Limited	620	2 for 5	(6.06)	(4.32)	29	0	Yes
30-10-2015	Merry Garden Holdings Limited	1237	1 for 2	(29.80)	(9.80)	33	1.0	No
28-10-2015	Ausnutria Dairy Corporation Ltd	1717	1 for 10	6.28	5.77	9	0	Yes
			Average:	(37.99)	(24.12)	44.08	2.37	
			Maximum:	(80.34)	(60.00)	91	5.0	
			Minimum:	6.28	15.38	9	0	
			Company:	(49.15)	(38.78)	33	0	

Source: the website of the Stock Exchange

Note:

(1) Maximum dilution effect of each open offer is calculated as: ((number of offer shares to be issued under the basis of entitlement)/(number of existing shares held for the entitlement for the offer shares under the basis of entitlement + number of offer shares to be issued under the basis of entitlement) x 100%), e.g. for an open offer with basis of one (1) offer share for every two (2) existing shares, the maximum dilution effect is calculated as ((1)/(1+2))*100%) = 33%.

We noted from the above table that 24 out of 26 Comparables had set the subscription price of their open offers at a discount to the prevailing market price of the relevant shares before the relevant announcements in respect of the open offers were made. We consider, therefore, it is a normal market practice for companies to set the subscription price of open offers at a discount to the prevailing market price of the relevant shares so as to encourage the shareholders to participate in the open offers.

As illustrated in the above Table, the subscription price of the Comparables were set in the range from a discount of approximately 80.34% to a premium of approximately 6.28% over their respective closing prices as quoted on the last trading day prior to the date of the relevant open offer announcements. The discount of approximately 49.15% of the Subscription Price to the closing price of the Shares on the Last Trading Day falls within the range of those of the Comparables and it is higher than the average discount of the Comparables of approximately 37.99%.

The subscription prices of the Comparables represent a range from a discount of approximately 60.00% to a premium of approximately 15.38% over their respective theoretical ex-entitlement prices as quoted on the last trading day prior to the date of the relevant open offer announcements. The discount of approximately 38.78% of the Subscription Price to the theoretical ex-entitlement price of the Shares on the Last Trading Day falls within the range of those of the Comparables and it is higher than the average discount of the Comparables of approximately 24.12%.

Based on the above analysis and the facts that (i) the Shares were traded above the Subscription Price throughout the Review Period and the discount on the Subscription Price to the market price of the Shares may enhance the attractiveness of the Open Offer and encourage the Qualifying Shareholders to take up their entitlements under the Open Offer; (ii) the Group recorded consolidated loss for the two years ended 31 March 2016; (iii) the liquidity in trading of the Shares was relatively low during the Review Period; (iv) it is common for the listed companies in Hong Kong to set the subscription price of open offers at a discount to the market price in order to enhance the attractiveness of the open offer transactions; (v) the discounts of the Subscription Price to the closing price on the Last Trading Day and to the theoretical ex-entitlement price fall within the range of the Comparables; and (vi) the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price as long as they are offered with an equal opportunity to participate in the Open Offer and subscribe for the Offer Shares, we consider that the discount on the Subscription Price may encourage the Qualifying Shareholders to participate in the Open Offer and is justifiable and the Subscription Price is on normal commercial term and is fair and reasonable so far as the Independent Shareholders are concerned.

(b) No application for excess Offer Shares

There is no arrangement for application of the Offer Shares by Qualifying Shareholders in excess of their proportionate assured allotments under the Open Offer. As advised by the management of the Company, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, including preparing and arranging the excess application forms, reviewing the relevant documents, liaising with professional parties and printing of application forms, etc.

Considering that each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Company's potential future development by subscribing for his entitlements under the Open Offer and maintaining their respective pro rata shareholding interests in the Company, the Directors is of the view that the administrative costs would be lowered without excess application.

The absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Offer Shares in excess of their assured entitlements. However, the aforesaid should be balanced against the facts that (i) the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Offer Shares and participate in the Open Offer; (ii) all the Qualifying Shareholders have the first right to decide whether to accept the Open Offer; (iii) the absence of excess application would avoid additional effort and costs to administer the excess application procedures; (iv) the absence of excess application arrangement for the Offer Shares is subject to approval by the Independent Shareholders at the SGM; and (v) the absence of excess application is in line with the general market practice given that 17 out of 26 Comparables had no excess application arrangement, representing 65% of the Comparables. Having considered the above, we are of the opinion and concur with the Directors that the absence of excess application under the Open Offer is fair and reasonable so far as the Independent Shareholders are concerned.

(c) Underwriting Arrangement

(i) The Underwriter and underwriting commission

Pursuant to the Underwriting Agreement, the Offer Shares (other than those which have been irrevocably undertaken to be subscribed by the Underwriter and Ms. Bai) not validly applied for by the Qualifying Shareholders will be taken up by the Underwriter. Accordingly, the Open Offer is fully underwritten. The Company is not required to pay the Underwriter any underwriting commission.

We have discussed and understood from the Company that, apart from the Underwriter, they have approached certain independent securities firms for acting as underwriter under the Open Offer. However, the Underwriter is the one who is optimistic about the prospect of Group and is willing to underwrite the Underwritten Shares. Furthermore, no underwriting commission is payable by the Company to the Underwriter which is in favor of the Company.

We noted from the Comparables above that an underwriting commission was normally charged by the respective underwriters in the open offer exercises and the underwriting commission in general ranged from 1.0% to 5.0% on the gross funds raised. In light of the fact that the Group can save the cost for paying the underwriting commission and reduce the overall expenses incurred in the Open Offer, we consider nil underwriting commission is in the interests of the Company and the Independent Shareholders as a whole.

(ii) Termination of the Underwriting Agreement

Subject to the fulfillment of the conditions contained in the Underwriting Agreement, it should be noted that the Open Offer would not proceed if the Underwriter exercises its termination rights under the Underwriting Agreement, details of the provisions granting the Underwriter such termination rights are included in the section headed "Termination of the Underwriting Agreement" in the Letter from the Board. We have reviewed the announcements of the Comparables and consider such provisions are on normal commercial terms and in line with the market practice.

Having considered that (i) each Qualifying Shareholder will be given an equal and fair opportunity to participate in the Open Offer; (ii) the underwriting arrangement can ensure the Company to achieve the targeted funding from the Open Offer; (iii) nil underwriting commission under the Underwriting Agreement; (iv) the termination rights of the Underwriter under the Underwriting Agreement are on normal commercial terms and in line with the market practice; and (v) the Open Offer is subject to the Underwriting Agreement having become unconditional while the Underwriting Agreement is conditional upon, among others, the approval of the absence of excess application arrangement under the Open Offer and the Whitewash Waiver by the Independent Shareholders at the SGM, we consider that the underwriting arrangement is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders.

(d) Risk associated with the Open Offer

Shareholders and potential investors should note that the Open Offer is conditional upon, amongst other things, the fulfillment of the conditions set out under the section headed "Conditions precedent" in the Letter from the Board. In particular, the Open Offer is subject to the Underwriting Agreement becoming unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof as set out in the paragraph headed "Termination of the Underwriting Agreement" in the Letter from the Board. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they in any doubt about their positions, they should consult their own professional advisers.

IV. Possible financial effects of the Open Offer

(a) Net tangible assets

According to the unaudited pro forma financial information of the Group set out in Appendix II to this Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2016 amounted to approximately HK$117.5 million. The estimated minimum net proceeds from the Open Offer will be approximately HK$104.8 million. As a result, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company would be approximately HK$222.3 million immediately after the completion of the Open Offer.

(b) Working capital

According to the 2016 Results Announcement, the Group had cash and bank balances of approximately HK$103.0 million as at 31 March 2016. Immediately upon completion of the Open Offer, the cash and bank balances of the Group will increase by an amount equivalent to the estimated net proceeds of the Open Offer of approximately HK$104.8 million to HK$108.6 million. We are of the view that the working capital position of the Group will be strengthened.

(c) Gearing position

According to the 2016 Results Announcement, the gearing ratio of the Group as at 31 March 2016 was approximately 249.8% (calculated based on the total liabilities over Shareholders' equity). Immediately upon completion of the Open Offer, the capital base would be enlarged whilst the borrowings of the Group are not expected to change as a result of the Open Offer and thus, the gearing ratio of the Group is expected to improve.

It should be noted that the abovementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Company will be upon completion of the Open Offer.

V. Potential dilution to the shareholding of the public Shareholders

All the Qualifying Shareholders are entitled to subscribe for the Offer Shares on the same basis. As illustrated in the section headed "Shareholding structure of the Company" set out in the Letter from the Board, we note that the shareholding interests of the Qualifying Shareholders who elect to take up their respective entitlements under the Open Offer will remain unchanged upon the completion of the Open Offer, however, the shareholding interests of the Qualifying Shareholders who do not take up their respective entitlement under the Open Offer will be diluted upon the completion of the Open Offer up to a maximum of 33%.

Taken into consideration that (i) the Open Offer is on the basis that all Qualifying Shareholders have been offered equal opportunity to maintain their proportional shareholding and participate in the capital base enlargement of the Company; (ii) the inherent dilutive nature is general for all cases of open offers if the existing Shareholders do not subscribe for in full their assured entitlements; (iii) the Open Offer is considered to be more preferable than other financing alternatives above; and (iv) the positive financial effect as a result of the Open Offer as detailed in the section "Possible financial effects of the Open Offer" above, we are of the opinion that the potential dilution effect on the shareholding for the Qualifying Shareholders who decide not to accept the Open Offer is justifiable.

VI. The Whitewash Waiver

As at the Latest Practicable Date, the Underwriter is an executive Director, the chairman of the Company and a substantial Shareholder beneficially interested in (i) 89,300,000 Shares, representing approximately 12.43% of the issued share capital of the Company; and (ii) Options to subscribe for 5,987,670 Shares. Ms. Bai is the spouse of the Underwriter beneficially interested in 49,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the Latest Practicable Date. Each of the Underwriter and Ms. Bai has undertaken in the Underwriting Agreement (i) not to dispose of the Shares and Options beneficially held by them prior to the close of the Open Offer; (ii) (in respect of the Underwriter only) not to exercise the Options granted to him prior to the close of the Open Offer; and (iii) to accept all Offer Shares allotted to them (in their capacities as a Shareholders) on an assured allotment basis.

In the event that the Underwriter is called upon to subscribe for the Underwritten Shares in full pursuant to its obligations under the Underwriting Agreement, the interests of the Underwriter and the parties acting in concert with him in the Company will increase from approximately 12.44% as at the Latest Practicable Date to approximately 41.62% (assuming no other Shares are allotted or issued on or before the Record Date). Accordingly, in the absence of the Whitewash Waiver, the underwriting by the Underwriter of the Open Offer will trigger an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and persons acting in concert with him. The Underwriter will make an application for the Whitewash Waiver to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. Pursuant to the Takeovers Code, the Whitewash Waiver will be conditional on, among other things, the approval of the Independent Shareholders at the SGM by way of poll.

As stated in the Letter from the Board, the Open Offer is conditional upon, among other things, the Executive granting the Whitewash Waiver to the Underwriter. Based on our analysis of the terms of the Open Offer as set out above, we consider that the terms of the Open Offer and the absence of excess application arrangement are fair and reasonable and the Open Offer is in the interests of the Company and the Independent Shareholders as a whole. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Open Offer will not proceed.

In light of (i) the reasons for and the possible benefits of the Open Offer to the Company as set forth in the section headed "Reasons for the Open Offer and use of proceeds" of this letter; (ii) the terms of the Open Offer and the Underwriting Agreement being fair and reasonable so far as the Independent Shareholders are concerned; (iii) the abovementioned positive financial impacts on the Group as a result of the Open Offer; and (iv) all Qualifying Shareholders will be provided with an equal opportunity to take up their Offer Shares in accordance with their entitlement under the Open Offer and their respective interests in the Company will not be diluted if they elect to take up their entitlement in full under the Open Offer, we are of the opinion that, for the purposes of implementing the Open Offer as discussed above, the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

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

(a) the Open Offer will enable the Group to obtain the target funding to finance the Group's development of the money lending business and general working capital of the Group;

(b) the loss making position of the Company for FY2015 and FY2016;

(c) the uncertainties relating to the timing and results of the Litigation and the future performance of MVCM Association which may affect the interests of the Company in the license fee collection and provision of intellectual property enforcement business of the Company;

(d) the Open Offer would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Group;

(e) the Subscription Price is set at a discount to the closing prices of the Shares throughout the Review Period;

(f) the major terms and conditions of the Underwriting Agreement is in line with the market practice;

(g) the dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Offer Shares under the Open Offer;

(h) the Open Offer will enhance the net assets value of the Group and improve the liquidity position of the Group; and

(i) in the event that the Whitewash Waiver is not granted by the Executive, the Open Offer will not become unconditional and will not proceed, We consider that the Open Offer, the Underwriting Agreement and the Whitewash Waiver are in the interests of the Company and/or the Independent Shareholders, and are fair and reasonable so far as the Company and/or the Independent Shareholders are concerned.

Accordingly, we advise the Independent Shareholders and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Monica Lin
Managing Director

1. THREE YEARS FINANCIAL SUMMARY

Set out below is a summary of the consolidated financial results and assets and liabilities of the Company for the three years ended 31 March 2016.

The consolidated financial results and assets and liabilities of the Company for the three years ended 31 March 2016 are extracted from the annual reports of the Company for the year ended 31 March 2014 and 2015 and the announcement of the final results of the Company for the year ended 31 March 2016 respectively.

The consolidated financial statements for the three years ended 31 March 2016 were audited by BDO Limited, the independent auditors of the Company. There is no qualification/modification in the auditors' report in respect of the consolidated financial statements for each of the three years ended 31 March 2016.

The Group did not have any items which are exceptional because of size, nature or incidence for each of the three financial years ended 31 March 2014, 2015 and 2016 in its financial statements for those periods.

Consolidated Statement of Comprehensive Income

	For the year ended 31 March		
	2016	**2015**	**2014**
	(Audited)	**(Audited)**	**(Audited)**
	HK$	*HK$*	*HK$*
Continuing operations			
Revenue	111,977,069	141,378,969	224,247,041
Other income and gains	20,925,310	7,321,418	30,400,017
Costs of inventories	(1,938,038)	(9,152,937)	(1,183,575)
Depreciation on property, plant and equipment	(15,969,512)	(13,298,088)	(19,071,442)
Amortisation	(443,892)	(23,994,665)	(28,495,327)
Impairment losses	(62,576,817)	(336,346,196)	(16,121,300)
Operating lease payments	(41,615,998)	(45,917,744)	(52,455,152)
Staff costs	(47,065,372)	(52,682,825)	(78,167,700)
Other operating expenses	(92,800,467)	(135,588,290)	(166,767,616)
Share of (losses)/profits of associates	(167,356)	616,346	(6,508,682)
Finance costs	(3,371,646)	(4,313,268)	(13,275,762)
Loss before income tax (expense)/credit	(133,046,719)	(471,977,280)	(127,399,498)
Income tax (expense)/credit	(765,325)	21,417,725	(1,526,529)

	For the year ended 31 March		
	2016	**2015**	**2014**
	(Audited)	**(Audited)**	**(Audited)**
	HK$	*HK$*	*HK$*
Loss for the year from continuing operations	(133,812,044)	(450,559,555)	(128,926,027)
Discontinued operation			
Loss for the year from discontinued operation	—	—	(11,055,441)
Gain on disposal of subsidiaries	—	—	79,446,079
Profit for the year from discontinued operation	—	—	68,390,638
Loss for the year	(133,812,044)	(450,559,555)	(60,535,389)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of properties	575,037	654,096	746,459
Tax expense related to changes on revaluation of properties	(94,881)	(107,925)	(123,166)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations	(5,054,461)	(6,203,495)	(2,018,877)
Available-for-sale investments, change in fair value	11,089,281	(177,984,369)	26,889,435
Available-for-sale investments, reclassify from equity to profit or loss	—	147,964,021	449,120
Release of foreign exchange reserve upon disposal of subsidiaries	(231,378)	(471,831)	(59,156,406)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments	—	(4,775,996)	—
Reclassification adjustment for realisation upon disposal of available-for-sale investments	(14,266,465)	2,681,793	—
Other comprehensive income for the year, net of tax	(7,982,867)	(38,243,706)	(33,213,435)
Total comprehensive income for the year	(141,794,911)	(488,803,261)	(93,748,824)
Loss for the year attributable to:			
Owners of the Company	(131,334,493)	(445,229,478)	(52,291,302)
Non-controlling interests	(2,477,551)	(5,330,077)	(8,244,087)
	(133,812,044)	(450,559,555)	(60,535,389)

	For the year ended 31 March		
	2016	**2015**	**2014**
	(Audited)	**(Audited)**	**(Audited)**
	HK$	*HK$*	*HK$*
Total comprehensive income for the year attributable to:			
Owners of the Company	(139,472,414)	(481,783,516)	(83,347,170)
Non-controlling interests	(2,322,497)	(7,019,745)	(10,401,654)
	(141,794,911)	(488,803,261)	(93,748,824)
Loss per share from continuing operations			
Basic (HK cents)	(18.28)	(70.06)	(20.26)
Diluted (HK cents)	(18.28)	(70.06)	(20.26)
Earnings per share from discontinued operation			
Basic (HK cents)	—	—	11.53
Diluted (HK cents)	—	—	11.53
Loss per share from continuing and discontinued operations			
Basic (HK cents)	(18.28)	(70.06)	(8.73)
Diluted (HK cents)	(18.28)	(70.06)	(8.73)

Consolidated Statement of Financial Position

	31 March 2016 (Audited) *HK$*	31 March 2015 (Audited) *HK$*	31 March 2014 (Audited) *HK$*
Assets			
Non-current assets			
Property, plant and equipment	100,521,045	127,346,754	74,859,922
Investment properties	6,246,653	6,326,550	6,199,271
Goodwill	—	—	96,019,091
Intangible assets	905,845	1,022,728	129,654,080
Interests in associates	38,754,055	—	56,625,703
Available-for-sale investments	43,087,358	21,268,209	204,732,204
Convertible loan notes	—	—	3,569,000
Deferred tax assets	—	1,640,340	—
Total non-current assets	189,514,956	157,604,581	571,659,271
Current assets			
Inventories	32,556,941	31,450,492	33,449,819
Trade and other receivables	73,317,428	197,466,828	196,319,683
Deferred expenditure	—	—	3,929,687
Amounts due from non-controlling shareholders	14,049	4,049	472,706
Amounts due from related parties	3,707,915	261,828	1,622,672
Amount due from an associate	5,320,302	—	4,322,138
Cash and bank balances	103,035,471	109,558,313	173,820,122
Total current assets	217,952,106	338,741,510	413,936,827
Total assets	407,467,062	496,346,091	985,596,098

	31 March 2016 (Audited) *HK$*	31 March 2015 (Audited) *HK$*	31 March 2014 (Audited) *HK$*
Liabilities			
Current liabilities			
Trade, bills and other payables	128,606,060	92,253,338	80,518,963
Amounts due to non-controlling shareholders	53,594,160	53,594,160	97,794,653
Amounts due to related parties	27,051,879	43,894,302	35,023,051
Bank borrowings	50,702,070	33,922,913	29,569,384
Other borrowings	—	—	39,640,500
Deferred income	480,048	504,993	504,382
Current tax liabilities	2,808,177	2,278,096	3,113,333
Total current liabilities	263,242,394	226,447,802	286,164,266
Net current (liabilities)/assets	(45,290,288)	112,293,708	127,772,561
Total assets less current liabilities	144,224,668	269,898,289	699,431,832
Non-current liabilities			
Bank borrowings	18,001,800	26,385,890	—
Provision for long service payments	42,373	42,373	42,373
Deferred income	3,063,101	3,727,265	4,227,134
Deferred tax liabilities	6,645,278	—	12,561,503
Total non-current liabilities	27,752,552	30,155,528	16,831,010
Total liabilities	290,994,946	256,603,330	302,995,276
NET ASSETS	116,472,116	239,742,761	682,600,822

	31 March 2016 (Audited) *HK$*	31 March 2015 (Audited) *HK$*	31 March 2014 (Audited) *HK$*
Capital and reserves attributable to owners of the Company			
Share capital	35,925,952	35,925,952	29,938,352
Reserves	82,505,179	221,977,593	655,506,241
	118,431,131	257,903,545	685,444,593
Non-controlling interests	(1,959,015)	(18,160,784)	(2,843,771)
TOTAL EQUITY	116,472,116	239,742,761	682,600,822

2a. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2016

Set out below are the audited consolidated financial statements of the Company for the year ended 31 March 2016 together with the accompanying notes as extracted from the announcement of the final results of the Company for the year ended 31 March 2016:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

		2016	2015
	Notes	*HK$*	*HK$*
Revenue	*3*	111,977,069	141,378,969
Other income and gains		20,925,310	7,321,418
Costs of inventories		(1,938,038)	(9,152,937)
Depreciation on property, plant and equipment		(15,969,512)	(13,298,088)
Amortisation	*4*	(443,892)	(23,994,665)
Impairment losses	*4*	(62,576,817)	(336,346,196)
Operating lease payments		(41,615,998)	(45,917,744)
Staff costs		(47,065,372)	(52,682,825)
Other operating expenses		(92,800,467)	(135,588,290)
Share of (losses)/profits of associates		(167,356)	616,346
Finance costs		(3,371,646)	(4,313,268)
Loss before income tax (expense)/credit	*4*	(133,046,719)	(471,977,280)
Income tax (expense)/credit	*5*	(765,325)	21,417,725
Loss for the year		(133,812,044)	(450,559,555)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of properties		575,037	654,096
Tax expense related to changes on revaluation of properties		(94,881)	(107,925)

	Notes	2016 HK$	2015 HK$
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		(5,054,461)	(6,203,495)
Available-for-sale investments, change in fair value		11,089,281	(177,984,369)
Available-for-sale investments, reclassify from equity to profit or loss		—	147,964,021
Release of foreign exchange reserve upon disposal of subsidiaries		(231,378)	(471,831)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments		—	(4,775,996)
Reclassification adjustment for realisation upon disposal of available-for-sale investments		(14,266,465)	2,681,793
Other comprehensive income for the year, net of tax		(7,982,867)	(38,243,706)
Total comprehensive income for the year		(141,794,911)	(488,803,261)
Loss for the year attributable to:			
Owners of the Company	7	(131,334,493)	(445,229,478)
Non-controlling interests		(2,477,551)	(5,330,077)
		(133,812,044)	(450,559,555)
Total comprehensive income for the year attributable to:			
Owners of the Company		(139,472,414)	(481,783,516)
Non-controlling interests		(2,322,497)	(7,019,745)
		(141,794,911)	(488,803,261)
Loss per share	7		
Basic (HK cents)		(18.28)	(70.06)
Diluted (HK cents)		(18.28)	(70.06)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	**31 March 2016 *HK$***	31 March 2015 *HK$*
Assets			
Non-current assets			
Property, plant and equipment		100,521,045	127,346,754
Investment properties		6,246,653	6,326,550
Intangible assets		905,845	1,022,728
Interests in associates		38,754,055	—
Available-for-sale investments	*9*	43,087,358	21,268,209
Deferred tax assets		—	1,640,340
Total non-current assets		189,514,956	157,604,581
Current assets			
Inventories		32,556,941	31,450,492
Trade and other receivables	*10*	73,317,428	197,466,828
Amounts due from non-controlling shareholders		14,049	4,049
Amounts due from related parties		3,707,915	261,828
Amount due from an associate		5,320,302	—
Cash and bank balances		103,035,471	109,558,313
Total current assets		217,952,106	338,741,510
Total assets		407,467,062	496,346,091
Liabilities			
Current liabilities			
Trade, bills and other payables	*11*	128,606,060	92,253,338
Amounts due to non-controlling shareholders		53,594,160	53,594,160
Amounts due to related parties		27,051,879	43,894,302
Bank borrowings		50,702,070	33,922,913
Deferred income		480,048	504,993
Current tax liabilities		2,808,177	2,278,096

	Notes	31 March 2016 HK$	31 March 2015 HK$
Total current liabilities		263,242,394	226,447,802
Net current (liabilities)/assets		(45,290,288)	112,293,708
Total assets less current liabilities		144,224,668	269,898,289
Non-current liabilities			
Bank borrowings		18,001,800	26,385,890
Provision for long service payments		42,373	42,373
Deferred income		3,063,101	3,727,265
Deferred tax liabilities		6,645,278	—
Total non-current liabilities		27,752,552	30,155,528
Total liabilities		290,994,946	256,603,330
NET ASSETS		116,472,116	239,742,761
Capital and reserves attributable to owners of the Company			
Share capital		35,925,952	35,925,952
Reserves		82,505,179	221,977,593
		118,431,131	257,903,545
Non-controlling interests		(1,959,015)	(18,160,784)
TOTAL EQUITY		116,472,116	239,742,761

Notes

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain properties and available-for-sale investments, which are measured at revalued amount or fair value.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF NEW OR REVISED HKFRSS AND AMENDED LISTING RULES

(a) Adoption of revised HKFRSs — first effective on 1 April 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of these revised HKFRSs has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements have been issued, but are not yet effective for the financial year beginning on 1 April 2015 and have not yet been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors so far concluded that the application of these new/revised HKFRSs will have no material impact on the Group's financial statements.

(c) Disclosures of possible impacts on financial statements on initial adoption of the amended Listing Rules

The amended Listing Rules in relation to the presentation and disclosures in financial statements, including the amendments with reference to the new Companies Ordinance, Cap. 622 (the New Ordinance), will first apply to the Company in this financial year. The Directors consider that there is no impact on the Group's financial position or performance. However the amendments to Listing Rules would have impacts on the presentation and disclosures in the consolidated financial statements.

3. SEGMENT REPORTING

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker, which is the Board, in assessing performance and allocating resources. The chief operating decision maker considers the business primarily on the basis of the types of services supplied by the Group. The Group is currently organised into seven operating divisions — licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing business, property development and investment, sludge and sewage treatment, entertainment business and food and beverages.

Principal activities are as follows:

Licence fee collection and provision of intellectual property enforcement services business	—	operation of the business of the licences of copyright to karaoke music products and provision of intellectual property enforcement services in the People's Republic of China ("**PRC**") as managed by China Music Video Collective Management Association* (中國音像著作權集體管理協會) (the "**MVCM Association**")
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing business	—	sub-leasing of properties in the PRC
Property development and investment	—	development of real estates and leasing of investment properties
Sludge and sewage treatment	—	operation of sludge and sewage treatment plants in the PRC
Entertainment business	—	provision of talent management and entertainment and travelling related services
Food and beverages	—	sale of food and beverages and restaurant operations

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss, assets and liabilities and other information

	2016								
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Sludge and sewage treatment	Entertainment business	Food and beverages	Inter-segment elimination	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue									
External sales	12,810,708	54,602,737	44,243,143	–	–	297,885	22,596	–	111,977,069
Inter-segment sales	–	–	–	–	–	–	–	–	–
	12,810,708	54,602,737	44,243,143	–	–	297,885	22,596	–	111,977,069
Reportable segment (loss)/profit before income tax expense	(36,519,775)	(2,500,457)	4,422,429	(855,906)	(27,283,120)	(1,711,758)	(3,142,087)	–	(67,590,674)
Other segment information									
Interest income	51,466	107,018	55,714	28	5,512	670	1	–	220,409
Interest expenses	–	–	3,055,994	–	–	–	–	–	3,055,994
Depreciation of property, plant and equipment	1,703,623	484,870	8,791,865	721,503	1,019,554	178,667	275,037	–	13,175,119
Amortisation of intangible assets	–	–	–	–	327,009	–	–	–	327,009
Gain on disposal of property, plant and equipment	–	–	662,913	–	–	–	–	–	662,913

	2016								
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Sludge and sewage treatment	Entertainment business	Food and beverages	Inter-segment elimination	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Impairment loss on trade and other receivables	37,739,942	–	2,670,019	–	821,061	–	–	–	41,231,022
Impairment loss on property, plant and equipment	–	–	–	–	993,162	–	–	–	993,162
Written off of inventories to net realisable value	–	–	–	–	193,260	–	–	–	193,260
Impairment loss on goodwill	–	–	–	–	20,023,466	–	–	–	20,023,466
Impairment loss on intangible assets	–	–	–	–	285,882	–	–	–	285,882
Share of losses of associates	–	–	–	–	167,356	–	–	–	167,356
(Loss)/gain on disposal of subsidiaries	–	–	(34,217)	–	–	76,375	(2,699,519)	–	(2,657,361)
Reportable segment assets	40,974,167	29,630,011	115,810,367	8,527,520	45,740,393	12,519,736	35,495,382	–	288,697,576
Expenditure for reportable segment non-current assets	–	6,706	2,788,108	–	4,011,949	–	–	–	6,806,763
Reportable segment liabilities	81,987,713	9,206,635	143,059,811	5,070	15,640,470	5,720,336	605,927	–	256,225,962

	2015								
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Sludge and sewage treatment	Entertainment business	Food and beverages	Inter-segment elimination	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue									
External sales	39,740,199	66,712,740	33,586,207	–	–	604,164	735,659	–	141,378,969
Inter-segment sales	–	–	–	–	–	–	–	–	–
	39,740,199	66,712,740	33,586,207	–	–	604,164	735,659	–	141,378,969
Reportable segment loss before income tax credit	(182,424,883)	(25,735,652)	(122,251,776)	(665,213)	–	(4,996,663)	(5,444,091)	–	(341,518,278)
Other segment information									
Interest income	335,822	102,500	12,779	189	–	1,401	36	–	452,727
Interest expenses	–	–	3,805,261	–	–	–	–	–	3,805,261
Depreciation of property, plant and equipment	1,686,785	612,215	6,966,567	630,022	–	40,932	629,962	–	10,566,483
Amortisation of intangible assets	12,066,716	3,178,240	–	–	–	–	–	–	15,244,956
Amortisation of deferred expenditure	8,632,826	–	–	–	–	–	–	–	8,632,826
Gain on disposal of property, plant and equipment	74,083	–	–	–	–	–	–	–	74,083
Reversal of impairment loss on other receivables	–	–	1,212,716	–	–	–	–	–	1,212,716
Impairment loss on goodwill	79,427,363	–	16,591,728	–	–	–	–	–	96,019,091
Impairment loss on intangible assets	68,494,242	19,864,005	–	–	–	–	–	–	88,358,247
Impairment loss on deferred expenditure	2,268,500	–	–	–	–	–	–	–	2,268,500

	2015								
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Sludge and sewage treatment	Entertainment business	Food and beverages	Inter-segment elimination	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Impairment loss on available-for-sale investments	–	–	98,747,593	–	–	–	–	–	98,747,593
Impairment loss on other receivables	252,083	–	1,484,254	–	–	–	–	–	1,736,337
Share of profits of associates	–	–	–	–	–	616,346	–	–	616,346
Loss on disposal of subsidiaries	16,030,080	–	–	–	–	–	–	–	16,030,080
Loss on disposal of associates	–	–	–	–	–	2,912,809	–	–	2,912,809
Gain on deemed disposal of interest in associates, net	–	–	–	–	–	1,162,241	–	–	1,162,241
Loss on disposal of convertible loan notes	–	–	–	–	–	1,051,473	–	–	1,051,473
Reportable segment assets	56,944,443	34,620,005	122,685,084	119,361,973	–	2,719,783	35,332,897	–	371,664,185
Expenditure for reportable segment non-current assets	7,685,784	–	57,224,652	2,668,714	–	619,304	–	–	68,198,454
Reportable segment liabilities	79,490,176	13,851,708	153,231,955	–	–	5,985,322	10,858	–	252,570,019

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Loss before income tax (expense)/credit

	2016	**2015**
	HK$	*HK$*
Reportable segment loss before income tax (expense)/credit	(67,590,674)	(341,518,278)
Unallocated gain/(loss) on disposal of available-for-sale investments	14,266,465	(1,630,320)
Unallocated gain on disposal of subsidiaries	83,164	—
Unallocated interest income and other income	3,129,265	3,362,898
Unallocated impairment loss on available-for-sale investments	—	(49,216,428)
Unallocated amortisation of intangible assets	(116,883)	(116,883)
Unallocated impairment loss on trade and other receivables	(43,285)	—
Unallocated finance costs	(315,652)	(508,007)
Unallocated staff costs	(31,897,390)	(27,389,866)
Unallocated rent, rates and management fee	(21,194,904)	(22,875,881)
Unallocated depreciation of property, plant and equipment	(2,794,393)	(2,731,605)
Unallocated head office and corporate expenses *(note)*	(26,572,432)	(29,352,910)
Loss before income tax (expense)/credit	(133,046,719)	(471,977,280)

Note:

Unallocated head office and corporate expenses mainly include professional and consultancy fees, administrative expenses and business development expenses.

Assets

	2016	**2015**
	HK$	*HK$*
Reportable segment assets	288,697,576	371,664,185
Property, plant and equipment	5,279,167	6,652,302
Available-for-sale investments	43,087,358	21,268,209
Trade and other receivables	10,967,782	10,915,755
Loan receivables	28,369,700	27,722,772
Cash and cash equivalents	29,960,034	56,898,668
Unallocated head office and corporate assets	1,105,445	1,224,200
Total assets	407,467,062	496,346,091

Liabilities

	2016	2015
	HK$	*HK$*
Reportable segment liabilities	256,225,962	252,570,019
Bank borrowings	30,000,000	—
Unallocated head office and corporate liabilities	4,768,984	4,033,311
Total liabilities	290,994,946	256,603,330

(c) Geographical information

The Group's operations are mainly located in Hong Kong, the PRC and Korea.

An analysis of the Group's geographical segments is set out as follows:

	2016			
	Hong Kong	**The PRC**	**Korea**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Revenue *(note)*	150,702	111,656,588	169,779	111,977,069
Non-current assets other than financial instruments and deferred tax assets	14,896,200	122,629,353	8,902,045	146,427,598

	2015			
	Hong Kong	**The PRC**	**Korea**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Revenue *(note)*	691,188	140,157,155	530,626	141,378,969
Non-current assets other than financial instruments and deferred tax assets	15,950,804	108,852,524	9,892,704	134,696,032

Note:

Revenue is attributed to countries on the basis of the customers' location.

4. LOSS BEFORE INCOME TAX (EXPENSE)/CREDIT

Loss before income tax (expense)/credit is arrived at after charging:

	2016	2015
	HK$	*HK$*
Amortisation on:		
— intangible assets	443,892	15,361,839
— deferred expenditure	—	8,632,826
	443,892	23,994,665
Fair value loss on investment properties	79,897	—
Losses on disposal of subsidiaries, net	2,574,197	16,030,080
Loss on disposal of associates	—	2,912,809
Loss on disposal of convertible loan notes	—	1,051,473
Loss on disposal of available-for-sale investments	—	1,630,320
Impairment losses on:		
— available-for-sale investments	—	147,964,021
— trade and other receivables *(note 10)*	41,274,307	1,736,337
— goodwill *(note 8)*	20,023,466	96,019,091
— intangible assets	285,882	88,358,247
— deferred expenditure	—	2,268,500
— property, plant and equipment	993,162	—
	62,576,817	336,346,196
Written down of inventories to net realisable value	193,260	—
Auditor's remuneration	1,788,000	2,090,000

5. INCOME TAX (EXPENSE)/CREDIT

The amount of income tax (expense)/credit in the consolidated statement of comprehensive income represents:

	2016	2015
	HK$	*HK$*
Current tax — Hong Kong profits tax		
— tax for the year	—	—
— over/(under)-provision in respect of prior years	768	(192,035)
	768	(192,035)
Current tax — PRC Enterprise Income Tax		
— tax for the year	(60,981)	(29,098)
— over-provision in respect of prior years	—	411,471
	(60,981)	382,373
Deferred tax	(705,112)	21,227,387
	(765,325)	21,417,725

No Hong Kong profits tax has been provided within the Group as there is no estimated assessable profits for the year ended 31 March 2016 and 2015.

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2015: 25%).

6. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2016, nor has any dividend been proposed since the end of reporting period (2015: nil).

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2016	2015
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	(131,334,493)	(445,229,478)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	718,519,047	635,512,866

There are no dilutive effects on the share options granted, as they are anti-dilutive.

8. GOODWILL AND IMPAIRMENT

	Provision of intellectual property enforcement services *(note (a))* *HK$*	Property sub-leasing business *(note (b))* *HK$*	Sludge and sewage treatment business *(note (c))* *HK$*	Total *HK$*
Cost				
At 1 April 2014, 31 March 2015 and 1 April 2015	79,427,363	16,591,728	—	96,019,091
Acquisition *(note 12)*	—	—	20,023,466	20,023,466
At 31 March 2016	79,427,363	16,591,728	20,023,466	116,042,557
Impairment				
At 1 April 2014	—	—	—	—
Impairment loss	(79,427,363)	(16,591,728)	—	(96,019,091)
At 31 March 2015 and 1 April 2015	(79,427,363)	(16,591,728)	—	(96,019,091)
Impairment loss *(note 12)*	—	—	(20,023,466)	(20,023,466)
At 31 March 2016	(79,427,363)	(16,591,728)	(20,023,466)	(116,042,557)
Carrying value				
At 31 March 2016	—	—	—	—
At 31 March 2015	—	—	—	—

In accordance with HKAS 36 "Impairment of assets", management of the Group performed impairment test for goodwill allocated to the Group's various cash generating units ("**CGUs**") by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

Notes:

(a) The recoverable amount of the CGU in relation to provision of intellectual property enforcement services was zero and determined from value-in-use calculation based on cash flow projections covering from 2015 to 2022, which is the period whereby an exclusive right has been granted to the Group by the MVCM Association to provide intellectual property enforcement services. Discount rate of 15.5% per annum is used in the calculation which was provided by APAC Asset Valuation and Consulting Limited ("**APAC**") for the year ended 31 March 2015. The key assumption have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK$79,427,363 was fully impaired and impairment loss on intangible assets of HK$68,494,242 were provided. It was because the revenue generated from the CGU has dropped. The Directors considered that the customer, the karaoke venue operators, were affected by the reduction in expenditures in entertainment and recreation activities in the PRC and the industry would experience no growth in future.

(b) On 8 July 2011, the Group acquired the entire issued share capital of BoRen Cultural Development Limited ("**BoRen**") which is engaged in sub-leasing of properties and facilities in Nanjing, the PRC. The estimated recoverable amount was HK$103,015,144 and determined from value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 5% revenue growth rate per annum. Discount rate of 10% per annum was used in the calculation which was provided by APAC in 2015 with reference to similar companies. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK$16,591,728 was fully impaired, it was mainly due to keen competition in property market and adverse economic environment in the PRC, and significant investments in renovation of leasehold improvements for sustaining the growth in future.

(c) On 5 August 2015, the Group completed the acquisition of 51% equity interest of Suzhou Great Research & Industrialization Co., Ltd.*（蘇州格瑞特環保科技產業發展有限公司）("**Great Research**") and its subsidiaries (the "**Great Group**") at an aggregated consideration of RMB31,435,514 (equivalent to HK$39,303,823). The Great Group is principally engaged in the operation of sludge and sewage treatment plants in the PRC. The estimated recoverable amount was zero and determined from value-in-use calculation based on cash flow projections covering a five-year period. Discount rate of 17.6% per annum is used in the calculation which was provided by Vigers Appraisal & Consulting Limited ("**Vigers**") for the year ended 31 March 2016. The key assumption is have been determined by the Group's management based on past performance and its expectations for the industry development.

During the year ended 31 March 2016, the goodwill of HK$20,023,466 was fully impaired (2015: nil) and impairment loss on intangible assets of HK$285,882 (2015: nil) were made as certain potential projects were suspended due to expiration and are pending for re-negotiation and financing. As a result, as at 31 March 2016, the directors expect the future profit generated by the Great Group will be minimal.

All the discount rates used above are pre-tax and reflect specific risks relating to the relevant segments.

9. AVAILABLE-FOR-SALE INVESTMENTS

	2016	**2015**
	HK$	*HK$*
Listed securities in Hong Kong, at fair value *(note (a))*	12,791,336	21,268,209
Unlisted equity securities in the PRC, at cost *(note (b))*	30,296,022	—
Contingent consideration in related to acquisition of subsidiary *(note (c))*	—	—
	43,087,358	21,268,209

Notes:

(a) As at 31 March 2016, the listed securities in Hong Kong represented mainly the equity interests in Brockman Mining Limited and Leyou Technologies Holdings Limited (2015: Cosmopolitan International Holdings Limited) which are listed on the Main Board of the Stock Exchange.

During the year ended 31 March 2016, net fair value gain on the available-for-sale investments of the Group amounted to HK$11,089,281 (2015: net fair value loss of HK$79,066,044) was recognised in other comprehensive income. During the year ended 31 March 2015, HK$49,216,428 was reclassified to profit or loss as the Directors considered the decline in fair value constituted objective evidence of impairment.

The fair values of listed equity investments are based on quoted market prices.

(b) On 8 June 2015, Shenzhen Wendi Multimedia Technology Company Limited* (深圳市文地多媒體技術有限公司)("**Shenzhen Wendi**"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Guangwei Technology Group Limited* (廣微科技集團有限公司)("**Guangwei**"), pursuant to which Shenzhen Wendi conditionally agreed to purchase and Guangwei conditionally agreed to sell the 9.5% of the subscribed capital contribution of Chongqing Lianshun Heqi Venture Investment Fund Partnership* (重慶聯順合氣創業投資基金合伙企業)("**Lianshun**") at a consideration equivalent to HK$32,000,000 in RMB.

Lianshun is an investment fund principally engaged in unconventional oil/gas industry in the PRC.

As at 31 March 2016, the unlisted equity securities with a carrying amount of HK$30,296,022 (2015: nil) were stated at cost less impairment.

(c) The contingent consideration in relation to acquisition of subsidiaries was secured by 40% equity interests of Elite-China Cultural Development Limited ("**Elite-China**"), an indirect non-wholly owned subsidiary of the Company, which was held by FeiFan Cultural Development Limited, a non-controlling shareholder of Elite-China.

The contingent consideration of approximately RMB82,000,000 (equivalent to HK$103,523,589) as at 31 March 2015 related to acquisition of subsidiaries was valued at 31 March 2015 on option pricing model basis by APAC, an independent professional valuer. During the year ended 31 March 2015, the Group recognised impairment loss on the contingent consideration based on the group accounting policy amounted to HK$98,747,593 in other comprehensive income and HK$98,747,593 was reclassified to profit or loss as there are indications that the vendor may have potential financial difficulty as at 31 March 2015.

10. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	*HK$*
Trade debtors *(note (a))*	12,641,943	37,466,143
Deposits, prepayments and other receivables *(note (b))*	32,305,785	22,277,913
Loan receivables *(note (c))*	28,369,700	27,722,772
Deposits for acquisition of subsidiaries *(note (d))*	—	110,000,000
	73,317,428	197,466,828

Notes:

(a) The ageing analysis of trade receivables based on invoice date after impairment loss is as follows:

	2016	2015
	HK$	*HK$*
Within 90 days	12,116,796	18,710,907
91 days to 365 days	18,088	11,002,411
More than 365 days	507,059	7,752,825
	12,641,943	37,466,143

The below table reconciles the impairment loss of trade receivables for the year:

	2016	2015
	HK$	*HK$*
At 1 April	—	10,496,203
Impairment loss recognised	40,409,960	—
Bad debts written off	—	(10,496,203)
At 31 March	40,409,960	—

The Group recognised impairment loss on individual assessment based on the group accounting policy.

The Group generally grants no credit period to its customers, except for transactions with customers in exhibition-related services, in which credit period ranging from 30 to 60 days is granted.

(b) The below table reconciles the impairment loss of deposit, prepayment and other receivables for the year:

	2016	2015
	HK$	*HK$*
At 1 April	—	—
Impairment loss recognised	864,347	1,736,337
Bad debts written off	—	(1,736,337)
At 31 March	864,347	—

The Group recognised impairment loss based on the group accounting policy.

(c) Loan receivables presented:

	2016	2015
	HK$	*HK$*
— Loan to independent third parties	28,369,700	27,722,772

It represented advances to four (2015: two) independent third parties. The Group and the independent third parties entered into the loan agreements in which the Group agreed to advance loans to the independent third parties in the aggregate principal amount of HK$28,369,700 (2015: HK$27,722,772). The loans are unsecured and bear an effective interest rate ranging from 4% to 10% per annum (2015: 4%) and shall be repayable in 3 months from the date of advance.

(d) On 14 June 2013, the Company entered into a memorandum of understanding (as amended and supplemented by supplemental memorandums of understanding dated 8 August 2013, 11 October 2013, 27 November 2013 and 10 April 2014) (collectively referred to as the "**MOU**") with Estate Fortune Limited ("**EFL**") regarding the proposed acquisitions of the entire issued share capital of a company which directly or indirectly holds interests in the Yixing project and Lianyungang project.

On 31 March 2015, the Company entered into a termination agreement with EFL (the "**Termination Agreement**"), pursuant to which the parties agreed to terminate the MOU with immediate effect from 31 March 2015. Pursuant to the Termination Agreement, the total payment amounting to HK$30,000,000 was fully refunded during the year ended 31 March 2016.

Details of the Termination Agreement were more particularly set out in the Company's announcement dated 31 March 2015.

On 1 August 2013, the Company entered into an acquisition agreement (as amended and supplemented by supplemental agreements dated 30 July 2014 and 28 October 2014) (collectively referred to as the "**Acquisition Agreement**") with Bliss Zone Limited ("**BZL**") to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited（長島旅遊投資發展有限公司）for a total consideration of HK$400,000,000. The transaction was approved by the Company's shareholders on 7 November 2013.

Pursuant to the terms of the Acquisition Agreement, the completion of the Acquisition Agreement is conditional upon fulfilment and/or waiver (as the case maybe) of the conditions precedent set out in the Acquisition Agreement on or before 30 April 2015. On 30 April 2015, the conditions precedent to the Acquisition Agreement were not fulfilled and/or waived (as the case maybe) and no extension of the time was agreed by the parties to the Acquisition Agreement, the Acquisition Agreement had lapsed and ceased to have any effect and neither party thereto had any rights or obligations towards each other thereunder, save for liabilities for any antecedent breaches thereof and BZL was required to rebate the earnest money, the partial payment and any settled residual payment to the Company. The total payment amounting to HK$80,000,000 was fully refunded during the year ended 31 March 2016.

Details of lapse of the Acquisition Agreement were more particularly set out in the Company's announcement dated 30 April 2015.

11. TRADE, BILLS AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Trade creditors	24,664,778	15,380,803
Bills payables	7,680,768	12,624,828
Other payables and accruals	82,454,386	46,638,581
Other deposits received	13,806,128	17,609,126
	128,606,060	92,253,338

Included in trade, bills and other payables are trade and bills payables with the following ageing analysis as of the end of reporting period:

	2016	2015
	HK$	*HK$*
Current or within 30 days	1,752,040	15,037,117
31 to 60 days	618,069	1,783,923
61 to 90 days	585,981	935,796
Over 90 days	29,389,456	10,248,795
	32,345,546	28,005,631

Trade and bills payables are expected to be settled within one year.

12. ACQUISITION OF SUBSIDIARIES

On 5 August 2015, the Group completed the acquisition of 51% equity interests of the Great Group at an aggregate consideration of RMB31,435,514 (equivalent to HK$39,303,823).

The Great Group is principally engaged in the operation of sludge and sewage treatment plants in the PRC.

The fair values of net assets acquired at the date of acquisition are as follows:

	HK$
Fair values of assets and liabilities acquired:	
Intangible assets	627,109
Property, plant and equipment	3,252,790
Interests in associates	39,293,270
Inventories	197,217
Other receivables and prepayments	283,522
Amounts due from related parties	250,060
Amounts due from associates	5,542,757
Cash and cash equivalents	5,078,123
Trade payables	(841,158)
Other payables and accruals	(8,393,443)
Deferred tax liabilities	(7,485,625)
	37,804,622
Non-controlling interests	(18,524,265)
Net assets acquired	19,280,357
Goodwill	20,023,466
Total consideration	39,303,823
Total consideration satisfied by:	
Cash	39,303,823
Net cash outflow arising on acquisition:	
Cash consideration paid	(39,303,823)
Cash and cash equivalents acquired	5,078,123
	(34,225,700)

The goodwill arising on the acquisition is attributable to broaden the revenue base of the Group so as to enhance the overall competitive ability of the Group.

The goodwill of approximately HK$20,023,466 was impaired during the year ended 31 March 2016. (note 8)

Since its acquisition, the Great Group had no revenue contributed to the Group's revenue and incurred a loss of HK$5,923,889 for the year ended 31 March 2016. Had the above acquisition been the combination taken place on 1 April 2015, the revenue and loss before income tax expenses of the Group for the year ended 31 March 2016 would have been HK$114,755,340 and HK$138,719,298 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the on 1 April 2015, nor is it intended to be a projection of future results.

The Group has engaged Vigers, an independent valuer, to assess the fair value of the assets and liabilities of the Great Group at the date of acquisition.

The acquisition-related costs of HK$292,557 have been expensed and are included in other operating expenses.

The Group has elected to measure the non-controlling interests in the Great Group the proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables, equivalent to its gross contractual amount as shown above, is considered as fully recoverable.

13. EVENTS AFTER THE REPORTING PERIOD

(a) Reference is made to the announcements of the Company dated 17 May 2006 and 19 December 2006 in relation to, amongst others, (i) a copyright co-operation agreement dated 8 May 2006 entered into between China Music Video Broadcast (Shenzhen) Company Limited* (中音傳播(深圳)有限公司)("**China Music**"), an indirect non-wholly owned subsidiary of the Company, and the MVCM Association; (ii) a copyright business operation cooperation agreement dated 8 May 2006 entered into between China Music, Song Labs Co, Ltd*(北京天語同聲信息技術有限公司)("**Song Labs**"), an indirect wholly-owned subsidiary of the Company, and the MVCM Association; and (iii) any supplemental agreements entered into thereafter (collectively referred to as the "**Copyright Co-operation Agreements**").

Pursuant to the Copyright Co-operation Agreements, the MVCM Association, China Music and Song Labs have set up a market operation team in the PRC to manage and operate the business of the licenses of copyright to karaoke music products in the PRC, and China Music and Song Labs are entitled to certain portion of the license fees in the PRC. Under the Copyright Co-operation Agreements, the MVCM Association takes the role as the sole market manager and China Music and Song Labs together take the role as the sole market operator. Pursuant to the Copyright Co-operation Agreements, the MVCM Association is required to collect the license fees from the karaoke operators and distribute and pay certain portion of such license fees to China Music and Song Labs on a weekly basis as operating fees (the "**Operating Fees**").

As at 12 November 2015, the MVCM Association has not paid certain Operating Fees to China Music and Song Labs, despite repeated demands were made by China Music and Song Labs to the MVCM Association. Based on the information currently available to the Company, the outstanding Operating Fees payable by the MVCM Association amounted to approximately RMB34,000,000 as at 12 November 2015.

On 1 June 2016, China Music and Song Labs have initiated legal proceedings (the "**Litigation**") against the MVCM Association and 北京朝陽區人民法院(The People's Court of Chaoyang, Beijing*) notified China Music and Song Labs that the application for the Litigation has been accepted. Accordingly, 北京朝陽區人民法院 (The People's Court of Chaoyang, Beijing*) will commence necessary procedures for the Litigation upon receipt of the litigation fee from China Music and Song Labs.

The Litigation is still on preliminary stage and the Company's PRC legal counsel is currently taking all necessary steps to protect the Company's interests.

(b) On 16 May 2016, the Company announced its proposal to raise not less than approximately HK$107,777,857 and not more than approximately HK$111,550,090 before expenses by way of the open offer, pursuant to which not less than 359,259,523 and not more than 371,833,632 offer shares will be issued at the subscription price of HK$0.30 per offer share. The Company will allot one (1) offer share for every two (2) shares held by the qualifying shareholders whose names appear on the register of members of the Company on the record date. The open offer is not available to the excluded shareholders. As at the date of this announcement, the open offer has not yet completed.

Details of the open offer were disclosed in the Company's announcement dated 16 May 2016.

2b. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2015

Set out below are the audited consolidated financial statements of the Company for the year ended 31 March 2015 together with the accompanying notes as extracted from the annual report of the Company for the year ended 31 March 2015:

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$	2014 HK$
Continuing operations			
Turnover	7	141,378,969	224,247,041
Other income and gains	8	7,321,418	30,400,017
Costs of inventories		(9,152,937)	(1,183,575)
Depreciation on property, plant and equipment		(13,298,088)	(19,071,442)
Amortisation	9	(23,994,665)	(28,495,327)
Impairment losses	9	(336,346,196)	(16,121,300)
Operating lease payments		(45,917,744)	(52,455,152)
Staff costs	11	(52,682,825)	(78,167,700)
Other operating expenses		(135,588,290)	(166,767,616)
Share of profits/(losses) of associates		616,346	(6,508,682)
Finance costs	13	(4,313,268)	(13,275,762)
Loss before income tax credit/(expense)	9	(471,977,280)	(127,399,498)
Income tax credit/(expense)	14	21,417,725	(1,526,529)
Loss for the year from continuing operations		(450,559,555)	(128,926,027)
Discontinued operation			
Loss for the year from discontinued operation	10	—	(11,055,441)
Gain on disposal of subsidiaries	40(d)	—	79,446,079
Profit for the year from discontinued operation		—	68,390,638
Loss for the year		(450,559,555)	(60,535,389)

	Notes	2015 HK$	2014 HK$
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of properties	*18*	654,096	746,459
Tax expense related to changes on revaluation of properties	*36*	(107,925)	(123,166)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		(6,203,495)	(2,018,877)
Available-for-sale investments, change in fair value	*25 & 27*	(177,984,369)	26,889,435
Available-for-sale investments, reclassify from equity to profit or loss	*25*	147,964,021	449,120
Release of foreign exchange reserve upon disposal of subsidiaries	*40(a), (d)*	(471,831)	(59,156,406)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments		(4,775,996)	—
Reclassification adjustment for realisation upon disposal of available-for-sale investments		2,681,793	—
Other comprehensive income for the year, net of tax		(38,243,706)	(33,213,435)
Total comprehensive income for the year		(488,803,261)	(93,748,824)

	Notes	2015 HK$	2014 HK$
Loss for the year attributable to:	17		
Owners of the Company		(445,229,478)	(52,291,302)
Non-controlling interests		(5,330,077)	(8,244,087)
		(450,559,555)	(60,535,389)
Total comprehensive income for the year attributable to:			
Owners of the Company		(481,783,516)	(83,347,170)
Non-controlling interests		(7,019,745)	(10,401,654)
		(488,803,261)	(93,748,824)
Loss per share from continuing operations	17		
Basic (HK cents)		(70.06)	(20.26)
Diluted (HK cents)		(70.06)	(20.26)
Earnings per share from discontinued operation	17		
Basic (HK cents)		—	11.53
Diluted (HK cents)		—	11.53
Loss per share from continuing and discontinued operations	17		
Basic (HK cents)		(70.06)	(8.73)
Diluted (HK cents)		(70.06)	(8.73)

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	31 March 2015 HK$	31 March 2014 HK$
Assets			
Non-current assets			
Property, plant and equipment	18	127,346,754	74,859,922
Investment properties	19	6,326,550	6,199,271
Goodwill	21	—	96,019,091
Intangible assets	22	1,022,728	129,654,080
Interests in associates	24	—	56,625,703
Available-for-sale investments	25	21,268,209	204,732,204
Convertible loan notes	27	—	3,569,000
Deferred tax assets	36	1,640,340	—
Total non-current assets		157,604,581	571,659,271
Current assets			
Inventories	28	31,450,492	33,449,819
Trade and other receivables	29	197,466,828	196,319,683
Deferred expenditure	26	—	3,929,687
Amounts due from non-controlling shareholders	30	4,049	472,706
Amounts due from related parties	30	261,828	1,622,672
Amount due from an associate	30	—	4,322,138
Cash and bank balances	31	109,558,313	173,820,122
Total current assets		338,741,510	413,936,827
Total assets		496,346,091	985,596,098

	Notes	31 March 2015 HK$	31 March 2014 HK$
Liabilities			
Current liabilities			
Trade, bills and other payables	32	92,253,338	80,518,963
Amounts due to non-controlling shareholders	30	53,594,160	97,794,653
Amounts due to related parties	30	43,894,302	35,023,051
Bank borrowings	33	33,922,913	29,569,384
Other borrowings	34	—	39,640,500
Deferred income		504,993	504,382
Current tax liabilities		2,278,096	3,113,333
Total current liabilities		226,447,802	286,164,266
Net current assets		112,293,708	127,772,561
Total assets less current liabilities		269,898,289	699,431,832
Non-current liabilities			
Bank borrowings	33	26,385,890	—
Provision for long service payments	35	42,373	42,373
Deferred income		3,727,265	4,227,134
Deferred tax liabilities	36	—	12,561,503
Total non-current liabilities		30,155,528	16,831,010
Total liabilities		256,603,330	302,995,276
NET ASSETS		239,742,761	682,600,822

	Notes	31 March 2015 HK$	31 March 2014 HK$
Capital and reserves attributable to owners of the Company			
Share capital	37	35,925,952	29,938,352
Reserves		221,977,593	655,506,241
		257,903,545	685,444,593
Non-controlling interests		(18,160,784)	(2,843,771)
TOTAL EQUITY		239,742,761	682,600,822

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$	2014 HK$
Assets			
Non-current assets			
Interests in subsidiaries	23	155,352,347	473,413,178
Current assets			
Amounts due from subsidiaries	23	476,675,533	770,085,955
Other receivables	29	110,005,201	112,070,239
Cash and cash equivalents	31	50,075,906	8,631,546
Total current assets		636,756,640	890,787,740
Total assets		792,108,987	1,364,200,918
Liabilities			
Current liabilities			
Other payables	32	2,330,808	1,584,801
Amounts due to subsidiaries	23	598,098,816	732,126,551
Other borrowings	34	—	26,640,500
Total current liabilities		600,429,624	760,351,852
Net current assets		36,327,016	130,435,888
Total assets less current liabilities		191,679,363	603,849,066
NET ASSETS		191,679,363	603,849,066
Capital and reserves			
Share capital	37	35,925,952	29,938,352
Reserves	38	155,753,411	573,910,714
TOTAL EQUITY		191,679,363	603,849,066

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital *(note 37)* *HK$*	Share premium *(note 38)* *HK$*	Other reserve *(note 38)* *HK$*	Contributed surplus *(note 38)* *HK$*	Employee share-based compensation reserve *(note 38)* *HK$*	Other properties revaluation reserve *(note 38)* *HK$*	Foreign exchange reserve *(note 38)* *HK$*	Investment revaluation reserve *(note 38)* *HK$*	Accumulated losses *(note 38)* *HK$*	Equity attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
At 1 April 2014	29,938,352	2,024,217,103	(95,365,361)	28,784,000	9,376,692	6,347,123	35,186,935	27,338,555	(1,380,378,806)	685,444,593	(2,843,771)	682,600,822
Loss for the year	–	–	–	–	–	–	–	–	(445,229,478)	(445,229,478)	(5,330,077)	(450,559,555)
Gain on revaluation of properties *(note 18)*	–	–	–	–	–	654,096	–	–	–	654,096	–	654,096
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	(4,513,827)	–	–	(4,513,827)	(1,689,668)	(6,203,495)
Available-for-sale investments, change in fair value *(note 25 & 27)*	–	–	–	–	–	–	–	(177,984,369)	–	(177,984,369)	–	(177,984,369)
Available-for-sale investments, reclassify from equity to profit or loss *(note 25)*	–	–	–	–	–	–	–	147,964,021	–	147,964,021	–	147,964,021
Tax expense related to changes on revaluation of properties *(note 36)*	–	–	–	–	–	(107,925)	–	–	–	(107,925)	–	(107,925)
Release of foreign exchange reserve upon disposal of subsidiaries *(note 40(a))*	–	–	–	–	–	–	(471,831)	–	–	(471,831)	–	(471,831)
Release of foreign exchange reserve upon impairment loss on available-for-sales investment	–	–	–	–	–	–	(4,775,996)	–	–	(4,775,996)	–	(4,775,996)
Reclassifications adjustment for realisation upon disposal of available-for-sale investments	–	–	–	–	–	–	–	2,681,793	–	2,681,793	–	2,681,793
Total comprehensive income	–	–	–	–	–	546,171	(9,761,654)	(27,338,555)	(445,229,478)	(481,783,516)	(7,019,745)	(488,803,261)
Issuance of ordinary shares *(note 37)*	5,987,600	53,888,400	–	–	–	–	–	–	–	59,876,000	–	59,876,000
Share issue expenses	–	(1,854,176)	–	–	–	–	–	–	–	(1,854,176)	–	(1,854,176)
Acquisition of additional interest in a subsidiary *(note 41(a))*	–	–	(3,779,356)	–	–	–	–	–	–	(3,779,356)	1,963,149	(1,816,207)
Disposal of subsidiaries *(note 40(a))*	–	–	–	–	–	–	–	–	–	–	(10,260,417)	(10,260,417)
At 31 March 2015	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,376,692	6,893,294	25,425,281	–	(1,825,608,284)	257,903,545	(18,160,784)	239,742,761
At 1 April 2013	29,938,352	2,024,217,103	(87,976,712)	28,784,000	5,698,000	5,723,830	94,204,651	–	(1,333,785,504)	766,803,720	5,597,141	772,400,861
Loss for the year	–	–	–	–	–	–	–	–	(52,291,302)	(52,291,302)	(8,244,087)	(60,535,389)
Gain on revaluation of properties *(note 18)*	–	–	–	–	–	746,459	–	–	–	746,459	–	746,459
Exchange differences arising on translating foreign operations	–	–	–	–	–	–	138,690	–	–	138,690	(2,157,567)	(2,018,877)
Available-for-sale investments, change in fair value *(note 25 & 27))*	–	–	–	–	–	–	–	26,889,435	–	26,889,435	–	26,889,435
Available-for-sale investments, reclassify from equity to profit or loss *(note 25)*	–	–	–	–	–	–	–	449,120	–	449,120	–	449,120
Tax expense related to changes on revaluation of properties *(note 36)*	–	–	–	–	–	(123,166)	–	–	–	(123,166)	–	(123,166)
Release of foreign exchange reserve upon disposal of subsidiaries *(note 40(d))*	–	–	–	–	–	–	(59,156,406)	–	–	(59,156,406)	–	(59,156,406)
Total comprehensive income	–	–	–	–	–	623,293	(59,017,716)	27,338,555	(52,291,302)	(83,347,170)	(10,401,654)	(93,748,824)
Equity-settled share-based transactions *(note 39)*	–	–	–	–	9,376,692	–	–	–	–	9,376,692	–	9,376,692
Share options forfeited *(note 39)*	–	–	–	–	(5,698,000)	–	–	–	5,698,000	–	–	–
Acquisition of additional interest in a subsidiary *(note 41(b))*	–	–	(7,388,649)	–	–	–	–	–	–	(7,388,649)	2,595,392	(4,793,257)
Disposal of subsidiaries *(note 40(b), (c), (d))*	–	–	–	–	–	–	–	–	–	–	(14,528,907)	(14,528,907)
Capital contributions by non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	–	13,894,257	13,894,257
At 31 March 2014	29,938,352	2,024,217,103	(95,365,361)	28,784,000	9,376,692	6,347,123	35,186,935	27,338,555	(1,380,378,806)	685,444,593	(2,843,771)	682,600,822

Consolidated Statement of Cash Flows
For the year ended 31 March 2015

	Notes	2015 HK$	2014 HK$
Cash flows from operating activities			
Net cash used in operations	43	(54,197,927)	(15,477,120)
Interest received		1,272,737	2,251,425
Tax paid		(213,009)	(2,068,354)
Net cash used in operating activities		(53,138,199)	(15,294,049)
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed	40	(31,378,912)	152,364,462
Deposits for acquisition of subsidiaries		—	(110,000,000)
Increase of bank pledged deposit	31	(9,243,655)	—
Increase of restricted cash at banks		—	(13,813,351)
(Increase)/decrease in amount due from non-controlling shareholders		(85,495)	352,574
Decrease in amount due from related parties		1,360,844	1,330,861
Purchases of property, plant and equipment		(66,787,464)	(29,035,891)
Proceeds from disposal of property, plant and equipment		97,998	163,693
Proceeds from disposal of associate net of cash disposed		55,904,267	—
Proceeds from disposal of convertible loan notes		3,413,000	—
Purchase of investment properties		—	(6,199,271)
Investment of films in progress		—	(10,370,981)
Proceeds from disposal of films in progress		22,444,074	3,873,499
Proceeds from disposal of available-for-sale investments		999,680	4,133,140
Deferred expenditure paid		—	(3,844,412)
Net cash used in investing activities		(23,275,663)	(11,045,677)

	Notes	2015 HK$	2014 HK$
Cash flows from financing activities			
Increase in bank loans		72,132,430	60,434,937
Repayment of bank loans		(41,393,011)	(37,518,189)
Interest paid		(4,313,268)	(10,210,360)
Proceed from issue of ordinary shares		59,876,000	—
Expenses paid for subscription of shares		(1,854,176)	—
Acquisition of additional interests in subsidiaries		—	(5,000,000)
Increase/(decrease) in amounts due to related parties		8,871,251	(41,290)
Decrease in amounts due to non-controlling shareholders		(7,119,606)	—
Increase in other borrowings		—	18,990,000
Repayment in other borrowings		(26,640,500)	(28,922,827)
Net cash generated from/(used in) financing activities		59,559,120	(2,267,729)
Net decrease in cash and cash equivalents		(16,854,742)	(28,607,455)
Cash and cash equivalents at beginning of year		118,241,763	146,994,834
Effect of exchange rate changes on cash and cash equivalents		(1,072,363)	(145,616)
Cash and cash equivalents at end of year		100,314,658	118,241,763
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents included in cash and bank balances	*31*	100,314,658	118,241,763

Notes to the Financial Statements

31 March 2015

1. GENERAL

Culture Landmark Investment Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office and principal place of business are at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Rooms 2501-2505, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

The Company is engaged in investment holding. The principal activities of the subsidiaries are set out in note 23. The Company and its subsidiaries are collectively referred to as the "Group".

During the year ended 31 March 2014, the Group disposed its existing hotel operation business. Accordingly, the comparative consolidated statement of comprehensive income and the related notes have been represented as if the operation discontinued during the year had been discontinued at the beginning of the comparative period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") AND AMENDED RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE ("LISTING RULES")

(a) Adoption of new/revised to HKFRSs — first effective on 1 April 2014

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities

The adoption of the new/revised HKFRSs has no material impact on the Group's financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following revised standards, amendments and interpretations which are relevant to the Group have been issued, but are not yet effective for the financial year beginning on 1 April 2014 and have not yet been early adopted.

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 9	Financial Instruments[5]
HKFRS 15	Revenue from Contracts with Customers[4]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2018

Annual Improvements 2010-2012 Cycle, 2011-2013 Cycle and 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to HKAS 1 – Disclosure Initiative

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

HKFRS 9 (2014) — Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

HKFRS 15 — Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements and the Directors so far concluded that they are not yet in a position to quantify the effects of application of other new/revised HKFRSs on the Group's financial statements.

(c) Disclosures of possible impacts on financial statements on initial adoption of the amended Listing Rules

The amended Listing Rules in relation to the presentation and disclosures in financial statements, including the amendments with reference to the new Companies Ordinance, Cap. 622 (the New Ordinance), will first apply to the Company in its financial year ending on 31 March 2016. The Directors consider that there will be no impact on the Group's financial position or performance. However the amendments to Listing Rules would have impacts on the presentation and disclosures in the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRS, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Listing Rules.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain properties, convertible loan notes and available-for-sale investments, which are measured at revalued amount or fair value as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 April 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (1) power over the investee, (2) exposure, or rights, to variable returns from the investee, and (3) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) Goodwill and gain on a bargain purchase

Goodwill is initially recognised at cost being the excess of the aggregate of a consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets acquired, liabilities and contingent liabilities assumed.

Where the fair value of identifiable assets acquired, liabilities and contingent liabilities assumed exceed the fair value of consideration paid, the excess, which is the gain on a bargain purchase, is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(e) Property, plant and equipment

Leasehold land and buildings, other than hotel property, are stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. As the fair value of the land cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, the land portion is accounted for as being held under a finance lease. Fair value is determined by the Directors of the Company based on independent valuations which are performed periodically. The valuations are on the basis of open market value. The Directors of the Company review the carrying value of the leasehold land and buildings and adjustment is made where they consider that there has been a material change. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under other properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and are thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the other properties revaluation reserve.

Upon disposal of leasehold land and buildings, the relevant portion of the other properties revaluation reserve realised in respect of previous valuations is released from the other properties revaluation reserve to retained earnings.

The hotel property and other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Hotel buildings in PRC	5 years
Leasehold land and buildings	40 years
Leasehold improvements	Over lease terms of 2-16 years
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years
Yacht	10 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising from disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows:

Provision of copyright licence fees settlement and collection services	8 years
Provision of intellectual property enforcement services	11 years
Golf club memberships	12 years, indefinite
Customer relationship and customer contracts	10 years

Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (note 4(r)).

(g) Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(h) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties in PRC. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(i) Deferred expenditure

Deferred expenditure represents non-refundable payments to copyright holders for their share of operating profits from the co-operation business to collect licence fees from karaoke operators in PRC. The deferred expenditure is initially recognised at cost. Subsequent to initial recognition, deferred expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for deferred expenditure is provided on a straight-line basis over the co-operation period.

(j) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(k) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale investments

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectable, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale investments

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

An impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

Financial liabilities are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in the consolidated statement of comprehensive income.

Gains or losses recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(l) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Revenue recognition

Revenue from licence fee collection business is recognised when services are performed.

Compensation for infringement of music licence is recognised when the right to receive the compensation is established and it is probable that the Group will receive the compensation.

Hotel room revenue is recognised when hotel rooms are occupied.

Revenue from exhibition and related service is recognised when the exhibition is completed and related services are rendered.

Rental income from operating leases/facility sharing income is recognised on a straight-line basis over the term of the relevant lease/agreement.

Revenue from entertainment services including artist management is recognised when services are rendered.

Revenue from musical works is recognised when the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the customers.

Revenue from restaurants is recognised when food and beverages are sold and services are provided.

Revenue from sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(o) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating, to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in the profit or loss of group entities' separate or individual financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to the profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Profit-sharing and bonus plans

The expected costs of profit-sharing and bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit-sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iv) Post-employment benefits

Retirement benefits to employees are provided through several defined contribution plans.

The Group adopts a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance of Hong Kong for all employees of its subsidiaries operating in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries but subject to a cap in accordance with the statutory requirement and are recognised in profit or loss as they become payable in accordance with the rules of the MPF Scheme.

The Group has recorded provisions for long service payments for employees who had completed the required number of years of service under Hong Kong's Employment Ordinance for whom the Group is obligated to pay long service payment on termination of their employment.

The employees of the Group's subsidiaries that operate in PRC are required to participate in a government-managed retirement benefit schemes. These subsidiaries are required to contribute a fixed cost per employee to the government-managed retirement benefit schemes. The contributions are charged to profit or loss as they become payable.

(q) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss over the vesting period with a corresponding increase in the employee share-based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the end of each reporting period so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit or loss is charged with the fair value of goods or services received unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For cash settled share based payments, a liability is recognised at the fair value of the goods or services received.

(r) Impairment of other assets

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- payments for leasehold land held for own use under operating leases;
- investments in subsidiaries, associates and joint ventures, except for those classified as held for sale;
- deferred expenditure; and
- film rights and film in progress.

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation decrease under that HKFRS.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control of the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(c) Both entities are joint ventures of the same third party;

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(e) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;

(f) The entity is controlled or jointly controlled by a person identified in (i);

(g) A person identified in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(u) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income in consolidated statement of financial position and consequently are effectively recognised in profit or loss over the useful life of the asset.

(w) Films in progress

Films in progress are stated at cost less any provision for impairment losses. Costs include all direct costs associated with the production of films. Provision are made for costs which are in excess of the expected future revenue generated by these films. Costs of films are transferred to film rights upon completion.

At the end of each reporting period, both internal and external market information is considered to assess whether there is any indication that film rights and films in progress are impaired. If any such indication exists, the carrying amount of such assets is assessed and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Fair value of investment properties and leasehold land and buildings

The fair value of the investment properties and leasehold land and buildings are determined by independent valuers on an open market value for existing use basis. In making their judgment, consideration has been given to assumptions that are mainly based on market conditions existing at the end of reporting period, by reference to recent market transactions and appropriate capitalisation rates based on an estimation of the rental income. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(b) Useful lives of property, plant and equipment

Management determines the estimated useful lives of the property, plant and equipment and will revise depreciation charges when useful lives differ from previous estimates.

(c) Impairment test of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Impairment loss on intangible assets

Determining whether an intangible asset is impaired requires an estimation of the future cash flow and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(e) Impairment loss on loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectability and ageing analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(f) Impairment loss on deferred expenditure

The carrying amounts of deferred expenditure are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions.

6. SEGMENT REPORTING

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker, which is the Board, in assessing performance and allocating resources. The chief operating decision maker considers the business primarily on the basis of the types of services supplied by the Group. The Group is currently organised into six operating divisions — licence fee collection and provision of intellectual property enforcement services business, exhibition-related business, property sub-leasing business, property development and investment, entertainment business and food and beverages.

Principal activities are as follows:

Licence fee collection and provision of intellectual property enforcement services business	—	provision of copyright licence fees settlement and collection services and intellectual property enforcement services in respect of karaoke copyright in the Peoples' Republic of China ("PRC") as managed and administered by the China Audio-Video Copyright Association, the sole official recognised national audio-video organisation in PRC
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing business	—	sub-leasing of properties in PRC
Property development and investment	—	development of real properties and leasing of investment properties
Entertainment business	—	provision of talent management and entertainment and travelling related services
Food and beverages	—	sale of food and beverages and restaurant operations

(i) The Group was also involved in the hotel operation business. On 22 July 2013, the Group ceased the hotel operation business as detailed in note 10.

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss, assets and liabilities and other information

	2015									
	Continuing operations								Discontinued operation	
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Entertainment business	Food and beverages	Inter-segment elimination	Sub-total	Hotel operation	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue										
External sales	39,740,199	66,712,740	33,586,207	–	604,164	735,659	–	141,378,969	–	141,378,969
Inter-segment sales	–	–	–	–	–	–	–	–	–	–
	39,740,199	66,712,740	33,586,207	–	604,164	735,659	–	141,378,969	–	141,378,969
Reportable segment loss before income tax credit	(182,541,766)	(25,735,652)	(122,251,776)	(665,213)	(4,996,663)	(5,444,091)	–	(341,635,161)	–	(341,635,161)
Other segment information										
Interest income	335,822	102,500	12,779	189	1,401	36	–	452,727	–	452,727
Interest expenses	–	–	3,805,261	–	–	–	–	3,805,261	–	3,805,261
Depreciation of property, plant and equipment	1,686,785	612,215	6,966,567	630,022	40,932	629,962	–	10,566,483	–	10,566,483
Amortisation of intangible assets	12,183,599	3,178,240	–	–	–	–	–	15,361,839	–	15,361,839
Amortisation of deferred expenditure	8,632,826	–	–	–	–	–	–	8,632,826	–	8,632,826
Gain on disposal of property, plant and equipment	74,083	–	–	–	–	–	–	74,083	–	74,083
Reversal of impairment loss on other receivables	–	–	1,212,716	–	–	–	–	1,212,716	–	1,212,716
Impairment loss on goodwill	79,427,363	–	16,591,728	–	–	–	–	96,019,091	–	96,019,091
Impairment loss on intangible assets	68,494,242	19,864,005	–	–	–	–	–	88,358,247	–	88,358,247
Impairment loss on deferred expenditure	2,268,500	–	–	–	–	–	–	2,268,500	–	2,268,500

	2015									
	Continuing operations								Discontinued operation	
	License fee collection and provision of intellectual property enforcement services business *HK$*	Exhibition-related business *HK$*	Property sub-leasing business *HK$*	Property development and investment *HK$*	Entertainment business *HK$*	Food and beverages *HK$*	Inter-segment elimination *HK$*	Sub-total *HK$*	Hotel operation *HK$*	Total *HK$*
Impairment loss on available-for-sale investments	–	–	98,747,593	–	–	–	–	98,747,593	–	98,747,593
Impairment loss on other receivables	252,083	–	1,484,254	–	–	–	–	1,736,337	–	1,736,337
Share of profits of associates	–	–	–	–	616,346	–	–	616,346	–	616,346
Loss on disposal of subsidiaries	16,030,080	–	–	–	–	–	–	16,030,080	–	16,030,080
Loss on disposal of associates	–	–	–	–	2,912,809	–	–	2,912,809	–	2,912,809
Gain on deemed disposal of interest in associates, net	–	–	–	–	1,162,241	–	–	1,162,241	–	1,162,241
Loss on disposal of convertible loan notes	–	–	–	–	1,051,473	–	–	1,051,473	–	1,051,473
Reportable segment assets	56,944,443	34,620,005	122,685,084	119,361,973	2,719,783	35,332,897	–	371,664,185	–	371,664,185
Expenditure for reportable segment non-current assets	7,685,784	–	57,224,652	2,668,714	619,304	–	–	68,198,454	–	68,198,454
Reportable segment liabilities	79,490,176	13,851,708	153,231,955	–	5,985,322	10,858	–	252,570,019	–	252,570,019

	2014									
	Continuing operations								Discontinued operation	
	License fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Entertainment business	Food and beverages	Inter-segment elimination	Sub-total	Hotel operation	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue										
External sales	87,012,992	66,243,406	64,895,784	–	3,152,388	2,942,471	–	224,247,041	12,489,056	236,736,097
Inter-segment sales	–	–	–	–	–	284,347	(284,347)	–	–	–
	87,012,992	66,243,406	64,895,784	–	3,152,388	3,226,818	(284,347)	224,247,041	12,489,056	236,736,097
Reportable segment (loss)/profit before income tax expense	(20,706,534)	(3,196,927)	(14,931,492)	(971,614)	4,673,405	(11,040,964)	–	(46,174,126)	68,390,638	22,216,512
Other segment information										
Interest income	842,794	72,672	123,229	–	89	90	–	1,038,874	–	1,038,874
Interest expenses	33,250	–	10,177,109	–	–	–	–	10,210,359	–	10,210,359
Depreciation of property, plant and equipment	2,842,128	682,806	11,167,033	–	181,851	997,289	–	15,871,107	139,124	16,010,231
Amortisation of payments for leasehold land held for own use under operating leases	–	–	–	–	–	–	–	–	1,205,395	1,205,395
Amortisation of intangible assets	12,386,256	3,178,240	–	–	–	–	–	15,564,496	–	15,564,496
Amortisation of deferred expenditure	12,930,831	–	–	–	–	–	–	12,930,831	–	12,930,831
Gain on disposal of property, plant and equipment	157,207	–	–	–	–	–	–	157,207	–	157,207
Impairment loss on property, plant and equipment	–	–	6,263,276	–	–	2,430,288	–	8,693,564	–	8,693,564
Impairment loss on trade and other receivables	546,125	–	6,285,075	–	–	–	–	6,831,200	–	6,831,200
Share of losses of associates	–	–	–	–	6,508,682	–	–	6,508,682	–	6,508,682
(Loss)/gain on disposal of subsidiaries	–	–	(12,048,296)	–	9,200,697	–	–	(2,847,599)	79,446,079	76,598,480
Waiver of amount due to a related party	–	–	2,836,401	–	–	–	–	2,836,401	–	2,836,401
Reportable segment assets	332,986,814	61,546,882	179,945,781	121,076,043	83,346,859	36,380,867	–	815,283,246	–	815,283,246
Expenditure for reportable segment non-current assets	3,504,561	593,238	18,897,328	7,138,072	–	–	–	30,133,199	–	30,133,199
Reportable segment liabilities	169,183,611	18,482,656	88,167,400	–	4,972,795	2,669,475	–	283,475,937	–	283,475,937

Loss before income tax credit/(expense) from continuing operations

	2015	**2014**
	HK$	*HK$*
Reportable segment loss before income tax credit/(expense) from continuing operations	(341,635,161)	(46,174,126)
Unallocated (loss)/gain on disposal of available-for-sale investments	(1,630,320)	2,378,140
Unallocated interest income and other income	3,362,898	6,813,887
Unallocated impairment loss on property plant and equipment	—	(147,416)
Unallocated impairment loss on available-for-sale investments	(49,216,428)	(449,120)
Unallocated finance costs	(508,007)	(3,065,402)
Unallocated staff costs	(27,389,866)	(33,119,507)
Unallocated rent, rates and management fee	(22,875,881)	(15,566,822)
Unallocated depreciation of property, plant and equipment	(2,731,605)	(3,200,335)
Unallocated head office and corporate expenses	(29,352,910)	(34,868,797)
Loss before income tax credit/(expense) from continuing operations	(471,977,280)	(127,399,498)

Assets

	2015	**2014**
	HK$	*HK$*
Reportable segment assets	371,664,185	815,283,246
Available-for-sale investments	21,268,209	101,333,932
Cash and cash equivalents	56,898,668	27,494,061
Property, plant and equipment	6,652,302	9,362,065
Loan receivables	27,722,772	11,300,000
Unallocated head office and corporate assets	12,139,955	20,822,794
Total assets	496,346,091	985,596,098

Liabilities

	2015	2014
	HK$	*HK$*
Reportable segment liabilities	252,570,019	283,475,937
Other borrowings	—	13,000,000
Unallocated head office and corporate liabilities	4,033,311	6,519,339
Total liabilities	256,603,330	302,995,276

(c) Geographical information

The Group's operations are mainly located in Hong Kong, PRC and Korea.

An analysis of the Group's geographical segments is set out as follows:

	2015							
	Hong Kong		PRC		Korea		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover *(note (i))*	691,188	—	140,157,155	—	530,626	—	141,378,969	—
Non-current assets other than financial instruments and deferred tax assets	15,950,804	—	108,852,524	—	9,892,704	—	134,696,032	—

	2014							
	Hong Kong		PRC		Korea		Total	
	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation	Continuing operations	Discontinued operation
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Turnover *(note (i))*	6,639,426	—	217,607,615	12,489,056	—	—	224,247,041	12,489,056
Non-current assets other than financial instruments and deferred tax assets	117,969,283	—	239,189,513	—	6,199,271	—	363,358,067	—

Note:

(i) Turnover is attributed to countries on the basis of the customers' location.

7. TURNOVER

Analysis of the Group's revenue for the year is as follows:

	2015	2014
	HK$	*HK$*
Continuing operations:		
Revenue from licence fee collection and provision of intellectual property enforcement services business	39,740,199	87,012,992
Revenue from exhibition-related services	66,712,740	66,243,406
Gross rental income from property sub-leasing business	33,586,207	64,895,784
Revenue from artist and talent management and entertainment and travelling business	604,164	3,152,388
Sale of food and beverages	735,659	2,942,471
	141,378,969	224,247,041
Discontinued operation:		
Revenue from hotel operation		
— Room rental	—	3,353,183
— Food and beverages	—	6,495,623
— Rental income from shops	—	2,640,250
	—	12,489,056
	141,378,969	236,736,097

8. OTHER INCOME AND GAINS

	2015	2014
	HK$	*HK$*
Continuing operations:		
Bank interest income	530,243	1,445,002
Loan interest income	742,494	806,423
Gain on disposal of property, plant and equipment	74,083	157,207
Gain on disposal of a subsidiary *(note 40(b))*	—	9,200,697
Gain on deemed disposal of interest in associates, net *(note 24)*	1,162,241	—
Government grants		
— relating to unconditional subsidies	—	1,810,030
— for leasehold improvements *(note (i))*	504,687	416,927
Waiver of amount due to a related party *(note (ii))*	—	2,836,401
Waiver of interest expense payables *(note (iii))*	—	3,623,596
Realised gain on disposal of available-for-sale investments	—	2,378,140
Facility sharing income from an associate *(note 42(a))*	—	4,440,206
Fair value gain on investment properties	127,279	—
Reversal of impairment loss on other receivables	1,212,716	—
Others	2,967,675	3,285,388
	7,321,418	30,400,017
Discontinued operation:		
Gain on disposal of subsidiaries *(note 40(d))*	—	79,446,079
	—	79,446,079
	7,321,418	109,846,096

Notes:

(i) The amount represents government subsidy received in advance in relation to leasehold improvement on a property sub-leasing project. The amount will be recognised in profit or loss over the lease term of the property being leased.

(ii) The amount represents rental expenses paid on behalf by a related party. For the year ended 31 March 2014, the related party was deregistered and the Group no longer has obligation to settle the amount.

(iii) The amount represents interest expenses payable to Yang Lei's spouse in relation to a loan granted to a subsidiary before the Group's acquisition of the property sub-leasing business. Yang Lei is a director of certain subsidiaries of the property sub-leasing business. For the year ended 31 March 2014, Yang Lei's spouse confirmed that the Group no longer has obligation to settle the amount.

9. LOSS BEFORE INCOME TAX CREDIT/(EXPENSE) FROM CONTINUING OPERATIONS

Loss before income tax credit/(expense) from continuing operations is arrived at after charging:

	2015	**2014**
	HK$	*HK$*
Amortisation on:		
— intangible assets	15,361,839	15,564,496
— deferred expenditure	8,632,826	12,930,831
	23,994,665	28,495,327
Loss on disposal of subsidiaries *(note 40(a), (c))*	16,030,080	12,048,296
Loss on disposal of associates	2,912,809	—
Loss on disposal of convertible loan notes	1,051,473	—
Loss on disposal of available-for-sale investments	1,630,320	—
Impairment losses on:		
— property, plant and equipment	—	8,840,980
— available-for-sale investments	147,964,021	449,120
— trade and other receivables	1,736,337	6,831,200
— goodwill	96,019,091	—
— intangible assets	88,358,247	—
— deferred expenditure	2,268,500	—
	336,346,196	16,121,300
Auditor's remuneration	2,090,000	2,415,000

10. PRIOR YEAR DISCONTINUED OPERATION

The turnover and results of the hotel operation business for the period from 1 April 2013 to 22 July 2013 (date of disposal) are as follows:

	Period from 1 April 2013 to 22 July 2013 (date of disposal)
	HK$
Turnover	12,489,056
Costs of inventories	(3,890,305)
Depreciation on property, plant and equipment	(139,124)
Amortisation of payments for leasehold land held for own use under operating leases	(1,205,395)
Staff costs	(8,332,135)
Other operating expenses	(9,977,538)
Loss before income tax credit	(11,055,441)
Income tax credit	—
Loss for the year from discontinued operation	(11,055,441)

11. STAFF COSTS

	Continuing operations		**Discontinued operation**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Staff costs (including Directors) comprise:						
Salaries	45,091,820	59,140,490	—	6,572,515	45,091,820	65,713,005
Contribution to defined contribution pension plans	3,856,922	7,328,074	—	1,301,843	3,856,922	8,629,917
Other short-term monetary benefits	3,734,083	2,322,444	—	457,777	3,734,083	2,780,221
Equity-settled share-based payment expense *(note 39)*	—	9,376,692	—	—	—	9,376,692
	52,682,825	78,167,700	—	8,332,135	52,682,825	86,499,835

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

The aggregate amounts of the Directors' emoluments are as follows:

2015	Fees *HK$*	Salaries and other benefits *HK$*	Share-based payment expense *HK$*	Retirement scheme contributions *HK$*	Benefits in kind *HK$*	Total *HK$*
Executive directors						
Cheng Yang	—	3,720,600	—	17,500	—	3,738,100
Tsoi Tung *(i)*	—	596,129	—	4,500	—	600,629
Lei Lei	—	1,950,000	—	17,500	184,500	2,152,000
Huang Ranfei *(ii)*	—	319,355	—	3,968	—	323,323
Li Weipeng	1,440,000	—	—	—	—	1,440,000
Independent non-executive directors						
Tong Jingguo	120,000	—	—	—	—	120,000
Yang Rusheng	120,000	—	—	—	—	120,000
So Tat Keung	120,000	—	—	—	—	120,000
	1,800,000	6,586,084	—	43,468	184,500	8,614,052

2014	Fees *HK$*	Salaries and other benefits *HK$*	Share-based payment expense *HK$*	Retirement scheme contributions *HK$*	Benefits in kind *HK$*	Total *HK$*
Executive directors						
Cheng Yang	—	3,720,600	1,736,424	15,000	—	5,472,024
Lei Lei	—	1,950,000	1,562,782	10,000	180,000	3,702,782
Li Weipeng	1,440,000	—	868,212	—	—	2,308,212
Zheng Yuchun *(iii)*	—	477,000	—	3,750	—	480,750
Independent non-executive directors						
Tong Jingguo	120,000	—	86,821	—	—	206,821
Yang Rusheng	120,000	—	86,821	—	—	206,821
So Tat Keung	120,000	—	86,821	—	—	206,821
	1,800,000	6,147,600	4,427,881	28,750	180,000	12,584,231

No Directors waived their emoluments in respect of the year ended 31 March 2015 (2014: nil).

Discretionary bonuses were granted based on the performance of individual Directors and were approved by the Company's remuneration committee.

Notes:

(i) The Director was appointed on 18 December 2014.

(ii) The Director was appointed on 28 January 2015.

(iii) The Director was resigned with effect from 1 July 2013.

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2014: three) were Directors of the Company whose emoluments are included in the above.

The emoluments of the remaining two (2014: two) highest paid individual in 2015 are as follows:

	2015 *HK$*	**2014** *HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	3,220,000	4,077,000
Retirement scheme contributions	17,500	30,000
	3,237,500	4,107,000

The emoluments are within the following band:

	2015 *Number of Employees*	**2014** *Number of Employees*
HK$1,000,000 to HK$1,500,000	1	—
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	—	1

Remuneration of senior management

Remuneration of senior management of the Group, including amounts paid to the highest paid employees other than Directors as disclosed above, are within the following bands:

	2015 *Number of Employees*	**2014** *Number of Employees*
HK$1,000,000 to HK$1,500,000	1	—
HK$1,500,001 to HK$2,000,000	1	3
HK$2,000,001 to HK$2,500,000	—	1

13. FINANCE COSTS

	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Interest on bank loans	3,805,261	8,501,052	—	—	3,805,261	8,501,052
Effective interest expenses on promissory notes	—	3,065,402	—	—	—	3,065,402
Interest on other borrowings	508,007	931,137	—	—	508,007	931,137
Interest on amounts due to non-controlling shareholders	—	778,171	—	—	—	778,171
	4,313,268	13,275,762	—	—	4,313,268	13,275,762

14. INCOME TAX CREDIT/(EXPENSE)

The amount of income tax credit/(expense) in the consolidated statement of comprehensive income represents:

	Continuing operations		Discontinued operation		Total	
	2015	2014	2015	2014	2015	2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	—	(229,259)	—	—	—	(229,259)
— (under)/over-provision in respect of prior years	(192,035)	115,931	—	—	(192,035)	115,931
	(192,035)	(113,328)	—	—	(192,035)	(113,328)
Current tax — PRC Enterprise Income Tax						
— tax for the year	(29,098)	(3,045,966)	—	—	(29,098)	(3,045,966)
— over-provision in respect of prior years	411,471	—	—	—	411,471	—
	382,373	(3,045,966)	—	—	382,373	(3,045,966)
Deferred tax *(note 36)*	21,227,387	1,632,765	—	—	21,227,387	1,632,765
	21,417,725	(1,526,529)	—	—	21,417,725	(1,526,529)

No Hong Kong profits tax has been provided within the Group as there is no estimated assessable profits for the year ended 31 March 2015.

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% on the estimated assessable profits for the year ended 31 March 2014.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 25%).

The income tax credit/(expense) for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2015	**2014**
	HK$	*HK$*
Loss before income tax credit/(expense)		
Continuing operations	(471,977,280)	(127,399,498)
Discontinued operation	—	68,390,638
	(471,977,280)	(59,008,860)
Tax credit calculated at Hong Kong profits tax rate of 16.5% (2014: 16.5%)	77,876,251	9,736,462
Effect of different tax rates of subsidiaries operating in other jurisdictions	13,930,341	4,800,987
Tax effect of share of profits/(losses) of associates	101,697	(1,073,933)
Tax effect of non-deductible expenses	(50,388,500)	(689,825)
Tax effect of non-taxable revenue	12,544,644	15,284,792
Tax effect of deductible temporary differences not recognised	(76,742)	(1,616,846)
Tax effect of tax losses not recognised	(32,789,402)	(28,084,097)
Over-provision in respect of prior years	219,436	115,931
Income tax credit/(expense)	21,417,725	(1,526,529)

15. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Loss attributable to shareholders includes an amount of HK$470,191,527 (2014: HK$94,927,897) which has been dealt with in the financial statements of the Company.

16. DIVIDENDS

No dividend was paid or proposed in respect of the year ended 31 March 2015, nor has any dividend been proposed since the end of reporting period (2014: nil).

17. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2015	2014
	HK$	*HK$*
(Loss)/profit for the purpose of basic and diluted (loss)/ earnings per share		
(Loss)/profit for the year attributable to owners of the Company		
— from continuing operations	(445,229,478)	(121,345,266)
— from discontinued operation	—	69,053,964
— from continuing and discontinued operations	(445,229,478)	(52,291,302)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	635,512,866	598,767,047
Effect of dilutive potential ordinary shares:		
— Share options	—	—
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	635,512,866	598,767,047

There are no dilutive effects on the share options granted, as they are anti-dilutive.

18. PROPERTY, PLANT AND EQUIPMENT

Group

	Hotel buildings in PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
Cost or valuation							
At 1 April 2013	25,444,374	7,700,000	217,197,499	66,622,615	16,242,696	6,800,000	340,007,184
Surplus on revaluation	—	500,000	—	—	—	—	500,000
Additions	—	—	22,571,261	3,213,640	3,250,990	—	29,035,891
Disposal of subsidiaries *(note 40(b), (c),(d))*	(25,824,387)	—	(145,159,271)	(58,356,950)	(2,154,553)	—	(231,495,161)
Disposals	—	—	(3,398,341)	(1,443,801)	—	—	(4,842,142)
Exchange differences	380,013	—	842,354	790,150	51,041	—	2,063,558
At 31 March 2014 and 1 April 2014	—	8,200,000	92,053,502	10,825,654	17,390,174	6,800,000	135,269,330
Surplus on revaluation	—	400,000	—	—	—	—	400,000
Additions	—	—	60,528,522	5,216,117	1,042,825	—	66,787,464
Disposal of subsidiaries *(note 40(a))*	—	—	(9,743,918)	(5,462,709)	(8,364,725)	—	(23,571,352)
Disposals	—	—	(1,738,606)	(2,039,330)	(210,624)	—	(3,988,560)
Exchange differences	—	—	105,479	(5,826)	(23,256)	—	76,397
At 31 March 2015	—	8,600,000	141,204,979	8,533,906	9,834,394	6,800,000	174,973,279
Accumulated depreciation and impairment							
At 1 April 2013	25,444,374	—	78,117,784	58,275,197	6,884,200	2,493,333	171,214,888
Charge for the year	—	246,459	8,194,945	6,934,930	3,154,232	680,000	19,210,566
Eliminated on revaluation	—	(246,459)	—	—	—	—	(246,459)
Impairment loss	—	—	8,012,747	828,233	—	—	8,840,980
Disposal of subsidiaries *(note 40(b), (c), (d))*	(25,824,387)	—	(51,497,654)	(55,198,189)	(1,980,361)	—	(134,500,591)
Eliminated on disposals	—	—	(3,398,341)	(1,437,315)	—	—	(4,835,656)
Exchange differences	380,013	—	145,675	153,017	46,975	—	725,680
At 31 March 2014 and 1 April 2014	—	—	39,575,156	9,555,873	8,105,046	3,173,333	60,409,408
Charge for the year	—	254,096	7,448,904	2,007,060	2,908,028	680,000	13,298,088
Eliminated on revaluation	—	(254,096)	—	—	—	—	(254,096)
Eliminated on disposals	—	—	(1,738,606)	(2,015,755)	(210,284)	—	(3,964,645)
Disposal of subsidiaries *(note 40(a))*	—	—	(9,743,918)	(4,038,063)	(8,026,845)	—	(21,808,826)
Exchange differences	—	—	(25,858)	(3,127)	(24,419)	—	(53,404)
At 31 March 2015	—	—	35,515,678	5,505,988	2,751,526	3,853,333	47,626,525
Net book value							
At 31 March 2015	—	8,600,000	105,689,301	3,027,918	7,082,868	2,946,667	127,346,754
At 31 March 2014	—	8,200,000	52,478,346	1,269,781	9,285,128	3,626,667	74,859,922

The analysis of the net book value or valuation of the above assets at 31 March 2015 is as follows:

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Yacht	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At cost	—	105,689,301	3,027,918	7,082,868	2,946,667	118,746,754
At 2015 professional valuation	8,600,000	—	—	—	—	8,600,000
	8,600,000	105,689,301	3,027,918	7,082,868	2,946,667	127,346,754

The analysis of the net book value or valuation of the above assets at 31 March 2014 is as follows:

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Yacht	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At cost	—	52,478,346	1,269,781	9,285,128	3,626,667	66,659,922
At 2014 professional valuation	8,200,000	—	—	—	—	8,200,000
	8,200,000	52,478,346	1,269,781	9,285,128	3,626,667	74,859,922

The Group's leasehold land and building is located in Hong Kong and the carrying value is as follows:

	2015	**2014**
	HK$	*HK$*
Properties located in Hong Kong		
Lease between 10 to 50 years	8,600,000	8,200,000

An impairment loss on property, plant and equipment used in the property sub-leasing business of HK$6,263,276 was made during the year ended 31 March 2014 because the Group ceased one of its property sub-leasing project due to urban redevelopment proposed by the local government in PRC. The recoverable amount to which the property, plant and equipment are allocated has been determined by the value-in-use calculation.

For the year ended 31 March 2014, an impairment loss on property, plant and equipment used in the food and beverages business of HK$2,430,288 was made because the Group experienced loss in the past 2 years and the management considered this business would continue to loss in the future due to keen competition. The recoverable amount to which the property, plant and equipment are allocated has been determined by the value-in-use calculation.

Leasehold land and buildings were revalued at 31 March 2015 and 2014 on the open market value basis by APAC Asset Valuation and Consulting Limited ("APAC"). The valuation was mainly arrived at by reference to comparable market transactions. A net revaluation surplus of HK$546,171 (2014: HK$623,293) was credited to other properties revaluation reserve, after netting off applicable deferred tax expense of HK$107,925 (2014: HK$123,166).

The fair value of the leasehold land and buildings in Hong Kong of HK$8,600,000 as at 31 March 2015 (2014: HK$8,200,000) is a Level 2 recurring fair value measurement.

The carrying amount of leasehold land and building of the Group would have been HK$688,298 (2014: HK$712,569) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

At 31 March 2015 and 2014, the Group did not pledge any property, plant and equipment.

19. INVESTMENT PROPERTIES

Group

	2015	**2014**
	HK$	*HK$*
At 1 April	6,199,271	—
Addition during the year	—	6,199,271
Change in fair value	127,279	—
At 31 March	6,326,550	6,199,271

(a) Investment properties were revalued at 31 March 2015 and 2014 on the open market value basis by an independent valuer, Daeil Appraisal Board (2014: Mirae & Saehan Appraisal Co., Ltd). The valuation was mainly arrived at by reference to comparable market data.

(b) At 31 March 2015 and 2014, the Group did not pledge any investment property.

(c) At 31 March 2015, the fair value of the investment properties in Korea of approximately HK$6,327,000 (2014: HK$6,200,000) is level 2 recurring fair value measurement.

(d) The Group's investment properties are analysed at their carrying values as follows:

	2015	**2014**
	HK$	*HK$*
Investment properties located in Korea		
Freehold	6,326,550	6,199,271

20. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

Group

	HK$
At 1 April 2013	185,742,412
Charge for the year	(1,205,395)
Disposal of subsidiaries *(note 40(d))*	(184,694,557)
Exchange differences	157,540
At 31 March 2014	—

21. GOODWILL AND IMPAIRMENT

Group

	Provision of intellectual property enforcement services *(note (a))* *HK$*	**Property sub-leasing business** *(note (b))* *HK$*	**Total** *HK$*
Cost			
At 1 April 2013	79,427,363	18,311,567	97,738,930
Disposal of subsidiaries	—	(1,719,839)	(1,719,839)
At 31 March 2014 and 1 April 2014 and 31 March 2015	79,427,363	16,591,728	96,019,091
Impairment			
At 1 April 2013, 31 March 2014 and 1 April 2014	—	—	—
Impairment loss	(79,427,363)	(16,591,728)	(96,019,091)
At 31 March 2015	(79,427,363)	(16,591,728)	(96,019,091)
Carrying value			
At 31 March 2015	—	—	—
At 31 March 2014	79,427,363	16,591,728	96,019,091

In accordance with HKAS 36 "Impairment of assets", management of the Group performed impairment test for goodwill allocated to the Group's various cash generating units ("CGUs") by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

(a) The recoverable amount of the CGU in relation to provision of intellectual property enforcement services was zero and determined from value-in-use calculation based on cash flow projections covering from 2015 to 2022, which is the period whereby an exclusive right has been granted to the Group by the China Audio-Video Copyright Association to provide intellectual property enforcement services. Discount rate of 15.5% (2014: 17%) per annum is used in the calculation which was provided by APAC. The key assumption have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK$79,427,363 was fully impaired and impairment loss on intangible assets of HK$68,494,242 were provided (note 22(b)). It was because the revenue generated from the CGU has dropped. The Directors considered that the customer, the karaoke venue operators, were affected by the reduction in expenditures in entertainment and recreation activities in PRC and the industry would experience no growth in future.

    For the year ended 31 March 2014, no impairment was provided on goodwill from the provision of intellectual property enforcement services as the recoverable amount exceeded the carrying amount of the CGU.

(b) On 8 July 2011, the Group acquired the entire issued share capital of BoRen Cultural Development Limited ("BoRen") which is engaged in sub-leasing of properties and facilities in Nanjing, PRC. The estimated recoverable amount was 103,015,144 and determined from value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 5% (2014: 5%) revenue growth rate per annum. Discount rate of 10% (2014: 11%) per annum was used in the calculation which was provided by APAC with reference to similar companies. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK$16,591,728 was fully impaired (2014: nil), it was mainly due to keen competition in property market and adverse economic environment in PRC, and significant investments in renovation of leasehold improvements for sustaining the growth in future.

All the discount rates used above are pre-tax and reflect specific risks relating to the relevant segments.

22. INTANGIBLE ASSETS

Group

	Provision of copyright licence fees settlement and collection services *(note (a))* HK$	Provision of intellectual property enforcement services *(note (b))* HK$	Golf club memberships *(note (c))* HK$	Customer relationship and customer contracts *(note (d)* HK$	Films in progress *(note (e))* HK$	Total HK$
Cost						
At 1 April 2013	2,371,104	116,848,511	2,311,075	38,410,000	15,588,339	175,529,029
Additions	—	—	—	—	10,370,981	10,370,981
Disposal	—	—	—	—	(3,873,499)	(3,873,499)
Exchange differences	123,015	2,137,886	14,839	—	344,669	2,620,409
At 31 March 2014 and 1 April 2014	2,494,119	118,986,397	2,325,914	38,410,000	22,430,490	184,646,920
Disposal of subsidiaries *(note 40a)*	(2,458,585)	—	(824,583)	—	—	(3,283,168)
Disposal	—	—	—	—	(22,444,074)	(22,444,074)
Exchange differences	(35,534)	145,712	(1,331)	—	13,584	122,431
At 31 March 2015	—	119,132,109	1,500,000	38,410,000	—	159,042,109
Accumulated amortisation and impairment						
At 1 April 2013	102,629	26,297,507	243,506	12,189,515	—	38,833,157
Amortisation for the year	478,523	11,790,850	116,883	3,178,240	—	15,564,496
Exchange differences	6,252	588,935	—	—	—	595,187
At 31 March 2014 and 1 April 2014	587,404	38,677,292	360,389	15,367,755	—	54,992,840
Amortisation for the year	160,719	11,905,997	116,883	3,178,240	—	15,361,839
Impairment loss	—	68,494,242	—	19,864,005	—	88,358,247
Disposal of subsidiaries *(note 40a)*	(747,185)	—	—	—	—	(747,185)
Exchange differences	(938)	54,578	—	—	—	53,640
At 31 March 2015	—	119,132,109	477,272	38,410,000	—	158,019,381
Net book value						
At 31 March 2015	—	—	1,022,728	—	—	1,022,728
At 31 March 2014	1,906,715	80,309,105	1,965,525	23,042,245	22,430,490	129,654,080

(a) Provision of copyright licence fees settlement and collection services represents the exclusive right in respect of the karaoke copyright in PRC managed and administered by the China Audio-Video Copyright Association for a period of 10 years from 27 December 2007. During the year ended 31 March 2015, intangible asset in relation to provision of copyright licence fees settlement and collection services was disposed through disposal of subsidiaries (see note 40).

(b) The recoverable amount of the CGU of provision of intellectual property enforcement services to which the intellectual property enforcement services right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 21(a). As at 31 March 2015, impairment loss of HK$68,494,242 was recognised due to the reason as described in note 21(a). As at 31 March 2014, management of the Group determined that there was no impairment as the recoverable amount exceeded its carrying amount.

(c) For the purpose of impairment testing on the golf club memberships, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is referenced to the second-hand market price of the golf club memberships less estimated costs of disposal. During the year ended 31 March 2015 and 2014, no impairment loss was recognised since the recoverable amount of the golf club memberships exceeded its carrying amount.

(d) Customer relationship and customer contracts represent the long established relationship China Resources Advertising & Exhibition Company Limited, the Company's subsidiary, and its subsidiaries (the "CRA Group"), which acts as an organiser and contractor for all kinds of exhibition events and meeting events mainly in Hong Kong, with the Hong Kong Trade Development Council ("HKTDC") and various sub-councils of the China Council for the Promotion of International Trade in PRC for large-scale trade fairs, which are mostly organised by HKTDC. The CRA Group has been consistently appointed by HKTDC as the sole agent of China Pavilion for the Hong Kong Fashion Week.

For the year ended 31 March 2015, the estimated recoverable amounts of the above CGU were zero and determined based on the value-in-use approach. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a six-year period with reference to the remaining useful life of customer relationship and customer contracts. Discount rate of 15% (2014: 16%) is used in the calculation which was provided by APAC. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, impairment loss of HK$19,864,005 (2014: nil) was recognised in respect of the customer relationship and customer contracts as the Directors consider the clients of the CRA Group are primarily PRC based textile manufacturers which are recently facing the industry downturn, and in addition, the drop in the client base of the CRA Group due to the exhibitions held in PRC attract a significant number of the existing clients of the CRA Group.

(e) During the year ended 31 March 2015, films in progress were fully disposed.

23. INTERESTS IN SUBSIDIARIES

	Company	
	2015	2014
	HK$	*HK$*
Unlisted shares, at cost	649,073,327	1,952,885,100
Less: Impairment loss	(493,720,980)	(1,479,471,922)
	155,352,347	473,413,178
Amounts due from subsidiaries	915,477,401	1,062,679,769
Less: Impairment loss	(438,801,868)	(292,593,814)
	476,675,533	770,085,955
Amounts due to subsidiaries	(598,098,816)	(732,126,551)

The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand, except for the following:

Amount due from a subsidiary of HK$7,200,000 (2014: HK$7,200,000) which borne interest at 5% (2014: 5%) per annum.

The following is a list of the principal subsidiaries as at 31 March 2015.

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Issued share capital/ paid-up registered capital	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Golden Island (Management) Limited	Limited liability company	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$10,000	100.0	—
Welly Champ International Limited (“Welly Champ”)	Limited liability company	BVI	Investment holding in Hong Kong	236.13 ordinary shares of US$1 each	95.8	—
Win Success Enterprises Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100.0	—
Wide Stand Holdings Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100.0	—
Baron Productions and Artiste Management Company Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	100 ordinary shares of HK$100	—	51.0
Golden Capital Entertainment Company Limited	Limited liability company	BVI	Investment holding in Hong Kong	10 ordinary shares of US$1 each	—	100.0
Golden Capital Entertainment Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	—	100.0

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Issued share capital/ paid-up registered capital	Percentage of ownership interests held directly	indirectly
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$1,200,000	—	100.0
Solid Sound Productions Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	100 ordinary shares of HK$100	—	51.0
Media Sound Technology Limited ("Media Sound")	Limited liability company	Hong Kong	Investment holding in Hong Kong	2 ordinary shares of HK$2	100.0	—
北京天語同聲信息技術有限公司 (「天語同聲」)	Limited liability company	PRC	Intellectual property enforcement activities in PRC	Renminbi ("RMB") 56,250,000	—	100.0
Well Allied Investments Limited ("Well Allied") *(note 41(a))*	Limited liability company	BVI	Investment holding in Hong Kong	159.57 ordinary shares of US$1 each	—	68.8
中音傳播(深圳)有限公司	Foreign enterprise	PRC	Karaoke license fee collection business in PRC	RMB15,489,940	—	68.8
Witty Idea Finance Company Limited ("Witty Idea") *(note41(a))*	Limited liability company	Hong Kong	Money leading business in Hong Kong	1 ordinary share of HK$1	—	100.0
Elite-China Cultural Development Limited ("Elite-China")	Limited liability company	Hong Kong	Investment holding in PRC	10,000 ordinary shares of HK$10,000	—	60.0
南京創意東八區科技有限責任公司	Foreign equity joint venture	PRC	Property sub-leasing business in PRC	RMB14,000,000	—	60.0
南京垠坤投資實業有限公司	Limited liability company	PRC	Property sub-leasing business in PRC	RMB10,000,000	—	60.0
BoRen Cultural Development Limited	Limited liability company	BVI	Investment holding in PRC	1 ordinary share of US$1	100.0	—
China Resources Advertising & Exhibition Company Limited	Limited liability company	Hong Kong	Exhibition-related services in Hong Kong	100,000 ordinary shares of HK$100,000	100.0	—
New Asia Media Development Limited ("New Asia")	Limited liability company	BVI	Investment holding	1 ordinary share of US$1	100.0	—
Kai Han Asia-Pacific (Holdings) Limited	Limited Liability company	BVI	Property holding in Korea	100 ordinary shares of US$1 each	100.0	—
Kai Han Travel Co., Limited	Limited Liability company	Korea	Travel and travel related business	50,000 ordinary shares of KRW10,000 each	—	100.0

The above list includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

24. INTERESTS IN ASSOCIATES

Group

	2015	2014
	HK$	*HK$*
Share of net assets of associates	—	31,236,379
Goodwill	—	52,529,798
Impairment loss recognised	—	(27,140,474)
	—	56,625,703

On 15 April 2014, China Star Cultural Media Group Limited ("CSCM") (formerly known as China Media and Films Holdings Limited) issued 100,000,000 new ordinary shares pursuant to a private placement which caused a dilution on the Group's shareholding interest in CSCM from 45.95% to 38.37% (after taking into account of the interest in convertible loan note, the Group's shareholding interest in CSCM decreased from 48.47% to 40.47%). As a result, the Group recorded a loss on deemed disposal of an associate of HK$861,314. The directors of the Company considered that the Group had retained significant influence over CSCM as at 15 April 2014.

On 17 June 2014, CSCM further issued 300,000,000 new ordinary shares pursuant to another private placement which caused a further dilution on the Group shareholding interest in CSCM from 38.37% to 25.66% (after taking into account of the interest in convertible loan note, the Group's shareholding interest in CSCM decreased from 40.47% to 27.06%). As a result, the Group recorded a gain on deemed disposal of an associate of HK$2,023,555. The Group still had retained significant influence over CSCM as at 17 June 2014.

On 29 September 2014, the Group disposed 229,326,016 ordinary shares in CSCM. As a result, the Group no longer holds any ordinary shares in CSCM and CSCM ceased to be an associate of the Group. The Group recorded a loss on disposal of associates of HK$2,912,809.

The carrying amount of interests in associates represented the Group's 45.95% equity interest in the issued shares of CSCM as at 31 March 2014. The details were as follows:

Name of associate	Particulars of issued shares held	Place of incorporation	Place of operation	Principal activities	Equity interest held by the Group 2014	Equity interest attributable to the owners of the Company 2014
CSCM	505,649,726 ordinary shares of HK$0.01 each	Bermuda	Hong Kong	Artist management and film distribution and production	45.95%	45.95%

The above associate is accounted for using equity method in the consolidated financial statements.

CSCM is a listed corporate entity whose quoted market price is available. The fair value of investment as at 31 March 2014 is HK$67,386,145.

Summarised financial information of CSCM, the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	2014
	HK$
Current assets	51,431,775
Non-current assets	30,096,256
Current liabilities	(15,543,286)
Equity	65,984,745

	Period from 1 April 2014 to 29 September 2015 (date of disposal)	**2014**
	HK$	*HK$*
Revenue	3,401,830	9,342,259
Loss from continuing operations and total comprehensive expenses	1,180,784	14,164,706

	2015	**2014**
	HK$	*HK$*
Reconciled to the Group's interest in CSCM		
Goodwill	—	26,305,711
Gross amounts of CSCM's net assets	—	65,984,745
Group's effective interest	—	45.95%
Group's share of CSCM's net assets	—	30,319,992
Carrying amount in the consolidated financial statements	—	56,625,703

25. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2015	**2014**
	HK$	*HK$*
Listed securities in Hong Kong, at fair value *(note (a))*	21,268,209	101,333,932
Contingent consideration in related to acquisition of subsidiaries *(note (b))*	—	103,398,272
	21,268,209	204,732,204

Notes:

(a) As at 31 March 2015, the listed securities in Hong Kong represented mainly the equity interests in Cosmopolitan International Holdings Limited which is listed on the Main Board of the Stock Exchange.

During the year ended 31 March 2015, fair value losses on the available-for-sale investments of the Group amounted to HK$79,066,044 (2014: gain on fair value HK$28,219,295) was recognised in other comprehensive income and HK$49,216,428 (2014: HK$449,120) was reclassified to profit or loss as the Directors considered the decline in fair value constituted objective evidence of impairment.

The fair values of listed equity investments are based on quoted market prices.

(b) The contingent consideration in relation to acquisition of subsidiaries was secured by 40% equity interests of Elite-China Cultural Development Limited which was held by FeiFan Cultural Development Limited, a non-controlling interest of the Group's subsidiaries.

The contingent consideration of approximately RMB82,000,000 (2014: approximately RMB82,000,000) (equivalent to HK$103,523,589 as at 31 March 2015 and HK$103,398,272 as at 31 March 2014) related to acquisition of subsidiaries was valued at 31 March 2015 and 31 March 2014 on option pricing model basis by APAC, an independent professional valuer. During the year ended 31 March 2015, the Group recognised impairment loss on the contingent consideration based on the accounting policy stated in note 4(k)(ii) amounted to HK$98,747,593 (2014: nil) in other comprehensive income and HK$98,747,593 was reclassified to profit or loss as there are indications that the vendor may have potential financial difficulty as at 31 March 2015.

26. DEFERRED EXPENDITURE

Group

	HK$
Cost	
At 1 April 2013	241,057,992
Additions	3,844,412
At 31 March 2014 and 1 April 2014	244,902,404
Additions	6,971,639
At 31 March 2015	251,874,043
Accumulated amortisation and impairment	
At 1 April 2014	228,041,886
Amortisation for the year	12,930,831
At 31 March 2014 and 1 April 2014	240,972,717
Amortisation for the year	8,632,826
Impairment loss	2,268,500
At 31 March 2015	251,874,043
Carrying amount	
At 31 March 2015	—
At 31 March 2014	3,929,687

	2015 *HK$*	**2014** *HK$*
Shown in the consolidated statement of financial position as:		
Deferred expenditure — current portion (to be amortised within one year)	—	3,929,687

During the years ended 31 March 2015 and 2014, the Group entered into cooperation agreements with various copyright holders for the business of collecting license fees from karaoke operators in PRC for their use of licensed audio-visual works on behalf of the copyright holders.

As a condition of the agreements, the Group advanced the sum of HK$6,971,639 (2014: HK$3,844,412) during the year ended 31 March 2015 to the copyright holders as their guaranteed share of the expected profit on license fees that will be earned.

The recoverable amount of the deferred expenditure has been determined by the value-in-use calculation, which was also used for the impairment testing of goodwill in connection with the CGU of provision of intellectual property enforcement services. Details of the calculation are disclosed in note 21(a). For the year ended 31 March 2015, the deferred expenditure of HK$2,268,500 was fully impaired due to the reason as described in note 21(a).

The Group has also committed to make further payments to the copyright holders as their guaranteed share of the expected profit on license fees as follows:

	2015	2014
	HK$	*HK$*
Year ended 31 March 2015		
	—	6,304,773

27. CONVERTIBLE LOAN NOTES

Group

	2015	2014
	HK$	*HK$*
Convertible loan notes issued by CSCM	—	3,569,000

On 22 February 2012, the Group acquired the convertible loan notes with a principal amount of HK$6,200,000 issued by CSCM through unconditional mandatory offer to acquire all of the outstanding convertible loan notes issued by CSCM. Since cessation of elimination of convertible loan notes at consolidation level due to disposal of CSCM during the year ended 31 March 2012, the convertible loan notes was initial recognised as at 3 August 2012 of the consolidated financial statements.

On 10 September 2013, CSCM and New Asia, the holder of the convertible loan notes with an outstanding principal amount of HK$6,200,000 issued by CSCM and a wholly-owned subsidiary of the Company, entered into the second deed of amendments ("Deed of Amendments") to further extend the maturity date of the convertible loan notes for a term of 2 years from 24 September 2013 to 24 September 2015. Subject to the fulfilment of conditions as set out in the Deed of Amendments, the proposed amendment would become effective on 24 September 2013 and New Asia can exercise the conversion rights attaching to the convertible loan notes on or before 24 September 2015.

As the proposed amendment was duly approved by the independent shareholders of CSCM at its special general meeting on 23 October 2013, all conditions as set out in the Deed of Amendments have been fulfilled. Accordingly, the maturity date of the convertible loan notes with an outstanding principal amount of HK$6,200,000 as at 23 October 2013 has been extended to 24 September 2015.

Details of the proposed amendment were more particularly set out in the announcements of the Company dated 10 September 2013 and 23 October 2013.

As the convertible loan notes are mandatorily convertible at maturity, it is an equity instrument which is designated as an available-for-sale financial asset and measured at fair value. As at 31 March 2014, the convertible loan notes are classified as non-current assets due to extension of maturity date.

During the year ended 31 March 2015, fair value loss on convertible loan notes of the Group amounted to HK$170,732 (2014: HK$880,740) was recognised in other comprehensive income.

Following the completion of CSCM placement on 17 June 2014, the conversion price was adjusted from HK$0.487 to HK$0.436 per share.

On 23 September 2014, the Group entered into a convertible loan note placing agreement with a placing agent to dispose the convertible loan notes issued by CSCM in the aggregate principal amount of HK$6,200,000 at the convertible loan notes placing price of HK$3,413,000. The convertible loan note placing was completed on 29 September 2014.

28. INVENTORIES

Group

	2015	**2014**
	HK$	*HK$*
Food and beverages	24,790,667	21,197,222
Artwork	6,659,825	12,252,597
	31,450,492	33,449,819

29. TRADE AND OTHER RECEIVABLES

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Trade debtors *(note (a))*	37,466,143	24,453,758	—	—
Deposits, prepayments and other receivables	22,277,913	36,695,425	5,201	2,070,239
Loan receivables *(note (b))*	27,722,772	11,300,000	—	—
Deposits for acquisition of subsidiaries *(note (c))*	110,000,000	110,000,000	110,000,000	110,000,000
Deposit pledged for other borrowing *(note 34(b))*	—	13,870,500	—	—
	197,466,828	196,319,683	110,005,201	112,070,239

Notes:

(a) The ageing analysis of trade receivables based on invoice date after impairment loss is as follows:

	2015	**2014**
	HK$	*HK$*
Within 90 days	18,710,907	23,407,795
91 days to 365 days	11,002,411	99,070
More than 365 days	7,752,825	946,893
	37,466,143	24,453,758

The below table reconciles the impairment loss of trade receivables for the year:

	2015	2014
	HK$	*HK$*
At 1 April	10,496,203	8,702,352
Impairment loss recognised	—	6,831,200
Bad debts written off	(10,496,203)	(5,037,349)
At 31 March	—	10,496,203

The Group recognised impairment loss on individual assessment based on the group accounting policy stated in note 4(l)(ii).

The Group generally grants no credit period to its customers, except for transactions with customers in exhibition-related services, in which credit period ranging from 30 to 60 days is granted.

(b) Loan receivables presented:

	2015	2014
	HK$	*HK$*
— Loan to independent third parties *(note (i))*	27,722,772	—
— advances to Rich Success International Holdings Limited ("Rich Success")	—	11,300,000
	27,722,772	11,300,000

(i) It represented advances to two independent third parties. On 23 March 2015, the Group and the independent third parties entered into the loan agreements in which the Group agreed to advance to the independent third parties loans in the principal amount of HK$13,861,386 each. The loans are unsecured by and bear an effective interest rate of 4% per annum and shall be repayable in 3 months from the date of advance.

(c) On 14 June 2013, the Company entered into 2 sets of memorandum of understanding ("MOU I and MOU II") regarding the proposed acquisitions of (i) the entire issued share capital of a company which directly or indirectly holds interests in the Yixing project and Lianyungang project, and (ii) the entire issued share capital of a company which indirectly holds interests in Xi'an project. Both MOU I and MOU II are not legally binding save and except the provisions in relation to the payment of earnest moneys in the respective sums of HK$30,000,000 and HK$20,000,000 respectively. Details of MOU I and MOU II were more particularly set out in the announcement of the Company dated 14 June 2013.

On 11 October 2013, Estate Fortune Limited ("EFL"), an independent third party, entered into a second supplemental memorandum of understanding with the Company in relation to the proposed acquisition, pursuant to which both parties to MOU I agreed that (i) the 60-day validity period of MOU I be extended for a further period of 60 days, from 12 October 2013 to 11 December 2013; and (ii) all the other provisions of MOU I shall remain valid and shall not be affected in any respect. On 27 November 2013, the

Company entered into a third supplemental memorandum of understanding with EFL in which the validity period of the MOU I be extended for a further period of 120 days, from 11 December 2013 to 10 April 2014 and all the other terms of the MOU I shall remain valid and shall not be affected in any respect. On 10 April 2014, the Company entered into a fourth supplemental memorandum of understanding with EFL in which the validity period of the MOU I be extended for a period of 270 days from 10 April 2014 to 4 January 2015 and all other terms of the MOU I shall remain valid and shall not be affected in any respect.

On 31 March 2015, the Company entered into a termination agreement with EFL (the "Termination Agreement"), pursuant to which the parties agreed to terminate the MOU I, supplemental MOU, second supplemental MOU, third supplemental MOU and fourth supplemental MOU with immediate effect from 31 March 2015. Pursuant to the Termination Agreement, EFL shall refund the earnest money (the "MOU I Earnest Money") in the amount of HK$30,000,000 to the Company within three (3) business days after the date of the Termination Agreement.

The MOU I Earnest Money was fully refunded after the year ended 31 March 2015.

On 1 August 2013, Bliss Zone Limited ("BZL"), an independent third party, and the Company entered into a conditional sale and purchase agreement (the "Acquisition Agreement) as contemplated under MOU II, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited (長島旅遊投資發展有限公司) for a consideration of HK$400,000,000, of which HK$150,000,000 shall be settled by cash and the remaining balance shall be settled by the issue of convertible bonds. The total payment amounting to HK$80,000,000 (including the payment of HK$20,000,000 mentioned above) (the "MOU II Earnest Money") was paid. The transaction was approved by the shareholders of the Company on 7 November 2013.

Details of the transactions were more particularly set out in the Company's announcements dated 14 June 2013, 1 August 2013, 11 October 2013, 7 November 2013, 27 November 2013 and 10 April 2014 and circular dated 23 October 2013.

On 30 July 2014, the Company and BZL entered into a supplemental agreement. Pursuant to the supplemental agreement, the Company and BZL agreed to extend the long stop date for 3 months up to and including 31 October 2014. Details of the supplemental agreement were more particularly set out in the Company's announcement dated 30 July 2014.

On 28 October 2014, the Company and BZL entered into a second supplemental agreement. Pursuant to the second supplemental agreement, the Company and BZL agreed to extend the long stop date for a further 6 months from 31 October 2014 up to and including 30 April 2015. Details of the second supplemental agreement were more particularly set out in the Company's announcement dated 28 October 2014.

On 30 April 2015, as the conditions precedent to the Acquisition Agreement have not been fulfilled and/or waived (as the case maybe) by the long stop date and no extension of the time was agreed by the parties to the Acquisition Agreement, the Acquisition Agreement has lapsed and ceased to have any effect and neither party thereto shall have any rights or obligations towards each other thereunder, save for liabilities for any antecedent breaches thereof and the BZL is required to rebate the MOU II Earnest Money to the Company within three (3) days from the long stop date.

The MOU II Earnest Money was fully refunded after the year ended 31 March 2015.

Details of lapse of the Acquisition Agreement were more particularly set out in the Company's announcement dated 30 April 2015.

30. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS, RELATED PARTIES AND AN ASSOCIATE

Group

At 31 March 2015, all amounts due from/to non-controlling shareholders, related parties and an associate were unsecured, interest-free and payable on demand, except for the followings:

— Amounts due to non-controlling shareholders of HK$1,330,000 which borne interest at 5% per annum was repaid during the year ended 31 March 2015;

— Upon acquisition of Elite China and its subsidiaries (the "Elite Group") in 2011, the amount due from related parties and the amounts due to related parties were HK$8,544,402 and HK$42,226,418 respectively which represented advances to/from the Elite Group from/to Yang Lei (including his spouse and certain related companies controlled by Yang Lei), a Director of certain subsidiaries of the Company. A confirmation from Yang Lei and his associates to offset the current accounts with those related parties was received by the Group. During the year, certain settlements with Yang Lei and his associates were made through current accounts and as at 31 March 2015, the net amounts due from such related parties was nil (2014: HK$1,483,356).

31. CASH AND BANK BALANCES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Cash and cash equivalents	100,314,658	118,241,763	47,775,906	8,631,546
Pledged bank deposits *(note (a))*	9,243,655	—	2,300,000	—
Restricted cash at banks held by subsidiaries *(note (b))*	—	55,578,359	—	—
	109,558,313	173,820,122	50,075,906	8,631,546

Notes:

(a) Pledged bank deposits of HK$6,943,655 represent deposits pledged to bank to secure certain bills payables (note 32). The remaining balance of HK$2,300,000 represented a security for the Group's credit and banking facilities. The pledged bank deposits carry interest from 0.01% to 2.80% per annum (2014: nil).

(b) Restricted cash at banks held by subsidiaries represented cash at banks held by the Group's subsidiaries for license fees collection services withdrawal of which is subject to joint approval by the China Audio-Video Copyright Association and 天合文化集團有限公司("TianHe"), a non-wholly owned subsidiary of Hua Rong Sheng Shi Holding Limited ("Hua Rong") as at 31 March 2014.

(c) At 31 March 2015, cash and bank balances of the Group denominated in RMB amounted to HK$30,145,486 (2014: HK$141,292,814). RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

32. TRADE, BILLS AND OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Trade creditors	15,380,803	10,053,565	—	—
Bills payables	12,624,828	—	—	—
Other payables and accruals	46,638,581	56,327,811	2,330,808	1,584,801
Other deposits received	17,609,126	14,137,587	—	—
	92,253,338	80,518,963	2,330,808	1,584,801

Included in trade, bills and other payables are trade creditors with the following ageing analysis as of the end of reporting period:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Current or within 30 days	15,037,117	7,408,448	—	—
31 to 60 days	1,783,923	175,530	—	—
61 to 90 days	935,796	177,193	—	—
Over 90 days	10,248,795	2,292,394	—	—
	28,005,631	10,053,565	—	—

Trade, bills and other payables are expected to be settled within one year.

33. BANK BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Secured:				
Bank borrowings *(note)*	60,308,803	29,569,384	—	—

Note:

At the end of reporting period, the bank borrowings were repayable as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Borrowings repayable:				
Within one year	33,922,913	29,569,384	—	—
More than one year, but not exceeding two years	6,312,414	—	—	—
More than two years, but not exceeding five years	20,073,476	—	—	—
	60,308,803	29,569,384	—	—
Less: Amount due within one year included in current liabilities	(33,922,913)	(29,569,384)	—	—
Amount due after one year	26,385,890	—	—	—

Personal and corporate guarantees were given to banks for certain bank loans by Yang Lei, a director of certain subsidiaries of the Company, and a related company, which is beneficially owned by Yang Lei and his spouse. Further, personal assets of Yang Lei have been pledged to secure the bank loans. The interest rate is 7.20%-17.64% (2014: 6.00%-17.64%) per annum.

34. OTHER BORROWINGS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Promissory notes, unsecured *(note (a))*	—	26,640,500	—	26,640,500
Other loan, secured *(note (b))*	—	13,000,000	—	—
	—	39,640,500	—	26,640,500

(a) In 2013 the Company issued promissory notes with an aggregate principal amount of HK$37,190,500 and fair value of HK$33,510,000 as part of the consideration for the acquisition of Media Sound. The promissory notes were unsecured, non-interest bearing and due on 29 January 2014.

On 14 February 2014, the Company entered into an variation agreement ("Variation Agreement") with Miss Lau Wang Tai, Wendy, a vendor of the acquisition of Media Sound ("Miss Lau"), pursuant to which the Company, upon signing of Variation Agreement, repaid the sum of HK$10,550,000 to Miss Lau under a promissory note in the principal amount of HK$16,742,300 ("Promissory Note A") and issued to Miss Lau a new promissory note ("Promissory Note C") for the outstanding sum of HK$6,192,300 under Promissory Note A with 30 June 2014 as the last date for payment under Promissory Note C.

On the same date, the Company entered into a payment extension agreement ("Payment Extension Agreement") with Mr. Tsang Yat Lai, another vendor of the acquisition of Media Sound ("Mr. Tsang"), pursuant to which the Company and Mr. Tsang agreed to extend the last date of payment of a promissory note in the principal amount of HK$20,448,200 ("Promissory Note B") to 30 June 2014. Save for the extension, the terms and conditions of Promissory Note B remain intact and unchanged.

Other details of the Variation Agreement and Payment Extension Agreement were disclosed in the Company's announcement dated 14 February 2014.

The promissory notes were repaid in full during the year ended 31 March 2015. Details of the repayment of promissory notes were more particularly set out in the announcement of the Company dated 26 August 2014.

Movement of promissory notes is as follows:

	2015	**2014**
	HK$	*HK$*
At 1 April	26,640,500	34,125,098
Imputed interest expenses	—	3,065,402
Redemption	(26,640,500)	(10,550,000)
At 31 March	—	26,640,500

(b) On 26 March 2014, the Group entered into an agreement with an independent third party to borrow a loan of HK$13,000,000. The loan was matured on 26 September 2014. The effective interest rate is 8% per annum.

The loan was secured by a deposit of RMB11,000,000 (equivalent to HK$13,870,500) (note 29).

The loan was fully set-off by the pledged deposit of RMB11,000,000 on 27 September 2014.

35. PROVISION FOR LONG SERVICE PAYMENTS

Group

The Group has recorded provision for long service payment obligations for employees. Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and year of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movement in provision for long service payments is as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
At 1 April and 31 March	42,373	42,373

36. DEFERRED TAXATION

Group

The movements on the net deferred tax (assets)/liabilities during the year are as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
At 1 April	12,561,503	52,232,416
Tax credited to profit or loss *(note 14)*	(21,227,387)	(1,632,765)
Disposal of subsidiaries *(note 41(a), (c), (d))*	6,917,619	(38,161,314)
Tax charged to other comprehensive income *(note 18)*	107,925	123,166
At 31 March	(1,640,340)	12,561,503

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2015, no deferred tax asset has been recognised in respect of the unused tax losses (2014: HK$30,884,396) due to unpredictability of future profit streams. Tax losses of HK$85,029,605 (2014: nil) can be carried forward indefinitely and the tax losses of HK$49,938,043 (2014: HK$30,884,396) will be expired in five years.

In addition to the amount charged/credited to the profit or loss, deferred tax relating to the revaluation and disposal of the Group's certain leasehold land and buildings during the year has been recognised in other comprehensive income.

The movements in deferred tax assets and liabilities (prior to offsetting of balances within the same taxable entity) during the year are as follows:

	Group									
Deferred tax (assets)/ liabilities	**Property revaluation**		**(Decelerated)/accelerated accounting depreciation**		**Tax losses**		**Intangible assets**		**Total**	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
										(Restated)
At 1 April	1,659,778	1,536,612	(4,113,155)	34,364,651	(7,721,099)	(9,842,906)	22,735,979	26,174,059	12,561,503	52,232,416
Disposal of subsidiaries	–	–	–	(38,161,314)	7,328,668	–	(411,049)	–	6,917,619	(38,161,314)
Credited/(charged) to profit or loss	–	–	705,112	(316,492)	392,431	2,121,807	(22,324,930)	(3,438,080)	(21,227,387)	(1,632,768)
Charged to other comprehensive income	107,925	123,166	–	–	–	–	–	–	107,925	123,166
At 31 March	1,767,703	1,659,778	(3,408,043)	(4,113,155)	–	(7,721,099)	–	22,735,979	(1,640,340)	12,561,503

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to income tax levied by same taxation authority on the same taxable entity. The following amounts, determined after appropriate offsetting, are shown in the Group's consolidated statement of financial position:

	Group	
	2015	**2014**
	HK$	*HK$*
Deferred tax assets	(1,640,340)	—
Deferred tax liabilities	—	12,561,503
	(1,640,340)	12,561,503

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$748,622 (2014: HK$15,052,929). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

Company

At 31 March 2015, the Company had estimated unutilised tax losses of HK$28,940,196 (2014: HK$43,627,057). No deferred tax assets have been recognised in respect of the tax losses due to unpredictability of future profit streams.

37. SHARE CAPITAL

(a) Authorised and issued share capital

Group and Company

	2015		**2014**	
	Number of shares	*HK$*	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 April and 31 March	**20,000,000,000**	**1,000,000,000**	20,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At 1 April	**598,767,047**	**29,938,352**	598,767,047	29,938,352
Placing of new shares *(note (i))*	**119,752,000**	**5,987,600**	—	—
At 31 March	**718,519,047**	**35,925,952**	598,767,047	29,938,352

Note:

(i) On 28 November 2014, the Company entered into a placing agreement with a placing agent for the placing of an aggregate 119,752,000 new ordinary shares of the Company at a placing price of HK$0.5 per placing share. Accordingly, the Company issued 119,752,000 new ordinary shares at HK$0.5 per share on 10 December 2014. As a result, there was an increase in share capital and share premium of approximately HK$5,987,600 and HK$53,888,400 respectively. Details of the placing are set out in the Company's announcements dated 28 November 2014 and 10 December 2014.

(b) Capital management policy

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves.

38. RESERVES

Company

	Share premium *HK$*	Contributed surplus *HK$*	Employee share-based compensation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2013	2,024,217,103	28,784,000	5,698,000	(1,399,237,184)	659,461,919
Loss for the year	—	—	—	(94,927,897)	(94,927,897)
Equity-settled share-based transactions *(note 39)*	—	—	9,376,692	—	9,376,692
Share options forfeited *(note 39)*	—	—	(5,698,000)	5,698,000	—
At 31 March 2014 and 1 April 2014	2,024,217,103	28,784,000	9,376,692	(1,488,467,081)	573,910,714
Loss for the year	—	—	—	(470,191,527)	(470,191,527)
Issuance of ordinary shares	53,888,400	—	—	—	53,888,400
Share issue expenses	(1,854,176)	—	—	—	(1,854,176)
At 31 March 2015	2,076,251,327	28,784,000	9,376,692	(1,958,658,608)	155,753,411

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Company	
Share premium	Amount subscribed for share capital in excess of nominal value.
Contributed surplus	The difference between the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders provided that the Company is able to meet its obligations after distribution and the net realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Accumulated losses	Cumulative net losses recognised in the consolidated statement of comprehensive income.

Reserve	**Description and purpose**
Group	
Other reserve	The difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment property) (see note 18). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of foreign operations into Hong Kong dollars.
Investment revaluation reserve	Gains/losses arising on recognising financial assets classified as available for sale at fair value.

39. SHARE OPTIONS

On 30 August 2002, the Company adopted a share option scheme (the "Old Share Option Scheme") for the purpose of attracting and retaining quality personnel and other persons who may contribute to the business and operation of the Group. Options may be granted without any initial payment to persons including Directors, employees or consultants of the Group.

On 30 August 2012, the Company adopted a new share option scheme (the "New Share Option Scheme") which was approved in the Company's annual general meeting on 29 August 2012. The New Share Option Scheme will remain in force for a period of 10 years from 30 August 2012. A summary of the rules of the New Share Option Scheme is set out in the appendix to the Company's circular dated 20 July 2012.

On 23 December 2013, options were granted to Directors and employees of the Company and its subsidiaries under the New Share Options Scheme to subscribe for up to 32,333,421 ordinary shares of the Company ("2013 Share Options"). The estimated fair value of the options granted on that date was approximately HK$9,376,692 and the amount was recognised as staff cost expense for the year ended 31 March 2014.

The fair value of the 2010 Share Options and 2013 Share Options was calculated using Binominal Option Pricing Model. The inputs into the model are as follows:

	2013 Share Options	2010 Share Options
Grant date	**23 December 2013**	29 July 2010
Grant date share price	**HK$0.55 per share**	HK$4.98 per share
Exercise price	**HK$0.57 per share**	HK$5.24 per share
Expected life	**10 years**	10 years
Expected volatility	**80%**	83%
Expected dividend yield	**Nil**	Nil
Risk-free interest rate	**2.26%**	2.32%

Expected volatility is determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

No option was granted, exercised and lapsed during the year ended 31 March 2015.

The Group recognised an expense of HK$9,376,692 in respect of the options granted which was included in staff costs for the year ended 31 March 2014.

During the year ended 31 March 2014, options for 1,750,000 shares had been forfeited. The value of the lapsed options of HK$5,698,000 was released directly to accumulated losses.

The following table discloses the movements of options during the year:

Year 2015

Date of grant	Exercisable period	Vesting period	Exercise price	Number of shares in respect of options granted				Number of exercisable options
				Outstanding at 1 April 2014	Granted during the year	Lapsed during the year	Outstanding at 31 March 2015	As at 31 March 2015
			HK$					
Executive directors								
Cheng Yang								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	5,987,670	–	–	5,987,670	5,987,670
Lei Lei								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	5,388,903	–	–	5,388,903	5,388,903
Li Weipeng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	2,993,835	–	–	2,993,835	2,993,835
				14,370,408	–	–	14,370,408	14,370,408
Independent non-executive directors								
Tong Jingguo								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
Yang Rusheng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
So Tat Keung								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
				898,152	–	–	898,152	898,152
Employees								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	17,064,861	–	–	17,064,861	17,064,861
				32,333,421	–	–	32,333,421	32,333,421

Year 2014

Date of grant	Exercisable period	Vesting period	Exercise price HK$	Number of shares in respect of options granted: Outstanding at 1 April 2013	Granted during the year	Lapsed during the year	Outstanding at 31 March 2014	Number of exercisable options: As at 31 March 2014
Executive directors								
Cheng Yang								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	5,987,670	—	5,987,670	5,987,670
Lei Lei								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	5,388,903	—	5,388,903	5,388,903
Li Weipeng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	2,993,835	—	2,993,835	2,993,835
Zheng Yuchun								
29 July 2010	10 October 2010 – 28 July 2020	Vesting from 29 July 2010 to 1 October 2010	5.24	600,000	—	(600,000)	—	—
29 July 2010	1 July 2011 – 28 July 2020	Vesting from 29 July 2010 to 1 July 2011	5.24	600,000	—	(600,000)	—	—
29 July 2010	1 July 2012 – 28 July 2020	Vesting from 29 July 2010 to 1 July 2012	5.24	550,000	—	(550,000)	—	—
				1,750,000	14,370,408	(1,750,000)	14,370,408	14,370,408
Independent non-executive directors								
Tong Jingguo								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	299,384	—	299,384	299,384
Yang Rusheng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	299,384	—	299,384	299,384
So Tat Keung								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	299,384	—	299,384	299,384
				—	898,152	—	898,152	898,152
Employees								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	—	17,064,861	—	17,064,861	17,064,861
				1,750,000	32,333,421	(1,750,000)	32,333,421	32,333,421

40. DISPOSAL OF SUBSIDIARIES

(a) On 3 July 2014, the Company entered into a sale and purchase agreement with Great Future Investment Limited, an independent third party to dispose the entire issued share capital of and shareholders' loan due from Hua Rong at the consideration of HK$30,000,001. The transaction was completed on 8 August 2014.

Hua Rong holds 70% equity interests in TianHe which is principally engaged in licence fee collection and provision of intellectual property enforcement services business in PRC.

	HK$
Net liabilities disposed of:	
Property, plant and equipment	1,762,526
Intangible assets	2,535,983
Deferred tax assets	7,328,668
Cash and cash equivalents	61,378,913
Restricted cash at banks	32,705,110
Other receivables	6,281,817
Amount due from non-controlling shareholder	554,152
Trade and other payables	(18,116,744)
Amount due to non-controlling shareholder	(37,080,887)
Shareholder's loan	(106,170,028)
Deferred tax liabilities	(411,049)
Tax payables	(176,160)
Non-controlling interests	(10,260,417)
	(59,668,116)
Shareholder's loan receivable disposed of	106,170,028
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	(471,831)
Loss on disposal of subsidiaries	(16,030,080)
Total consideration satisfied by:	
Cash	30,000,001
Net cash outflow arising on disposal:	
Cash received	30,000,001
Cash and cash equivalents disposed of	(61,378,913)
	(31,378,912)

(b) On 14 February 2014, the Group entered into a sale and purchase agreement for the disposal of 60% of the issued share capital of Chance Music Limited ("CML") to Mr. Chan Siu Kei, a non-controlling shareholder and a director of CML, for a total consideration of HK$9,500,000. The disposal was a related party transaction and was completed on 14 February 2014.

	HK$
Net assets disposed of:	
Property, plant and equipment	2,214
Trade and other receivables	18,250
Cash and cash equivalents	996,780
Trade and other payables	(518,407)
Non-controlling interests	(199,534)
	299,303
Gain on disposal	9,200,697
Total consideration	9,500,000
Total consideration satisfied by:	
Cash received	8,545,517
Set off with trade and other payables	954,483
	9,500,000
Net cash inflow arising on disposal:	
Cash received	8,545,517
Cash and cash equivalents disposed of	(996,780)
	7,548,737

(c) On 22 October 2013, Nanjing Yinkun Investment Corporation*(南京垠坤投資實業有限公司)("Nanjing Yinkun"), an indirect non-wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Nanjing Shanhaijing Agricultural Technology Development Company Limited*(南京山海經農業科技發展有限公司)("Nanjing Shanhaijing"), an independent third party, pursuant to which Nanjing Yinkun agreed to dispose of, and Nanjing Shanhaijing agreed to acquire, RMB5,100,000 of the contributed capital (the "Sale Capital") of Nanjing Yinkun Asset Management Company Limited*(南京垠坤通產資產經營管理有限公司)("Nanjing Yinkun Asset Management"), an indirect non-wholly owned subsidiary of the Company, for a consideration of RMB5,500,000 (approximately HK$6,935,250) which was satisfied by cash. The Sale Capital represents 51% of total contributed capital of Nanjing Yinkun Asset Management. The transaction was completed on 24 December 2013.

	HK$
Net assets disposed of:	
Property, plant and equipment	96,336,487
Goodwill	1,719,839
Trade and other receivables	20,362,792
Amount due from immediate holding company	1,846,749
Amounts due from related parties	9,078,873
Cash and cash equivalents	32,975,742
Trade and other payables	(7,833,246)
Amounts due to fellow subsidiaries	(1,702,289)
Amount due to a non-controlling equity holder	(13,933,548)
Bank borrowings	(96,248,661)
Current tax liabilities	(3,455,069)
Deferred tax liabilities	(6,737,285)
Non-controlling interests	(13,426,838)
	18,983,546
Loss on disposal	(12,048,296)
Total consideration satisfied by:	
Cash received	6,935,250
Net cash outflow arising on disposal:	
Cash received	6,935,250
Cash and cash equivalents disposed of	(32,975,742)
	(26,040,492)

(d) On 19 April 2013, the Company entered into a provisional sale and purchase agreement with an independent third party to dispose the entire issued share capital of and shareholders' loan due from Wellrich Investments Limited ("Wellrich") at the consideration of RMB150,000,000 (equivalent to approximately HK$187,915,000), subject to adjustments.

The disposal of Wellrich was approved by the Company's shareholders at the special general meeting dated 25 June 2013.

The adjusted consideration was RMB137,623,000 (equivalent to approximately HK$172,410,000), which was arrived at by deducting the estimated redundancy payment of RMB7,000,000 (equivalent to approximately HK$8,769,000) and the estimated exceed of current liabilities over current assets amounting to RMB5,377,000 (equivalent to approximately HK$6,736,000) from the consideration.

Wellrich holds 94% equity interests in Zhaoqing Star-Lake Club ("Star-Lake Club"), which is principally engaged in hotel operation in PRC. Upon the disposal of Star-Lake Club, the cumulative amount of exchange differences amounting to approximately HK$59,156,000 previously recognised in other comprehensive income and accumulated in foreign exchange reserve was reclassified from foreign exchange reserve to profit or loss when the gain on disposal was recognised.

	HK$
Net liabilities disposed of:	
Property, plant and equipment	655,869
Payments for leasehold land held for own use under operating leases	184,694,557
Inventories	3,202,237
Trade and other receivables	1,241,602
Cash and cash equivalents	1,553,399
Trade and other payables	(10,834,446)
Amounts due from fellow subsidiaries	15,576,600
Amount due to non-controlling shareholder	(11,643,311)
Deferred tax liabilities	(31,424,029)
Non-controlling interests	(902,535)
Shareholder's loan	(261,574,814)
	(109,454,871)
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	(59,156,406)
Repayment of shareholder's loan	261,574,814
Gain on disposal	79,446,079
Total consideration satisfied by:	
Cash received	172,409,616
Net cash inflow arising from disposal:	
Cash received	172,409,616
Cash and cash equivalents disposed of	(1,553,399)
	170,856,217

41. ACQUISITION OF ADDITIONAL INTERESTS IN SUBSIDIARIES

(a) On 17 October 2013, Witty Idea and Rich Success, a non-controlling shareholder of Well Allied entered into a loan agreement in which Witty Idea agreed to advance to Rich Success a loan in the total principal amount of HK$11,300,000. The loan was secured by 7.978 ordinary shares of Well Allied, owned by Rich Success and loan receivables of HK$10,600,039 due from Well Allied. The loan bears an effective interest rate of 10% per annum and shall be repayable on the last working date of thirteen month from 17 October 2013.

On 17 November 2014, Rich Success gave a written notice to the Group that Rich Success had no ability to repay the aforesaid loan and corresponding interest in total of HK$12,416,246 and agreed to transfer the 7.978 ordinary shares of Well Allied and the loan receivables of HK$10,600,039 to the Group to settle the outstanding loan and interest.

Following the transfer of the 7.978 ordinary shares of Well Allied, the Group holds an aggregate of 114.585 shares in Well Allied, representing approximately 71.81% of the total issued share capital of Well Allied.

Details of the acquisition of additional interests in Well Allied during the year ended 31 March 2015 are summarised as follows:

	HK$
Total aggregate consideration	12,416,246
Shareholders' loan	(10,600,039)
	1,816,207
5% equity interests in Well Allied	1,963,149
Excess of recorded in equity attributable to owners of the Company	3,779,356
Satisfied by:	
Set off with loan receivables	12,416,246

(b) On 28 June 2013, the Group and Long Sincere International Limited ("Long Sincere") entered into a loan agreement in which the Group agreed to advance to Long Sincere loans in principal amount of HK$3,073,800. The loan was secured by 10 ordinary shares of Welly Champ, a subsidiary of the Company, owned by Long Sincere. The loan bears an effective interest rate of 10% and shall be repayable in 14 days from the date of advance.

On 12 July 2013, the Long Sincere gave a written notice to the Group that Long Sincere had no ability to repay the aforesaid loans and corresponding interest in total of HK$3,085,590 and agreed to transfer the 10 ordinary shares of Welly Champ owned by Long Sincere to the Group to settle the outstanding loans and interest.

Following the completion the above acquisition, the Company holds an aggregate of 226.13 shares in Welly Champ, representing approximately 95.77% of the total issued share capital of Welly Champ.

Details of the acquisition of additional interests in Welly Champ during the year ended 31 March 2014 are summarised as follows:

	HK$
Total aggregate consideration	8,085,590
Shareholders' loan	(3,292,333)
	4,793,257
6.59% equity interests in Welly Champ	2,595,392
Excess of recorded in equity attributable to owners of the Company	7,388,649
Satisfied by:	
Set off with loan receivables	3,085,590
Cash	5,000,000
	8,085,590

42. RELATED PARTY TRANSACTIONS

Save as those disclosed elsewhere in the financial statements, significant related party transactions during the year are as follows:

		Group	
		2015	**2014**
	Notes	*HK$*	*HK$*
Facility sharing income from an associate	*(a)*	—	4,440,206
Interest expense to non-controlling shareholders	*(b)*	—	778,171

(a) Facility sharing income was received from an associate based on the facility sharing agreement signed between parties.

(b) Loan interest expenses paid to non-controlling shareholders based on the agreement signed by both parties.

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
Short-term benefits	13,090,584	18,250,169
Post-employment benefits	78,468	129,500
	13,169,052	18,379,669

43. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of loss for the year to net cash used in operations is as follows:

	2015	**2014**
	HK$	*HK$*
(Loss)/profit before income tax credit/(expense)		
— Continuing operations	(471,977,280)	(127,399,498)
— Discontinued operation	—	68,390,638
Interest income	(1,272,737)	(2,251,425)
Interest expenses	4,313,268	13,275,762
Depreciation of property, plant and equipment	13,298,088	19,210,566
Amortisation of payments for leasehold land held for own use under operating leases	—	1,205,395
Amortisation of intangible assets	15,361,839	15,564,496
Amortisation of deferred expenditure	8,632,826	12,930,831
Gain on disposal of property, plant and equipment	(74,083)	(157,207)
Reversal of impairment loss on other receivables	(1,212,716)	—
Gain on deemed disposal of interests in associates, net	(1,162,241)	—
Loss on disposal of associates	2,912,809	—
Loss in disposal of convertible loan notes	1,051,473	—
Impairment loss on property, plant and equipment	—	8,840,980
Impairment loss on goodwill	96,019,091	—
Impairment loss on available-for-sale investments	147,964,021	449,120
Impairment loss on trade and other receivables	1,736,337	6,831,200
Impairment loss on intangible assets	88,358,247	—
Impairment loss on deferred expenditure	2,268,500	—
Realised loss/(gain) on disposal of available-for-sale investments	1,630,320	(2,378,140)
Fair value gain on investment properties	(127,279)	—
Loss/(gain) on disposal of subsidiaries, net	16,030,080	(76,598,480)
Waiver of amount due to a related party	—	(2,836,401)
Facility sharing income from an associate	—	(4,440,206)
Share of (profits)/losses of associates	(616,346)	6,508,682
Equity-settled share-based payment expense	—	9,376,692
Operating loss before working capital changes	(76,865,783)	(53,476,995)
Decrease/(increase) in inventories	1,999,327	(4,526,680)
(Increase)/decrease in trade and other receivables	(9,182,590)	36,695,860
Increase in trade, bills and other payables	29,851,119	1,099,179
Increase in deferred income	—	4,731,516
Net cash used in operations	(54,197,927)	(15,477,120)

44. LEASES

Operating leases — lessee

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to sixteen years (2014: one to sixteen years). Lease payments are usually negotiated to reflect market rentals. None of the leases includes contingent rentals.

The lease payments recognised as an expense are as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
Minimum lease payments	45,917,744	52,455,152

The total future minimum lease payments are due as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
Not later than one year	32,974,979	39,908,872
Later than one year and not later than five years	79,646,216	95,159,660
More than five years	80,713,419	96,840,967
	193,334,614	231,909,499

Operating Leases — Lessor

The Group leases out its investment properties and sub-leases of properties in PRC under operating leases. No leases were signed for investment properties for the year (2014: nil) and sub-leases of properties in PRC usually run for one to five years (2014: one to five years). Lease payments are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

The minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2015	**2014**
	HK$	*HK$*
Not later than one year	38,666,307	28,114,554
Later than one year and not later than five years	20,152,087	39,371,555
More than five years	2,885,329	8,233,614
	61,703,723	75,719,723

45. CAPITAL COMMITMENTS

(a)

	Group		Company	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Commitments for the acquisition of plant and equipment:				
Contracted for but not provided	22,643,377	7,668,139	—	—

(b) On 8 July 2011, the Group completed an agreement dated 27 May 2011 with HaoRan Cultural Development Limited ("BoRen Vendor"), an independent third party, to acquire the entire issued share capital of BoRen from BoRen Vendor for a consideration of RMB90 million, RMB25 million (equivalent to HK$29,897,153) of which was paid in cash and the balance of RMB65 million by the issue of 420,176,215 ordinary shares of the Company (the "BoRen Agreement"). The quoted closing price per share of the Company quoted on the Stock Exchange on that date was HK$0.191.

The BoRen Agreement contained a profit guarantee from BoRen Vendor whereby BoRen Vendor guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite-China and its subsidiaries (the "Elite Group") for the three financial years ending 31 December 2013 (the "Guaranteed Period") shall be not less than RMB75 million (the "Guaranteed Profit"). Meanwhile, the Group is obligated to advance loans ("Advanced Loans") in the total principal amount in Hong Kong dollars of not less than a sum equivalent to RMB50 million each financial year during the Guaranteed Period to the Elite Group for the development of the business of BoRen and its subsidiaries (the "BoRen Group"). In case of the Elite Group failed to meet the Guaranteed Profit, the maximum amount to be received by the Group from BoRen Vendor shall not exceed RMB90 million.

On 20 December 2011, The Group and BoRen Vendor entered into a supplemental agreement to defer the Guaranteed Period from the three financial years ending 31 December 2013 to the three financial years ending 31 December 2014 and the related Advanced Loans would be deferred accordingly whilst the rest of the terms and conditions of the BoRen Agreement remain unchanged. On 31 December 2012, the Group and BoRen Vendor further entered into a supplemental agreement to defer the Guarantee Period from the three financial years ending 31 December 2014 to the three financial years ending 31 December 2015 and the related Advanced Loans would be further deferred accordingly whilst the rest of the terms and conditions of the BoRen Agreement remain unchanged.

On 30 September 2013, the Group and BoRen Vendor further entered into another supplemental agreement to defer the Guarantee Period from the three financial years ending 31 December 2015 to the three financial years ending 31 December 2016 and the related Advanced Loans would be further deferred accordingly whilst the rest of the terms and conditions of the BoRen Agreement remain unchanged.

On 30 September 2014, the Group and BoRen Vendor further entered into a fourth supplemental agreement to defer the Guarantee Period from the three financial years ending 31 December 2016 to the three financial years ending 31 December 2017 and the related Advanced Loans would be further deferred accordingly whilst the rest of the terms and conditions of the BoRen Agreement remain unchanged.

(c) Details of other commitments are set out in note 26 to the financial statements.

46. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investment in other entities.

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the management. The policy for each of the above risks is described in more detail below.

(a) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group exposes to credit risk from loans and receivables. The Group has adopted a credit policy to monitor and mitigate credit risk arising from trade debtors. Credit limit is regularly reviewed and approved by head of credit control. The Group assesses credit risk based on customers' past due records, trading history, financial conditions or credit ratings. The Group and the Company is not exposed to concentration of credit risk. Please refer to note 29 for further analysis of credit risk associated with trade and other receivables.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(b) Liquidity risk

The Group's objective is to ensure there are adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The contractual maturities of financial liabilities are shown as below:

The Group

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2015						
Non-derivatives:						
Trade, bills and other payables	70,681,180	70,681,180	70,681,180	—	—	—
Amounts due to non-controlling shareholders	53,594,160	53,594,160	53,594,160	—	—	—
Amounts due to related parties	43,894,302	43,894,302	43,894,302	—	—	—
Bank borrowings	60,308,803	65,808,901	36,459,907	7,890,448	21,458,546	—
	228,478,445	233,978,543	204,629,549	7,890,448	21,458,546	—
2014						
Non-derivatives:						
Trade and other payables	61,853,781	61,853,781	61,853,781	—	—	—
Amounts due to non-controlling shareholders	97,794,653	97,794,653	97,794,653	—	—	—
Amounts due to related parties	35,023,051	35,023,051	35,023,051	—	—	—
Bank borrowings	29,569,384	31,961,213	31,961,213	—	—	—
Other borrowings	39,640,500	40,680,500	40,680,500	—	—	—
	263,881,369	267,313,198	267,313,198	—	—	—

The Company

	Carrying amount HK$	Total contractual undiscounted cash flows HK$	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	More than 5 years HK$
2015						
Non-derivatives:						
Trade and other payables	2,330,808	2,330,808	2,330,808	—	—	—
Amounts due to subsidiaries	598,098,816	598,098,816	598,098,816	—	—	—
	600,429,624	600,429,624	600,429,624	—	—	—
2014						
Non-derivatives:						
Trade and other payables	1,584,801	1,584,801	1,584,801	—	—	—
Amounts due to subsidiaries	732,126,551	732,126,551	732,126,551	—	—	—
Other borrowings	26,640,500	27,680,500	27,680,500	—	—	—
	760,351,852	761,391,852	761,391,852	—	—	—

(c) **Interest rate risk**

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank loans.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate loan receivables, pledged bank deposits, bank borrowings, other borrowings and amounts due to non-controlling shareholders. The Group currently does not use any derivative contracts to hedge the interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Interest rate profile

The following table details interest rates analysis that management of the Company evaluates the interest rate risk.

	Group				Company			
	2015		2014		2015		2014	
	Effective interest rate (%)	*HK$*	*Effective interest rate (%)*	*HK$*	*Effective interest rate (%)*	*HK$*	*Effective interest rate (%)*	*HK$*
Financial assets								
Fixed-rate financial assets:								
— Loan receivables	0.10%	27,722,772	3.55%	11,300,000	—	—	—	—
— Pledged bank deposits	2.80%	6,943,655	—	—	—	—	—	—
Floating-rate financial assets:								
— Cash and bank balances	0.52%	102,614,658	0.83%	173,820,122	0.09%	50,075,906	0.22%	8,631,546
— Pledged bank deposits	0.01%	2,300,000	—	—	0.01%	2,300,000	—	—
Financial liabilities								
Fixed-rate financial liabilities:								
— Amounts due to non-controlling shareholders	—	—	2.50%	1,330,000	—	—	—	—
— Bank borrowings	7.72%	9,594,869	12.50%	3,278,482	—	—	—	—
— Other borrowings	—	—	9.61%	39,640,500	—	—	11.00%	26,640,500
Floating-rate financial liabilities:								
— Bank borrowings	3.68%	50,713,934	2.73%	26,290,902	—	—	—	—

Sensitivity analysis

The following table indicates the approximate change in the results after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect on results after tax on the next accounting period until next end of reporting period, management of the Company assumes that the change in interest rate had occurred at the end of reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2015 and 2014.

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*
Increase by 100 basis points	542,007	1,475,292	523,759	86,315
Decrease by 100 basis points	(26,687)	(1,182,093)	(45,298)	(18,637)

(d) Currency risk

The Group mainly operates in Hong Kong and PRC with most of the transactions settled in their respective functional currencies in which the group entities operate. Therefore the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as available-for-sale equity securities. They are listed on the Stock Exchange and have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective equity instruments had been 50% (2014: 50%) higher/lower, the other component of equity would increase/decrease by HK$10,634,105 (2014: HK$52,448,966).

47. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amount and fair value of financial assets and liabilities as defined in note 4(k):

The Group

	2015		2014	
	Carrying amount *HK$*	**Fair value** *HK$*	**Carrying amount** *HK$*	**Fair value** *HK$*
Financial assets				
Loans and receivables	302,608,013	302,608,013	380,151,041	380,151,041
Available-for-sale financial assets	21,268,209	21,268,209	208,301,204	208,301,204
Financial liabilities				
Financial liabilities measured at amortised cost	228,478,445	228,478,445	263,881,369	263,881,369

The Company

	2015		2014	
	Carrying amount *HK$*	**Fair value** *HK$*	**Carrying amount** *HK$*	**Fair value** *HK$*
Financial assets				
Loans and receivables	636,751,440	636,751,440	888,783,730	888,783,730
Financial liabilities				
Financial liabilities measured at amortised cost	600,429,624	600,429,624	760,351,852	760,351,852

(a) The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

(b) The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group			
	2015			
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed securities in Hong Kong, at fair value	21,268,209	—	—	21,268,209

	Group			
	2014			
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed securities in Hong Kong, at fair value	101,333,932	—	—	101,333,932
Convertible loan notes	—	3,569,000	—	3,569,000
Contingent consideration in relation to acquisition of subsidiaries	—	—	103,398,272	103,398,272
	101,333,932	3,569,000	103,398,272	208,301,204

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is as follows:

	Group	
	Equity Securities	
	2015	**2014**
	HK$	*HK$*
At 1 April	103,398,272	101,539,185
Exchange differences	125,317	1,859,087
Release of foreign exchange reserve upon impairment loss on available-for-sales investment	(4,775,996)	—
Impairment loss	(98,747,593)	—
At 31 March	—	103,398,272

(c) Valuation techniques and inputs used in Level 2 fair value measurements

Convertible loan notes

Convertible loan notes are measured at fair value at the end of the reporting period. Fair value of the convertible loan notes are based on the closing price of the shares of underlying stock price as at the end of the reporting period. The fair value of convertible loan notes is considered to be divided into two components, namely 1) share value; 2) early redemption option of the Company and has been determined by a firm of professional valuer, APAC, using valuation technique.

The share value is equal to underlying stock price multiplied by the convertible number of shares. Binomial option pricing model is used for valuation of the early redemption option. Significant input into the model was underlying stock price, expected volatility, risk-free rate, life of the options and expected ordinary dividend yield.

(d) Valuation techniques and inputs used in Level 3 fair value measurements

Contingent consideration related to acquisition of subsidiaries

Binomial option pricing model is used for valuation of the contingent consideration in related to acquisition of subsidiaries. Significant input into the model was as follows:

Expected 2015 net profits after taxation and non-controlling interests	RMB2,865,000
Expected 2016 net profits after taxation and non-controlling interests	RMB6,596,000
Expected 2017 net profits after taxation and non-controlling interests	RMB9,847,000
Annual risk-free rate	2.8-3.1%
Expected volatility	40%

The fair value of contingent consideration related to acquisition of subsidiaries is determined using binomial option pricing model and the significant unobservable input used in the fair value measurement is expected 2015 – 2017 net profits after taxation and non-controlling interests. The fair value measurement is negatively correlated to the expected 2015 – 2017 net profits after taxation and non-controlling interests. As at 31 March 2014, it is estimated that with all other variables held constant, an increase/decrease in expected 2015 – 2017 net profits after taxation and non-controlling interests by 20%, which is a reasonable magnitude determined by management, would have no effect on the Group's other comprehensive income.

48. EVENTS AFTER THE REPORTING PERIOD

On 8 June 2015, Shenzhen Wendi Multimedia Technology Company Limited* (深圳市文地多媒體技術有限公司) ("Shenzhen Wendi"), an indirectly wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Guangwei Technology Group Limited* (廣微科技集團有公司) ("Guangwei"), pursuant to which Shenzhen Wendi conditionally agreed to purchase and Guangwei conditionally agreed to sell the 9.5% of the subscribed capital contribution of Chongqing Lianshun Heqi Venture Investment Fund Partnership* (重慶聯順合氣創業投資基金合伙企業) at a consideration equivalent to HK$32,000,000 in Renminbi.

Guangwei is a company established in PRC and wholly-owned by Ms. Wang Ming and Ms. Wenying Cheng* (鄭文英) in equal shares. As Ms. Wang Ming is a substantial shareholder of the Company, holding approximately 12.25% of the issued share capital of the Company. This transaction is a connected transaction for the Company under the Listing Rules.

49. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year presentation.

50. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015.

* *For identification purpose only*

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 May 2016, being the latest practicable date for the purpose of preparing the indebtedness statement prior to the printing of this circular, the Group had an outstanding borrowings of approximately HK$145,802,000, details of which are set out below:

	Approximate *HK$'000*
Bank borrowings, secured and guaranteed	63,383
Amounts due to non-controlling Shareholders, unsecured	53,594
Amounts due to related parties, unsecured	28,825

Securities

As at 31 May 2016, Mr. Yang Lei (a director of certain subsidiaries of the Company) and his spouse respectively provided guarantees for certain bank loans of the Group. Certain assets of Mr. Yang Lei, his spouse, a related party and a company beneficially owned by Mr. Yang Lei and his spouse were also pledged to secure the aforesaid bank loans of the Group.

As at 31 May 2016, bank deposits of RMB30,000,000 and HK$2,300,000 of the Group were pledged to secure the bank loans which was drawdown in the aggregate amount of HK$30,000,000 and corporate credit cards limit up to HK$5,300,000 of the Group respectively.

As at 31 May 2016, an indirect non-wholly owned subsidiary of the Company provided the guarantee in respect of a loan facility for the principal amount of up to RMB35,000,000 provided to an independent third party from a financial institution in the PRC.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, bank overdrafts or loans or term loans, other borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 May 2016.

The Directors are not aware of any material change in respect of the indebtedness or other contingent liabilities of the Group, since 31 May 2016 up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into consideration the financial resources available to the Group, including internally generated funds and the available credit facilities, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, in the absence of unforeseeable circumstances.

5. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 March 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

For illustrative purpose only, set out below is the unaudited pro forma adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma Financial Information") as if Open Offer had been completed on 31 March 2016. Although reasonable care has been exercised in preparing the Unaudited Pro Forma Financial Information, Shareholders who read the information below should bear in mind that these figures are inherently subject to adjustments and, because of its hypothetical nature, may not give a true picture of the Group's financial position had the Open Offer been completed as at 31 March 2016 or any future dates.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY

Introduction

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited to illustrate the effect of the Open Offer on the audited consolidated net tangible assets of the Group as if the Open Offer had taken place on 31 March 2016.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited net assets of the Group attributable to owners of the Company as at 31 March 2016, as extracted from the published announcement of the final results of the Company for the year ended 31 March 2016 and is adjusted for the effect of the Open Offer.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect the true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 had the Open Offer actually completed on 31 March 2016 or any future dates.

Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group

	Audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2016	Less: Intangible assets	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016	Estimated net proceeds from the Open Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after completion of the Open Offer
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*		*(Note 3)*	
Based on 359,259,523 Offer Shares to be issued at Subscription Price of HK$0.30 per Offer Share *(Note 4)* ("Scenario I")	118,431	(906)	117,525	104,778	222,303
Based on 371,833,632 Offer Shares to be issued at Subscription Price of HK$0.30 per Offer Share *(Note 4)* ("Scenario II")	118,431	(906)	117,525	108,550	226,075
Audited consolidated net tangible assets per Share prior to the completion of the Open Offer *(Note 5)*					HK$0.16
Unaudited pro forma adjusted consolidated net tangible assets per Share after the completion of the Open Offer based on Scenario I *(Note 6)*					HK$0.21
Unaudited pro forma adjusted consolidated net tangible assets per share after the completion of the Open Offer based on Scenario II *(Note 6)*					HK$0.20

1. The audited consolidated net assets of the Group attributable to owners of the Company as at 31 March 2016 was approximately HK$118,431,000 as disclosed in the published announcement of the final results of the Company for the year ended 31 March 2016.

2. Intangible assets of approximately HK$906,000 represented golf club memberships, as extracted from the published announcement of the final results of the Company for the year ended 31 March 2016.

3. The estimated net proceeds from the Open Offer in Scenario I of approximately HK$104,778,000 is calculated based on 359,259,523 Offer Shares assuming to be issued on the completion of the Open Offer (assuming no outstanding Share Options are exercised and no other issue of Share on or before the Record Date) at the Subscription Price of HK$0.30 per Offer Share, after deduction of the estimated related expenses of approximately HK$3,000,000.

   The estimated net proceeds from the Open Offer in Scenario II of approximately HK$108,550,000 is calculated based on 371,833,632 Offer Shares assuming to be issued on the completion of the Open Offer (assuming all outstanding Share Options other than those held by the Underwriter are exercised and no other issue of Shares on or before the Record Date) at the Subscription Price of HK$0.30 per Offer Share, after deduction of the estimated related expenses of approximately HK$3,000,000.

4. The Open Offer in Scenario I of 359,259,523 Offer Shares is calculated on the basis of one Offer Shares for every two existing Shares. It is based on 718,519,047 Shares in issue as at 31 March 2016, assuming no outstanding Share Options are exercised and no other issue of Share on or before the Record Date.

   The Open Offer in Scenario II of 371,833,632 Offer Shares is calculated on the basis of one Offer Shares for every two existing Shares. It is based on 743,667,264 Shares in issue at the date of the Announcement which comprise 718,519,047 Share in issue as at 31 March 2016, 25,148,217 Shares to be issued assuming all outstanding Share Options other than those held by the Underwriter are exercised and no other issue of shares on or before the Record Date.

5. The number of Shares used for the calculation of audited consolidated net tangible assets per Share prior to the completion of the Open Offer is based on 718,519,047 Shares in issue as at 31 March 2016.

6. The unaudited pro forma adjusted consolidated net tangible assets per Share of the Group after the completion of the Open Offer in Scenario I is calculated based on 1,077,778,570 Shares which represents the existing 718,519,047 Shares in issue as at 31 March 2016 and 359,259,523 Shares assuming to be issued on the completion of the Open Offer (assuming no outstanding Share Options are exercised and no other issue of Share on or before the Record Date) as if the Open Offer had been completed on 31 March 2016.

   The unaudited pro forma adjusted consolidated net tangible assets per Share of the Group after the completion of the Open Offer in Scenario II is calculated based on 1,115,500,896 Shares which represents the existing 718,519,047 Shares in issue as at 31 March 2016, 25,148,217 Shares to be issued assuming all outstanding Share Options other than those held by the Underwriter are exercised, 371,833,632 Shares assuming to be issued on the completion of the Open Offer and no other issue of Shares on or before the Record Date as if the Open Offer had been completed on 31 March 2016.

7. Except for the Open Offer, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2016.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from the reporting accountant of the Company, BDO Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN AN INVESTMENT CIRCULAR

TO THE DIRECTORS OF CULTURE LANDMARK INVESTMENT LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Culture Landmark Investment Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2016 and related notes as set out on Section A of Appendix II to the circular issued by the Company dated 8 July 2016 (the "Circular") (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix II to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed open offer (the "Open Offer") on the Group's consolidated net tangible assets attributable to the owners of the Company as at 31 March 2016 as if the Open Offer had taken place at 31 March 2016. As part of this process, information about the Group's financial position as at 31 March 2016 has been extracted by the Directors from the Company's published announcement of the final results for the year ended 31 March 2016, on which no audit or review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Unaudited Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate impact of the Open Offer on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
BDO Limited
Certified Public Accountants

Hong Kong, 8 July 2016

RESPONSIBILITY STATEMENT

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

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

SHARE CAPITAL

Authorised and issued capital

The issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Open Offer (assuming no Options have been exercised); and (iii) immediately after completion of the Open Offer (assuming all Options (other than those held by the Underwriter) have been exercised) is illustrated below:

(a) as at the Latest Practicable Date

Authorised:		*HK$*
20,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
718,519,047	Shares	35,925,952.35

(b) immediately after completion of the Open Offer (assuming no Options have been exercised)

Authorised:		*HK$*
20,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
718,519,047	Shares at the Latest Practicable Date	35,925,952.35
359,259,523	Offer Shares to be issued pursuant to the Open Offer (assuming no Options have been exercised)	17,962,976.15
1,077,778,570	Shares upon completion of the Open Offer	53,888,928.50

(c) immediately after completion of the Open Offer (assuming all Options (other than those held by the Underwriter) have been exercised)

Authorised:		*HK$*
20,000,000,000	Shares	1,000,000,000
Issued and fully paid:		
718,519,047	Shares at the Latest Practicable Date	35,925,952.35
25,148,217	Shares to be issued upon exercise in full of all Options (other than those held by the Underwriter)	1,257,410.85
371,833,632	Offer Shares to be issued pursuant to the Open Offer (assuming all Options (other than those held by the Underwriter) have been exercised)	18,591,681.60
1,115,500,896	Shares upon completion of the Open Offer	55,775,044.80

Since 31 March 2016, the date to which the latest audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, there had not been any issue of new Shares.

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the then existing Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Share Options

As at the Latest Practicable Date, the Company had the following outstanding Options:

Date of grant	**Exercise price per Share**	**Exercisable period**		**No. of Shares which may fall to be issued upon exercise of the Options**
	HK$	**From**	**To**	
23 December 2013	0.57	23 December 2013	22 December 2023	31,135,887

Notes:

1. As at the Latest Practicable Date, certain Options to subscribe for 5,987,670 new Shares were held by the Underwriter.

2. Upon the Open Offer becoming unconditional, the exercise price and number of the outstanding Share Options will be subject to adjustments. Further announcement will be made in this regard.

Save as disclosed above, the Company had no outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Shares as at the Latest Practicable Date. Save as set out above, no share or loan capital of the Group had been put under option or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

MARKET PRICES

The table below shows the closing prices of the Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the period commencing six months preceding the date of the Announcement and ending on the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	closing price per Share *HK$*
30 November 2015	0.53
31 December 2015	0.68
29 January 2016	0.59
29 February 2016	0.54
31 March 2016	0.66
25 April 2016 (the Last Trading Day)	0.59
29 April 2016 *(Note)*	—
31 May 2016	0.395
30 June 2016	0.37
5 July 2016 (the Latest Practicable Date)	0.37

Note: Trading in the Shares was suspended from 26 April 2016 to 16 May 2016, pending the publication of the Announcement.

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period commencing six months prior to 16 May 2016 (being the date of the Announcement) up to and including the Latest Practicable Date were HK$0.74 on 11 December 2015 and HK$0.36 on 20 June 2016 respectively.

DISCLOSURE OF INTERESTS

Directors and chief executive of the Company

As at the Latest Practicable Date, the interest or short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or

(iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in the Listing Rules were as follows:

Name of Director	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of issued share capital
The Underwriter (L) *(Note 1)*	The Company	Beneficial owner	467,096,802	65.01%
	The Company	Interest of spouse	73,500	0.01%
Tsoi Tung (L) *(Note 2)*	The Company	Interest of spouse	88,000,000	12.25%
Lei Lei (L) *(Note 3)*	The Company	Beneficial owner	5,388,903	0.75%
Tong Jingguo (L) *(Note 3)*	The Company	Beneficial owner	299,384	0.04%
Yang Rusheng (L) *(Note 3)*	The Company	Beneficial owner	299,384	0.04%
So Tat Keung (L) *(Note 3)*	The Company	Beneficial owner	299,384	0.04%

(L) denotes long position

Notes:

1. The Underwriter is beneficially interested in 89,300,000 Shares. He is deemed to be interested in 5,987,670 Shares to be allotted and issued upon the exercise of Options held by him. The Underwriter is deemed to be interested in the 49,000 Shares beneficially interested by Ms. Bai, his spouse. The Underwriter is also deemed to be interested in (i) the 44,650,000 Offer Shares undertaken to be accepted by him on an assured allotment basis in his capacity as a Shareholder; (ii) the 24,500 Offer Shares undertaken to be accepted by Ms. Bai on an assured allotment basis in her capacity as a Shareholder; and (iii) the 327,159,132 Underwritten Shares agreed to be underwritten by him, all pursuant to the Underwriting Agreement in accordance with the SFO.

2. These 88,000,000 Shares are beneficially interested by Idea Elite Investments Limited, a company controlled by Wang Ming who is Tsoi Tung's wife. Tsoi Tung is therefore deemed to be interested in these 88,000,000 Shares.

3. These Shares represent the Shares to be allotted and issued upon the exercise of Options held by the relevant Directors.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company, pursuant to the Model Code.

Persons holding 5% or more shareholding

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director and chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the issued voting shares of any other member of the Group or any options in respect of such capital as follows:

Name of shareholder	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of the issued share capital
Idea Elite Investments Limited (L) *(Note 1)*	The Company	Beneficial owner	88,000,000	12.25%
Wang Ming (L) *(Note 1)*	The Company	Interest of controlled corporation	88,000,000	12.25%
Commotra Company Limited (L) *(Note 2)*	The Company	Beneficial owner	66,666,666	9.28%
China Resources (Holdings) Company Limited (L) *(Note 2)*	The Company	Interest of controlled corporation	66,666,666	9.28%
CRC Bluesky Limited (L) *(Note 2)*	The Company	Interest of controlled corporation	66,666,666	9.28%

Name of shareholder	Name of company in which interests or short positions were held	Nature of interests	Number of shares	Approximate % of the issued share capital
China Resources Co., Limited (L) *(Note 2)*	The Company	Interest of controlled corporation	66,666,666	9.28%
China Resources National Corporation (L) *(Note 2)*	The Company	Interest of controlled corporation	66,666,666	9.28%

(L) denotes long position

Notes:

1. Idea Elite Investments Limited is controlled by Wang Ming, the spouse of Tsoi Tung who is an executive Director. Tsoi Tung is a director of Idea Elite Investments Limited.

2. Commotra Company Limited is controlled by China Resources (Holdings) Company Limited, which is controlled by CRC Bluesky Limited, which is in turn controlled by China Resources Co., Limited, which is in turn controlled by China Resources National Corporation.

Save as disclosed, as at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, no other persons (other than a Director and chief executive of the Company) had an interest or short positions in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the issued voting shares of any other member of the Group or any options in respect of such capital.

ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

(a) Save for 89,300,000 Shares and Options to subscribe for 5,987,670 Shares held by the Underwriter, and 49,000 Shares held by Ms. Bai, none of the Underwriter and parties acting in concert with him owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company as at the Latest Practicable Date.

(b) Save for entering into the Underwriting Agreement, none of the Underwriter and parties acting in concert with him had acquired or disposed of any voting rights in the Company or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company in the six months prior to 16 May 2016 (being the date of the Announcement) and ending on the Latest Practicable Date.

(c) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Underwriter or any of his concert parties and other persons in relation to the transfer, charge or pledge of the Shares that may be allotted and issued to the Underwriter or parties acting in concert with him under the Open Offer or as a result of the obligation under the Underwriting Agreement.

(d) As at the Latest Practicable Date, no person with whom the Underwriter or parties acting in concert with him had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

(e) No person with whom the Underwriter or parties acting in concert with him had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company in the six months prior to 16 May 2016 (being the date of the Announcement) and ending on the Latest Practicable Date.

(f) As at the Latest Practicable Date, save for the Underwriting Agreement and save for the Underwriter and Ms. Bai, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" in the Takeovers Code and none of them had dealt for value in any securities of the Company for the period commencing six months prior to 16 May 2016 (being the date of the Announcement) and ending on the Latest Practicable Date.

(g) As at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of a subsidiary of the Company; and (iii) the advisers to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code) had any interest in the Shares, convertible securities, warrants, options or derivatives of the Company and none of them had dealt for value in any securities of the Company for the period commencing six months prior to 16 May 2016 (being the date of the Announcement) and ending on the Latest Practicable Date.

(h) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company.

(i) No fund managers (other than exempt fund managers) (if any) connected with the Company had dealt for value in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company from 16 May 2016 (being the date of the Announcement) and ending on the Latest Practicable Date.

(j) As at the Latest Practicable Date, no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement, the Whitewash Waiver and respective transactions contemplated thereunder.

(k) No benefit will be given to any Director as compensation for loss of office in any member of the Group or otherwise in connection with the Open Offer and/or the Whitewash Waiver.

(l) As at the Latest Practicable Date, save for the Underwriting Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) existed between (i) the Company, the Directors, recent Directors, Shareholders or recent Shareholders; and (ii) the Underwriter or parties acting in concert with him which is conditional on or dependence upon the outcome of the Open Offer and/or the Whitewash Waiver or otherwise connected with the Open Offer and/or the Whitewash Waiver.

(m) As at the Latest Practicable Date, (i) the Underwriter (an executive Director, the Chairman of the Company and a substantial Shareholder) was beneficially interested in 89,300,000 Shares, had undertaken to accept 44,650,000 Offer Shares to be allotted to him on an assured allotment basis in his capacity as a Shareholder, and had agreed to underwrite 327,159,132 Underwritten Shares pursuant to the Underwriting Agreement; (ii) Ms. Bai, the spouse of the Underwriter, was beneficially interested in 49,000 Shares and had undertaken to accept 24,500 Offer Shares to be allotted to her on an assured allotment basis in her capacity as a Shareholder pursuant to the Underwriting Agreement; and (iii) Lei Lei, an executive Director, was beneficially interested in Options to subscribe for 5,388,903 new Shares and who was involved in negotiations of the Underwriting Agreement on behalf of the Company. Accordingly, the Underwriter, Ms. Bai and Lei Lei (should she became a Shareholder) are prohibited to vote at the SGM pursuant to the Takeovers Code. As at the Latest Practicable Date, (a) Idea Elite Investments Limited (the entire issued share capital of which was held by Wang Ming, the spouse of Tsoi Tung, the latter being an executive Director) was beneficially interested in 88,000,000 Shares; and (b) each of Tong Jingguo, Yang Rusheng and So Tat Keung (all being independent non-executive Directors) was granted Options to subscribe for 299,384 Shares each, the exercise price of which was out-of-money. (A) Tsoi Tung indicated that Idea Elite Investments Limited had intention to; and (B) each of Tong Jingguo, Yang Rusheng and So Tat Keung indicated that (should they become Shareholders) they had intention to (i) vote for the resolutions to be proposed at the SGM to approve the Open Offer, the Underwriting Agreement and the Whitewash Waiver; and (ii) reject the assured entitlements under the Open

Offer. The Directors consider the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Nevertheless, it is each of the relevant Director's personal investment decision not to accept the assured entitlements under the Open Offer. Save as disclosed in this paragraph (m), there were no other Directors who held, owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date.

(n) As at the Latest Practicable Date, there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company or the Directors had borrowed or lent.

(o) As at the Latest Practicable Date, save for the Underwriting Agreement, there was no material contract entered into by the Underwriter in which any Director had a material personal interest.

(p) As at the Latest Practicable Date, save as set out in the Underwriting Agreement and save as mentioned in paragraph (m) above, the Board had not received any information from any substantial Shareholders of their intention to take up the Offer Shares.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had service contract with the Company or any or its subsidiaries or associated companies (i) which (including both continuous and fixed term contract) had been entered into or amended within 6 months before 16 May 2016 (being the date of the Announcement); (ii) which were continuous contracts with a notice period of 12 months or more; (iii) which were fixed term contacts with more than 12 months to run irrespective of the notice period; or (iv) which were not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest in any assets which had been since 31 March 2016 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to, any member of the Group, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, save for the Underwriting Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group after the date two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

(i) the memorandum of understanding dated 12 June 2014 entered into between Celestial Sail Limited, the Company's indirect wholly-owned subsidiary, as the purchaser and Mr. Cheng Yang, the chairman, the then chief executive officer and an executive director of the Company, as the vendor in relation to the possible acquisition of the entire issued share capital of Eastheart Holdings Limited, the consideration would be the net asset value of Eastheart Holdings Limited as of the closing of the proposed acquisition to be determined by a reporting accountant of international repute to be appointed by the purchaser and the parties agreed that the consideration payable by the purchaser to the vendor would not exceed RMB260,000,000. The memorandum of understanding was terminated on 9 December 2014;

(ii) the sale and purchase agreement dated 3 July 2014 entered into between the Company as the vendor, Great Future Investment Limited as the purchaser and Hua Rong Sheng Shi Holding Limited as the target company in relation to the disposal of the entire issued share capital of the target company and all principal, interests and other sums and indebtedness and amounts whatsoever due or owing or payable to the Company by the target company for an aggregate consideration of HK$30,000,001;

(iii) the supplemental agreement dated 30 July 2014 to amend and supplement the sale and purchase agreement dated 1 August 2013 entered into between Bliss Zone Limited as the vendor and the Company as the purchaser (pursuant to which the Company agreed to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited for a consideration of HK$400,000,000) in relation to an extension of the long stop date under the sale and purchase agreement and the right to terminate the sale and purchase agreement;

(iv) the placing agreement dated 23 September 2014 entered into between New Asia Media Development Limited ("New Asia Media"), the Company's direct wholly-owned subsidiary, as the vendor and Kingston Securities Limited as the placing agent in relation to a private placing of 229,326,016 ordinary shares in the share capital of Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) beneficially owned by the vendor at the placing price of HK$0.24 per placing share. Pursuant to the placing agreement, the vendor shall pay to the placing agent a placing fee of 0.75% of the amount equal to the placing price multiplied by the number of placing shares successfully placed by the placing agent;

(v) the placing agreement dated 23 September 2014 entered into between New Asia Media, the Company's direct wholly-owned subsidiary, as the vendor and Kingston Securities Limited as the placing agent in relation to a private placing of the convertible loan notes issued by Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) and held by the vendor in the aggregate principal amount of up to HK$6,200,000 at the placing price of HK$3,413,000. Pursuant to the placing agreement, the vendor shall pay to the placing agent a placing fee of 0.75% of the aggregate placing price for the placing convertible loan notes successfully placed by the placing agent;

(vi) the supplemental agreement dated 30 September 2014 entered into between the Company as the purchaser, HaoRan Cultural Development Limited as the vendor and Ms. Mak Kit Yan Carly Lusanna as the guarantor to amend and supplement the agreement dated 27 May 2011 (as amended and supplemented by the supplemental agreements dated 20 December 2011, 31 December 2012 and 30 September 2013) (pursuant to which the Company agreed to acquire the entire issued share capital of BoRen Cultural Development Limited for a consideration of RMB90,000,000) in relation to a deferral of the guaranteed period and the obligation of the Company to advance loans under the agreement;

(vii) the second supplemental agreement dated 28 October 2014 to amend and supplement the sale and purchase agreement dated 1 August 2013 (as amended and supplemented by the supplemental agreement dated 30 July 2014, pursuant to which the Company agreed to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited for a consideration of HK$400,000,000) entered into between Bliss Zone Limited as the vendor and the Company as the purchaser in relation to an extension of the long stop date under the sale and purchase agreement;

(viii) the placing agreement dated 28 November 2014 entered into between the Company and CCB International Capital Limited as the placing agent in relation to the placing of a maximum of 119,752,000 new Shares to be issued by the Company at the placing price of HK$0.50 per Share. Pursuant to the placing agreement, the Company shall pay to the placing agent a commission of HK$1,500,000;

(ix) the termination agreement dated 31 March 2015 entered into between the Company as the purchaser and Estate Fortune Limited as the vendor in relation to the termination of the memorandum of cooperation dated 14 June 2013 (as amended and supplemented by the supplemental memoranda of understanding dated 8 August 2013, 11 October 2013, 27 November 2013 and 10 April 2014 in relation to the possible acquisition of a company holding interests in two construction projects in the PRC with payment of earnest money in the amount of HK$30,000,000) and refund of earnest money in the amount of HK$30,000,000;

(x) the sale and purchase agreement dated 8 June 2015 entered into between 廣微科技集團有限公司(Guangwei Technology Group Limited*), the then associate of a substantial shareholder of the Company, as the vendor and 深圳市文地多媒體技術有限公司(Shenzhen Wendi Multimedia Technology Company Limited*) ("Shenzhen Wendi"), the Company's indirect wholly-owned subsidiary, as the purchaser in respect of the acquisition of 9.5% of the total subscribed capital contribution in 重慶聯順合氣創業投資基金合伙企業(Chongqing Lianshun Heqi Venture Investment Fund Partnership*) for a consideration of HK$32,000,000 in RMB;

(xi) the equity transfer agreement dated 7 July 2015 entered by and among Shenzhen Wendi the Company's indirect wholly-owned subsidiary, as the purchaser, Mr. Li Xiaodong (李曉東) and Mr. Lu Xian (路綫) as the vendors and 蘇州格瑞特環保科技產業發展有限公司 (Suzhou Great Research & Industrialization Co., Ltd.*) ("the Great Group") as the target company in relation to the acquisition of an aggregate of 25% equity interests in the target company for a consideration of RMB21,135,514;

(xii) the equity transfer agreement dated 7 July 2015 entered by and among Shenzhen Wendi, the Company's indirect wholly-owned subsidiary, as the purchaser, Mr. Cai Yi (蔡毅) as the vendor and the Great Group as the target company in relation to the acquisition of 26% equity interests in the target company for a consideration of RMB10,300,000;

(xiii) the supplemental agreement dated 29 September 2015 entered into between the Company as the purchaser, HaoRan Cultural Development Limited as the vendor and Ms. Mak Kit Yan Carly Lusanna as the guarantor to amend and supplement the agreement dated 27 May 2011 (as amended and supplemented by the supplemental agreements dated 20 December 2011, 31 December 2012, 30 September 2013 and 30 September 2014) (pursuant to which the Company agreed to acquire the entire issued share capital of BoRen Cultural Development Limited for a consideration of RMB90,000,000) in relation to, among others, amendment of the original loan under the agreement; and

(xiv) the Underwriting Agreement.

* *For identification purpose only*

LITIGATION

As set out in the announcements of the Company dated 23 May 2016 and 2 June 2016, the Group initiated legal proceedings against China Music Video Collective Management Association* (中國音像著作權集體管理協會) ("**MVCM Association**") in the PRC court claiming for:

(a) the payment of (i) outstanding operating fees of approximately RMB34,000,000 (equivalent to approximately HK$40,800,000) by MVCM Association to China Music Video Broadcast (Shenzhen) Company Limited* (中音傳播(深圳)有限公司) ("**China Music**") and Song Labs Co, Ltd* (北京天語同聲信息技術有限公司) ("**Song Labs**"), both subsidiaries of the Company, pursuant to (1) a copyright co-operation agreement dated 8 May 2006 entered into between China Music and MVCM Association; (2) a copyright business operation co-operation agreement dated 8 May 2006 entered into between China Music, Song Labs and the MVCM Association; and (3) any supplemental agreements entered into thereafter (documents (1) to (3) are herein referred to as the "**Copyright Co-operation Agreements**"), which represents the outstanding operating fees up to the second quarter of 2015 (the "**Outstanding Operating Fees**"); and (ii) the default interest of approximately RMB2,000,000 (equivalent to approximately HK$2,400,000), if calculated up to 31 May 2016;

(b) a declaration that the unilateral termination of one of the Copyright Co-operation Agreements by MVCM Association was invalid and that MVCM Association should continue to perform its obligations under the Copyright Co-operation Agreements; and

(c) the costs of the above litigation to be borne by MVCM Association.

On 1 June 2016, the PRC court notified China Music and Song Labs that the application for the above litigation has been accepted. The litigation fee required to be paid to the court in the amount of approximately RMB220,000 was paid by the Group in June 2016. The court has commenced the necessary procedures for the litigation. The litigation is on a preliminary stage and therefore the Company is not in a position to predict the timing and the results thereof.

The amount of claim in relation to the operating fees includes HK$5,268,952, HK$22,661,542 and HK$9,809,448 generated from each of the three years ended 31 March 2016 respectively, representing approximately 2.3%, 16.0% and 8.8% of the total revenue for the respective years. The Directors are of the view that the non-recovery of the outstanding amount of the operating fees would have certain negative impact on the

* *For identification purpose only*

Group's licence fee collection and provision of intellectual property enforcement service business. As it is uncertain as to whether the Group could fully recover the outstanding operating fee from MVCM Association under the above litigation, the Company recognised an impairment loss of trade receivables of approximately RMB30.7 million (equivalent to approximately HK$37.7 million) for the financial year ended 31 March 2016. In the event that the Group fails to recover the amount, there would be negative impact on the Group's financial position. However, taking into account the Group's financial position and scale of operation, the Directors considers the adverse effects on the Group is not substantial.

The Group's existing cooperation contracts with MVCM Association will only expire in 2022, and as advised by the Directors, there is no fixed contracted amount under the existing cooperative contracts with MVCM Association. The Group will continue its business relationship with MVCM Association unless there is any material development under the litigation proceedings. As these contracts will only expire in 2022 and there is no fixed contracted amount under them, according to the Directors and taking into account the uncertainty relating to the timing and results of the litigation, it may affect the interests of the Company in the license fee collection and provision of intellectual property enforcement service business.

As at the Latest Practicable Date, save as set out above, no member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

EXPERTS AND CONSENTS

(a) The following are the qualifications of the experts who have given their opinions and advice which are included in this circular:

Name	**Qualifications**
BDO Limited	Certified public accountants
BaoQiao Partners	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

(b) Neither BDO Limited nor BaoQiao Partners has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) Each of BDO Limited and BaoQiao Partners has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.

(d) Neither BDO Limited nor BaoQiao Partners had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 March 2016, the date to which the latest published audited financial statements of the Group were made up.

EXPENSES

The expenses in connection with the Open Offer, including financial advisory fees, printing, registration, legal and accounting fees, are estimated to be approximately HK$3 million and will be payable by the Company.

PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Names and address of Directors and senior management of the Company

Executive Directors	Cheng Yang (Chairman) Flat 4010, 40th Floor Convention Plaza Apartments 1 Harbour Road Hong Kong
	Tsoi Tung Flat E, 79/F., Block 3 1 Austin Road West, The Harbourside Tsim Sha Tsui, Kowloon Hong Kong
	Lei Lei Flat A, 7th Floor Tonnochy Towers Nos. 254 and 272 Jaffe Road Hong Kong
	Huang Ranfei Room B, 41/F., Block 2 Le Sommet, 28 Fortress Hill North Point, Hong Kong

Independent non-executive Directors	Tong Jingguo Room 2E, Block 1, Phase II Shekou Zhaoshang Haiyue Nanshang District, Shenzhen China
	Yang Rusheng 13A-3 Yihuju Shuixiehuadu No. 1063 Xiangmeilu Futian District Shenzhen City, Guangdong Province China
	So Tat Keung Flat 1702, 17th Floor Block J, Kornhill Quarry Bay, Hong Kong
Vice President	Kan Yisong Flat H, 16th Floor, Tower 2, Island Place, 55 Tanner Road North Point, Hong Kong
Company secretary	Chan Wai Flat F, 5/F., Chi Sing Mansion Taikoo Shing Hong Kong

Biography of Directors and senior management

Set out below are the brief biographical details of the Directors and senior management of the Company:

Executive Directors

(a) Mr. Cheng Yang ("**Mr. Cheng**"), aged 52, is an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company. Mr. Cheng joined the Company on 30 April 2010 and has experience in entertainment and media business. Mr. Cheng is the founder and a director of Cheng Films & Video Production Limited (a company incorporated in Hong Kong). He was an executive director of Lajin Entertainment Network Group Limited (formerly known as China Media and Films Holdings Limited), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange, for the period from

September 2011 to March 2014. Mr. Cheng has entered into a service contract with the Company to act as an executive Director and the service contract has no fixed term, but may be terminated by either party by written notice of not less than three months. Mr. Cheng is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

(b) Mr. Tsoi Tung ("**Mr. Tsoi**"), aged 46, is an executive Director and the chief executive officer of the Company. Mr. Tsoi was appointed as an executive Director on 18 December 2014 and the chief executive officer of the Company on 28 January 2015. Mr. Tsoi has experience in corporate management and investment. Since 2008, Mr. Tsoi has been the chairman of 重慶皇石置地有限公司 (Chongqing Kingstone Land Co. Ltd*) (formerly known as 重慶皇石大酒店有限公司 (Chongqing Kingstone Grand Hotel Co., Limited*)). Since 2012, Mr. Tsoi has also been the chairman of 華熙置地有限公司 (Bloomage Land Co. Limited*). Mr. Tsoi graduated from 天津對外貿易學院 (Tianjin Institute of Foreign Trade*) in 1992. Mr. Tsoi has entered into two service contracts with the Company to act as an executive Director and the chief executive officer of the Company and each of the aforesaid service contracts has no fixed term, but may be terminated by either party by written notice of not less than three months. Mr. Tsoi is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

(c) Ms. Lei Lei ("**Ms. Lei**"), aged 53, is an executive Director and the deputy chief executive officer of the Company. Ms. Lei joined the Group on 1 June 2012. She has experience in business management, she had served as general manager of 海南博今文化投資股份有限公司(Hainan Bojin Cultural Investment Company Ltd.*), and the chief executive officer of Sunp Canada Inc.. Ms. Lei graduated from 重慶郵電學院 (Chongqing Post & Telecommunications Institute*) in 1985 with a bachelor degree in engineering, and obtained a master degree in philosophy from 陝西師範大學 (Shaanxi Normal University*) in 1988. Ms. Lei has entered into a service contract with the Group and the service contract has no fixed term, but may be terminated by either party by written notice of not less than three months. Ms. Lei is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

(d) Mr. Huang Ranfei ("**Mr. Huang**"), aged 35, is an executive Director. Mr. Huang joined the Company on 28 January 2015 and has experience in investment banking and management. From 2008 to 2010, Mr. Huang worked in the investment bank division of Nomura International (Hong Kong) Limited and his last position was

* *For identification purpose only*

an associate. Then, from 2010 to 2012, Mr. Huang worked in Morgan Stanley Asia Limited in Hong Kong and his last position was a vice president in the investment banking division, and, from 2012 to 2014, Mr. Huang was an executive director in Morgan Stanley Huaxin Securities Company Limited. Mr. Huang graduated from 復旦大學 (Fudan University*) in 2003 with a bachelor degree in finance, and obtained a master degree of science in computational finance from Carnegie Mellon University in 2004. Mr. Huang has entered into a service contract with the Company to act as an executive Director and the service contract has no fixed term, but may be terminated by either party by written notice of not less than three months. Mr. Huang is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

Independent non-executive Directors

(e) Mr. Tong Jingguo ("**Mr. Tong**"), aged 44, is an independent non-executive Director, the chairman of the audit committee and the remuneration committee of the Company and a member of the nomination committee of the Company. Mr. Tong joined the Company on 18 June 2010. He holds a bachelor degree in engineering from 西安交通大學 (Xi'an Jiaotong University*) and a master degree in business administration from 復旦大學 (Fudan University*). During the period from October 2002 to March 2004, he was the president of 珠海高凌信息科技股份有限公司 (Zhuhai Comleader Information Science & Technology Corp., Ltd*). In 2004, Mr. Tong also founded 深圳市華景管理咨詢有限公司 (Shenzhen Huo King Management Consulting Co., Ltd*). Mr. Tong has not entered into any service contract with the Company. He is not appointed for a specific term but is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

(f) Mr. Yang Rusheng ("**Mr. Yang**"), aged 48, is an independent non-executive Director and a member of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. Yang joined the Company on 20 October 2010. He has experience in finance, audit and tax. He was a partner of 深圳廣深會計師事務所 (Shenzhen Guangsheng CPA firm*) from 2001 to 2004. Since October 2013, he has been a partner of 瑞華會計師事務所 (Rui Hua Certified Public Accountants*). He was a 常務理事 (executive director*) of 深圳市注冊稅務師協會第二屆理事會 (the second committee of Shenzhen Certified Tax Agents Association*) and a 理事 (director*) of 中國注冊稅務師協會第四屆大會 (the fourth meeting of The China Certified Tax Agents Association*). Mr. Yang graduated from 暨南大學 (Jinan University*) in 1993 with a master degree in economics. He is a Certified Public Accountant and Certified Tax Agent in the PRC. Mr. Yang was an

* *For identification purpose only*

independent director of certain public listed companies in the PRC, namely Shenzhen Coship Electronics Co., Ltd., Shenzhen SEG Co., Ltd. and Shenzhen Tonge Group Co., Ltd.. Mr. Yang has entered into a letter of appointment with the Company and the letter of appointment has no fixed term, but may be terminated by either party by written notice of not less than three months. Mr. Yang is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

(g) Mr. So Tat Keung ("**Mr. So**"), aged 60, is an independent non-executive Director and a member of the audit committee and the remuneration committee of the Company. He joined the Company on 28 October 2010. He is a solicitor practicing in Hong Kong and a notary public in Hong Kong. Mr. So was admitted as a solicitor in Hong Kong in 1988. Currently he is a consultant in Paul C. W. Tse & Co.. Mr. So has entered into a letter of appointment with the Company and the letter of appointment has no fixed term, but may be terminated by either party by written notice of not less than one month. Mr. So is subject to retirement by rotation and is eligible for re-election at the annual general meeting of the Company pursuant to the bye-laws of the Company.

Save as disclosed above, the Directors (i) do not have any relationship with any Directors, senior management, or any substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (ii) have not held any directorships in other listed companies in the last three years.

Vice President

(h) Mr. Kan Yisong ("**Mr. Kan**"), aged 43, is a vice president of the Company responsible for the advertising and exhibition business of the Group. Mr. Kan was also an executive director of Lajin Entertainment Network Group Limited (formerly known as China Media and Films Holdings Limited), the issued shares of which are listed on the Growth Enterprise Market of the Stock Exchange, from 5 March 2012 to 25 May 2012. He joined the Company in May 2011 and has experience in exhibition and advertising business. Mr. Kan obtained a bachelor degree in engineering from 西安交通大學 (Xi'an Jiaotong University*) and a master degree in business administration from The Hong Kong Polytechnic University.

* *For identification purpose only*

Company secretary

(i) Mr. Chan Wai ("**Mr. Chan**"), aged 47, is the chief financial officer, company secretary and an authorized representative of the Company. Mr. Chan holds a master degree in Professional Accounting awarded by The Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, an associate of the Association of Chartered Certified Accountants and Institute of Chartered Accountants in England and Wales. Mr. Chan has experience in accounting and financial management. Mr. Chan joined the Company in August 2012.

CORPORATE INFORMATION

Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head office and principal place of business	Rooms 2501-05, 25th Floor China Resources Building No. 26 Harbour Road Wanchai Hong Kong
Auditors	BDO Limited *Certified Public Accountants* 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Principal bankers	Hang Seng Bank Limited 83 Des Voeux Road, Central Hong Kong Industrial Bank Co., Ltd 39/F., ICBC Tower, Citibank Plaza 3 Garden Road, Central Hong Kong

	Industrial and Commercial Bank of China Limited 1/F, Shenzhen International Commodity Trading Building, Baoan Road North No.2039, Shenzhen City
Principal share registrar and transfer agent	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
Hong Kong branch share registrar and transfer office	Tricor Secretaries Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Authorised representatives	Lei Lei Flat A, 7th Floor, Tonnochy Towers, Nos. 254 and 272 Jaffe Road, Hong Kong Chan Wai Flat F, 5/F., Chi Sing Mansion, Taikoo Shing Hong Kong
Website of the Company	http://www.tricor.com.hk/webservice/000674/

PARTIES INVOLVED IN THE OPEN OFFER

Underwriter	The Underwriter Flat 4010, 40th Floor Convention Plaza Apartments 1 Harbour Road Hong Kong
Principal member of parties acting in concert with the Underwriter	Ms. Bai Flat 4010, 40th Floor Convention Plaza Apartment 1 Harbour Road Wanchai Hong Kong
Legal advisers to the Company	*As to Hong Kong Law* K&L Gates 44/F, The Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong *As to Bermuda Law* Conyers Dill & Pearman 29th Floor One Exchange Square 8 Connaught Place Central, Hong Kong
Independent Financial Adviser	BaoQiao Partners Capital Limited Room 3303, 33/F West Tower Shun Tak Centre 200 Connaught Road Central Hong Kong

DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection (i) during normal business hours on any week day, except Saturdays, Sundays and public holidays at the principal place of business of the Company in Hong Kong at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong; (ii) on the website of the SFC at www.sfc.hk; and (iii) on the Company's website at http://www.tricor.com.hk/webservice/000674/ from the date of this circular up to and including the close of the Open Offer:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company containing audited consolidated financial statements of the Company for the two years ended 31 March 2015;

(c) the announcement of the final results of the Company for the year ended 31 March 2016;

(d) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this circular;

(e) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(f) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(g) the letter from BDO Limited in respect of the unaudited pro forma financial information following completion of the Open Offer, the text of which is set out in appendix II to this circular;

(h) the written consents referred to in the paragraph headed "Experts and consents" in this appendix;

(i) the material contracts referred to in the paragraph headed "Material contracts" in this appendix.

MISCELLANEOUS

In the event of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

CULTURE LANDMARK INVESTMENT LIMITED
文化地標投資有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 674)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the "**SGM**") of Culture Landmark Investment Limited (the "**Company**") will be held at Rooms 2501-05, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong on Friday, 29 July 2016 at 11:00 a.m. to consider and, if thought fit, approve, with or without modifications, the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**,

   (a) the underwriting agreement dated 25 April 2016 and entered into among Culture Landmark Investment Limited (the "**Company**"), Cheng Yang (the "**Underwriter**") and Bai Xue (as supplemented by four letters dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016 respectively signed by the Company and the Underwriter) (collectively, the "**Underwriting Agreement**", a copy of which has been produced to this meeting marked "A" and signed by the chairman of this meeting for the purpose of identification) and any transaction contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) any director of the Company (the "**Directors**") be and is hereby authorised to take such actions and execute such documents and do all such acts and things incidental to the Underwriting Agreement as he/she may consider necessary, expedient and appropriate to amend the Underwriting Agreement and to give effect to and implement the terms of the Underwriting Agreement and any transactions as may be contemplated under the Underwriting Agreement."

2. "**THAT** subject to the passing of the resolution numbered 1 above and conditional upon the fulfilment of the conditions set out in the Underwriting Agreement and the Underwriting Agreement not being terminated in accordance with the terms thereof:

   (a) the allotment and issue by way of open offer (the "**Open Offer**") of not less than 359,259,523 new shares of HK$ 0.05 each (the "**Shares**") in the share capital of the Company (the "**Offer Shares**") and not more than 371,833,632 Offer Shares at the subscription price of HK$0.30 per Offer Share to the shareholders (the "Shareholders") of the Company whose names appear on the register of members of the Company on 9 August 2016 (or such other date as the Company and the Underwriter may agree to be the record date) (the "**Record Date**") (excluding those Shareholders (the "**Excluded Shareholders**") with registered addresses outside Hong Kong whom the Directors consider it necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the relevant place or the requirements of any relevant regulatory body or stock exchange in that place where those overseas Shareholders reside) on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date and otherwise pursuant to and subject to the terms and conditions set out in the Underwriting Agreement be and is hereby approved;

   (b) the absence of arrangements for application for the Offer Shares by the Shareholders in excess of their entitlements under the Open Offer be and is hereby approved, confirmed and ratified; and

   (c) any one Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Open Offer or as he/she considers necessary, desirable or otherwise expedient in connection with the implementation of or giving effect to the Open Offer and the transactions contemplated thereunder."

3. "**THAT** the waiver (the "**Whitewash Waiver**") granted or to be granted by the Executive Director (including his delegates) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**") in respect of the obligations of the Underwriter and parties acting in concert with him to make a mandatory general offer under Rule 26 of the Takeovers Code for all issued securities of the Company not already owned or agreed to be acquired by the Underwriter and parties acting in concert with him which would otherwise arise as a result of the Underwriter being required to perform

his underwriting commitment under the Underwriting Agreement be and is hereby approved, confirmed and ratified, and that any Director be and is hereby authorised to do all things and acts and sign all documents which he/she considers desirable or expedient to implement and/or give effect to any matters relating to or in connection with the Whitewash Waiver."

By Order of the Board
Culture Landmark Investment Limited
Cheng Yang
Chairman

Hong Kong, 8 July 2016

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office of Business in Hong Kong:
Rooms 2501-05, 25th Floor
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

Notes:

(i) In order to be eligible to attend and vote at the SGM (or at any adjournment thereof), all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 28 July 2016.

(ii) A member entitled to attend and vote at the SGM is entitled to appoint one proxy or, if he/she/it is a holder of two or more Shares may appoint more than one proxy to attend and vote instead of him/her/it. A proxy needs not be a member of the Company.

(iii) Where there are joint holders of any share of the Company, any one of such joint holder may vote at the SGM, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

(iv) To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power of attorney or authority, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not less than 48 hours before the time appointed for holding the SGM.

(v) Completion and return of the form of proxy will not preclude a member from attending the SGM and voting in person at the SGM or any adjournment thereof if he/she/it so desires. If a member attends the SGM after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.

As at the date of this notice, the executive Directors are Mr. Cheng Yang (the Chairman), Mr. Tsoi Tung, Ms. Lei Lei and Mr. Huang Ranfei; and the independent non-executive Directors are Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung.