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CULTURE LANDMARK INVESTMENT LIMITED

文化地標投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

(I) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

AND

(II) MAJOR TRANSACTION — PROPOSED ACQUISITION OF AN ADVERTISING AND EXHIBITION COMPANY

Financial advisers to the Company



Mansion House Securities (F.E.) Limited

Nuada Limited

Corporate Finance Advisory

A notice of a special general meeting to be held at 4:00 p.m. on Friday, 13 May 2011 at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong is set out on pages 83 to 85 of this circular. Whether or not you are able to attend the meeting, please complete and return the form of proxy to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting. Completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish, when is such case, the form of proxy previously submitted shall deemed to be revoked.

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions set out in the Sale and Purchase Agreement
“associate(s)”	shall have the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors from time to time
“Business Day(s)”	a day(s) (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong for general banking business
“Company”	Culture Landmark Investment Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Proposed Issue and the Acquisition in accordance with the Subscription Agreement and the Sale and Purchase Agreement respectively
“Consideration”	the consideration of HK\$110 million for the Acquisition pursuant to the Sale and Purchase Agreement
“Deed of Assignment and Set Off”	the deed of assignment and set off (in the agreed form) to be made between the Company, the Subscriber and the Vendor upon completion, pursuant to which the Vendor would assign its rights and benefits in the Consideration to the Subscriber, and the Subscriber would set off the Consideration against part of the Subscription Price in the sum of HK\$110 million payable by the Subscriber under the Proposed Issue
“Director(s)”	director(s) of the Company from time to time
“Enlarged Group”	the Group as enlarged by the Target Group

DEFINITIONS

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are not connected person(s) (as defined in the Listing Rules) of the Company and who together with its/their ultimate beneficial owner(s) are independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	19 April 2011, being the practicable date prior to printing of this circular for ascertaining certain information for inclusion in this circular
“Last Trading Day”	being the last trading day immediately before the date of the Subscription Agreement and the Sale and Purchase Agreement (i.e. 18 March 2011)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Issue”	the proposed allotment and issue of the 1,333,333,333 Subscription Shares by the Company to the Subscriber pursuant to the Subscription Agreement
“Sale and Purchase Agreement”	the sale and purchase agreement in relation to the Acquisition entered into between the Company and the Vendor on 21 March 2011
“Sale Shares”	100,000 ordinary shares representing the entire issued share capital of the Target Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened to consider, if thought fit, and approve the Subscription Agreement and the Sale and Purchase Agreement and the transactions respectively contemplated thereunder
“Shareholders”	holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Specific Mandate”	a specific mandate proposed to be granted to the Directors by the Shareholders at the SGM in relation to the allotment and issue of 1,333,333,333 new Shares upon the Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China Resources (Holdings) Company Limited, an Independent Third Party
“Subscriber”	Commotra Company Limited, a wholly-owned subsidiary of the Vendor
“Subscription Agreement”	a conditional agreement entered into between the Company and the Subscriber dated 21 March 2011 relating to the Proposed Issue
“Subscription Price”	HK\$0.12 per Subscription Share
“Subscription Share(s)”	1,333,333,333 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Target Company”	China Resources Advertising & Exhibition Company Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CULTURE LANDMARK INVESTMENT LIMITED

文化地標投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

Directors:

Cheng Yang (*Chairman*)

Zheng Yuchun

Liu Yu Mo

Li Weipeng

Tong Jingguo*

Yang Rusheng*

So Tat Keung*

Principal Office:

Rooms 2501-05, 25th Floor

China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

* *Independent non-executive Directors*

26 April 2011

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

AND

(II) MAJOR TRANSACTION — PROPOSED ACQUISITION OF AN ADVERTISING AND EXHIBITION COMPANY

INTRODUCTION

On 21 March 2011 after trading hours of the Stock Exchange, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 1,333,333,333 Subscription Shares at the Subscription Price of HK\$0.12 per Subscription Share. On the same day (after trading hours of the Stock Exchange), the

LETTER FROM THE BOARD

Company entered into the Sale and Purchase Agreement with the Vendor whereby the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares at a total consideration of HK\$110 million.

The purpose of this circular is to give you further details of (i) the Proposed Issue and the Acquisition; (ii) financial information of the Group; (iii) financial information of the Target Group; (iv) pro forma financial information of the Enlarged Group; and (v) a notice of SGM.

Principal terms of the Subscription Agreement and the Sale and Purchase Agreement are set out herein.

(I) THE PROPOSED ISSUE

The Subscription Agreement

Date: 21 March 2011

Parties: The Company, as issuer, and the Subscriber, as subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscriber and its associates is an Independent Third Party.

To the best of the knowledge, information and belief of the Directors, the principal business of the Subscriber is securities trading and investment holding and the Subscriber is a wholly-owned subsidiary of the Vendor. Upon Completion, the Subscriber will become the second largest substantial shareholder and a connected person of the Company (both as defined under the Listing Rules).

Subscription Price

The Subscription Price of HK\$0.12 represents:

- (i) a discount of approximately 33.33% to the closing price of HK\$0.18 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 35.34% to the average of the closing prices of approximately HK\$0.1856 per Share as quoted on the Stock Exchange for the past five trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 37.60% to the average of the closing prices of approximately HK\$0.1923 per Share as quoted on the Stock Exchange for the past ten trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 36.84% to the closing price of HK\$0.19 per Shares as quoted on the Stock Exchange as at the Latest Practicable Date.

Taking into account the reasons for the Proposed Issue as disclosed in the section headed “Reasons for the Proposed Issue and the Acquisition” below and the attractiveness of the Shares to the Subscriber, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed Issue (including the Subscription Price), which was negotiated on an arm’s length basis between the Company and the Subscriber with reference to the prevailing trading volume and market prices of the Shares, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Subscription Shares

Pursuant to the Subscription Agreement, 1,333,333,333 Subscription Shares will be allotted and issued by the Company to the Subscriber. The 1,333,333,333 Subscription Shares represent (i) approximately 13.04% of the issued share capital of the Company of 10,221,831,392 Shares as at the Latest Practicable Date; and (ii) approximately 11.54% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The aggregate nominal value of the Subscription Shares is HK\$66,666,666.65.

The allotment and issue of the Subscription Shares is subject to the Shareholders’ approval at the SGM under Specific Mandate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

LETTER FROM THE BOARD

The aggregate Subscription Price shall be satisfied by the Subscriber in the following manner:

- (a) HK\$50 million shall be payable by the Subscriber to the Company in cash upon Completion; and
- (b) HK\$110 million shall be satisfied by the Subscriber entering into, and procuring the Vendor to enter into, the Deed of Assignment and Set Off and to carry out the transactions contemplated therein. By entering into the Deed of Assignment and Set Off, the Vendor would assign its rights and benefits in the Consideration to the Subscriber, and the Subscriber would set off the Consideration against part of the Subscription Price in the sum of HK\$110 million which is payable by the Subscriber to the Company under the Subscription Agreement.

Conditions precedent of the Proposed Issue

Completion of the Proposed Issue is conditional upon the satisfaction of the following conditions precedent:

- (a) the Listing Committee granting listing of and permission to deal in, the Subscription Shares;
- (b) the Shareholders who are allowed to vote under the Listing Rules and/or other applicable laws and regulations approving at the SGM the Subscription Agreement and the transactions contemplated under the Subscription Agreement (including but not limited to the allotment and issue of the Subscription Shares and the entering into of the Deed of Assignment and Set Off);
- (c) the warranties under the Subscription Agreement remaining true and correct in all material respects;
- (d) all necessary consents and approvals as may be required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (e) all necessary consents and approvals as may be required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transaction contemplated thereunder having been obtained; and

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- (f) the Sale and Purchase Agreement having become unconditional (other than the condition for the Subscription Agreement to become unconditional).

Except condition (c) stated above may be waived by the Subscriber, all conditions above are incapable to be waived. In the event that any of the conditions above is not being fulfilled or waived in full by 5:00 p.m. on the date falling 90 days from the date of the Subscription Agreement (or such other time and date as may be agreed between the Company and the Subscriber in writing), the Subscription Agreement shall cease and determine and neither party shall have any obligations and liabilities under the Subscription Agreement save for any antecedent breaches of the provisions of the Subscription Agreement.

Completion of the Proposed Issue

Completion of the Proposed Issue will take place on the date falling on the third Business Day after the fulfillment and/or waiver of the conditions as set out in the Subscription Agreement when completion of the Sale and Purchase Agreement shall take place simultaneously, or such other later date as the Company and the Subscriber may from time to time agree in writing.

USE OF PROCEEDS

The gross proceeds and estimated net proceeds from the Proposed Issue will be HK\$160 million and approximately HK\$155 million respectively. The net proceeds of HK\$155 million are intended to be used as to: (i) HK\$110 million for the offsetting the Consideration under the Deed of Assignment and Set Off arrangement; and (ii) the remaining of approximately HK\$45 million will be used for general working capital for future operations and development of the Enlarged Group.

The net price per Subscription Share is approximately HK\$0.116.

(II) THE ACQUISITION

The Sale and Purchase Agreement

Date: 21 March 2011

Parties: The Company, as purchaser, and the Vendor, as vendor

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its associates is Independent Third Party.

To the best knowledge of the Company, the principal business of the Vendor is investment holding. The Vendor, together with its subsidiaries, is a diversified conglomerate in Hong Kong and the PRC with its core businesses in consumer products (retail, beverage and food), power, real estate, cement, gas, medications and financial services.

Consideration

The Consideration of HK\$110 million shall be satisfied by the Company upon Completion by entering into the Deed of Assignment and Set Off and to carry out the transactions contemplated therein. By entering into the Deed of Assignment and Set Off, the Subscriber would set off the Consideration against part of the Subscription Price in the sum of HK\$110 million which is payable by the Subscriber to the Company under the Subscription Agreement.

The Consideration is determined at after arm's length negotiations between the Company and the Vendor with reference to the following principal factors:

- (i) the profit making track record of the Target Group;
- (ii) the future prospects and the future earnings potentials of the Target Group;
- (iii) the price-earnings multiple of Pico Far East Holdings Limited (stock code: 752) (a comparable Hong Kong-listed company engaging in the provision of exhibition-related services). Such comparable listed company was traded at a price to earnings multiple ranged from 9.2 times to 16.2 times;
- (iv) the experience and expertise of the Target Group in the provision of exhibition agency services;
- (v) the existing connections with clients and the Hong Kong Trade Development Council;
- (vi) the potential business synergies that may bring about by the Acquisition in respect of the Group's existing businesses.

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The Consideration represents price-earnings multiples of approximately 10.8 times based on the audited net profit of the Target Group for the financial year ended 31 December 2010 and is at the lower end of the range of the price to earnings ratio of the comparable. The financial information on the Target Group is further provided in the section “Information on the Target Group” below.

The Directors consider that the prospects of service-based business lies on its earning potentials. As such, comparison with the price earnings ratio is a more appropriate and reasonable means, rather than comparison with the net asset value, in determining the Consideration.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Consideration to be fair and reasonable and that the Sale and Purchase Agreement is on normal commercial terms and its terms are fair and reasonable and the entering into of the Sale and Purchase Agreement is in the interests of the Group and the Shareholders as a whole.

Conditions precedent of the Acquisition

The Sale and Purchase Agreement is conditional upon the satisfaction or waiver (as applicable) of each of the following conditions:

- (1) the Company being reasonably satisfied with the results of the due diligence review to be conducted under the Sale and Purchase Agreement;
- (2) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Group in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;
- (3) all necessary consents, licences and approvals required to be obtained on the part of the Company in respect of the Sale and Purchase Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect;

LETTER FROM THE BOARD

- (4) if required, the passing by the Shareholders at the SGM to be convened and held of all necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereby (including but not limited to the entering into of the Deed of Assignment and Set Off), and all other consents and acts required under the Listing Rules having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange;
- (5) the warranties under the Sale and Purchase remaining true and accurate in all respects; and
- (6) the Subscription Agreement having become unconditional (other than the condition for the Sale and Purchase Agreement to become unconditional).

Except conditions (1) and (5) stated above may be waived by the Company, all conditions above are incapable to be waived. If any of the conditions set out in the Sale and Purchase Agreement has not been satisfied (or, as the case may be, waived by the Company) at or before 12:00 noon on the date falling 90 days from the date of the Sale and Purchase Agreement or such later date as the Company may agree, the Sale and Purchase Agreement shall cease and determine in which event neither party thereto shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

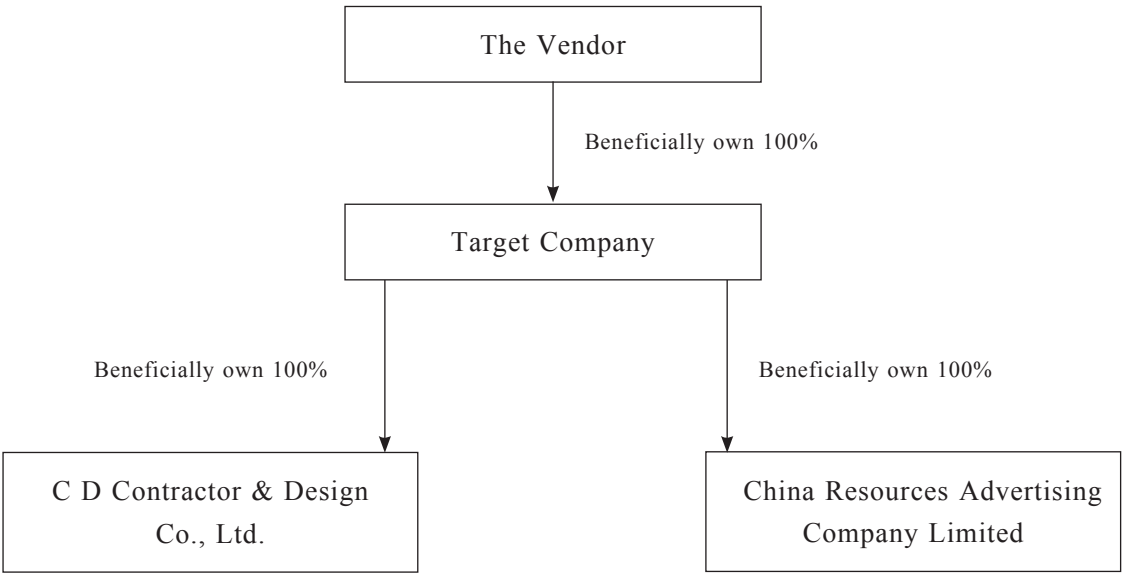
Completion

Upon compliance with or fulfillment or waiver of all the conditions set out in the Sale and Purchase Agreement, Completion shall take place on the third Business Day after all conditions specified in the Sale and Purchase Agreement have been fulfilled (or waived as the case may be), when completion of the Subscription Agreement shall take place simultaneously, or such later date as the Company may agree and all the acts and requirements set out in the Sale and Purchase Agreement shall be complied with.

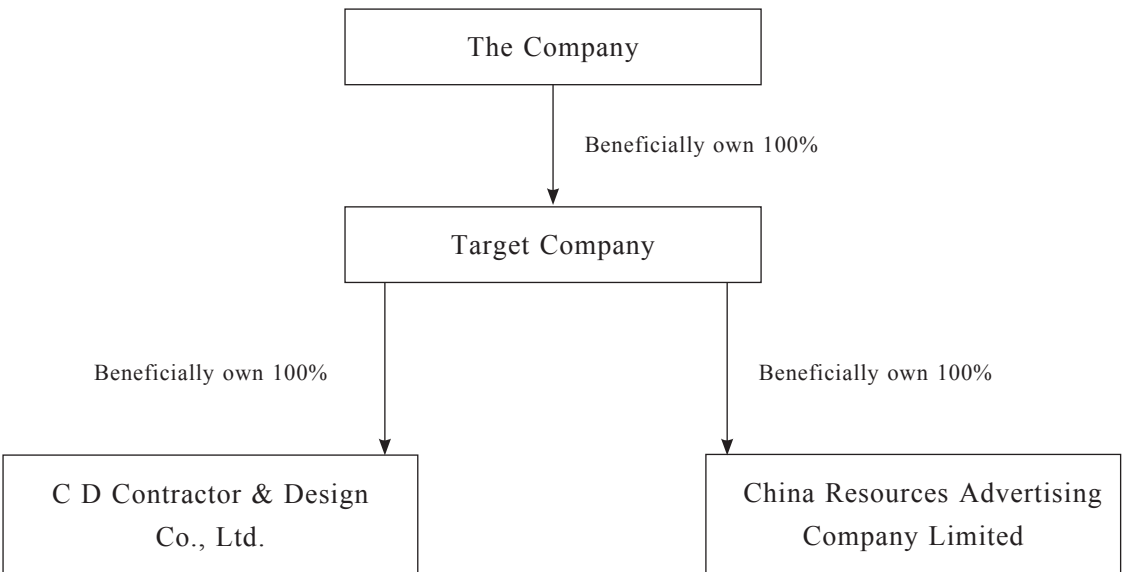
LETTER FROM THE BOARD

GROUP CHARTS

The following chart sets out the shareholding structure of the Target Group before the Completion:



The following chart sets out the shareholding structure of the Target Group after the Completion:



After Completion, the Company will be beneficially interested in the entire equity interest of the Target Company, each member of the Target Group will become a subsidiary of the Company and the financial results will be consolidated into the financial statements of the Company.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET GROUP

The Target Company is incorporated in Hong Kong on 16 September 1983 with limited liability. The entire issued share capital of the Target Company is beneficially owned by the Vendor as at the date of the Sale and Purchase Agreement.

C D Contractor & Design Co., Ltd. is incorporated in Hong Kong on 12 July 1988 with limited liability. China Resources Advertising Company Limited is incorporated in Hong Kong on 21 June 1994 with limited liability. The entire issued share capital of C D Contractor & Design Co. Ltd. and China Resources Advertising Company Limited are beneficially owned by the Target Company. C D Contractor & Design Co., Ltd. is a member of the Hong Kong Exhibition & Convention Organisers & Suppliers Association, and is listed as an official contractor approved by the Hong Kong Trade Development Council.

The Target Group is principally engaged in exhibition-related business and has been acting as an organizer and a contractor for all kinds of exhibitions and meeting events mainly in Hong Kong. The business of the Target Group is only carried out by the Target Company. The Target Group has developed over 20 years of relationship with the Hong Kong Trade Development Council and has become one of the major agents of Chinese Mainland pavilions and local groups for some large-scale trade fairs, which are mostly organized by the Hong Kong Trade Development Council. Its other principal customers included various subcouncils of the China Council for the Promotion of International Trade in the PRC.

According to the audited financial statements of the Target Group for the year ended 31 December 2010 prepared in accordance with Hong Kong Financial Reporting Standards, the Target Group recorded audited consolidated profit before and after taxation of approximately HK\$7.13 million and approximately HK\$5.95 million for the year ended 31 December 2009, and audited consolidated profit before and after taxation of approximately HK\$12.33 million and approximately HK\$10.29 million respectively for the year ended 31 December 2010.

The audited consolidated net asset value of the Target Group as at 31 December 2009 and 31 December 2010 were approximately HK\$47.91 million and HK\$1.20 million respectively.

Despite the fact that the Target Group has recorded a substantial decrease in net asset value from HK\$47.91 million in year 2009 to HK\$1.20 million in year 2010, the Board is of the view that the decrease in consolidated net asset was not expected to have a

LETTER FROM THE BOARD

material adverse impact to the Target Group as the Target Group is: (i) in consolidated net assets position; (ii) it can generate stable recurring revenue and profit; and (iii) it has sufficient working capital to meet its liabilities when they fall due with internally generated resources. Such decrease would not affect the profitability of the Target Group in future as its business does not require heavy capital outlay to maintain a certain level of profitability.

REASONS FOR THE PROPOSED ISSUE AND THE ACQUISITION

The Vendor, together with its subsidiaries, is a diversified conglomerate in Hong Kong and the PRC with its core businesses in consumer products (retail, beverage and food), power, real estate, cement, gas, medications and financial services.

The Target Group is principally engaged in exhibition-related business in Hong Kong and has been acting as an organizer and a contractor for all kinds of exhibitions and meeting events mainly in Hong Kong. The Target Group has developed long-term relationship with the Hong Kong Trade Development Council and other principal customers and has become one of the major agents of Chinese Mainland pavilions and local groups for some large-scale trade fairs, which are mostly organized by the Hong Kong Trade Development Council. The Target Group has been one of the agencies for exhibitors in Hong Kong and the PRC for a number of international exhibition shows, such as the Hong Kong Spring/Summer Fashion Show, the Hong Kong Autumn/Winter Fashion Show and the Hong Kong International Jewellery Show. Other than the above events, in previous years, it also held Eco Expo Asia— International Trade Fair on Environment Protection, Hong Kong International Building and Decoration Materials & Hardware Fair, Hong Kong International Wine & Spirits Fair, and British Council — Education UK Exhibition and Auction of Fine Chinese Painting and so on.

The Target Group plays an important role in promoting economic and trading activities, cultural exchanges and enhancing Chinese cultural civilization. As one of the conference and exhibition agents with exposure in Hong Kong and the PRC, the core business of the Target Group is growing gradually. On average, the Target Group held approximately 50 exhibition fairs per year.

Furthermore, the Directors consider through the Proposed Issue, the Subscriber will become the second largest substantial shareholder and strategic partner of the Company upon Completion. This would broaden the Group's shareholder base, enhance the Group's capital structure, market competitiveness and risk-resisting ability; and more importantly, the Group would leverage this strong platform to integrate existing resources to improve

LETTER FROM THE BOARD

its business scale and financial performance so as to create greater value and returns to the Company and Shareholders as a whole. Through such strategic relationship, the Company will continue to explore different business opportunities with the Vendor and its group business entities.

Notwithstanding that the Subscription Price of HK\$0.12 represents a substantial discount to the market price of the Shares on the Last Trading Day, the Board considers (i) the Subscriber will become the substantial shareholder and the strategic partner of the Company upon Completion; (ii) the experience and expertise of the Target Group in the provision of exhibition agency services; (iii) the existing connections with clients and the Hong Kong Trade Development Council; (iv) the profit making track record of the Target Group; and (v) the Acquisition represents an opportunity for the Group to expand its business in the exhibition field and through integration and consolidation of the Target Group's existing business which would create a good synergistic effect and would broaden the revenue stream of the Group, and therefore the Board is of the view that the Proposed Issue will not only strengthen the financial position of the Group, but also facilitate the introduction of the Subscriber as a strategic investors of the Company, and thus is in the interests of the Company and the Shareholders as a whole and the terms of the Proposed Issue (including the Subscription Price) are fair and reasonable. The Board also considers that the Acquisition and terms of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholdings in the Company (i) as at the Latest Practicable Date; and (ii) assuming there being no other changes in the shareholding of the Company before Completion, immediately after the allotment and issue of the Subscription Shares:

	As at the Latest Practicable Date		Immediately after the allotment and issue of the Subscription Share	
	(Number of Shares)	%	(Number of Shares)	%
Mr. Cheng Yang (Note 1)	1,786,980,000	17.48	1,786,980,000	15.46
Mr. Liu Yu Mo (Note 2)	1,048,000	0.01	1,048,000	0.01
Elite Forever Limited	982,260,000	9.61	982,260,000	8.50
Subscriber (Note 3)	—	—	1,333,333,333	11.54
Public Shareholders	7,451,543,392	72.90	7,451,543,392	64.49
Total	10,221,831,392	100.00	11,555,164,725	100.00

LETTER FROM THE BOARD

Notes:

1. 1,786,000,000 Shares are owned by Mr. Cheng Yang personally and 980,000 Shares are owned by his wife. Mr. Cheng Yang is an executive director, chairman and chief executive officer of the Company.
2. Mr. Liu Yu Mo is an executive director of the Company.
3. The Subscriber is a wholly-owned subsidiary of the Vendor.

FINANCIAL EFFECT ON THE GROUP

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. As such, the accounts of the Target Company and its subsidiaries (being The Target Group) will be consolidated into those of the Company. Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix IV to this circular, the unaudited pro forma adjusted consolidated total assets of the Enlarged Group will be approximately HK\$1,462 million, as compared to the unaudited consolidated total assets of the Group of approximately HK\$1,239 million as at 30 September 2010. In addition, the unaudited pro forma adjusted consolidated total liabilities of the Enlarged Group will be approximately HK\$307 million, as compared to the unaudited consolidated total liabilities of the Group of approximately HK\$239 million as at 30 September 2010.

It is expected that upon Completion, the Acquisition will have a positive impact on the earnings of the Group as it will broaden the Group's existing revenue sources and provide a stable income stream to the Group.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Currently, the Group is principally engaged in hotel operations, restaurant operations, content license fee collection business, property investment and entertainment business.

Hotel operations

The business of Dynasty Hotel in Zhaoqing, the PRC has been affected by the keen competition from other hotels in the PRC. The business of the hotel operations for the current financial year is unstable.

LETTER FROM THE BOARD

Restaurant operations

The business of the Group's Chiu Chau Restaurant in Star House, Tsimshatui is stable and profitable. As announced on 2 March 2011, the property where the Chiu Chau Restaurant operates was disposed of subject to completion and the Restaurant thereat will cease operation temporarily. The Group intends to look for alternative location for such operation. As at the Latest Practicable Date the Company is still looking for alternative location for the operation of the Chiu Chau Restaurant.

Investment properties

Income and profit from the investment properties of the Group are expected to be diminishing for the current financial year as certain investment properties were disposed of.

Collection of fees for licensing of karaoke music products

The business of collection of fees for licensing of karaoke music products in the PRC has suffered substantial loss mainly due to an amortisation in respect of intangible assets arising from the acquisition of Hua Rong Sheng Shi Holding Limited ("Hua Rong") and amortisation of deferred expenditure. Although there are delays in rollout of services in various provinces in the PRC, the Directors are optimistic about the future prospects of this business and believe it will gradually yield income to the Group.

Entertainment operations

The Group's entertainment operations include provision of services relating to production and artist management in the entertainment industry and other entertainment related business. The Group also owns intellectual property rights to lyrics of various songs. It is expected that these operations will not have significant contribution to the results of the Group in the current financial year.

Apart from the business of Target Group's existing businesses, the Board intends to continue the remaining existing business of the Group in the foreseeable future and seek suitable investment opportunities.

FUND RAISING ACTIVITIES CONDUCTED BY THE COMPANY IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THE ANNOUNCEMENT

No fund raising activity was conducted by the Company in the past 12 months immediately preceding the Latest Practicable Date.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

The Proposed Issue is subject to the Shareholders' approval at the SGM under Specific Mandate. In addition, as the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are less than 100% but exceed 25%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the Shareholders' approval requirements under the Listing Rules.

SPECIAL GENERAL MEETING

The SGM will be held to consider and, if thought fit, pass the relevant resolutions to approve (i) the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Subscription Shares and the entering into of the Deed of Assignment and Set Off); and (ii) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the entering into of the Deed of Assignment and Set Off). As no Shareholder has material interest in the Subscription Agreement and the Sale and Purchase Agreement, no Shareholder is required to abstain from voting at the SGM in respect of the Subscription Agreement, the Sale and Purchase Agreement and the transactions respectively contemplated thereunder.

You will find on pages 83 to 85 of this circular a notice of the SGM to be held at 4:00 p.m. on Friday, 13 May 2011 at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong at which an ordinary resolution will be proposed to consider, and, if thought fit, to approve the Subscription Agreement and Sale and Purchase Agreement. Voting at the SGM will be taken by poll.

There is enclosed a form of proxy for use at the SGM. You are requested to complete the form of proxy and return it to the principal office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

GENERAL

The Proposed Issue is conditional upon the fulfillment or waiver of certain conditions as set out in the section headed "Conditions precedent of the Proposed Issue" above. Completion of the Acquisition is subject to fulfillment or waiver of certain conditions precedent as set out in the section headed "Conditions precedent of the Acquisition" above. Completions of the Proposed Issue and the Acquisition are inter-conditional upon each other.

LETTER FROM THE BOARD

As completion of the Proposed Issue and the Acquisition are subject to the fulfillment of a number of conditions precedent respectively which are detailed in this circular, the Proposed Issue and the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RECOMMENDATION

The Directors consider that the Subscription Agreement and the Sale and Purchase Agreement are fair and reasonable and in the best interests of the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of the resolutions to be proposed at the SGM.

ADDITIONAL INFORMATION

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

For and on behalf of
Culture Landmark Investment Limited
Cheng Yang
Chairman

(I) FINANCIAL INFORMATION

Details of the financial information of the Group for the three financial years ended 31 March 2008, 31 March 2009 and 31 March 2010 respectively and for the six months ended 30 September 2010 have been set out in the Company's annual reports for the financial years ended 31 March 2008, 31 March 2009 and 31 March 2010 and the Company's interim report for the six months ended 30 September 2010, dated 26 June 2008, 22 July 2009, 29 July 2010 and 24 November 2010 respectively. All of these financial statements have been published on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.tricor.com.hk/WebService/000674.

(I) MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for the three financial years ended 31 March 2010 and the six months ended 30 September 2010:

(i) For the six months ended 30 September 2010**BUSINESS REVIEW AND PROSPECTS****Financial review***Liquidity and financial resources*

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

As at 30 September 2010, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2009: 0%) as at 30 September 2010.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the period. No financial instrument was used for hedging. The Group was not exposed to any exchange rate risk or any related hedges.

Charges

At 30 September 2010, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK\$53 million (2009: HK\$53 million) amounted to HK\$225 million (2009: HK\$171 million).

Emolument policy

As at 30 September 2010, the Group had a total of 1,010 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to staffs and directors based on the Group's profit and their performance.

The Company had a share option scheme for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

Consolidated results

The turnover of the Group for the six months ended 30 September 2010 was about HK\$102 million. Loss of HK\$45.6 million for the period was recorded as compared to loss of HK\$585.7 million in the previous period. The loss was mainly due to an amortisation of deferred expenditures of about HK\$18.6 million, loss in hotel operations of about HK\$13.9 million and an amortisation of about HK\$7.9 million in respect of intangible assets arising from the acquisition of Hua Rong Sheng Shi Holding Limited (which holds a wholly owned subsidiary and jointly controlled entities, Tian He Culture Holding Co. Ltd and its subsidiaries) (together the "HR Group"). The Group also record loss in entertainment business and wedding services. Such loss was partially offset by income from investment properties and restaurant operations.

Business review

Hotel operations

The business of Dynasty Hotel in Zhaoqing, the People's Republic of China ("PRC") recorded a turnover of HK\$33.8 million and a loss of HK\$13.9 million. The loss was mainly due to depreciation of its assets of HK\$10 million and amortisation of payments for leasehold land held for own use under operating leases of about HK\$2.4 million. This business had been affected by the keen competition from other hotels during the period.

The business of Dynasty Hotel is not expected to improve in the remaining part of the financial year under the tough competitive environment.

Restaurant operations

The business of the Group's Chiu Chau restaurant in Star House is stable and profitable. It contributed profit of about HK\$2.8 million to the Group.

The management believe the business of the Chiu Chau restaurant will show better results in the latter half of the financial year.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial district of Guangzhou, the PRC has been leased for ten years from 9 October 2008. The business contributed a profit of about HK\$4.9 million to the Group.

This business will continue to contribute stable income to the Group in the latter half of the financial year.

Wedding services operations

The Group's wedding services business was operated under the trade names of "Cite Du Louvre 羅浮宮婚紗影城" in Hong Kong. The business incurred a loss of about HK\$6.4 million due to keen competition from local and Taiwan wedding services companies. Subsequent to the reporting period, the Group decided to close down the operation of wedding service.

Entertainment operations

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK\$0.16 million.

Chance Music Limited ("CML"), a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, recorded a loss of about HK\$0.22 million. The Group has terminated its obligations to make further payment to the minority shareholder of CML under an agreement dated 24 October 2007 and has exercised its right to require such minority shareholder to buy back its 60% interest in CML at HK\$15,000,000 pursuant to such agreement.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements with owners of intellectual property rights of music products relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

The HR Group is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. The Group is expanding its activities through the HR Group to become a platform to consolidate operations for collection of copyright fees for both content distribution and infrastructure in respect of karaoke music products in the PRC.

For the period, the business recorded a turnover of HK\$25.1 million and a loss of HK\$16.3 million. The loss was mainly due to an amortisation of about HK\$7.9 million in respect of intangible assets arising from the acquisition of the HR Group. The loss was further increased by an amortisation of deferred expenditure of about HK\$18.6 million.

Although there are delays in rollout of service in various provinces in the PRC, the directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC is gradually yielding income to the Group.

(ii) For the year ended 31 March 2010**BUSINESS REVIEW AND OUTLOOK****Financial review***Liquidity and financial resources*

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

As at 31 March 2010, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2009: 0%) as at 31 March 2010.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the year. No financial instrument was used for hedging. The Group was not exposed to any exchange rate risk or any related hedges.

Charges

At 31 March 2010, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK\$53 million (2009: HK\$53 million) amounted to HK\$225 million (2009: HK\$171 million).

Emolument Policy

As at 31 March 2010, the Group had a total of 1,092 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to staff and directors based on the Group's profit and their performance.

The Company had a share option scheme mentioned above for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

Consolidated results

The turnover of the Group from continuing operations for the year ended 31 March 2010 was about HK\$198.8 million, representing a decrease of about 8% as compared to that of last year. The decrease was contributed by an a decrease of about HK\$22 million in the turnover of wedding services, a decrease of about HK\$8 million in hotel operations, and a decrease of about HK\$7.9 million in entertainment business. However there was an increase of about HK\$5.2 million in property investment, an increase of about HK\$5.1 million in restaurant business and an increase of about HK\$10.3 million in licence fee collection business. The Group incurred a loss of about HK\$1,159 million this year. The loss was mainly due to the impairment loss of about

HK\$1,034.8 million in respect of goodwill arising from the acquisition of Hua Rong Sheng Shi Holding Limited (which holds a wholly owned subsidiary and jointly controlled entities, Tian He Culture Holding Co. Ltd and its subsidiaries) (together the “HR Group”). Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and delay in rollout of service. The loss also increased as a result of an amortisation of about HK\$15.9 million in respect of intangible assets arising from the acquisition. The Group also record an impairment loss on payments for leasehold land held for own use under operating lease and property, plant and equipment of Dynasty Hotel of about HK\$85.9 million, the impairment loss on goodwill on an entertainment business of about HK\$5 million, an amortisation on deferred expenditures of about HK\$30.8 million, and loss in hotel operations and wedding services. Such loss was partially offset by income from investment properties, restaurant operations and entertainment business.

Business review

Hotel operations

The Group owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK\$109.2 million, which was mainly due to impairment loss on property, plant and equipment of approximately HK\$14.6 million, the impairment loss for payment for leasehold land held for own use under operating leases of about HK\$71.3 million and depreciation of about HK\$23.8 million.

Wedding services

The Group provides wedding services under the trade name of “Cite Du Louvre” in Hong Kong. The business suffered loss of about HK\$6.1 million as it was adversely affected by keen competition from local and Taiwan wedding services companies and the economic downturn in Hong Kong. The Group closed its “Wonderful Arts Wedding Services” shops during the year.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial districts of Guangzhou, the PRC has been leased for ten years from 9 October 2008. Turnover grew this year due to rental received from the investment property at Guangzhou and increase in rental of the investment property at Carnarvon Road, Kowloon. The business contributed a profit of about HK\$47.2 million to the Group. The increase in profit was mainly due to the increase in fair value gain on investment properties of about HK\$41.5 million.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House is stable and profitable. It contributed operating profit of about HK\$6.2 million to the Group.

Entertainment operations

A wholly-owned subsidiary of the Company, Win Sea Group Limited, entered into an agreement on 12 September 2009 for the disposal of 60% of the equity interest in 北京金英馬國際文化交流有限公司 (Beijing Jinyingma International Cultural Exchange Company Limited) for a consideration of RMB25,982,472 (about HK\$29,083,532) in cash. The purchaser is 北京金英馬影視文化有限責任公司 (Beijing Jinyingma Film and Television Culture Company Limited). The cash consideration was received in March 2010. There is a gain before tax of about HK\$4.7 million arising on the disposal.

Win Sea Group Limited also entered into an agreement on 12 September 2009 for the disposal of the copyright in a television series 《關中義事》 to 北京嘉蘭影視文化藝術有限責任公司 for a consideration of RMB20,000,000 (about HK\$22,696,323) in cash. The cash consideration was received on 18 September 2009.

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK\$0.8 million.

Chance Music Limited, a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, incurred a loss of about HK\$0.2 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements with owners of intellectual property rights of music products relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

The Group acquired in April 2009 the HR Group, which is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. The acquisition of the HR Group is expected to enable the Group to quickly scale up and become a platform to consolidate operations for collection of copyright fees in respect of karaoke music products in the PRC.

For the year, the business recorded a turnover of HK\$20.3 million and a loss of HK\$1,095.9 million. The loss was mainly due to the impairment loss of about HK\$1,034.8 million in respect of goodwill arising from the acquisition of the HR Group. Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and delay in rollout of service, and also an amortisation of about HK\$15.9 million in respect of intangible assets arising from the acquisition. The loss was further increased by an amortisation of deferred expenditure of about HK\$30.8 million.

The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC is gradually yielding income to the Group.

Prospects

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC for content distribution is gradually yielding income to the Group. After its initial set up period, the operations of the HR Group have started to yield income, and income from these operations is expected to grow. The directors believe the operations relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group.

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, collection of copyright fees for karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK\$1,037.6 million.

The management will look for suitable investment opportunities to expand the business of the Group.

(iii) For the year ended 31 March 2009

BUSINESS REVIEW AND OUTLOOK

Financial review

Liquidity and financial resources

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

As at 31 March 2009, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2008: 0%) as at 31 March 2009.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the year. No financial instrument was used for hedging. The Group was not exposed to any exchange rate risk or any related hedges.

Charges

At 31 March 2009, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK\$53 million (2008: HK\$55 million) amounted to HK\$171 million (2008: HK\$186 million).

Emolument policy

As at 31 March 2009, the Group had a total of 1,092 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to staffs and directors based on the Group's profit and their performance.

The Company had a share option scheme mentioned above for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

Consolidated results

The turnover of the Group from continuing operations for the year ended 31 March 2009 was about HK\$216.5 million, representing an increase of about 35.9% as compared to that of last year. The increase was mainly contributed by an increase of about HK\$50.6 million in revenue of Dynasty Hotel in Zhaoqing, the People's Republic of China (the "PRC"), which was acquired in November 2007, an increase of about HK\$1.2 million in property investment, an increase of about HK\$9.3 million in entertainment business and an increase of about HK\$6.0 million in licence fee collection business. However there was a decrease of about HK\$6.0 million in the turnover of wedding services and a decrease of about HK\$3.9 million in restaurant operations. The Group has incurred a loss of about HK\$196.5 million this year. The loss was mainly due to the impairment loss on payment for leasehold land held for own use under operating leases of Dynasty Hotel of about HK\$109.6 million, an amortisation of payment for leasehold land held for own use under operating leases of Dynasty Hotel of about HK\$7.1 million, an amortisation of deferred expenditure from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC of about HK\$54.3 million, an impairment loss on property, plant and equipment of an entertainment business of about HK\$9.3 million, the impairment loss on goodwill on an entertainment business of about HK\$5.6 million and the impairment loss on an amount due from a related company of about HK\$21.2 million.

Business review***Hotel operations***

The Group owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK\$123.6 million, which was mainly due to impairment loss on payment for leasehold land held for own use under operating leases of approximately HK\$109.6 million, the amortisation for payment for leasehold land held for own use under operating leases of about HK\$7.1 million and the depreciation of about HK\$20.4 million.

Wedding services

The Group provides wedding services under the trade names of “Cite Du Louvre” and “Wonderful Arts Wedding Services” in Hong Kong. The business suffered loss of about HK\$4.8 million as it was adversely affected by keen competition from local and Taiwan wedding services companies and the economic downturn in Hong Kong.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial districts of Guangzhou, the PRC has been leased for ten years from 9 October 2008. Turnover grew this year due to rental received from the investment property at Guangzhou and increase in rental of the investment property at Carnarvon Road, Kowloon.

Restaurant operations

The business of the Group’s Chiu Chow restaurant at Star House was adversely affected by the economic downside. It contributed operating profit of about HK\$0.2 million to the Group.

Watch retail operations

The Group entered into an agreement on 30 September 2008 for the disposal of its interests in watch retail operations for an aggregate consideration of HK\$9,870,982 in cash. The transaction was completed on 10 November 2008 and the business was reported as discontinued operations in the consolidated financial statements.

Wine retail operations

The retail operations of wine were discontinued subsequent to the closure of retail outlet in Macau around December 2008 and were reported as discontinued operations in the consolidated financial statements.

Entertainment operations

A 60% subsidiary, 北京金英馬國際文化交流有限公司 (Beijing Jingyingma International Cultural Exchange Company Limited), established in Beijing, the PRC and engaged in movie and television series production business, entered into two agreements relating to television series production. The investment is approximately RMB22 million. A wholly-owned subsidiary, Win Sea Group Limited, has entered into an agreement relating to television series productions. The investment is approximately RMB15 million. Production of three television series has been completed. It incurred a loss of about HK\$0.9 million.

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK\$1.7 million.

Chance Music Limited, a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, incurred a loss of about HK\$5.9 million mainly due to impairment loss on goodwill of about HK\$5.6 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in PRC. It incurred a loss of approximately HK\$73.8 million, which was mainly due to an amortisation of deferred expenditure of approximately HK\$54.3 million and impairment loss on an amount due from a related company of HK\$21.2 million. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

Prospects

The Group acquired in April 2009 Hua Rong Sheng Shi Holding Limited, its subsidiary and jointly controlled entities (the “HR Group”), which are principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC.

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group’s business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC for content distribution is gradually yielding income to the Group. After its initial set up period, the operation of the HR Group has started to yield income. The directors consider that the acquisition of the HR Group will enable the Group to quickly scale up and become a platform to consolidate operations for collection of copyright fees for both content distribution and infrastructure in respect of karaoke music products in the PRC, and income from these operations is expected to grow. The directors believe the operations relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of its business.

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, collection of copyright fees for both content distribution and infrastructure in respect of karaoke music products in the PRC and entertainment business. The Group’s financial position is strong with a net asset value of about HK\$794.1 million.

The management will look for suitable investment opportunities to expand the business of the Group.

(iv) For the year ended 31 March 2008**BUSINESS REVIEW AND OUTLOOK****Financial review***Liquidity and financial resources*

The Group finances its operations with internally generated resources. The Group maintains good business relationship with banks and has banking facilities available for future business development.

As at 31 March 2008, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2007:0%) as at 31 March 2008.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the year. No financial instrument was used for hedging.

Charges

At 31 March 2008, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK\$55 million (2007: HK\$52 million) amounted to HK\$186 million (2007: HK\$156 million).

Emolument policy

As at 31 March 2008, the Group had a total of 1,125 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to staffs and directors based on the Group's profit and their performance.

The Company had a share option scheme mentioned above for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

Consolidated results

The turnover of the Group for the year ended 31 March 2008 was about HK\$276 million, representing an increase of about 36.5% as compared to that of last year. The increase was mainly contributed by the watch retail business of about HK\$112.5 million and the acquisition of interest in Dynasty Hotel in Zhaoqing, the PRC, in November 2007 which achieved a turnover of about HK\$30.1 million. However there was a decrease of about HK\$14.7 million in the turnover of wedding services. The Group achieved a profit of about HK\$33.0 million this year, a decrease of approximately 35.1% as compared to last year. The profit was mainly attributable to the excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of about HK\$59.3 million arising on the acquisition of the hotel operations in the People's Republic of China ("the PRC"), fair value adjustment and rental income of about HK\$27.2 million and HK\$5.8 million respectively from investment properties, and net income of about HK\$2.7 million from Chiu Chow restaurant operations. However the wedding services business recorded a loss of about HK\$5.4 million. The profit was further reduced by a loss of about HK\$56 million from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC and a loss of about HK\$6.2 million from entertainment business.

The directors have resolved not to recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil) in order to reserve resources for development of the Group's business.

Business review*Hotel operations*

In November 2007, the Group acquired Wellrich Investments Limited, which owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK\$0.6 million. The Group recorded an excess of its interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK\$59.3 million arising on the acquisition of the hotel operations.

Wedding services

The Group provides wedding services under the trade names of “Cite Du Louvre” and “Wonderful Arts Wedding Services” in Hong Kong. The business was adversely affected by keen competition from local and Taiwan wedding services companies.

This business suffered loss of about HK\$5.4 million, which was reduced by about 84% as compared to that of last year when an impairment loss of goodwill of HK\$19 million was recorded.

Investment properties

The investment properties contributed steady rental income to the Group. In May 2007, the Group acquired properties located at the commercial district in Guangzhou, the PRC for HK\$48 million. The Group is looking for suitable tenants for these properties.

Restaurant operations

The business of the Group’s Chiu Chow restaurant at Star House is stable and contributed operating profit of about HK\$2.7 million to the Group.

Watch retail operations

The watch retail business is profitable and contributed operating profit of approximately HK\$2.3 million to the Group.

Wine retail operations

A 51% owned subsidiary of the Company commenced wine retail business in Grand Waldo Hotel, Macau in June 2006. This business recorded a loss of approximately HK\$0.5 million.

Entertainment operations

In July 2007, the Group established a 60% owned subsidiary, 北京金英馬國際文化交流有限公司 (Beijing Jingyingma International Cultural Exchange Company Limited), in Beijing, the PRC for its movie and television series production business. The Group entered into three agreements relating to television series production. The total investment is approximately RMB38 million. Production of two television series has substantially completed.

In September 2007, the Group acquired a 51% interest in Baron Productions and Artiste Management Company Limited, which is engaged in providing services relating to production and artist management in the entertainment industry. It incurred a loss of about HK\$1 million.

In September 2007, the Group set up a wholly-owned subsidiary, Golden Capital Entertainment Limited, to develop entertainment and related business in Shenzhen, the PRC.

In October 2007, the Group acquired a 60% interest in Chance Music Limited, which is engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs. It achieved a profit of about HK\$0.01 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in PRC. It incurred a loss of approximately HK\$56 million, which was mainly due to an amortisation of deferred expenditure of approximately HK\$45.3 million. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

Prospects

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, retail of watches and wine, collection of fees for licensing of karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK\$966 million.

The Group has increased its property portfolio in the PRC by the acquisition of interest in the property occupied by Dynasty Hotel in Zhaoqing, the PRC, which it considers to have good redevelopment potential for commercial and residential uses.

The Group has invested in production of films and television series in the PRC with a view to expand its entertainment business in the PRC.

The directors believe the operations relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of its business. The development of this business is at an advanced stage and the Group expects to receive some income commencing from the current financial year.

The management will look for suitable investment opportunities to expand the business of the Group.

(II) INDEBTEDNESS

As at the close of business on 28 February 2011, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had HK\$109,323,169 due to minority shareholders. Save as aforesaid and apart from intra-group liabilities, none of the companies in the Enlarged Group had outstanding at the close of business on 28 February 2011 any mortgages, charges or debentures, loan capital, bank overdrafts, loans debt securities or other similar indebtedness or any finance lease commitments, liabilities under acceptances or acceptances credits or any guarantees or other material contingent liabilities.

(III) WORKING CAPITAL

The Directors are of the opinion that after taking into account the financial effect of the Subscription and the Acquisition, the Enlarged Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular after taking into account its internal resources and loans from minority shareholders to the relevant subsidiaries of the Company.

(IV) MATERIAL CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which its latest published audited financial statements were made up.

I. ACCOUNTANTS’ REPORT ON THE TARGET GROUP

Deloitte.

德勤

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Deloitte Touche Tohmatsu

35/F One Pacific Place

88 Queensway

Hong Kong

26 April 2011

The Board of Directors
Culture Landmark Investment Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) relating to China Resources Advertising & Exhibition Company Limited (the “Target Company”) and its subsidiaries (hereinafter collectively referred to as the “Target Group”) for the three years ended 31 December 2008, 2009 and 2010 (the “Relevant Periods”), for inclusion in the circular issued by Culture Landmark Investment Limited (the “Company”) dated 26 April 2011 (the “Circular”) in connection with the proposed acquisition of the entire equity interest in the Target Company.

The Target Company is a private limited company incorporated in Hong Kong. The Target Company acts as an investment holding company and is also engaged in the provision of exhibition services.

Particulars of the Target Company’s subsidiaries at 31 December 2008, 2009 and 2010 are as follows:

Name of subsidiary	Date of incorporation	Place of incorporation/ operations	Class of share held	Paid up issued share capital	Proportion ownership interest held by the Target Company Directly			Proportion of voting power held by the Target Company			Principal activities
					2008	2009	2010	2008	2009	2010	
					%	%	%	%	%	%	
C D Contractor & Design Company Limited	12 July 1988	Hong Kong	Ordinary	HK\$1,000,000	100	100	100	100	100	100	Inactive
China Resources Advertising Company Limited	21 June 1994	Hong Kong	Ordinary	HK\$2	100	100	100	100	100	100	Inactive

All of the above subsidiaries are limited companies incorporated in Hong Kong and adopt 31 December as the financial year end date.

The statutory financial statements of the Target Company and C D Contractor & Design Company Limited for the year ended 31 December 2008 were audited by Heng & Tan, certified public accountants registered in Hong Kong.

We have acted as auditor of the Target Company and C D Contractor & Design Company Limited for the years ended 31 December 2009 and 2010. No statutory audited financial statements have been prepared for China Resources Advertising Company Limited, since the date of its incorporation. For the purpose of this report, we have reviewed the relevant transactions of China Resources Advertising Company Limited, and carried out such procedures as we considered necessary for inclusion in the Financial Information.

The directors of the Target Company have prepared the consolidated financial statements of the Target Group for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (the “Underlying Financial Statements”) and we have performed an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements.

The directors of the Target Company are responsible for preparing the Underlying Financial Statements. The directors of the Company are responsible for preparing the contents of the Circular in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information together with the notes thereon, for the purpose of this report, gives a true and fair view of the state of affairs of the Target Group and the Target Company as at 31 December 2008, 2009 and 2010 and of the consolidated results and cash flows of the Target Group for the Relevant Periods.

A. FINANCIAL INFORMATION

I. Consolidated Statements of Comprehensive Income

		2008	2009	2010
	Notes	HK\$	HK\$	HK\$
Turnover	7	62,064,235	67,455,087	98,812,468
Cost of services rendered		<u>(50,486,522)</u>	<u>(54,904,405)</u>	<u>(81,322,437)</u>
Gross profit		11,577,713	12,550,682	17,490,031
Other income		1,275,383	257,498	280,964
Operating and administrative expenses		<u>(5,420,405)</u>	<u>(5,676,255)</u>	<u>(5,440,505)</u>
Profit before taxation	8	7,432,691	7,131,925	12,330,490
Tax charge	10	<u>(1,211,019)</u>	<u>(1,181,512)</u>	<u>(2,040,531)</u>
Profit and total comprehensive income for the year attributable to the owners of the Target Company		<u>6,221,672</u>	<u>5,950,413</u>	<u>10,289,959</u>
Earnings per share — Basic	11	<u>62.2</u>	<u>59.5</u>	<u>102.9</u>

II. Consolidated Statements of Financial Position

		2008	2009	2010
	Notes	HK\$	HK\$	HK\$
Non-current assets				
Property, plant and equipment	13	430,442	445,063	419,928
Deferred tax asset	15	163,000	144,660	136,209
		<u>593,442</u>	<u>589,723</u>	<u>556,137</u>
Current assets				
Trade receivables	16	407,397	148,663	3,179,546
Deposits for exhibition booths and venue		24,034,507	29,478,978	37,521,858
Deposits and prepayments		45,089	61,807	45,159
Amount due from immediate holding company	17	54,801,267	58,356,196	8,985,087
Amounts due from fellow subsidiaries	18	28,900	—	26,100
Tax recoverable		343,018	67,685	—
Bank balances and cash		<u>1,175,214</u>	<u>21,194,865</u>	<u>8,150,241</u>
		<u>80,835,392</u>	<u>109,308,194</u>	<u>57,907,991</u>
Current liabilities				
Trade payables	19	4,021,772	4,911,532	4,884,308
Other payables and accruals	20	35,445,026	57,073,936	51,504,325
Tax payable		—	—	873,087
		<u>39,466,798</u>	<u>61,985,468</u>	<u>57,261,720</u>
Net current assets		<u>41,368,594</u>	<u>47,322,726</u>	<u>646,271</u>
Total assets less current liabilities		<u>41,962,036</u>	<u>47,912,449</u>	<u>1,202,408</u>
Capital and reserves				
Share capital	21	100,000	100,000	100,000
Accumulated profits		<u>41,862,036</u>	<u>47,812,449</u>	<u>1,102,408</u>
Shareholder's equity		<u>41,962,036</u>	<u>47,912,449</u>	<u>1,202,408</u>

III. Statements of Financial Position

	<i>Notes</i>	2008 <i>HK\$</i>	2009 <i>HK\$</i>	2010 <i>HK\$</i>
Non-current assets				
Property, plant and equipment	13	430,442	445,063	419,928
Investments in subsidiaries	14	1,000,002	1,000,002	1,000,002
Deferred tax asset	15	163,000	144,660	136,209
		<u>1,593,444</u>	<u>1,589,725</u>	<u>1,556,139</u>
Current assets				
Trade receivables	16	407,397	148,663	3,179,546
Deposits for exhibition booths and venue		24,034,507	29,478,978	37,521,858
Deposits and prepayments		45,089	61,807	45,159
Amount due from immediate holding company	17	54,801,267	58,356,196	8,985,087
Amount due from a subsidiary	18	18,853	21,408	21,963
Amounts due from fellow subsidiaries	18	28,900	—	26,100
Tax recoverable		343,018	67,685	—
Bank balances and cash		<u>1,175,214</u>	<u>21,194,865</u>	<u>8,150,241</u>
		<u>80,854,245</u>	<u>109,329,602</u>	<u>57,929,954</u>
Current liabilities				
Trade payables	19	4,021,772	4,911,532	4,884,308
Other payables and accruals	20	35,429,546	57,067,456	51,497,845
Amount due to a subsidiary	18	10,869,015	10,853,610	1,050,055
Tax payable		—	—	873,087
		<u>50,320,333</u>	<u>72,832,598</u>	<u>58,305,295</u>
Net current assets (liabilities)		<u>30,533,912</u>	<u>36,497,004</u>	<u>(375,341)</u>
Total assets less current liabilities		<u>32,127,356</u>	<u>38,086,729</u>	<u>1,180,798</u>
Capital and reserves				
Share capital	21	100,000	100,000	100,000
Accumulated profits	22	<u>32,027,356</u>	<u>37,986,729</u>	<u>1,080,798</u>
Shareholder's equity		<u>32,127,356</u>	<u>38,086,729</u>	<u>1,180,798</u>

IV. Consolidated Statements of Changes in Equity

	Share capital HK\$	Accumulated profits HK\$	Total HK\$
At 1 January 2008	100,000	35,640,364	35,740,364
Profit and total comprehensive income for the year	—	6,221,672	6,221,672
At 31 December 2008	100,000	41,862,036	41,962,036
Profit and total comprehensive income for the year	—	5,950,413	5,950,413
At 31 December 2009	100,000	47,812,449	47,912,449
Profit and total comprehensive income for the year	—	10,289,959	10,289,959
Dividends recognised as distribution (note 12)	—	(57,000,000)	(57,000,000)
At 31 December 2010	100,000	1,102,408	1,202,408

V. Consolidated statements of Cash Flow

	2008 HK\$	2009 HK\$	2010 HK\$
OPERATING ACTIVITIES			
Profit before taxation	7,432,691	7,131,925	12,330,490
Adjustments for:			
Interest income	(1,275,383)	(179,650)	(1,136)
Depreciation	193,257	177,024	190,045
Loss on disposal of property, plant and equipment	—	941	—
Allowance for (reversal of allowance for) doubtful debts	15,000	(4,643)	—
Operating cash flows before movements in working capital	6,365,565	7,125,597	12,519,399
(Increase) decrease in trade receivables	(104,923)	263,377	(3,030,883)
Increase in deposits for exhibition booths and venue	(3,558,461)	(5,444,471)	(8,042,880)
(Increase) decrease in deposits and prepayments	(882)	(16,718)	16,648
(Increase) decrease in amounts due from fellow subsidiaries	(16,203)	28,900	(26,100)
Increase (decrease) in trade payables	155,584	889,760	(27,224)
Increase (decrease) in other payables and accruals	4,606,462	21,628,910	(5,569,611)
Cash from (used in) operations	7,447,142	24,475,355	(4,160,651)
Hong Kong Profits Tax paid	(1,982,077)	(887,839)	(1,091,308)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	5,465,065	23,587,516	(5,251,959)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(80,240)	(192,586)	(164,910)
Interest received	1,275,383	179,650	1,136
Advance to immediate holding company	(6,933,849)	(3,554,929)	(7,628,891)
NET CASH USED IN INVESTING ACTIVITIES	(5,738,706)	(3,567,865)	(7,792,665)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(273,641)	20,019,651	(13,044,624)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,448,855	1,175,214	21,194,865
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTING BANK BALANCES AND CASH	1,175,214	21,194,865	8,150,241

VI. Notes To The Financial Information

1. GENERAL

The Target Company is a private limited company incorporated in Hong Kong. It is a wholly-owned subsidiary of China Resources (Holdings) Company Limited, a company incorporated in Hong Kong. The directors regard the ultimate holding company during the Relevant Periods to be China Resources National Corp., a company established in the People’s Republic of China (“PRC”).

The address of the registered office and principal place of business of the Target Company is Room 4206 — 4210, 42nd Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The Target Company acts as an investment holding company and is also engaged in the provision of exhibition services.

The Financial Information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Target Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Target Group has adopted all of the Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards (“HKASs”) and interpretations (hereinafter collectively referred to as “new HKFRSs”) issued by HKICPA that are effective for the Target Group’s financial period beginning on or after 1 January 2010 in the preparation of its Financial Information throughout the Relevant Periods.

The Target Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets ³
HKFRS 9	Financial instruments ⁴
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets ⁵
HKAS 24 (as revised in 2009)	Related party disclosures ⁶
HKAS 32 (Amendments)	Classification of rights issues ⁷
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirement ⁶
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments ²

¹

Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

²

Effective for annual periods beginning on or after 1 July 2010.

³

Effective for annual periods beginning on or after 1 July 2011.

⁴

Effective for annual periods beginning on or after 1 January 2013.

⁵

Effective for annual periods beginning on or after 1 January 2012.

⁶

Effective for annual periods beginning on or after 1 January 2011.

⁷

Effective for annual periods beginning on or after 1 February 2010.

The directors of the Target Company anticipated that the application of the new HKFRSs will have no material impact on the results and the financial position of the Target Group and the Target Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Company Ordinance.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

Basis of consolidation

The Financial Information incorporates the financial statements of the Target Company and entities controlled by the Target Company (its subsidiaries). Control is achieved where the Target Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date 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 Target Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are included in the Target Company’s statement of financial position at cost less any identified impairment loss.

Revenue recognition

Exhibition income is recognised when the exhibition is completed.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method, at the following rates per annum.

Leasehold improvements	20%
Furniture and equipment	10% — 20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 Target Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Impairment

At the end of the reporting period, the Target Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Target Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss (the “FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Target Group's financial assets are classified into loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, amount due from immediate holding company, amounts due from fellow subsidiaries, amount due from a subsidiary and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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 the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Target Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade payables and amount due to a subsidiary are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and cumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Target 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. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefit costs

Payment to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Allowances for doubtful debts

The directors regularly review the recoverability and aging of the trade receivables. Allowance for trade receivables is made based on the evaluation of collectability and aging analysis of accounts and on directors’ judgement by reference to the estimation of the future cash flow discounted at an effective interest rate to calculate the present value.

A considerable amount of judgement is required in assessing the ultimate realisation of these trade receivables, including the current creditworthiness of each customer. If the financial conditions of customers of the Target Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required (see note 16).

5. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders. The Target Group’s overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of cash and cash equivalents and equity attributable to equity holders of the Target Company, comprising share capital and reserves. No external debts were raised by the Target Group.

The directors of the Target Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Target Group will balance its overall capital structure through the payment of dividends.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE TARGET GROUP			THE TARGET COMPANY		
	2008	2009	2010	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Financial assets						
Loans and receivables (including cash and cash equivalents)	56,412,778	79,699,724	20,340,974	56,431,631	79,721,132	20,362,937
Financial liabilities						
Amortised costs	4,021,772	4,911,532	4,884,308	14,890,787	15,765,142	5,934,363

Financial risk management objectives and policies

The Target Group’s and the Target Company’s major financial instruments include trade receivables, amount due from immediate holding company, amount due from (to) a subsidiary, amounts due from fellow subsidiaries, bank balances and cash and trade payables. Details of these financial instruments are disclosed in respective notes. The risk associated with these financial instruments and the policies on how to mitigate the risk is set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Target Group’s and the Target Company’s maximum exposure to credit risk which will cause a financial loss to the Target Group and the Target Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the statement of financial position.

The Target Group and the Target Company are exposed to concentration of credit risk. At 31 December 2008, 2009 and 2010, the Target Group and the Target Company have concentration of credit risk as 42%, 96% and 99% respectively of trade receivables was due from one of the Target Group’s and the Target Company’s customer. The management of the Target Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Target Company consider that the Target Group’s credit risk is significantly reduced. The Target Group and the Target Company had also explored new customers in order to minimise the concentration of credit risk.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Currency risk

The business of the Target Group mainly operated in Hong Kong where most transactions are denominated in HK\$, United States dollars (“US\$”) and Renminbi (“RMB”). The carrying amounts of the Target Group’s and the Target Company’s foreign currency denominated monetary assets at 31 December 2008, 2009 and 2010 are as follows:

	THE TARGET GROUP AND THE TARGET COMPANY					
	Assets			Liabilities		
	2008	2009	2010	2008	2009	2010
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
US\$	49,109,170	70,806,503	13,741,776	168,283	1,054,210	—
RMB	3,758,227	3,786,542	3,909,719	—	—	—

The Target Group currently does not have a foreign currency hedging policy to eliminate the currency exposures. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposures should the need arise.

Under the pegged exchange rate system, the financial exposure on exchange rate fluctuation between HK\$ and US\$ is considered insignificant by directors. The directors of the Target Company consider the Target Group’s exposure to currency risk is not significant and therefore no sensitivity analysis has been prepared.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Target Group’s and the Target Company’s remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group and the Target Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

THE TARGET GROUP

	Weighted average effective interest rate %	Repayable on demand HK\$	Less than 1 year HK\$	Undiscounted cash flow HK\$	Carrying amount at 31 December HK\$
At 31 December 2008					
Non-derivative financial liabilities					
Trade payables	N/A	4,000,829	20,943	4,021,772	4,021,772
At 31 December 2009					
Non-derivative financial liabilities					
Trade payables	N/A	3,909,153	1,002,379	4,911,532	4,911,532
At 31 December 2010					
Non-derivative financial liabilities					
Trade payables	N/A	4,095,914	788,394	4,884,308	4,884,308

THE TARGET COMPANY

	Weighted average effective interest rate %	Repayable on demand HK\$	Less than 1 year HK\$	Undiscounted cash flow HK\$	Carrying amount at 31 December HK\$
At 31 December 2008					
Non-derivative financial liabilities					
Trade payables	N/A	4,000,829	20,943	4,021,772	4,021,772
Amount due to a subsidiary	N/A	10,869,015	—	10,869,015	10,869,015
		14,869,844	20,943	14,890,787	14,890,787
At 31 December 2009					
Non-derivative financial liabilities					
Trade payables	N/A	3,909,153	1,002,379	4,911,532	4,911,532
Amount due to a subsidiary	N/A	10,853,610	—	10,853,610	10,853,610
		14,762,763	1,002,379	15,765,142	15,765,142
At 31 December 2010					
Non-derivative financial liabilities					
Trade payables	N/A	4,095,914	788,394	4,884,308	4,884,308
Amount due to a subsidiary	N/A	1,050,055	—	1,050,055	1,050,055
		5,145,969	788,394	5,934,363	5,934,363

Fair value of financial instruments

The directors of the Target Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost approximate their fair values at the end of the respective reporting periods.

7. TURNOVER AND SEGMENT INFORMATION

The Target Group's operating activities are attributable to a single operating segment focusing on provision of exhibition services. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the chief operating decision makers, the directors of the Target Company. The directors review the overall results of the Target Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Segment revenues and results

The financial information presented to the directors is consistent with the consolidated statements of comprehensive income. The directors consider the Target Group's profit for the year as the measurement of segment's results.

Entity-wide disclosures

All non-current assets are located and revenue are generated in Hong Kong. For the years ended 31 December 2008 and 2009, there was no customer with revenues accounted for more than 10% of the Target Group's total revenue. For year ended 31 December 2010, there was one customer with revenue of HK\$10,724,492 which accounted for more than 10% of the Target Group's total revenue.

Turnover represents the amounts received and receivable for provision of exhibition services during the year.

8. PROFIT BEFORE TAXATION

	2008 HK\$	2009 HK\$	2010 HK\$
Profit before taxation has been arrived at after charging:			
Directors' emoluments (<i>note 9</i>)	878,648	1,068,420	902,943
Retirement benefit scheme contributions for other staff	186,746	168,171	174,638
Other staff costs	<u>2,487,624</u>	<u>2,358,878</u>	<u>2,661,315</u>
Total staff costs	<u>3,553,018</u>	<u>3,595,469</u>	<u>3,738,896</u>
Allowance for doubtful debts	15,000	—	—
Auditor's remuneration	57,000	20,900	60,000
Depreciation	193,257	177,024	190,045
Exchange loss	100,542	—	—
Loss on disposal of property, plant and equipment	—	941	—
Rentals in respect of rented premises payable to immediate holding company	5,925,350	5,781,231	5,225,401
and after crediting:			
Exchange gain	—	77,848	279,828
Interest income from bank deposits	6,391	531	1,136
Interest income from immediate holding company	1,268,992	179,119	—
Reversal of allowance of doubtful debts (included in operating and administrative expenses)	—	4,643	—
Bad debt recovery (included in operating and administrative expenses)	<u>—</u>	<u>—</u>	<u>5,711</u>

9. DIRECTORS AND EMPLOYEES’ EMOLUMENTS

Details of emoluments paid or payable by the Target Group to the directors of the Target Company are as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$	HK\$	HK\$
Mr. Kan Yisong			
— basic salaries and allowances	559,690	810,200	810,200
— bonus (note)	300,000	220,000	54,500
— retirement benefits scheme contributions	18,958	38,220	38,243
	<u>878,648</u>	<u>1,068,420</u>	<u>902,943</u>
Mr. Zheng Hong			
— basic salaries and allowances	—	—	—
— bonus	—	—	—
— retirement benefits scheme contributions	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Ms. Ho Wing Kuen (Appointed on 31 March 2010)			
— basic salaries and allowances	—	—	—
— bonus	—	—	—
— retirement benefits scheme contributions	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Mr. Cheung King Tong (Resigned on 31 March 2010)			
— basic salaries and allowances	—	—	—
— bonus	—	—	—
— retirement benefits scheme contributions	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>878,648</u>	<u>1,068,420</u>	<u>902,943</u>

Note: The bonus is determined by the board of directors of the Target Company in accordance with relevant human resources policies.

The five highest paid individuals included one, one and one director of the Target Company for the years ended 31 December 2008, 2009 and 2010 respectively, details of whose emoluments are included above. The emoluments of the remaining four highest paid individuals during the years ended 31 December 2008, 2009 and 2010 were as follows:

	Year ended 31 December		
	2008	2009	2010
	HK\$	HK\$	HK\$
Employees			
— basic salaries and allowances	994,500	1,128,400	1,170,400
— bonus (<i>note</i>)	228,000	180,500	102,000
— retirement benefits scheme contributions	82,191	96,747	99,858
	<u>1,304,691</u>	<u>1,405,647</u>	<u>1,372,258</u>

Their emoluments were with the band ranged from HK\$Nil to HK\$1,000,000 during the Relevant Periods.

During the Relevant Periods, no emoluments were paid by the Target Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Target Group or as compensation for loss of office. None of the directors have waived any emoluments during the Relevant Periods.

Note: The bonus is determined by the board of directors of the Target Company in accordance with relevant human resources policies.

10. TAX CHARGE

	2008	2009	2010
	HK\$	HK\$	HK\$
The charge comprises:			
Hong Kong Profits Tax			
— current year	1,236,147	1,163,172	2,032,080
— overprovision in prior years	<u>(25,128)</u>	<u>—</u>	<u>—</u>
	1,211,019	1,163,172	2,032,080
Deferred tax (<i>note 15</i>)	<u>—</u>	<u>18,340</u>	<u>8,451</u>
	<u>1,211,019</u>	<u>1,181,512</u>	<u>2,040,531</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the Relevant Periods.

The tax charge for the year can be reconciled to profit before taxation per the consolidated statements of comprehensive income as follows:

	2008 HK\$	2009 HK\$	2010 HK\$
Profit before taxation	<u>7,432,691</u>	<u>7,131,925</u>	<u>12,330,490</u>
Tax at the domestic income tax rate of 16.5%	(1,226,394)	(1,176,768)	(2,034,531)
Tax effect of expense not deductible for tax purpose	(2,732)	(1,478)	(678)
Tax effect of income not taxable for tax purpose	1,054	88	1,129
Overprovision in prior years	25,128	—	—
Others	<u>(8,075)</u>	<u>(3,354)</u>	<u>(6,451)</u>
Tax charge for the year	<u>(1,211,019)</u>	<u>(1,181,512)</u>	<u>(2,040,531)</u>

11. EARNINGS PER SHARE

The calculation of the basic earnings per share for the Relevant Periods is based on the profit attributable to the owners of the Target Company for the years ended 31 December 2008, 2009 and 2010 and 100,000 ordinary shares in issue during these years.

No dilutive earnings per share is presented as there were no potential dilutive ordinary shares in issue during the Relevant Periods.

12. DIVIDENDS

During 2010, an interim dividend amounting to HK\$57,000,000 or HK\$570 per share was declared and was used to settle the amount due from immediate holding company, China Resources (Holdings) Company Limited. No dividend was declared in both 2008 and 2009.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$</i>	Furniture and equipment <i>HK\$</i>	Total <i>HK\$</i>
THE TARGET GROUP			
COST			
At 1 January 2008	3,737,731	2,475,837	6,213,568
Additions	24,140	56,100	80,240
At 31 December 2008	3,761,871	2,531,937	6,293,808
Additions	—	192,586	192,586
Disposals	—	(311,323)	(311,323)
At 31 December 2009	3,761,871	2,413,200	6,175,071
Additions	—	164,910	164,910
At 31 December 2010	3,761,871	2,578,110	6,339,981
DEPRECIATION			
At 1 January 2008	3,726,075	1,944,034	5,670,109
Provided for the year	8,888	184,369	193,257
At 31 December 2008	3,734,963	2,128,403	5,863,366
Provided for the year	9,837	167,187	177,024
Eliminated on disposals	—	(310,382)	(310,382)
At 31 December 2009	3,744,800	1,985,208	5,730,008
Provided for the year	5,001	185,044	190,045
At 31 December 2010	3,749,801	2,170,252	5,920,053
CARRYING VALUES			
At 31 December 2008	26,908	403,534	430,442
At 31 December 2009	17,071	427,992	445,063
At 31 December 2010	12,070	407,858	419,928

APPENDIX III

FINANCIAL INFORMATION OF THE TARGET GROUP

	Leasehold improvements <i>HK\$</i>	Furniture and equipment <i>HK\$</i>	Total <i>HK\$</i>
THE TARGET COMPANY			
COST			
At 1 January 2008	3,375,601	1,638,794	5,014,395
Additions	24,140	56,100	80,240
At 31 December 2008	3,399,741	1,694,894	5,094,635
Additions	—	192,586	192,586
Disposals	—	(311,323)	(311,323)
At 31 December 2009	3,399,741	1,576,157	4,975,898
Additions	—	164,910	164,910
At 31 December 2010	3,399,741	1,741,067	5,140,808
DEPRECIATION			
At 1 January 2008	3,363,945	1,106,991	4,470,936
Provided for the year	8,888	184,369	193,257
At 31 December 2008	3,372,833	1,291,360	4,664,193
Provided for the year	9,837	167,187	177,024
Eliminated on disposals	—	(310,382)	(310,382)
At 31 December 2009	3,382,670	1,148,165	4,530,835
Provided for the year	5,001	185,044	190,045
At 31 December 2010	3,387,671	1,333,209	4,720,880
CARRYING VALUES			
At 31 December 2008	26,908	403,534	430,442
At 31 December 2009	17,071	427,992	445,063
At 31 December 2010	12,070	407,858	419,928
14. INVESTMENTS IN SUBSIDIARIES			

	At 31 December 2008, 2009 & 2010
	<i>HK\$</i>
THE TARGET COMPANY	
Unlisted investments, at cost	1,000,002

15. DEFERRED TAX ASSET

The followings are the deferred tax assets recognised and movements thereon during the Relevant Periods:

	THE TARGET GROUP AND THE TARGET COMPANY Accelerated tax depreciation HK\$
At 1 January 2008 and 31 December 2008	163,000
Charge to profit or loss	(18,340)
At 31 December 2009	144,660
Charge to profit or loss	(8,451)
At 31 December 2010	136,209

16. TRADE RECEIVABLES

	THE TARGET GROUP AND THE TARGET COMPANY		
	2008 HK\$	2009 HK\$	2010 HK\$
Trade receivables	643,845	148,663	3,179,546
Allowance for doubtful debts	(236,448)	—	—
	407,397	148,663	3,179,546

The Target Group and the Target Company allow an average credit period of 30 days to its trade customers. Before accepting any new customer, the Target Group and the Target Company will assess the potential customer’s credit quality and define credit limits by customer. The following is an aging analysis of trade receivables net of allowance for doubtful debt at the end of each reporting period, based on invoice date:

	THE TARGET GROUP AND THE TARGET COMPANY		
	2008 HK\$	2009 HK\$	2010 HK\$
0 to 30 days	375,497	141,638	4,000
31 to 60 days	15,600	7,025	181,171
61 to 90 days	—	—	—
91 to 180 days	16,300	—	2,994,375
	407,397	148,663	3,179,546

Included in the Target Group’s and the Target Company’s trade receivables balance are debtors with aggregate carrying amount of HK\$31,900, nil and HK\$3,175,546 as at 31 December 2008, 2009 and 2010 which are past due at the reporting date for which the Target Group and the Target Company have not provided for impairment loss as there is no adverse change in the credit standing of the debtors from the date of credit was initially granted. The Target Group and the Target Company do not hold any collateral over these balances. The following is an aging analysis of trade receivables which are past due but not impaired:

	THE TARGET GROUP AND THE TARGET COMPANY		
	2008	2009	2010
	HK\$	HK\$	HK\$
31 to 60 days	15,600	—	181,171
91 to 180 days	16,300	—	2,994,375
	<u>31,900</u>	<u>—</u>	<u>3,175,546</u>

Movement in the allowance for doubtful debts

	THE TARGET GROUP AND THE TARGET COMPANY		
	2008	2009	2010
	HK\$	HK\$	HK\$
Balance at 1 January	221,448	236,448	—
Allowances recognised	15,000	—	—
Amounts recovered during the year	—	(4,643)	—
Amounts written off as uncollectible	<u>—</u>	<u>(231,805)</u>	<u>—</u>
Balance at 31 December	<u>236,448</u>	<u>—</u>	<u>—</u>

The Target Group and the Target Company have provided fully for all trade receivables over one year because historical experience is such that receivables that are past due beyond one year are generally not recoverable.

17. AMOUNT DUE FROM IMMEDIATE HOLDING COMPANY

The Target Group and the Target Company

Amount is unsecured, bears interest at 0.05% to 2.88%, 0.001% to 2.88% per annum and non-interest bearing as at 31 December 2008, 2009 and 2010 respectively and without fixed repayment term but is repayable on demand.

18. AMOUNT DUE FROM (TO) A SUBSIDIARY/AMOUNTS DUE FROM FELLOW SUBSIDIARIES

The Target Group and the Target Company

Amounts due from fellow subsidiaries are unsecured, interest-free and repayable on demand.

The Target Company

Amounts due from (to) a subsidiary are unsecured, interest-free and repayable on demand.

19. TRADE PAYABLES

The following is an aging analysis of trade payables presented based on the invoice date at the end of the reporting period.

	THE TARGET GROUP AND THE TARGET COMPANY		
	2008	2009	2010
	HK\$	HK\$	HK\$
0 to 90 days	167,664	66,485	112,723
91 to 180 days	—	319,654	776,660
181 to 365 days	20,943	682,725	11,734
Over 365 days	3,833,165	3,842,668	3,983,191
	<u>4,021,772</u>	<u>4,911,532</u>	<u>4,884,308</u>

The average credit period ranges from 30 to 90 days. The Target Group and the Target Company have financial risk management policies in place to ensure that all payables are within the credit timeframe.

20. OTHER PAYABLES AND ACCRUALS

	2008	2009	2010
	HK\$	HK\$	HK\$
THE TARGET GROUP			
Accrued expenses and provisions	2,441,676	1,949,099	2,229,436
Deposit payables	149,100	144,100	87,200
Temporary receipts from customers	32,854,250	54,980,737	49,187,689
	<u>35,445,026</u>	<u>57,073,936</u>	<u>51,504,325</u>
THE TARGET COMPANY			
Accrued expenses and provisions	2,426,196	1,942,619	2,222,956
Deposit payables	149,100	144,100	87,200
Temporary receipts from customers	32,854,250	54,980,737	49,187,689
	<u>35,429,546</u>	<u>57,067,456</u>	<u>51,497,845</u>

21. SHARE CAPITAL

	HK\$
Authorised, issued and fully paid:	
100,000 ordinary shares of HK\$1 each	<u>100,000</u>

There were no changes in the Target Company’s authorised, issued and fully paid share capital during the Relevant Periods.

22. ACCUMULATED PROFITS

	2008 <i>HK\$</i>	2009 <i>HK\$</i>	2010 <i>HK\$</i>
THE TARGET COMPANY			
Balance at the beginning of the year	25,789,124	32,027,356	37,986,729
Profit for the year	6,238,232	5,959,373	20,094,069
Dividends recognised as distribution (note 12)	—	—	(57,000,000)
Balance at the end of the year	<u>32,027,356</u>	<u>37,986,729</u>	<u>1,080,798</u>

23. OPERATING LEASE ARRANGEMENT**The Target Group and the Target Company as lessee**

At the end of each reporting period, the Target Group and the Target Company had commitment for future minimum lease payments under non-cancellable operating leases with immediate holding company which fall due as follows:

	2008 <i>HK\$</i>	2009 <i>HK\$</i>	2010 <i>HK\$</i>
Within one year	3,729,450	5,063,000	3,939,737
In the second to fifth years inclusive	—	3,445,000	494,942
	<u>3,729,450</u>	<u>8,508,000</u>	<u>4,434,679</u>

The lease payments are fixed for one to two years and no arrangement has been entered into for contingent rental payments.

24. RELATED PARTY TRANSACTIONS

During the Relevant Periods, the Target Group and the Target Company have the following significant transactions with related parties:

	2008 <i>HK\$</i>	2009 <i>HK\$</i>	2010 <i>HK\$</i>
Advertising and exhibition expenses to immediate holding company	1,098,128	863,358	582,523
Exhibition income from fellow subsidiaries	153,631	69,100	98,718
Exhibition income from immediate holding company	692,400	502,100	442,150
Interest income from immediate holding company	1,268,992	179,119	—
Rental expenses to immediate holding company	<u>5,925,350</u>	<u>5,781,231</u>	<u>5,225,401</u>

The Target Group has paid emoluments to directors of the Target Company amounted HK\$878,648, HK\$1,068,420 and HK\$902,943 during the years ended 31 December 2008, 2009 and 2010, respectively, who are considered as the key management of the Target Company.

25. MAJOR NON-CASH TRANSACTIONS

During 2010, an interim dividend amounting to HK\$57,000,000 or HK\$570 per share was declared and was used to settle the amount due from immediate holding company, China Resources (Holdings) Company Limited.

B. ULTIMATE HOLDING COMPANY AND IMMEDIATE HOLDING COMPANY

At 31 December 2010, the directors of the Target Company regard the Target Company's ultimate holding company and immediate holding company to be China Resources National Corp., a company established in the PRC, and China Resources (Holdings) Company Limited, a company incorporated in Hong Kong, respectively.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of the companies of the Target Group subsequent to 31 December 2010.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

II. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP

General description of the Target Group

Found in 1966, China Resources Advertising & Exhibition Co., Ltd., a wholly-owned subsidiary of the Vendor, is the holding company of C D Contractor & Design Co., Ltd. and China Resources Advertising Company Limited (collectively “the Target Group”). The Target Group currently acts as an organizer and a contractor for different exhibitions and conference and commercial events mainly held in Hong Kong. Since its inception, it has now become one of the major agents of Chinese Mainland pavilions and local groups for many large-scale trade fairs.

Management discussion and analysis of the Target Group

Overview

The Target Group recorded revenue from organizing exhibitions and providing agent services of approximately HK\$62 million, HK\$67 million, HK\$99 million during the three years ended 31 December 2008, 2009 and 2010. From 2007 to 2010, it maintained an operating margin of over 10% although the industry suffered from financial crisis in 2009. The long-term relationship with Hong Kong Trade Development Council (“TDC”) and other event organizers and together with its well recognized services has made it one of the most successful and reputable agents of these businesses in Hong Kong. The Target Group plays an important role in promoting economic and trading activities, cultural exchanges and enhancing Chinese cultural civilization in Hong Kong. In recent years, it has been actively engaged in organizing Asia’s major apparel sourcing exhibitions such as Hong Kong Fashion Week for Fall/Winter and Hong Kong Fashion Week for Spring/Summer organized by TDC.

Liquidity and capital resources

The Target Group’s primary cash requirements are to finance its own operations. The Target Group funds its operations primarily by cash generated from its own operations.

Contingent liabilities

The Target Group had no material contingent liabilities as at 31 December 2008, 31 December 2009 and 31 December 2010.

Capital commitments

The Target Group had no material contractual capital expenditure commitment as at 31 December 2010.

Employees remuneration

As at 31 December 2010, the Target Group employed 11 employees, as compared with 10 as at 31 December 2009 and 10 as at 31 December 2008. All employees are remunerated based on industry practice and in accordance with the prevailing employment law. All employees of the Target Group are employed in Hong Kong.

Foreign currency risk

The management considers the Target Group is not exposed to significant foreign currency risks as majority of its operations and businesses operated in Hong Kong and significant portion of its foreign currency exposure is denominated in US dollar.

1. INTRODUCTION

The unaudited pro forma financial information of Culture Landmark Investment Limited (the “Company”) and its subsidiaries (the “Group”) together with China Resources Advertising & Exhibition Company Limited and its subsidiaries (the “Target Group”) (collectively referred to as the “Enlarged Group”), comprising the unaudited pro forma consolidated statement of financial position, has been prepared by the directors of the Company in accordance with Rule 4.29 of the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and on the basis of the notes set out below.

The unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of (1) the subscription by a subscriber of 1,333,333,333 shares of the Company at a subscription price of HK\$0.12 each (the “Subscription”) and; (2) the proposed acquisition of the entire equity interests in the Target Group by the Company (the “Acquisition”), on the financial position of the Group.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2010 as set out in the interim report of the Company for the six months ended 30 September 2010 and the audited consolidated statement of financial position of the Target Group as at 31 December 2010 as set out in the accountants’ report in Appendix III to this circular, after giving effect to the pro forma adjustments described in the accompanying notes. Narrative descriptions of the pro forma adjustments of the Acquisition and the Subscription that are (i) directly attributable to the transactions; (ii) expected to have a continuing impact on the Enlarged Group; and (iii) factually supportable, are set out in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates and uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Acquisition and the Subscription been completed on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the future financial position of the Enlarged Group.

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL

INFORMATION OF THE ENLARGED GROUP

Unaudited pro forma consolidated statement of financial position of the

Enlarged Group

	The Group	The Target	Sub-total	Pro Forma	Notes	The Enlarged
	HK\$	Group	HK\$	Adjustments		Group
	Note 1	Note 2	HK\$	HK\$		HK\$
Assets						
Non-current assets						
Property, plant and equipment	207,934,935	419,928	208,354,863			208,354,863
Intangible assets	103,837,166	—	103,837,166	38,410,000	4	142,247,166
Investment properties	203,418,000	—	203,418,000			203,418,000
Payments for leasehold land held for own use under operating leases	204,949,553	—	204,949,553			204,949,553
Deferred expenditure	2,620,963	—	2,620,963			2,620,963
Goodwill	121,815,830	—	121,815,830	76,725,242	5	198,541,072
Deferred tax assets	3,464,310	136,209	3,600,519			3,600,519
Total non-current assets	848,040,757	556,137	848,596,894			963,732,136
Current assets						
Inventories	7,668,701	—	7,668,701			7,668,701
Trade and other receivables	52,118,013	49,757,750	101,875,763			101,875,763
Deferred expenditure	17,190,402	—	17,190,402			17,190,402
Cash and cash equivalents	308,335,491	8,150,241	316,485,732	50,000,000	3	366,485,732
	385,312,607	57,907,991	443,220,598			493,220,598
Assets classified as held for sale	5,475,270	—	5,475,270			5,475,270
Total current assets	390,787,877	57,907,991	448,695,868			498,695,868
Total assets	1,238,828,634	58,464,128	1,297,292,762			1,462,428,004

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL

INFORMATION OF THE ENLARGED GROUP

Continued

	The Group HK\$ Note 1	The Target Group HK\$ Note 2	Sub-total HK\$	Pro Forma Adjustments HK\$	Notes	The Enlarged Group HK\$
Liabilities						
Current liabilities						
Trade and other payables	55,725,521	56,388,633	112,114,154	5,000,000	6	117,114,154
Amounts due to minority shareholders	99,953,984	—	99,953,984			99,953,984
Current tax liabilities	2,365,462	873,087	3,238,549			3,238,549
	158,044,967	57,261,720	215,306,687			220,306,687
Liabilities classified as held for sale	1,214,437	—	1,214,437			1,214,437
Total current liabilities	159,259,404	57,261,720	216,521,124			221,521,124
Net current assets	231,528,473	646,271	232,174,744			277,174,744
Total assets less current liabilities	1,079,569,230	1,202,408	1,080,771,638			1,240,906,880
Non-current liabilities						
Provision for long service payments	1,774,191	—	1,774,191			1,774,191
Deferred tax liabilities	77,818,688	—	77,818,688	6,337,650	7	84,156,338
Total non-current liabilities	79,592,879	—	79,592,879			85,930,529
Total liabilities	238,852,283	57,261,720	296,114,003			307,451,653
NET ASSETS	<u>999,976,351</u>	<u>1,202,408</u>	<u>1,001,178,759</u>			<u>1,154,976,351</u>
Capital and reserves attributable to owners of the Company						
Share capital	496,091,570	100,000	496,191,570	66,667,000 (100,000)	3 8	562,758,570
Reserves	500,499,090	1,102,408	501,601,498	93,333,000 (1,102,408) (5,000,000)	3 8 6	588,832,090
	996,590,660	1,202,408	997,793,068			1,151,590,660
Non-controlling interests	<u>3,385,691</u>	<u>—</u>	<u>3,385,691</u>			<u>3,385,691</u>
TOTAL EQUITY	<u>999,976,351</u>	<u>1,202,408</u>	<u>1,001,178,759</u>			<u>1,154,976,351</u>

Notes to unaudited pro forma financial information:

1. The balances are extracted from the unaudited consolidated financial statements of the Group for the period ended 30 September 2010 as set out in the interim report of the Company for the six months ended 30 September 2010.
2. The balances are extracted from the audited consolidated financial statements of the Target Group for the year ended 31 December 2010 as set out in the accountants' report in Appendix III of this circular.
3. On 21 March 2011, the Company and the Subscriber (a wholly-owned subsidiary of the Vendor of the Target Group) entered into a subscription agreement pursuant to which the Subscriber agreed to subscribe for 1,333,333,333 ordinary shares ("Subscription Shares") of the Company at a subscription price of HK\$0.12 per share ("Issue Price") for a total amount of HK\$160,000,000 ("Aggregate Subscription Price"). The Aggregate Subscription Price shall be satisfied in the following manner:
 - a) HK\$50 million shall be satisfied in cash upon completion of the Acquisition; and
 - b) HK\$110 million shall be satisfied by the Subscriber entering into, and procuring the Vendor to enter into, the Deed of Assignment and Set Off, which would result in a set off of the consideration payable for the Acquisition (see Note 4).

As a result of the Subscription, the share capital and share premium of the Company will be increased by HK\$66,667,000 and HK\$93,333,000, respectively. The estimated related expense directly attributable to the subscription is insignificant.

4. Pursuant to the Acquisition, the Company is to acquire the entire equity interests in the Target Group for a total consideration of HK\$110,000,000. The adjustments represent the fair value adjustments on the identifiable assets and liabilities acquired and assumed. The fair values of intangible assets, determined by the directors of the Company with reference to external valuation report prepared by an independent valuation specialist, comprise:
 - i) Servicing contracts with customers of HK\$1,160,000. The fair value is arrived at using the discounted cash flow approach; and
 - ii) Non-contractual customer relationship of HK\$37,250,000. The fair value is arrived at using the discounted cash flow approach.
5. Goodwill is measured as the excess of the sum of the consideration for the Acquisition of HK\$110,000,000 transferred (see Note 3) over the fair value of the identifiable assets acquired less liabilities assumed.

The amount of goodwill may change upon completion of the Acquisition as the fair value of the assets acquired and liabilities assumed on date of completion might be different from the amounts adopted for this unaudited pro forma financial information.

- 6. Accrual of estimated direct costs relating to the Acquisition of approximately HK\$5,000,000 are recognised as expenses.

- 7. A deferred tax liability of HK\$6,337,650 is recognised on the fair value of the intangible assets recognised (see Note 4), calculated at the Hong Kong profits tax rate of 16.5%.

- 8. The adjustment represents the elimination of the share capital and pre-acquisition reserves of the Target Group.

The Board of Directors
Culture Landmark Investment Limited
Room 2501-05
25/F., China Resources Building
No. 26 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Culture Landmark Investment Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the subscription by a subscriber of 1,333,333,333 shares at a subscription price of HK\$0.12 each and the proposed acquisition of the entire equity interests in China Resources Advertising & Exhibition Company Limited and its subsidiaries (the “Target Group”, together with the Group referred to as the “Enlarged Group”) might have affected the historical financial information presented, for inclusion in Appendix IV of the circular dated 26 April 2011 issued by the Company (the “Circular”). The basis of preparation of the unaudited pro forma financial information is set out in the section headed “Introduction” of Appendix IV of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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 Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 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.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 September 2010 or at any future date.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company 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 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

BDO Limited

Certified Public Accountants

Alfred Lee

Practising Certificate Number P04960

Hong Kong, 26 April 2011

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full 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.

DISCLOSURE OF INTERESTS

Interests of Directors

As at the Latest Practicable Date, the interests of the Directors in the share capital of the Company which 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 which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name	Number of Shares	Nature of interest	Percentage of shareholding
Cheng Yang	1,786,980,000	Personal and family <i>(Note 1)</i>	17.48
Liu Yu Mo	1,048,000	Personal	0.01
Zheng Yuchun	35,000,000 <i>(Note 2)</i>	Personal	0.34

Notes:

1. 1,786,000,000 Shares are beneficially owned by Mr. Cheng Yang personally and 980,000 Shares are beneficially owned by his wife.
2. This relates to the options granted under the share option scheme of the Company to Mr. Zheng Yuchun to subscribe for (i) 12,000,000 Shares from 1 October 2010 to 28 July 2020; (ii) 12,000,000 Shares from 1 July 2011 to 28 July 2020; and (iii) 11,000,000 Shares from 1 July 2012 to 28 July 2020, all at the exercise price of HK\$0.262 per Share.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules to be notified to the Company and the Stock Exchange.

No Director is a director or employee of a shareholder with 5% or more interest in the Company.

Interest of Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the following persons (other than the Directors or chief executives of the Company) had interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Number of Shares	Nature of interest	Percentage of shareholding
China Resources (Holdings) Company Limited	1,333,333,333	Interest of controlled corporation	13.04
China Resources Co., Limited	1,333,333,333	Interest of controlled corporation	13.04
China Resources National Corporation	1,333,333,333	Interest of controlled corporation	13.04
Commotra Company Limited	1,333,333,333	Beneficial interest	13.04
CRC Bluesky Limited	1,333,333,333	Interest of controlled corporation	13.04
Elite Forever Limited	982,260,000	Beneficial interest	9.61
Li Fengxiao	982,260,000	Interest of controlled corporation	9.61

All interests stated above represent long positions.

Other than disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executives of the Company, the Company had not been notified of any other interests or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or any persons (other than the Directors and chief executive of the Company) who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying the right to vote in all circumstance at general meeting of any member of the Group.

Interests of experts in the Group

As at the Latest Practicable Date, the experts named in the paragraph headed “Qualifications of experts” in this appendix does not have any shareholding in any company in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in the Group.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors has any material interests in contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

Interests in assets

As at the Latest Practicable Date, none of the Directors or experts named in the paragraph headed “Qualifications of experts” in this appendix has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2010, being the date to which the latest published audited accounts of the Company were made up.

Service contracts

As at the Latest Practicable Date, there is no existing or proposed service contract between any member of the Group and any Director or proposed Director (excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensations)).

Competing business

As at the Latest Practicable Date, none of the Directors has any interest in any business which competes or is likely to complete, either directly or indirectly, with the Group’s business.

LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

QUALIFICATION OF EXPERTS

The qualifications of the experts who have given opinions in this circular are as follows:

Name	Qualification
BDO Limited	Certified Public Accountants
Deloitte Touche Tohmatsu	Certified Public Accountants

CONSENTS

The experts named in the paragraph headed “Qualifications of experts” in this appendix have given and have not withdrawn their respective written consents to the issue of this circular with copies of their reports, valuation or letters (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, direct or indirect, in any member of the Enlarged Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group, nor did they have any direct or indirect interest in any assets which had been, since 31st March 2010, being the date of the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

- (a) an agreement dated 6 August 2009 between (i) Mr. Yeung Chi Hang; and (ii) the Company relating to the subscription of up to 679,644,000 Shares at HK\$0.36 per Share;
- (b) an agreement dated 12 September 2009 between (i) Win Sea Group Limited (a wholly owned subsidiary of the Company) (as vendor); and (ii) 北京金英馬影視文化有限責任公司 (as purchaser) relating to the sale and purchase of 60% of the equity capital in 北京金英馬國際文化交流有限公司 for a total cash consideration of RMB25,982,472;
- (c) an agreement made on 12 January 2010 between (i) Welly Champ International Limited; and (ii) the Company relating to the subscription of 13.66 shares of US\$1 each of Welly Champ International Limited at HK\$8 million as evidenced by an application for shares dated 12 January 2010;
- (d) an agreement dated 18 May 2010 between (i) the JV Company (as vendor); and (ii) 梁珍 (as purchaser) relating to the sale and purchase of the land portion of a car parking workshop located to the north of Yingbin Dadao, Zhaoqing, Guangdong Province, the PRC at RMB3,300,000;
- (e) a supplemental agreement dated 19 July 2010 between (i) Well Harvest Enterprises Limited; and (ii) the Company in respect of an agreement dated 15 October 2007 relating to the sale and purchase of the entire issued share capital of, and the benefit of loans advanced to, Wellrich Investments Limited;
- (f) a form of provisional sale and purchase agreement dated 10 December 2010 between (i) Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited ("Golden Island") (a wholly owned subsidiary of the Company) (as vendor); and (ii) Fu Kiu Finance Limited ("Fu Kiu") (as purchaser) relating to the sale and purchase of the property at Shops 9 and 10 on the Ground Floor, the whole of the 1st and 2nd Floors including the store rooms and lavatories on such floors, the lift shaft and lift installed in the said Shops 9 and 10 and serving the 1st and 2nd Floors including the portion of lift shaft enclosed within Room 5A on the 3rd Floor the lift vent and water tank on the 4th Floor level flat roof adjoining Room 5 with water pipes leading from

such tank to the 1st and 2nd Floors and the space with installation thereon on the 4th Floor level flat roof adjoining Room 1 with pipes and ducts therefrom to the 1st and 2nd Floors of Tung Ning Building, Nos. 125 and 126 Connaught Road Central, Nos. 2, 2A-2D Hillier Street and Nos. 249-251 Des Vaux Road Central, Hong Kong (the “Property”) for a total cash consideration of HK\$122 million;

- (g) an agreement dated 17 December 2010 between (i) Zeng Guannian (as vendor); and (ii) the Company (as purchaser) relating to the sale and purchase of the entire issued share capital of, and the benefit of loans advanced to, Wide Stand Holdings Limited for a total consideration of HK\$52,105,263, HK\$34,736,842 of which in cash and the balance of HK\$17,368,421 by the issue of 86,842,105 Shares;
- (h) an agreement dated 17 December 2010 between (i) Zeng Guanming (as vendor); and (ii) the Company (as purchaser) relating to the sale and purchase of the entire issued share capital of, and the benefit of loans advanced to, Win Success Enterprises Limited for a total consideration of HK\$127,894,737, HK\$85,263,158 of which in cash and the balance of HK\$42,631,579 by the issue of 213,157,895 Shares;
- (i) a formal sale and purchase agreement dated 22 December 2010 between (i) Golden Island; and (ii) Fu Kiu relating to the sale and purchase of the Property as set out in paragraph (f) above;
- (j) a deed of assignment dated 16 February 2011 between (i) Golden Island; and (ii) Fu Kiu relating to the sale and purchase of the Property as set out in paragraph (f) above;
- (k) an acquisition agreement dated 8 February 2011 between (i) Win Castle Group Limited (“Win Castle”) (a wholly owned subsidiary of the Company) (as purchaser); and (ii) Cheng Films and Video Production Limited (as vendor) relating to the sale and purchase of 1,053,186 Preference A Shares of Xinya Media Private Limited (“Xinya Media”) at a cash consideration of US\$3,000,000.33 (equivalent to approximately HK\$23,310,000);
- (l) a form of provisional sale and purchase agreement dated 2 March 2011 between (i) Golden Island (as vendor); and (ii) Maxwell Pacific Limited (“Maxwell”) (as purchaser) relating to the sale and purchase of the property at Portion A2 of Portion A and Portion B on 2nd Floor, Star House, 3 Salisbury Road, Tsim Sha Tsui, Kowloon at the price of HK\$250 million;

- (m) the Subscription Agreement;
- (n) the Sale and Purchase Agreement;
- (o) a formal sale and purchase agreement dated 28 March 2011 between (i) Golden Island; and (ii) Maxwell relating to the sale and purchase of the Property as set out in paragraph (l) above;
- (p) a deed of assignment dated 1 April 2011 between (i) Golden Island; and (ii) Maxwell relating to the sale and purchase of the Property as set out in paragraph (l) above; and
- (q) a subscription agreement dated 11 April 2011 between (i) Win Castle and (ii) Gobi Fund II, L.P. (both as subscribers); and (iii) Xinya Media, relating to the subscription of 351,062 new Preference A Shares of Xinya Media by each of the subscribers at a cash consideration of US\$1,000,000.11 (equivalent to approximately HK\$7,769,000).

Save as disclosed above, no contract was entered by into by members of the Enlarged Group which were not in the ordinary course of business and are or may be material in the two years immediately preceding the Latest Practicable Date.

GENERAL

- (a) The secretary of the Company is Ms. Cheung Mei Ha, Jennifer. She is a solicitor practising in Hong Kong.
- (b) The registered office of the Company is at Clarendon House, Church Street, Hamilton HM11, Bermuda.
- (c) The Hong Kong share registrar of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal office of the Company at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong during normal business hours up to and including the date of the SGM:

- (a) the Memorandum of Association and the Bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 March 2010 and the interim report of the Company for the six months ended 30 September 2010;
- (c) the accountants' report on the Target Group and the report regarding unaudited proforma financial information of the Enlarged Group, the texts of which are set out in appendix III and appendix IV;
- (d) the Subscription Agreement and the Sale and Purchase Agreement;
- (e) the material contracts referred to in the paragraph headed "Material contracts" in this appendix; and
- (f) the written consents referred to in the paragraph headed "Consents" in this appendix.

NOTICE OF SPECIAL GENERAL MEETING



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 of the above mentioned company (the “Company”) will be held at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong on Friday, 13 May 2011 at 4:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement (the “**Subscription Agreement**”) dated 21 March 2011 entered into between the Company as issuer and Commotra Company Limited (or its nominee) (the “**Subscriber**”) as subscriber (a copy of which having been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) in respect of the subscription (the “**Subscription**”) for 1,333,333,333 new shares (each a “**Share**”) of HK\$0.05 each in the capital of the Company (the “**Subscription Shares**”) at an aggregate subscription price (the “**Subscription Price**”) of HK\$160,000,000 and the matters contemplated thereby, including but not limited to the entering into of the deed of assignment and set off (the “**Deed of Assignment and Set Off**”) among the Company, the Subscriber and the Vendor (as defined below) in respect of the assignment of rights and benefits in the Consideration (as defined below) from the Vendor to the Subscriber and the offset of Consideration against the Subscription Price, be and are hereby approved, confirmed and ratified;

NOTICE OF SPECIAL GENERAL MEETING

- (b) the terms and conditions of the Subscription be and are hereby approved and a specific mandate be granted to the directors (each a “**Director**”) of the Company to allot and issue the Subscription Shares to the Subscriber in accordance with the terms and conditions of the Subscription Agreement; and
- (c) any one Director be and is hereby authorised to do all such acts and things and execute all such documents (under seal where applicable) as they consider necessary or expedient in connection with and to give effect to the Subscription and the transactions contemplated thereunder.”

2. “**THAT**

- (a) the sale and purchase agreement dated 21 March 2011 (the “**Sale and Purchase Agreement**”) entered into between the Company as purchaser and China Resources (Holdings) Company Limited (the “**Vendor**”) as vendor (a copy of the which having been produced to the meeting and marked “B” and initialed by the chairman of the meeting for the purpose of identification) in respect of the sale and purchase (the “**Acquisition**”) of the entire issued share capital of China Resources Advertising & Exhibition Company Limited at a total consideration of HK\$110,000,000 (the “**Consideration**”) and the matters contemplated thereby (including but not limited to the entering into of the Deed of Assignment and Set Off) be and are be and are hereby approved, confirmed and ratified; and
- (b) any one Director be and is hereby authorised to do all such acts and things and execute all such documents (under seal where applicable), as they consider necessary or expedient in connection with and to give effect to the Acquisition and the transactions contemplated thereunder.

By Order of the Board
Culture Landmark Investment Limited
Cheng Yang
Chairman

Hong Kong, 26 April 2011

NOTICE OF SPECIAL GENERAL MEETING

Principal Office:

Rooms 2501-05, 25th Floor

China Resources Building

No. 26 Harbour Road

Wanchai

Hong Kong

Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy (or proxies if the member holds more than two shares) to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for the meeting is enclosed. In order to be valid the form of proxy must be deposited at the Company's principal office together with a power of attorney or other attorney, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the meeting or adjourned meeting.
3. The voting on the resolution at the meeting will be conducted by way of poll.