THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Culture Landmark Investment Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and Forms of Acceptance, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the Forms of Acceptance.

GRAND NICE INTERNATIONAL LIMITED
(incorporated in the British Virgin Islands with limited liability)

CULTURE LANDMARK INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)
(Stock Code: 674)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY CONDITIONAL CASH OFFERS BY

KINGSTON SECURITIES

ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR) AND TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY

Financial adviser to the Offeror

KINGSTON CORPORATE FINANCE

Financial adviser to the Company

BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

Independent Financial Adviser to the Independent Board Committee

Donvex 富域資本
Donvex Capital Limited
富域資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Kingston Securities containing, among other things, details of the terms of the Offers is set out on pages 10 to 20 of this Composite Document.

A letter from the Board is set out on pages 21 to 25 of this Composite Document. A letter from the Independent Board Committee is set out on pages 26 to 27 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, the Independent Shareholders and Options Holders in respect of the terms of the Offers, is set out on pages 28 to 46 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. Acceptance of the Share Offer should be received by the Registrar and acceptances of the Option Offer should be received by the company secretary of the Company as soon as possible and in any event no later than 4:00 p.m. on 23 December 2016 or such later time and/or date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

The Composite Document will remain on the websites of the Stock Exchange at http://www.hkexnews.hk and the Company at (www.tricor.com.hk/webservice/000674) as long as the Offers remain open.

2 December 2016

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EXPECTED TIMETABLE

The expected timetable sets out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

All time and date references contained in this Composite Document refer to Hong Kong time and dates.

Event	Time & Date
Despatch date of this Composite Document and the Forms of Acceptance *(Note 1)*	Friday, 2 December 2016
Offers open for acceptance *(Note 1)*	Friday, 2 December 2016
Latest time and date for acceptance of Offers on the Offers Closing Date *(Note 2)*	4:00 p.m. on Friday, 23 December 2016
Offers Closing Date *(Note 2)*	Friday, 23 December 2016
Announcement of the results of the Offers on the website of the Stock Exchange *(Note 2)*	not later than 7:00 p.m. on Friday, 23 December 2016
Latest date for posting of remittances in respect of valid acceptances received under the Offers by the Offers Closing Date (assuming the Offers become or are declared unconditional on such date) *(Note 3)*	Friday, 6 January 2017
Latest time and date for the Offers to remain open for acceptance (assuming the Offers become or are declared unconditional on the Offers Closing Date) *(Note 4)*	4:00 p.m. on Friday, 6 January 2017
Final closing date of the Offers if the Offers become or are declared unconditional on the Offers Closing Date	Friday, 6 January 2017

Event	Time & Date
Latest date of posting of remittances in respect of valid acceptances received under the Offers on or by 4:00 p.m. on Friday, 6 January 2017, being the latest date on which the Offers remain open for acceptances (assuming the Offers become or are declared unconditional in all respects on the Offers Closing Date) *(Notes 3 and 4)*	Tuesday, 17 January 2017
Latest time and date by which the Offers can be declared unconditional as to acceptances *(Note 5)*	7:00 p.m. on Wednesday, 1 February 2017

Notes:

1. The Offers, which are conditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Offers Closing Date, unless the Offeror revised or extended the Offers in accordance with the Takeovers Code. Subject to the condition of the Offers set out in the "Letter from Kingston Securities" contained in this Composite Document, acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "Right of withdrawal" in Appendix I to this Composite Document.

2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offers will be closed at 4:00 p.m. on the Offers Closing Date unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror on the website of the Stock Exchange by 7:00 p.m. on the Offers Closing Date, stating the results of the Offers and whether the Offers have been extended, revised or expired or have become or are declared unconditional in all respects. In the event that the Offeror decides to extend the Offers and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offers are closed to those Independent Shareholders and Option Holders who have not accepted the Offers. An acceptor of the Offers shall be entitled to withdraw his acceptance after 21 days from the first closing date of the Offers if the Offers have not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offers become or are declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.

   If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Offers Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be on the same day, i.e. 4:00 p.m. on the Offers Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Option Holders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of: (i) the date on which the Offers become or are declared unconditional in all respects; or (ii) the date of receipt of all relevant acceptance documents required to render the acceptance by the Registrar (in case of Offer Shares) or the Company secretary of the Company (in case of Option Offer) complete and valid in accordance with the Takeovers Code.

4. In accordance with the Takeovers Code, where the Offers become or are declared unconditional in all respects, the Offers should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offers are closed to the Independent Shareholders and Option Holders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive. The Option Offer is conditional upon Share Offer becoming or being declared unconditional in all respects and will remain open for as long as the Share Offer remains open for acceptance.

5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offers may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day of the posting of this Composite Document. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offers have previously become or is declared unconditional in all respects as to acceptance, the Offers will lapse after 7:00 p.m. on Wednesday, 1 February 2017, unless extended with the consent of the Executive.

Save as mentioned above, if the latest time for the acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

NOTICE TO HOLDERS OUTSIDE HONG KONG

The making of the Offers to persons with a registered address in jurisdictions outside of Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Overseas Option Holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners, Donvex Capital, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see "Overseas Shareholders and Overseas Option Holders" in the "Letter from Kingston Securities".

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, those defined terms are not included in the table below:

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"associate(s)"	has the same meaning ascribed to it under the Takeovers Code
"BaoQiao Partners"	BaoQiao Partners Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the financial adviser to the Company
"Board"	the board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	Culture Landmark Investment Limited, a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange (stock code: 674)
"Composite Document"	this composite offer and response document in respect of the Offers jointly issued by the Offeror and the Company to be despatched to the Independent Shareholders and the Option Holders
"Director(s)"	the director(s) of the Company
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director

"Facility"	a standby loan facility granted by Kingston Securities to the Offeror to finance its financial obligations under the Offers
"Forms of Acceptance"	collectively, the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and the "Form of Acceptance" shall mean each and any one of them
"Form of Option Offer Acceptance"	the yellow form of acceptance and cancellation of the Options and in respect of the Option Offer accompanying this Composite Document
"Form of Share Offer Acceptance"	the white form of acceptance and transfer of the Offer Shares and in respect of the Share Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders and the Option Holders in respect of the Offers
"Independent Financial Adviser" or "Donvex Capital"	Donvex Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Option Holders in respect of the Offers
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the joint announcement issued by the Offeror and the Company dated 25 October 2016 in relation to, among other things, the Share Acquisition and the Offers

"Kingston Corporate Finance"	Kingston Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, who has been appointed as the financial adviser to the Offeror
"Kingston Securities"	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
"Last Trading Day"	18 October 2016, being the last full trading day immediately prior to the suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	29 November 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Chen"	Mr. Chen Weiwu, the ultimately beneficial owner and sole shareholder of the Offeror
"Mr. Cheng"	Mr. Cheng Yang, an executive Director, the chairman and the chief executive officer of the Company
"Ms. Bai"	Ms. Bai Xue, the spouse of Mr. Cheng
"Offer Period"	the period commencing on 14 October 2016 up to and including the Offers Closing Date
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror
"Offeror"	Grand Nice International Limited, a company incorporated in the British Virgin Islands with limited liability

"Offers"	the Share Offer and the Option Offer
"Offers Closing Date"	the first closing date of the Offers, which is 21 calendar days after the posting of this Composite Document, or any subsequent closing dates of the Offers as may be extended in accordance with the Takeovers Code
"Option Holders"	holders of the Options
"Option Offer"	the mandatory conditional cash offer made by Kingston Securities, on behalf of the Offeror, for cancellation of all outstanding Options in accordance with the Takeovers Code
"Option Offer Price"	the price at which the Option Offer is made, being HK$0.001 per outstanding Option
"Option(s)"	option(s) granted by the Company pursuant to the new share option scheme of the Company approved by Shareholders on 29 August 2012 and adopted with effect on 30 August 2012, which entitle(s) holder(s) thereof to subscribe for Shares in accordance with the terms and conditions thereof
"Option Share(s)"	the underlying Share(s) that may be allotted and issued to Option Holder(s) upon the exercise of the outstanding Option(s)
"Overseas Option Holder(s)"	Option Holder(s) whose registered addresses, as shown on the register of Option Holders of the Company, are outside Hong Kong
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"PRC"	People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

"Relevant Period"	the period from 14 April 2016, being six months prior to 14 October 2016 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date
"Sale Share(s)"	any Shares referred to under the Sale Shares I and the Sale Shares II
"Sale Share(s) I"	321,529,611 Shares acquired by the Offeror from Vendor I under the SPA I, representing approximately 29.83% of the total issued share capital of the Company as at the Latest Practicable Date
"Sale Share(s) II"	88,000,000 Shares acquired by the Offeror from Vendor II under the SPA II, representing approximately 8.16% of the total issued share capital of the Company as at the Latest Practicable Date
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share(s)"	the ordinary share(s) of HK$0.05 (each) in the share capital of the Company
"Share Acquisition"	acquisition of the Sale Shares by the Offeror
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the mandatory conditional cash offer made by Kingston Securities, on behalf of the Offeror, for all the issued Shares not already owned or agreed to be acquired by the Offeror in accordance with the Takeovers Code
"Share Offer Price"	the price at which the Share Offer is made, being HK$0.33 per Offer Share

"SPA I"	the sales and purchase agreement dated 18 October 2016 entered into by Vendor I and the Offeror for the sale and purchase of the Sale Shares I
"SPA II"	the instrument of transfer and the bought and sold notes dated 18 October 2016 entered into by Vendor II and the Offeror for the sale and purchase of the Sale Shares II
"SPA I Consideration"	HK$106,104,771.63, being the aggregate consideration for the acquisition of the Sale Shares I under SPA I
"SPA II Consideration"	HK$29,040,000.00, being the aggregate consideration for the acquisition of Sale Shares II under SPA II
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
"Vendors"	collectively,Vendor I and Vendor II
"Vendor I"	Mr. Cheng
"Vendor II"	Idea Elite Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

KINGSTON SECURITIES LTD.

2 December 2016

To the Independent Shareholders and Option Holders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY KINGSTON SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR) AND TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY

INTRODUCTION

Reference is made to the Joint Announcement. On 18 October 2016, the Offeror entered into the SPA I and the SPA II with Vendor I and Vendor II respectively, and the completion of both SPA I and SPA II took place on 20 October 2016. Upon completion of the SPA I, the Offeror acquired the Sale Shares I, being 321,529,611 Shares representing approximately 29.83% of the total issued share capital of the Company as at the Latest Practicable Date, at the SPA I Consideration of HK$106,104,771.63 (equivalent to HK$0.33 per Sale Share). Upon completion of the SPA II, the Offeror acquired the Sale Shares II, being 88,000,000 Shares representing approximately 8.16% of the total issued share capital of the Company as at the Latest Practicable Date, at the SPA II Consideration of HK$29,040,000.00 (equivalent to HK$0.33 per Sale Share).

Immediately preceding to the completion of SPA I and SPA II, none of the Offeror, Mr. Chen and parties acting in concert with any of them owns any Shares. Immediately following the completion of the SPA I and SPA II and as at the Latest Practicable Date, the Offeror, Mr. Chen and parties acting in concert with any of them held in aggregate 409,529,611 Shares, representing approximately 38.00% of the entire issued share capital of the Company. The Offeror is therefore required under Rule 26.1 and Rule 13.5 of the Takeovers Code to make mandatory conditional cash offers for all the issued Shares not already owned and/or agreed to be acquired by it and for the cancellation of all the outstanding Options.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Group. The terms of the Offers and procedures for acceptance are set out in this letter, Appendix I to this Composite Document of which this letter forms part, and the accompanying Forms of Acceptance. The Independent Shareholders and Option Holders are strongly advised to consider carefully the information contained in the "Letter from the Board", "Letter from the Independent Board Committee" and "Letter from the Independent Financial Adviser" as set out in this Composite Document.

THE OFFERS

Principal terms of the Offers

We, Kingston Securities, on behalf of the Offeror, is making the Offers on the following terms in accordance with Rule 26.1 and Rule 13.5 of the Takeovers Code:

The Share Offer

for each Share under the Share Offer . . . . . .HK$0.33 in cash

The Option Offer

for cancellation of each outstanding Option
(with an exercise price of HK$0.513 per Option Share) . . . . . .HK$0.001 in cash

The Share Offer Price of HK$0.33 for each Share under the Share Offer is the same as the price per each Sale Share being acquired by the Offeror pursuant to the SPA I and SPA II respectively. The Share Offer extends to all Shareholders other than the Offeror in accordance with the Takeovers Code.

Under the Option Offer, since the exercise price of the outstanding Options is above the Share Offer Price, the outstanding Options are out of money and, therefore, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK$0.001.

Condition to the Offers

The Offers are subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfilment of the aforesaid condition to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional as to acceptance is 7:00 p.m. on the 60th day after the day of the posting of this Composite Document (or such later date to which the Executive may consent); i.e. on Wednesday, 1 February 2017.

WARNING: Shareholders and/or potential investors of the Company should note that the Offers are subject to the satisfaction of the aforesaid condition. The Offers may or may not become unconditional in all respects. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

Share Offer Price

The Share Offer Price of HK$0.33 per Offer Share represents:

(i) a discount of approximately 15.38% to the closing price of HK$0.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 21.43% to the closing price of HK$0.42 per Share as quoted on the Stock Exchange on 13 October 2016, being the last Business Day prior to the commencement of the Offer Period;

(iii) a discount of approximately 38.89% to the closing price of HK$0.54 per Share as quoted on the Stock Exchange on 18 October 2016, being the Last Trading Day;

(iv) a discount of approximately 31.68% to the average closing price of approximately HK$0.483 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;

(v) a discount of approximately 22.90% to the average closing price of approximately HK$0.428 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;

(vi) a discount of approximately 12.43% to the average closing price of approximately HK$0.377 per Share as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and

(vii) a premium of approximately 200.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK$0.110 per Share as at 31 March 2016, calculated based on the Group's audited consolidated net assets value attributable to the owners of the Company of approximately HK$118,431,131 as at 31 March 2016 and 1,077,778,570 Shares in issue as at the Latest Practicable Date.

Highest and lowest closing price of the Shares

During the Relevant Period:

(i) the highest closing price of the Shares quoted on the Stock Exchange was HK$0.567 per Share on 22 April 2016; and

(ii) the lowest closing price of the Shares quoted on the Stock Exchange of HK$0.310 per Share on 17 August 2016 and 22 August 2016.

Value of the Offers

As at the Latest Practicable Date, the Company has a total of 1,077,778,570 Shares in issue and 27,942,462 Options outstanding. Hence, assuming that there is no other change in the issued share capital of the Company (save for such changes as mentioned below) and that up to the close of the Offers:

(i) none of the outstanding Options (which carry rights to subscribe for up to 27,942,462 Shares) are exercised prior to the close of the Offers, there will be 668,248,959 Shares subject to the Share Offer and 27,942,462 Options subject to the Option Offer; or

(ii) all of the outstanding Options (which carry rights to subscribe for up to 27,942,462 Shares) are exercised in full prior to the close of the Offers, there will be 1,105,721,032 Shares in issue and a total of 696,191,421 Shares will be subject to the Share Offer and no Option will be subject to the Option Offer. In the event that there is no outstanding Option at the time when the Offeror makes the Offers, no Option Offer will be made.

Under scenario (i) above, on the basis of full acceptance of the Offers, the cash consideration payable by the Offeror under the Share Offer and the Option Offer will be HK$220,522,156.47 and HK$27,942.46 respectively, amounting to a total of approximately HK$220,550,098.93.

Under scenario (ii) above, on the basis of full acceptance of the Share Offer, the cash consideration payable by the Offeror under the Share Offer will be approximately HK$229,743,168.93.

Confirmation of financial resources

The Offeror will finance the consideration payable under the Offers from the Facility granted by Kingston Securities (as lender) to the Offeror (as borrower) for the purpose of financing the Offer. Pursuant to the terms and conditions of the Facility, the Sale Shares and the Offer Shares to be acquired by the Offeror under the Share Offer shall be deposited with Kingston Securities as collateral for the Facility. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the Facility will not depend to any significant extent on the business of the Group.

Kingston Corporate Finance, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offers.

Effect of accepting the Offers

The Offers are conditional as disclosed in the paragraph headed "Condition to the Offers" in this letter. Subject to the Offers becoming unconditional in all respects, the acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Share Offer are sold by such person or persons free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document.

Acceptance of the Option Offer by the Option Holders will result in the cancellation of those outstanding Options, together with all rights attaching thereto.

Overseas Shareholders and Overseas Option Holders

As the Offers to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are resident, Overseas Shareholders or Overseas Option Holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders or Overseas Option Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes or other required payments due by the accepting Overseas Shareholders or Overseas Option Holders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholder or Overseas Option Holder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Option Holder to the Offeror that all local laws and requirements in respect of such Overseas Shareholder or Overseas Option Holder have been complied with and that the Share Offer and the Option Offer can be accepted by such Overseas Shareholder or Overseas Option Holder lawfully under the laws of the relevant jurisdiction. The Overseas Shareholders or Overseas Option Holders should consult their professional advisers if in doubt.

Attention of the Overseas Shareholders and Overseas Option Holders is drawn to paragraph headed "7. Overseas Shareholders and Overseas Option Holders" of Appendix I to this Composite Document.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by the relevant Independent Shareholders at the rate of 0.1% of (i) the value of the consideration arising on acceptance of the Share Offer; or (ii) the market value of the Offer Shares, whichever is higher, and will be deducted from the amount payable to the Independent Shareholders who accept the Share Offer. The Offeror will bear buyer's ad valorem stamp duty in respect of acceptance of the Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Offer Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Settlement of the consideration

Subject to the Offers having become, or have been declared, unconditional, remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Option Holders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date the Offers become unconditional and the date of receipt of all relevant documents (receipt of which renders such acceptance complete and valid) in accordance with the Takeovers Code.

Return of documents

If the Offers do not become, or are not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or certificate(s) of Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the company secretary of the Company (in the case of the Option Offer) will be returned to the Independent Shareholders and Option Holders who have accepted the Offers by ordinary post at the Independent Shareholders' and Option Holders' own risk as soon as possible but in any event within ten days after the Offers have lapsed.

Tax implications

Independent Shareholders and/or the Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners, Donvex Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers is in a position to advise the Independent Shareholders and/or the Option Holders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the British Virgin Islands with limited liability on 22 November 2011. The Offeror is an investment holding company and had not carried on any business since its incorporation until the entering into of the SPA I and SPA II. As at the Latest Practicable Date, the Offeror is wholly owned by Mr. Chen, who is also the sole director of the Offeror. Further information of Mr. Chen is set out under the sub-paragraph headed "Proposed Change of the board composition of the Company" in this letter.

The Offeror and Mr. Chen are third parties independent of, and not acting in concert with, Vendor I and Vendor II. Immediately preceding to the completion of SPA I and SPA II, none of the Offeror, Mr. Chen and parties acting in concert with any of them owns any Shares.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Following the close of the Offers, the Offeror intends to continue the existing principal businesses of the Group as mentioned in the "Letter from the Board" in this Composite Document. Following completion of the Offers, the Offeror will conduct a review on the business operations and financial position of the Group for the purpose of formulating suitable business plans and strategies for the future business development of the Group. In light of the experience and business network of Mr. Chen in the real estate industry, the Offeror will also consider any suitable acquisition opportunities in real estate related business or projects to develop and expand the existing business of the Group. Furthermore, subject to the results of the review as aforementioned, should suitable investment or business opportunities arise, the Offeror may consider acquisition of assets and/or business by the Group in order to enhance its financial performance as well as value to the Shareholders in the long run. As at the Latest Practicable Date, save in connection with the Offeror's intention regarding the Group as disclosed above, the Offeror has no plan for any acquisition or disposal of the existing assets or business of the Group, nor any redeployment of fixed assets of the Company. As at the Latest Practicable Date, save in connection with the Offeror's intention regarding the potential changes to the members of the Board as further detailed in the paragraph below, the Offeror has no intention to discontinue the employment of any employees of the Group.

Proposed change of board composition of the Company

The Board is currently made up of four Directors, comprising two executive Directors and two independent non-executive Directors. All of the Directors will resign with effect after the end of the Offers and in any event in compliance with the Takeovers Code. To ensure there will be continuity in the management of the Group's business, current directors of the subsidiaries of the Company shall remain as the directors of the subsidiaries.

The Offeror intends to nominate the following new Director to the Board with effect from the earliest time permitted under the Takeovers Code or the Stock Exchange or any other later time as it thinks appropriate:

Executive Director:

Mr. Chen Weiwu (陳偉武) ("Mr. WW Chen"), aged 33, is a business entrepreneur and has experience in the real estate industry. Mr. WW Chen is the chairman and ultimate beneficial owner of 北京天安科創置業有限公司(Beijing Tian'an Innovation Technology and Estates Limited*), a real estate development company established in the PRC with over RMB780 million total asset as at 31 December 2015. Its latest property development project is 天驥·智谷, located at 中華人民共和國北京經濟技術開發區 (Beijing Economic and Technological Development Area, PRC*), with a total land area of approximately 130,000 square meters. Mr. WW Chen is the sole ultimate beneficial shareholder and sole director of the Offeror.

In addition to Mr. WW Chen, the Offeror will nominate further Directors (including independent non-executive Directors) to the Board as such time as it considers appropriate. Should there be any change to the Board, it will be made in compliance with the Takeovers Code and the Listing Rules. Further announcement(s) will be made upon any appointment of new Directors.

Public float and maintaining the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

a. a false market exists or may exist in the trading of the Shares; or

b. there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealing in the Shares.

The sole director of the Offeror has undertaken to the Stock Exchange to procure the Offeror to take appropriate steps to ensure that sufficient public float exists in the Shares.

(For identification purpose only)*

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of the remaining Shares not acquired under the Offers after the close of the Offers.

FURTHER DETAILS OF THE OFFERS

Further details regarding the Offers, including the terms of the Offers and procedures for acceptance are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

GENERAL

This Composite Document has been prepared for the purposes of complying the laws of Hong Kong, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

All documents and remittances to be sent to the Independent Shareholders and/or Option Holders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders and Option Holders at their respective addresses as they appear in the register of the members or register of Option Holders of the Company or in the case of joint Shareholders, to such Shareholder whose name appears first in the register of members of the Company. The Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners, Donvex Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chan, Cynthia Yin Tong
Director

CULTURE LANDMARK INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

Executive Directors:
Mr. Cheng Yang
Ms. Lei Lei

Independent non-executive Directors:
Mr. Tong Jingguo
Mr. Yang Rusheng

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:
Rooms 2501-2505
25/F, China Resources Building
26 Harbour Road
Wanchai
Hong Kong

2 December 2016

To the Independent Shareholders and Option Holders,

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY KINGSTON SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR) AND TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY

INTRODUCTION

Reference is made to the Joint Announcement.

As announced in the Joint Announcement that, after the Stock Exchange trading hours on 18 October 2016, the Offeror entered into the SPA I and SPA II with Vendor I and Vendor II respectively, and the completion of both SPA I and SPA II took place on 20 October 2016.

Immediately after the completion of both SPA I and SPA II and as at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 409,529,611 Shares, representing approximately 38.00% of the entire issued share capital of the Company. As set out in "Letter from Kingston Securities" contained in this Composite Document, pursuant to Rule 26.1 and Rule 13.5 of the Takeovers Code, the Offeror is required to make mandatory conditional cash offers for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror) and for the cancellation of all the outstanding Options.

The Offers are subject to valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offers Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired by the Offeror before or during the Offers, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company.

The purpose of this Composite Document, of which this letter forms part, is to provide you with, among others, information relating to the Group and the Offers as well as setting out the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders and Option Holders in respect of the Offers and the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee, the Independent Shareholders and Option Holders in respect of the Offers.

MANDATORY CONDITIONAL CASH OFFERS

The "Letter from Kingston Securities" set out on pages 10 to 20 in this Composite Document contained the information in respect of the Offers including those set out below.

According to the "Letter from Kingston Securities" in this Composite Document, Kingston Securities, on behalf of the Offeror, is making the Offers on the following terms in accordance with Rule 26.1 and Rule 13.5 of the Takeovers Code on the following basis:

The Share Offer

for each Share under the Share Offer . . . . . HK$0.33 in cash

The Option Offer

for cancellation of each outstanding Option
(with an exercise price of HK$0.513 per Option Share) . . . . . HK$0.001 in cash

Under the Option Offer, since the exercise price of the outstanding Options is above the Share Offer Price, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK$0.001.

Further details of the Offers, including, among other things, the terms and condition and the procedures for acceptance and settlement are set out in the "Letter from Kingston Securities" in this Composite Document, Appendix I to this Composite Document and the accompanying Forms of Acceptance.

As at the Latest Practicable Date, the Company has a total of 1,077,778,570 Shares in issue and 27,942,462 Options outstanding. Save as disclosed above, the Company has no other outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company as at the Latest Practicable Date.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Kingston Securities" contained in this Composite Document for the information of the Offeror.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda with limited liability and its Shares being listed on the Main Board of the Stock Exchange. The Group is principally engaged in license fee collection and provision of intellectual property enforcement services business; exhibition-related business; property sub-leasing business; property development and investment; sludge and sewage treatment business; entertainment business; and food and beverages business.

Your attention is drawn to Appendices II and IV to this Composite Document which contain further financial and general information of the Group.

OFEROR'S INTENTION ON THE GROUP AND PROPOSED CHANGE OF COMPOSITION OF THE BOARD

Your attention is drawn to the section headed "Intentions of the Offeror regarding the Group" in the "Letter from Kingston Securities" as set out in this Composite Document for the Offeror's intention with respect to the Group and the proposed change of the composition of the Board.

The Board is aware of the Offeror's intention in respect of the Group and is willing to co-operate with the Offeror and act in the best interests of the Company and its Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Board noted from the "Letter from Kingston Securities" as set out in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offers.

The sole director of the Offeror has undertaken to the Stock Exchange to procure the Offeror to take appropriate steps to ensure that sufficient public float exists in the Shares following the close of the Offers.

The Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealing in the Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Tong Jingguo and Mr. Yang Rusheng has been established to make a recommendation to the Independent Shareholders and Option Holders regarding the Offers.

Donvex Capital Limited has been appointed with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and Option Holders in respect of the Offers.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 26 to 27 of this Composite Document, which set out the recommendation to the Independent Shareholders and Option Holders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser on pages 28 to 46 of this Composite Document, which set out its recommendation and advice to the Independent Board Committee, the Independent Shareholders and Option Holders as to the fairness and reasonableness of the Offers and as to acceptance of the Offers, and the principal factors and reasons it has considered before arriving at its advice.

ADDITIONAL INFORMATION

You are recommended to read this Composite Document and the accompanying Forms of Acceptance for information relating to the terms of the Offers and procedures for acceptance and settlement of the Offers. Your attention is also drawn to the additional information set out in the appendices to this Composite Document.

WARNING

Independent Shareholders/Option Holders and potential investors of the Company should be aware that the Offers are subject to the satisfaction of the "Condition to the Offers" as set out in the "Letter from Kingston Securities" in this Composite Document. Accordingly, the Offers may or may not become unconditional. Independent Shareholders/Option Holders and potential investors should therefore exercise caution when dealing in Shares and exercising other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their licensed securities dealer or registered institution in securities, bank manager, solicitor or other professional advisers.

Yours faithfully,
By order of the Board of
Culture Landmark Investment Limited
LEI LEI
Executive Director

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers

CULTURE LANDMARK INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

2 December 2016

To the Independent Shareholders and Option Holders

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY KINGSTON SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR) AND TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY

We refer to the Composite Document dated 2 December 2016 jointly issued by the Offeror and the Company, of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders and Option Holders as to whether or not the terms of the Offers are fair and reasonable and to make a recommendation as to acceptance of the Offers.

Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above.

We wish to draw your attention to the "Letter from Kingston Securities", the "Letter from the Board" and the "Letter from the Independent Financial Adviser" as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

RECOMMENDATION

Having considered the terms of the Offers, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Option Holders are concerned. Accordingly, we recommend you to accept the Offers.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Share Offer. Should the market price of the Shares exceed the Share Offer Price during the period of the Share Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Share Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Share Offer.

The Option Holders should also monitor the market prices of the Shares during the Offer Period and should consider converting their Options and selling the conversion shares in the open market instead of accepting the Option Offer if the sale proceeds (net of transaction costs) exceed the net amount receivable under the Option Offer.

In any case, the Independent Shareholders and Option Holders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders and Option Holders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders and Option Holders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as detailed in Appendix I to this Composite Document.

Yours faithfully,
For and on behalf of the
INDEPENDENT BOARD COMMITTEE

Tong Jingguo
Independent non-executive Director

Yang Rusheng
Independent non-executive Director

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

2 December 2016

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

Dear Sir or Madam,

MANDATORY CONDITIONAL CASH OFFERS BY KINGSTON SECURITIES LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF THE COMPANY (OTHER THAN THOSE SHARES ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR) AND TO CANCEL ALL OUTSTANDING OPTIONS OF THE COMPANY

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise to the Independent Board Committee, the Independent Shareholders and Options Holders in respect of the terms of the Offers, details of which are set out in the composite document jointly issued by the Offeror and the Company dated 2 December 2016 (the "**Composite Document**"), of which this letter forms part. Capitalized terms used herein have the same meanings as defined elsewhere in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement. On 18 October 2016, the Offeror entered into the SPA I and the SPA II with Vendor I and Vendor II respectively, and the completion of both SPA I and SPA II took place on 20 October 2016. Upon completion of the SPA I, the Offeror acquired the Sale Shares I, being 321,529,611 Shares, representing approximately 29.83% of the total issued share capital of the Company as at the Latest Practicable Date, at the SPA I Consideration of HK$106,104,771.63 (equivalent to HK$0.33 per Sale Share). Upon completion of the SPA II, the Offeror acquired the Sale Shares II, being 88,000,000 Shares representing approximately 8.16% of the total issued share capital of the Company as at the Latest Practicable Date, at the SPA II Consideration of HK$29,040,000 (equivalent to HK$0.33 per Sale Share).

Immediately following the completion of SPA I and SPA II and as at the Latest Practicable Date, the Offeror and parties acting in concert with any of them were interested in a total of 409,529,611 Shares, representing approximately 38.00% of the entire issued shares capital of the Company. Pursuant to Rules 26.1 and 13.5 of the Takeovers Code, the Offeror and the parties acting in concert with it are required to make mandatory conditional cash offers for all the issued Shares not already owned by or agreed to be acquired by the Offeror and the parties acting in concert with it and for the cancellation of all outstanding Options.

The Independent Board Committee, comprising Mr. Tong Jingguo and Mr. Yang Rusheng, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders and Option Holders on (i) whether the terms of the Offers are fair and reasonable and (ii) whether to accept the Offers. The Independent Board Committee has approved our appointment as the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and Options Holders in connection with the Offers in accordance with Rule 2.1 of the Takeovers Code. Being the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee, the Independent Shareholders and Option Holders in this regard.

Apart from normal professional fees for our services to the Company in connection with this engagement, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We are independent of and not connected with any members of the Group and the Offeror, or any of their substantial shareholders, directors or chief executives, or any of their respective associates and accordingly, are qualified to give an independent advice in respect of the Offers. In the past two years, we did not act as independent financial adviser to other transactions of the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders and the Option Holders, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations provided to us by the Company and/or the Offeror. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Composite Document, which have been provided by the Company and/or the Offeror and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date and should there be any material changes after the despatch of the Composite Document, Shareholders would be notified as soon as possible.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendor I, the Vendor II and parties acting in concert with any of them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than that expressed by the Company, the Vendor I, the Vendor II and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Offeror and parties acting in concert with it, the terms of the Offers and the future intentions of the Offeror in respect of the Group) and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in the Composite Document misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Composite Document and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group or any parties involved in the Offers.

We have not considered the tax and regulatory implications on the Independent Shareholders and Option Holders of acceptance or non-acceptance of the Offers since these depend on their individual circumstances. In particular, the Independent Shareholders and Option Holders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser. In particular, Qualifying Shareholders subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offers and, if in any doubt, should consult their own professional advisers.

This letter is issued for the information for the Independent Board Committee, the Independent Shareholders and the Option Holders solely in connection with their consideration of the Offers and, except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation on the Offers, we have taken into consideration the following principal factors and reasons:

1. Background information of the Company

Principal business

The Group is principally engaged in licence fee collection and provision of intellectual property enforcement services business; exhibition-related business; property sub-leasing business; property development and investment; sludge and sewage treatment; entertainment business, and food and beverages business.

Historical financial information

Set out below is a summary of the financial results of the Group for each of the two financial years ended 31 March 2016 and six months ended 30 September 2016 as extracted from the annual report of the Company for the financial year ended 31 March 2016 and the interim report of the Company for the six months ended 30 September 2016 (the "**2016 Interim Report**").

	For the six months ended 30 September		**For the year ended 31 March**	
	2016	**2015**	**2016**	**2015**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue	35,811	57,363	111,977	141,379
Other income and gains	3,002	975	20,925	7,321
Operating expenses	(78,708)	(91,681)	(203,205)	(284,948)
Impairment losses	(8)	—	(62,577)	(336,346)
Share of (losses)/profits of associates	—	—	(167)	616
Income tax (expense)/credit	(351)	(369)	(765)	21,418
Loss for the period from discontinued operations	(57)	(1,577)	—	—
Loss for the period/year	(40,311)	(35,289)	(133,812)	(450,560)
Loss for the period/year attributable to owners of the Company	(40,211)	(35,796)	(131,334)	(445,230)
Loss per Share from continuing operations (HK cents)	(5.20)	(4.87)	(18.28)	(70.06)

	As at 30 September 2016	As at 31 March 2016	2015
	HK$'000	*HK$'000*	*HK$'000*
	(unaudited)	(audited)	(audited)
Non-current assets	143,468	189,515	157,605
Current assets	326,316	217,952	338,742
— Cash and bank balances	170,861	103,035	109,558
Current liabilities	(259,710)	(263,242)	(226,448)
— Bank borrowings	(57,028)	(50,702)	(33,923)
Non-current liabilities	(20,197)	(27,753)	(30,156)
— Bank borrowings	(17,422)	(18,002)	(26,386)
Net current assets/(liabilities)	66,606	(45,290)	112,294
Net assets	189,877	116,472	239,743

Note: As disclosed in the announcement dated 1 September 2016, the Company issued 359,259,523 Shares upon the completion of an open offer on the basis of one Share for every two Shares (the "**2016 May Open Offer**"), and the net proceeds of which was amounted to approximately HK$104.8 million in cash.

As at 31 March 2016, the net asset value attributable to the owners of the Company was amounted to approximately HK$118.4 million. Based on the total number of issued Shares of 1,077,778,570 as at the Latest Practicable Date, the net asset value attributable to the owners of the Company as at 31 March 2016 was approximately HK$0.11 per Share.

For the six months ended 30 September 2016

For the six months ended 30 September 2016, the Group's revenue was approximately HK$35.8 million, a decrease of approximately 37.6% compared with the Group's revenue of approximately HK$57.4 million for the corresponding period of 2015, and loss attributable to owners of the Company for the six months ended 30 September 2016 was approximately HK$40.2 million, an increase in loss of approximately HK$4.4 million as compared to the loss of approximately HK$35.8 million for the corresponding period in 2015. Loss per share from continuing operations for the six months ended 30 September 2016 was HK5.20 cents (six months ended 30 September 2015: HK4.87 cents). As disclosed in the 2016 Interim Report, the increase in loss for the six months ended 30 September 2016 was mainly due to decrease in the Group's revenue as discussed above, in particular, (i) revenue from the Group's licence fee collection and provision of intellectual

property enforcement services business decreased by approximately HK$11.2 million as a result of the absence of operating fees from China Music Video Collective Management Association* (中國音像著作權集體管理協會) ("**MVCM Association**") pending the results of the litigation against MVCM Association regarding the outstanding operating fees payable by MVCM Association to the Group; (ii) revenue from exhibition related business decreased by approximately HK$4.4 million due to the decrease in number of participating exhibitors; and (iii) revenue from property sub-leasing business dropped by approximately HK$6.0 million due to poor PRC market condition and the discontinuance in sub-leasing certain properties in the PRC.

For the year ended 31 March 2016

For the year ended 31 March 2016, the Group's revenue was approximately HK$112.0 million, a decrease of approximately 20.8% compared with the Group's revenue of approximately HK$141.4 million of the previous year, and loss attributable to owners of the Company for the year ended 31 March 2016 was approximately HK$131.3 million, a decrease in loss of approximately 70.5% as compared to the loss of approximately HK$445.2 million for the previous year. Loss per Share for the year ended 31 March 2016 was HK18.28 cents (2015: HK70.06 cents). The significant decrease in loss for the year ended 31 March 2016 was mainly due to the decrease in the impairment loss on available-for-sale investments, goodwill and intangible assets of approximately HK$312.0 million as compared to year ended 31 March 2015.

2. Prospect and outlook of the Group

As stated in the section headed "Intentions of the Offeror regarding the Group" in the Letter from Kingston Securities of the Composite Document (the "**Letter from Kingston Securities**"), the Offeror intends to continue the existing principal businesses of the Group.

As stated in the Letter from the Board of the Composite Document (the "**Letter from the Board**"), the Group is principally engaged in licence fee collection and provision of intellectual property enforcement services business; exhibition-related business; property sub-leasing business; property development and investment; sludge and sewage treatment; entertainment business; and food and beverages business.

We noted from the annual report of the Company for the year ended 31 March 2016 (the "**2016 Annual Report**") that over 99% of the revenue of the Group for the year ended 31 March 2016 was contributed by the exhibition-related business, property sub-leasing business and the licence fee collection and provision of intellectual property enforcement services business, amounting to approximately 48.8%, 39.5% and 11.4% of the total revenue of the Group, respectively. As such, in order to assess the prospect and outlook of the Group, we have considered the prospect and outlook of these three major business segments of the Group as follows.

(i) Exhibition-related business

As advised by the management of the Company and as disclosed in the 2016 Annual Report, the Group acts as an organizer and contractor for exhibitions and meeting events held in Hong Kong and its clients are primarily based in the PRC.

As disclosed in the 2016 Interim Report, the revenue from the Group's exhibition-related business have decreased by approximately HK$4.4 million due to the decrease in number of participating exhibitors. According to the statistics of National Bureau of Statistics of China, the preliminary assessment of the PRC's gross domestic product reached approximately RMB52,997 billion in the third quarter of 2016, representing a growth of approximately 6.7% as compared with the corresponding period in 2015, which generally illustrated a slowing trend as compared to the growth rate of 6.9% and 7.4% recorded for 2015 and 2014, respectively. In view of the slowing economy in the PRC, according to the statistics of Hong Kong Tourism Board, the number of overnight MICE (meetings, incentives, conferencing, exhibitions) visitor arrivals in Hong Kong originated in the PRC during the nine months ended 30 September 2016 only increased by 0.4% to 552,839 as compared with the corresponding period in 2015. As advised by the management of the Company, the companies in the PRC were more cautious in controlling the expenditure for organizing exhibitions in Hong Kong due to the slowing economy in the PRC.

In addition, according to the Business Receipt Indices for Service Industries and Service Domains published by the Census and Statistics Department of the Government of Hong Kong, the index for tourism, convention and exhibition services in Hong Kong was experiencing a decreasing trend from 221.7 in the fourth quarter of 2015 to 186.0 in the second quarter of 2016.

Taking into account the slowing economy in the PRC, we believe it is reasonable to conclude that the prospect of the Group's exhibition-related business remain uncertain.

(ii) Property sub-leasing business

We noted from the 2016 Annual Report that the Group was engaged in sub-leasing of properties and facilities in Nanjing. As advised by the management of the Company, the Group entered into long term leases with landlords of certain old buildings and facilities in Nanjing. The Group had renovated these buildings by preserving their historical characteristics while leasing to tenants who are mainly engaged in design and cultural activities.

According to the statistics of the Bureau of Statistics of Nanjing, the price index for educational, cultural and entertainment sector has gradually decreased from 104.1 in February 2016 to 100.5 in October 2016. In addition, as disclosed in the 2016 Interim Report, the Group has discontinued the sub-leasing of certain properties and the revenue from its property sub-leasing business had decreased accordingly for the six months ended 30 September 2016.

As such, given the slowing price level in Nanjing and the limitations in floor areas and renovation status of the properties currently leased by the Group, we are of the view that the prospect of the Group's property sub-leasing business may be uncertain.

(iii) Licence fee collection and provision of intellectual property enforcement services business

As disclosed in the 2016 Interim Report, no operating fees was generated for the Group's licence fee collection and provision of intellectual property enforcement services business pending the results of the Group's litigation against MVCM Association, being the sole customer of the Group's licence fee collection and provision of intellectual property enforcement services business, regarding the outstanding operating fees payable by MVCM Association to the Group. The details of the said litigation are set out under the section headed "Litigation" in Appendix IV to the Composite Document. Taking into account the uncertainty relating to the timing and results of the litigation, it is uncertain whether the Company can generate any revenue in this business segment in the near future.

In view of the above, we consider that the prospect and outlook of the Group's business may remain uncertain in the foreseeable future.

3. Intention of the Offeror and proposed change of Board composition

As stated in the Letter from Kingston Securities, the Offeror intends to continue the existing principal businesses of the Group. Following the completion of the Offers, the Offeror will conduct a review on the business operations and financial position of the Group for the purpose of formulating suitable business plans and strategies for the future business development of the Group. The Offeror will also consider any suitable acquisition opportunities in real estate related business or projects to develop and expand the existing business of the Group. Furthermore, subject to the results of the review as aforementioned, and should suitable investment or business opportunities arise, the Offeror may consider acquisition of assets and/or business by the Group in order to enhance its financial performance as well as value to the Shareholders in the long run. As stated in the Letter from Kingston Securities, as at the Latest Practicable Date, save in connection with the Offeror's intention regarding the Group as disclosed above, the Offeror has no plan for any acquisition or disposal of the existing assets or business of the Group, nor any redeployment of fixed assets of the Group.

All of the Directors will resign with effect after the end of the Offers and in any event in compliance with the Takeovers Code. To ensure there will be continuity in the management of the Group's business, current directors of the subsidiaries of the Company shall remain as the directors of the subsidiaries.

As noted from the biographical details of Mr. Chen as disclosed in the Letter from Kingston Securities, the proposed Directors has experience in the real estate industry and managing in a sizeable real estate development company. Although Mr. Chen does not possess prior experience in the same industries as the Group, he has held senior management positions or directorships and is expected to contribute to the managing of the Company after the completion of the Offers.

However, no further information was provided by the Offeror in relation to the persons may/to be nominated by the Offeror as the new Directors as at the Latest Practicable Date. We are of the view that the future business development of the Group still depends on the direction from Mr. Chen and the new Directors on the overall strategic planning of the Group. As such, it is currently uncertain whether the new Directors can provide positive inputs to the Group's future business development.

Having considered that (i) the uncertainty in the prospect of the Group as discussed under the section headed "Prospect and outlook of the Group" above; (ii) no detailed business plan or strategy has been provided by the Offeror as at the Latest Practicable Date; and (iii) the proposed change in the Board composition pursuant to which all Directors will resign and the inputs from the new Directors to the Group's future business development is currently uncertain, we are of the view that the prospect and/or improvement in the results of the Group in the near future is considered to be uncertain.

4. Principal terms of the Offers

Kingston Securities is making the Offers for and on behalf of the Offeror on the following terms:

The Share Offer

for each Share under the Share Offer . . . . . HK$0.33 in cash

The Option Offer

for cancellation of each outstanding Option
(with an exercise price of HK$0.513 per Option Share) . . . . . .HK$ 0.001 in cash

The Share Offer Price of HK$0.33 for each Share under the Share Offer is the same as the price per each Sale Share being acquired by the Offeror pursuant to the SPA I and SPA II. The Share Offer extends to all Shareholders other than the Offeror in accordance with the Takeovers Code.

Since the exercise price of the outstanding Options is above the Share Offer Price, the outstanding Options are out of money and, therefore, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK$0.001.

5. The Share Offer

Comparison of value

The Share Offer Price of HK$0.33 per Share is the same as the price per each Sale Share being acquired by the Offeror pursuant to the SPA I and SPA II and represents:

(i) a discount of approximately 38.89% to the closing price of HK$0.540 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 21.43% to the closing price of HK$0.42 per Share as quoted on the Stock Exchange on 13 October 2016, being the last Business Day prior to the commencement of the Offer Period;

(iii) a discount of approximately 31.68% to the average closing price of approximately HK$0.483 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 22.90% to the average closing price of approximately HK$0.428 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;

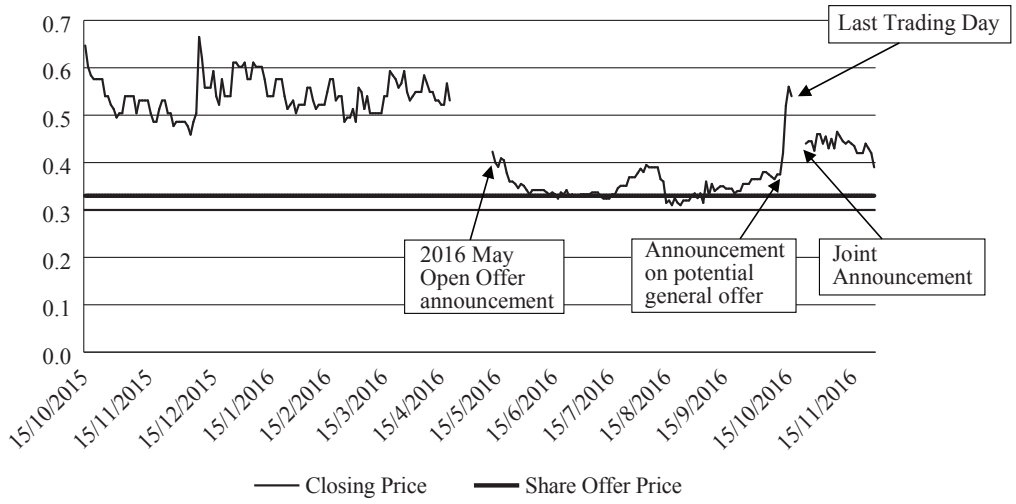
(v) a discount of approximately 12.43% to the average closing price of approximately HK$0.377 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day;

(vi) a premium of approximately 200.32% over the audited consolidated net asset value attributable to the owners of the Company of approximately HK$0.110 per Share as at 31 March 2016, calculated based on the Group's audited consolidated net assets value attributable to the owners of the Company of HK$118,431,131 as at 31 March 2016 and 1,077,780,570 Shares in issue as at the Latest Practicable Date; and

(vii) a discount of approximately 15.38% to the closing price of HK$0.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Historical share price performance

In order to assess the fairness and reasonableness of the Share Offer Price, we have reviewed the trading price of the Shares for a twelve-month period from 15 October 2015, being 12 months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date (the "**Review Period**"), for the purpose of illustrating the trend of the share price performance of the Shares. The chart below illustrates the daily closing price of the Shares versus the Offer Price of HK$0.33 during the Review Period.



Source: the website of the Stock Exchange

Note: The closing price of the Shares from 26 October 2015 to 1 August 2016 as illustrated in the above chart is adjusted in accordance to the issuance of 359,259,523 Shares by the Company upon the completion of the 2016 May Open Offer on 2 September 2016 as disclosed in the announcement of the Company dated 1 September 2016.

As shown in the above chart, we noted that there was a general downward trend of closing price of the Shares since October 2015. The highest closing price and the lowest closing price of the Shares were HK$0.665 on 11 December 2015 and HK$0.310 on 17 and 22 August 2016, with an average closing price of approximately HK$0.456 per Share. The Share Offer Price of HK$0.33 is lower than the average closing price of the Shares during the Review Period, except for 18 out of 75 trading days during 17 May 2016 to 1 September 2016 as discussed below.

On 17 May 2016, upon the resumption of trading of the Shares after the publication of the announcement by the Company in relation to the 2016 May Open Offer, the closing price of the Shares decreased from HK$0.531 to HK$0.423 per Share. Thereafter, the closing price of the Shares gradually decreased and reached the lowest closing price during the Review Period at HK$0.310 on 17 and 22 August 2016. The closing price of the Shares then increased above the Share Offer Price since 2 September 2016.

On 17 October 2016, being the first trading day after the announcement of the Company in relation to the possible sale of Shares by the Vendor I, and up to the Last Trading Day, the closing price of the Shares surged to HK$0.56 per Share. During 26 October 2016, being the date of the Joint Announcement, and up to the Latest Practicable Date, the Shares had been traded with the closing price within a range of HK$0.390 and HK$0.465. We believe that such surge in Share prices prior to the publication of the Joint Announcement was mainly a result of market reaction after the release of the announcement of the Company dated 14 October 2016 relating to the potential sale of Shares by Vendor I and change of control of the Company. In the absence of other significant positive events and without the Offers, we believe that the Shares prices might not have been traded at such a price range. Accordingly, we believe that the positive market reaction and the recent Share prices may not sustain.

Liquidity of the Shares

The following table set out the trading volume of the Shares during the Review Period:

	Total trading volume for the month/ period (Shares)	Average daily trading volume for the month/ period (Shares) *(Note 2)*	Total number of Shares as at the end of month/period (Shares)	Total number of Shares held by substantial Shareholders as at the end of month/period (Shares) *(Note 3)*	Total number of Shares held by public Shareholders as at the end of month/period (Shares)	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the end of the relevant month/period
2015						
October (beginning from 26 October 2015)	296,400	59,280	718,519,047	244,015,666	474,503,381	0.01%
November	629,200	29,692	718,519,047	244,015,666	474,503,381	0.01%
December	4,247,600	193,073	718,519,047	244,015,666	474,503,381	0.04%
2016						
January	35,566,400	1,778,320	718,519,047	244,015,666	474,503,381	0.37%
February	6,550,000	363,889	718,519,047	244,015,666	474,503,381	0.08%
March	47,897,000	2,280,810	718,519,047	244,015,666	474,503,381	0.48%
April	11,954,400	597,720	718,519,047	244,015,666	474,503,381	0.13%
May	15,918,400	758,019	718,519,047	244,015,666	474,503,381	0.16%
June	16,222,800	772,514	718,519,047	244,015,666	474,503,381	0.16%
July	14,917,200	745,860	718,519,047	244,015,666	474,503,381	0.16%
August	29,431,100	1,337,777	718,519,047	224,015,666	474,503,381	0.28%
September *(Note 1)*	84,984,846	4,046,755	1,077,778,570	552,449,777	525,328,793	0.77%
October	94,306,000	4,963,474	1,077,778,570	552,449,777	525,328,793	0.94%
November (up to the Latest Practicable Date)	11,939,200	568,533	1,077,778,570	552,449,777	525,328,793	0.11%

Source: the website of the Stock Exchange

Notes:

1. As disclosed in the announcement of the Company dated 1 September 2016, the Company had issued 359,259,523 new Shares on 2 September 2016 upon the completion of an open offer on the basis of one Share for every two Shares; accordingly the total number of issued Shares was increased from 718,519,047 to 1,077,778,570.

2. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

3. Based on the total number of Shares held by Vendor I, Vendor II (together with Ms. Bai) and Commotra Company Limited, being the substantial Shareholders, as at the end of relevant month/period.

4. As the percentage of average daily trading volume to total number of Shares in issue as at the end of the relevant month is too insignificant, we did not incorporate the corresponding information in the above table.

As illustrated in the above table, the average daily trading volume during the Review Period was thin, with a range of approximately 29,692 Shares to 4,963,474 Shares, representing approximately 0.01% to 0.94% of the total number of Shares held by public Shareholders as at the end of the relevant month. In view of the above, we consider that the liquidity of the Shares was low during the Review Period. As such, Shareholders may find it difficult to dispose of large number of Shares in the open market without exerting a downward pressure on the price of the Shares. As such, we consider that the Offers provides a viable alternative exit to Shareholders (especially those with more sizeable shareholdings) to realize their investment in the Shares.

Comparative analysis

In assessing the fairness and reasonableness of the Share Offer, we have attempted to compare the price-to-earnings ratio (the "**PE Ratio**") and the price-to-book ratio (the "**P/B Ratio**") of other listed issuers in Hong Kong, which are comparable to the Company in terms of market size, business and financial performance, with the implied PE Ratio and implied PB Ratio of the Offers using the Share Offer Price.

We noted that the Group, a listed issuer on the Main Board of the Stock Exchange, is principally engaged in license fee collection and provision of intellectual property enforcement services business; exhibition-related business; property sub-leasing business; property development and investment; sludge and sewage treatment business; entertainment business; and food and beverage business.

With reference to the 2016 Annual Report, we also noted that

(i) the Group had been experiencing loss-making results for five consecutive years ended 31 March 2016. As such, we consider it is not feasible to assess the Share Offer Price using the implied PE Ratio;

(ii) the majority of the Group's revenue was contributed by its exhibition-related business and property sub-leasing business, representing approximately 48.8% and 39.5% of the Group's total revenue for the year ended 31 March 2016, respectively. Among the seven reportable segments of the Group, except for the property sub-leasing business segment which recorded a segmental profit of approximately HK$4.4 million, all other reportable segments of the Group were loss making. We have attempted to compare the pricing ratios represented by the Share Offer Price against the market valuation of other listed issuers in Hong Kong that are principally engaged in both exhibition-related business and property sub-leasing business, however we have not been able to identify suitable comparable companies;

(iii) the business model of the Group's exhibition-related business is of service-based. The reportable segment assets of the exhibition-related business of the Group only represented approximately 7.3% of the Group's total assets as at 31 March 2016. The PB Ratio should only be applied for the evaluation of companies engaging in capital-intensive businesses. Being a service-based and asset-light company, we consider the comparison of the PB ratio between the Group and other listed issuers principally engaged in exhibition-related business would not be suitable; and

(iv) the reportable tangible assets of the property sub-leasing business of the Group, being the highest amongst the seven reportable segments of the Group, only represented approximately 28.4% of the Group's total assets as at 31 March 2016. As advised by the management of the Company, the tangible assets of the property sub-leasing business of the Group were mainly comprised of leasehold improvements, which is different from the nature of other listed issuers principally engaged in property investment business as their tangible assets were mainly comprised of investment properties. As such, we consider the comparison of the implied PB Ratio with other listed issuers in Hong Kong principally engaged in property investment business may not be meaningful.

As such, we, at our best effort, consider that there is no comparable analysis that is indicative for comparing with the terms of the Share Offer.

6. The Option Offer

As disclosed in the Letter from the Board, as at the Latest Practicable Date, the Company had 27,942,462 outstanding Options entitling the Option Holders to subscribe for an aggregate of 27,942,462 Shares with exercise price of HK$0.513 per Share. The Option Offer will be made by Kingston Securities on behalf of the Offeror in accordance with Rule 13.5 of the Takeovers Code for the cancellation of all outstanding Options. Acceptance of the Option Offer by the Option Holders will result in the cancellation of those outstanding Options, together with all rights attaching thereto.

Since the exercise price of the outstanding Options is above the Share Offer Price, the outstanding Options are out of money and, therefore, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK$0.001.

We note that it is a common market practice to adopt a "see-through" price (representing the difference between the share offer price and any given exercise price of the convertible instrument) as the minimum offer/cancellation price for any convertible instrument in conjunction with a general offer for ordinary shares. As such, we consider that the basis of determining the Option Offer is acceptable and in line with market practice.

RECOMMENDATION

In arriving at our recommendation in respect of the Offers, we have considered the principal factors and reasons as discussed above and as summarized below:

(a) the Group had been experiencing loss-making results for five consecutive years ended 31 March 2016 and for the six months ended 30 September 2016;

(b) having considered that (i) the uncertainty in the prospect of the Group as discussed under the section headed "Prospect and outlook of the Group" above; (ii) no detailed business plan or strategy has been provided by the Offeror as at the Latest Practicable Date; and (iii) the proposed change in the Board composition pursuant to SPA I and the inputs from the new Directors to the Group's future business development is currently uncertain, the prospects and outlook of the Group's business may remain uncertain in the foreseeable future;

(c) as discussed under the section headed "The Share Offer" above, despite the Share Office Price is set at a discount of the average closing price of the Share during the Review Period, the Share Offer Price represents a premium of approximately 200.32% over the audited consolidated net asset value attributable to the owners of

the Company as at 31 March 2016. As such, we are of the view that the discount to the average closing price of the Share during the Review Period is acceptable; and

(d) the basis of determining the Option Offer is acceptable and in line with market practice.

Based on the above, we are of the view that the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Option Holders are concerned. In addition, the historical liquidity of the Shares on the Stock Exchange was low during the Review Period. The Independent Shareholders may find it difficult to dispose of a large number of Shares in the open market without exerting a downward pressure on the price of the Shares and therefore the Share Offer provides a viable alternative exit to the Independent Shareholders (especially those with more sizeable shareholdings) to realize their investment in the Shares. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders and Option Holders to accept the Offers.

In the event the Independent Shareholders intend to dispose their Shares in the open market, although the Share Offer Price represents discounts to the closing prices of the Shares during the trading days following publication of the Joint Announcement and up to the Latest Practicable Date, due to the low trading liquidity of the Shares, disposal of large blocks of Shares by the Independent Shareholders in the open market would likely trigger price slump of the Shares. Therefore, we would also like to ask the Independent Board Committee to remind the Independent Shareholders to closely monitor the market price and liquidity of the Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offers, if the net proceeds from such sales would exceed the net amount receivable under the Offers.

Should the Independent Shareholders who are confident in the future prospects of the Group and decide to retain part or all of their investments in the Shares, they are advised to carefully monitor the intention of the Offeror on the Group in the future.

As each individual Independent Shareholder and Option Holders would have different investment objectives and/or circumstances, we would recommend the Independent Shareholders and Option Holders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Offers as set out in the Composite Document, its appendices and the accompanying Forms of Acceptance.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
President

1. PROCEDURES FOR ACCEPTANCE

To accept any of the Offers, you should complete and sign the Forms of Acceptance in accordance with the instructions printed thereon, which instructions forms part of the terms of the relevant Offers.

1.1 The Share Offer

(a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the white Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Culture Landmark Investment Limited – Share Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Offers Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:

(i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the white Form of Share

Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the white Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/ registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/ custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

(c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the white Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the white Form of Share Offer Acceptance.

(d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the white Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.

(e) Acceptance of the Share Offer will be treated as valid only if the completed and signed white Form of Share Offer Acceptance is received by the Registrar on or before the latest time for the acceptance of the Share Offer and the Registrar has recorded that the acceptance and any

relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:

(i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) inserted in the white Form of Share Offer Acceptance, the total number of Shares equal to that represented by the certificates for Shares tendered for acceptance of the Share Offer. If no number is inserted or a number inserted is greater or smaller than that represented by the certificates for Shares tendered for acceptance of the Share Offer, the white Form of Share Offer Acceptance will be returned to you for correction and resubmission. Any corrected white Form of Share Offer Acceptance must be resubmitted and received by the Registrar on or before the latest time of acceptance of the Share Offer; or

(iii) from a registered Independent Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iv) certified by the Registrar or the Stock Exchange.

(f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to

the relevant Independent Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

(g) No acknowledgement of receipt of any white Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

1.2 The Option Offer

(a) If you are an Option Holder and you wish to accept the Option Offer in respect of your Options (whether in full or in part), you must send the duly completed and signed yellow Form of Option Offer Acceptance together with the relevant certificate(s) or other documents (if any) evidencing the grant of the Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Options which you hold that you wish to tender to the Option Offer to the company secretary of the Company at Rooms 2501-05, 25th Floor, China Resources Building, No 26 Harbour Road, Wanchai, Hong Kong, marked "Culture Landmark Investment Limited – Option Offer" on the envelope as soon as possible but in any event so as to reach the company secretary of the Company by not later than 4:00 p.m. on the Offers Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) No stamp duty will be deducted from the amount paid or payable to the Option Holder(s) who accept(s) the Option Offer.

(c) No acknowledgement of receipt of any yellow Form of Option Offer Acceptance and/or the certificate(s) or other documents (if any) evidencing the grant of the Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Options will be given.

1.3 Return of documents

If the Offers do not become, or is not declared, unconditional within the time permitted by the Takeovers Code, the share certificate(s) and/or certificate(s) of Options and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar (in the case of the Share Offer) and the company secretary of the Company (in the case of the Option Offer) will be returned to the Independent Shareholders and Option Holders who have accepted the Offers by ordinary post at the Independent Shareholders' and Option Holders' own risk as soon as possible but in any event within ten (10) days after the Offers have lapsed.

2. SETTLEMENT UNDER THE OFFERS

2.1 The Share Offer

Provided that a valid white Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar before the close of the Share Offer, a cheque or a banker's cashier order for the amount due to each of the Independent Shareholders who accept the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her/it under the Share Offer will be despatched to such Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid and the date the Offers become, or are declared, unconditional.

2.2 The Option Offer

Provided that a valid yellow Form of Option Offer Acceptance and the relevant certificate(s) of Option or other documents (if any) evidencing the grant of the Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are complete and in good order and in all respects and have been received by the company secretary of the Company before the close of the Option Offer, a cheque or a banker's cashier order for the amount due to each of the Option Holders who accept the Option Offer in respect of the Options tendered by him/her under the Option Offer will be despatched to such Option Holder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid and the date the Offers become, or are declared, unconditional in all respects.

Settlement of the consideration to which any Independent Shareholder or Option Holder is entitled under the Share Offer or the Option Offer, as the case may be, will implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty in respect of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Option Holder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder or Option Holder who accepts the Share Offer or the Option Offer will be rounded up to the nearest cent.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) The Offers are made on 2 December 2016, being the date of despatch of this Composite Document, and is capable of acceptance on and from this date until 4:00 p.m. on the Offers Closing Date.

(b) Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the white Form of Share Offer Acceptance must be received by the Registrar and the yellow Form of Option Offer Acceptance must be received by the company secretary of the Company, in each case, in accordance with the instructions printed thereon by 4:00 p.m. on the Offers Closing Date. The Offers are conditional upon the Offeror having received valid acceptances in respect of the Offer Shares which, together with the Shares already acquired by the Offeror and party acting in concert with it before or during the Offer Period, will result in the Offeror and any party acting in concert with it holding more than 50% of the Shares. Pursuant to the Takeovers Code, where the Offers become or are declared unconditional, the Offers will remain open for acceptance for not less than fourteen (14) days thereafter. The Offeror will make an announcement as and when the Offers become or are declared unconditional.

(c) If the Offers are extended, the Offeror will issue an announcement in relation to any extension of the Offers, which will state either the next closing date or, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offers are closed to those Independent Shareholders and Option Holders who have not accepted the relevant Offers before the Offers are closed. If, in the course of the Offers, the Offeror revises the terms of the Offers, all Shareholders and Option Holders, whether or not they have already accepted the Offers, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

(d) If the Offers Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Offers Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Offers Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Offers Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state the following:

(i) the total number of Offer Shares for which acceptances of the Share Offer have been received;

(ii) the total number of Options for which acceptances of the Option Offer have been received;

(iii) the total number of Shares and rights over Shares and Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

(iv) the total number of Shares and rights over Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

(b) In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar (in the case of the Share Offer) or the company secretary of the Company (in the case of the Option Offer), no later than 4:00 p.m. on the Offers Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

The Offers are conditional upon fulfilment of the condition set out in the "Letter from Kingston Securities" in this Composite Document.

Acceptance of the Offers tendered by the Independent Shareholders and the Option Holders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Share Offer or Option Offer (as the case may be) shall be entitled to withdraw his/her/its consent within twenty one (21) days from the Offers Closing Date if the Offers have not by then become unconditional as to acceptances. An acceptor of the Share Offer or Option Offer (as the case may be) may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar or the company secretary of the Company (as the case may be).

Furthermore, in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described under the paragraph headed "5. Announcements" above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholder(s) or Option Holder(s) withdraw his/her/its acceptance(s), the Offeror shall, as soon as possible but in any event within ten (10) days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or certificate(s) of Options and/or other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Forms of Acceptance to the relevant Shareholder(s) or Option Holder(s) at his/her/its own risks.

Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

7. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTION HOLDERS

The making of the Offers to the Overseas Shareholders and the Overseas Option Holders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders and the Overseas Option Holders should observe any applicable legal or regulatory requirements. The Overseas Shareholders and the Overseas Option Holders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders and the Overseas Option Holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders and the Overseas Option Holders will also be fully responsible for the payment of any transfer or other taxes or other required payments and duties by the accepting Oversea Shareholders or Overseas Option Holders payable in respect of all relevant jurisdictions. Acceptance of the Offers by the Overseas Shareholders and the Overseas Option Holders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

8. TAX IMPLICATIONS

Independent Shareholders and Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners, Donvex Capital, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers is in a position to advise the Independent Shareholders and Option Holders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

9. GENERAL

(i) All communications, notices, Forms of Acceptance, share certificate(s), certificate(s) of Options, transfer receipts (as the case may be), other documents of title and/ or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or the Option Holders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror and parties acting in concert with it, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners and any of their respective agents nor the Registrar or the company secretary of the Company or other parties involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(ii) The provisions set out in the Forms of Acceptance form part of the terms and conditions of the Offers.

(iii) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(iv) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

(v) Due execution of the Forms of Acceptance will constitute an authority to the Offeror, Kingston Securities, or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offers.

(vi) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

(vii) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.

(viii) In making their decision, the Independent Shareholders and Option Holders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror and parties acting in concert with it, the Company, Kingston Securities, Kingston Corporate Finance, BaoQiao Partners, Donvex Capital and the Registrar. The Independent Shareholders and Option Holders should consult their own professional advisers for professional advice.

(ix) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for the three years ended 31 March 2014, 31 March 2015 and 31 March 2016 and for the six months ended 30 September 2016, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Company for each of the year ended 31 March 2014, 31 March 2015 and 31 March 2016 and the unaudited consolidated financial statements of the Group as set forth in the interim report of the Company for the six months ended 30 September 2016.

	For the six months ended 30 September 2016	**For the year ended 31 March 2016**	**2015**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Continuing operations				
Revenue	35,811	111,977	141,379	224,247
Loss before income tax (expense)/credit	(39,903)	(133,047)	(471,977)	(127,399)
Income tax (expense)/credit	(351)	(765)	21,417	(1,527)
Loss for the period/year from continuing operations	(40,254)	(133,812)	(450,560)	(128,926)
Discontinued operation				
Loss for the period/year from discontinued operation	(57)	—	—	(11,055)
Gain on disposal of subsidiaries	—	—	—	79,446
(Loss)/profit for the period/year from discontinued operation	(57)	—	—	68,391
Loss for the period/year	(40,311)	(133,812)	(450,560)	(60,535)

	For the six months ended 30 September 2016	For the year ended 31 March 2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Gain on revaluation of properties	—	575	654	746
Tax expenses related to changes on revaluation of properties	—	(95)	(108)	(123)
Items that may be reclassified subsequently to profit or loss				
Exchange differences arising on translating foreign operations	1,506	(5,055)	(6,203)	(2,019)
Available-for-sale investments, change in fair value	7,444	11,089	(177,984)	26,889
Available-for-sale investments, reclassify from equity to profit or loss	—	—	147,964	449
Release of foreign exchange reserve upon disposal of subsidiaries	—	(231)	(472)	(59,156)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments	—	—	(4,776)	—
Reclassification adjustment for realisation upon disposal of available-for-sale investments	—	(14,266)	2,682	—
Other comprehensive income for the period/year, net of tax	8,950	(7,983)	(38,243)	(33,214)
Total comprehensive income for the period/year	(31,361)	(141,795)	(488,803)	(93,749)

	For the six months ended 30 September 2016	For the year ended 31 March 2016	2015	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited)*
Dividends per Share *(HK cents)*	—	—	—	—
Loss for the period/year attributable to:				
Owners of the Company	(40,211)	(131,334)	(445,230)	(52,291)
Non-controlling interests	(100)	(2,478)	(5,330)	(8,244)
	(40,311)	(133,812)	(450,560)	(60,535)
Total comprehensive income for the period/year attributable to:				
Owners of the Company	(31,524)	(139,472)	(481,783)	(83,347)
Non-controlling interests	163	(2,323)	(7,020)	(10,402)
	(31,361)	(141,795)	(488,803)	(93,749)
Loss per Share from continuing operations				
Basic *(HK cents)*	(5.20)	(18.28)	(70.06)	(20.26)
Diluted *(HK cents)*	(5.20)	(18.28)	(70.06)	(20.26)
(Loss)/earnings per Share from discontinued operation				
Basic *(HK cents)*	(0.00)[1]	—	—	11.53
Diluted *(HK cents)*	(0.00)[1]	—	—	11.53
Loss per Share from continuing and discontinued operations				
Basic *(HK cents)*	(5.20)	(18.28)	(70.06)	(8.73)
Diluted *(HK cents)*	(5.20)	(18.28)	(70.06)	(8.73)

[1] Represents the amount less than HK cents 0.01.

The auditors of the Company has not issued any qualified opinion on the audited consolidated financial statements of the Group for each of the year ended 31 March 2014, 31 March 2015 and 31 March 2016. The Group had no exceptional items because of size, nature or incidence for each of the year ended 31 March 2014, 31 March 2015, 31 March 2016 and for the six months ended 30 September 2016.

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Set out below is the reproduction of the text of the audited consolidated financial statements of the Group together with the accompanying notes contained in the annual report of the Company for the year ended 31 March 2016 (the "**Annual Report**"). Capitalised terms used in this section have the same meanings as those defined in the Annual Report.

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2016

	Notes	**2016** *HK$*	**2015** *HK$*
Revenue	*7*	111,977,069	141,378,969
Other income and gains	*8*	20,925,310	7,321,418
Costs of inventories		(1,938,038)	(9,152,937)
Depreciation on property, plant and equipment		(15,969,512)	(13,298,088)
Amortisation	*9*	(443,892)	(23,994,665)
Impairment losses	*9*	(62,576,817)	(336,346,196)
Operating lease payments		(41,615,998)	(45,917,744)
Staff costs	*10*	(47,065,372)	(52,682,825)
Other operating expenses		(92,800,467)	(135,588,290)
Share of (losses)/profits of associates		(167,356)	616,346
Finance costs	*12*	(3,371,646)	(4,313,268)
Loss before income tax (expense)/credit	*9*	(133,046,719)	(471,977,280)
Income tax (expense)/credit	*13*	(765,325)	21,417,725
Loss for the year		(133,812,044)	(450,559,555)

	Notes	2016 HK$	2015 HK$
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Gain on revaluation of properties	*16*	575,037	654,096
Tax expense related to changes on revaluation of properties	*31*	(94,881)	(107,925)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translating foreign operations		(5,054,461)	(6,203,495)
Available-for-sale investments, change in fair value	*21*	11,089,281	(177,984,369)
Available-for-sale investments, reclassify from equity to profit or loss	*21*	—	147,964,021
Release of foreign exchange reserve upon disposal of subsidiaries	*35(a), (c)*	(231,378)	(471,831)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments		—	(4,775,996)
Reclassification adjustment for realisation upon disposal of available-for-sale investments		(14,266,465)	2,681,793
Other comprehensive income for the year, net of tax		(7,982,867)	(38,243,706)
Total comprehensive income for the year		(141,794,911)	(488,803,261)

	Notes	2016 HK$	2015 HK$
Loss for the year attributable to:			
Owners of the Company	*15*	(131,334,493)	(445,229,478)
Non-controlling interests		(2,477,551)	(5,330,077)
		(133,812,044)	(450,559,555)
Total comprehensive income for the year attributable to:			
Owners of the Company		(139,472,414)	(481,783,516)
Non-controlling interests		(2,322,497)	(7,019,745)
		(141,794,911)	(488,803,261)
Loss per share	*15*		
Basic (HK cents)		(18.28)	(70.06)
Diluted (HK cents)		(18.28)	(70.06)

Consolidated Statement of Financial Position

As at 31 March 2016

	Notes	31 March 2016 HK$	31 March 2015 HK$
Assets			
Non-current assets			
Property, plant and equipment	*16*	100,521,045	127,346,754
Investment properties	*17*	6,246,653	6,326,550
Intangible assets	*19*	905,845	1,022,728
Interests in associates	*20*	38,754,055	—
Available-for-sale investments	*21*	43,087,358	21,268,209
Deferred tax assets	*31*	—	1,640,340
Total non-current assets		189,514,956	157,604,581
Current assets			
Inventories	*23*	32,556,941	31,450,492
Trade and other receivables	*24*	73,317,428	197,466,828
Amounts due from non-controlling shareholders	*25*	14,049	4,049
Amounts due from related parties	*25*	3,707,915	261,828
Amount due from an associate	*25*	5,320,302	—
Cash and bank balances	*26*	103,035,471	109,558,313
Total current assets		217,952,106	338,741,510
Total assets		407,467,062	496,346,091

	Notes	31 March 2016 HK$	31 March 2015 HK$
Liabilities			
Current liabilities			
Trade, bills and other payables	*27*	128,606,060	92,253,338
Amounts due to non-controlling shareholders	*25*	53,594,160	53,594,160
Amounts due to related parties	*25*	27,051,879	43,894,302
Bank borrowings	*28*	50,702,070	33,922,913
Deferred income		480,048	504,993
Current tax liabilities		2,808,177	2,278,096
Total current liabilities		263,242,394	226,447,802
Net current (liabilities)/assets		(45,290,288)	112,293,708
Total assets less current liabilities		144,224,668	269,898,289
Non-current liabilities			
Bank borrowings	*28*	18,001,800	26,385,890
Provision for long service payments	*30*	42,373	42,373
Deferred income		3,063,101	3,727,265
Deferred tax liabilities	*31*	6,645,278	—
Total non-current liabilities		27,752,552	30,155,528
Total liabilities		290,994,946	256,603,330
NET ASSETS		116,472,116	239,742,761

	Notes	31 March 2016 HK$	31 March 2015 HK$
Capital and reserves attributable to owners of the Company			
Share capital	*32*	35,925,952	35,925,952
Reserves		82,505,179	221,977,593
		118,431,131	257,903,545
Non-controlling interests		(1,959,015)	(18,160,784)
TOTAL EQUITY		116,472,116	239,742,761

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Share capital *(note 32)* *HK$*	Share premium *(note 33)* *HK$*	Other reserve *(note 33)* *HK$*	Contributed surplus *(note 33)* *HK$*	Employee share-based compensation reserve *(note 33)* *HK$*	Other properties revaluation reserve *(note 33)* *HK$*	Foreign exchange reserve *(note 33)* *HK$*	Investment revaluation reserve *(note 33)* *HK$*	Accumulated losses *(note 33)* *HK$*	Equity attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
At 1 April 2015	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,376,692	6,893,294	25,425,281	—	(1,825,608,284)	257,903,545	(18,160,784)	239,742,761
Loss for the year	—	—	—	—	—	—	—	—	**(131,334,493)**	**(131,334,493)**	**(2,477,551)**	**(133,812,044)**
Gain on revaluation of properties *(note 16)*	—	—	—	—	—	**575,037**	—	—	—	**575,037**	—	**575,037**
Exchange differences arising on translating foreign operations	—	—	—	—	—	—	**(5,209,515)**	—	—	**(5,209,515)**	**155,054**	**(5,054,461)**
Available-for-sale investments, change in fair value *(note 21)*	—	—	—	—	—	—	—	**11,089,281**	—	**11,089,281**	—	**11,089,281**
Reclassification adjustment for realisation upon disposal of available-for-sale investments *(note 8)*	—	—	—	—	—	—	—	**(14,266,465)**	—	**(14,266,465)**	—	**(14,266,465)**
Tax expense related to changes on revaluation of properties *(note 31)*	—	—	—	—	—	**(94,881)**	—	—	—	**(94,881)**	—	**(94,881)**
Release of foreign exchange reserve upon disposal of subsidiaries *(note 35(a))*	—	—	—	—	—	—	**(231,378)**	—	—	**(231,378)**	—	**(231,378)**
Total comprehensive income	—	—	—	—	—	**480,156**	**(5,440,893)**	**(3,177,184)**	**(131,334,493)**	**(139,472,414)**	**(2,322,497)**	**(141,794,911)**
Acquisition of subsidiaries *(note 36)*	—	—	—	—	—	—	—	—	—	—	**18,524,266**	**18,524,266**
Share option lapsed *(note 34)*	—	—	—	—	**(347,285)**	—	—	—	**347,285**	—	—	—
At 31 March 2016	**35,925,952**	**2,076,251,327**	**(99,144,717)**	**28,784,000**	**9,029,407**	**7,373,450**	**19,984,388**	**(3,177,184)**	**(1,956,595,492)**	**118,431,131**	**(1,959,015)**	**116,472,116**
At 1 April 2014	29,938,352	2,024,217,103	(95,365,361)	28,784,000	9,376,692	6,347,123	35,186,935	27,338,555	(1,380,378,806)	685,444,593	(2,843,771)	682,600,822
Loss for the year	—	—	—	—	—	—	—	—	(445,229,478)	(445,229,478)	(5,330,077)	(450,559,555)
Gain on revaluation of properties *(note 16)*	—	—	—	—	—	654,096	—	—	—	654,096	—	654,096
Exchange differences arising on translating foreign operations	—	—	—	—	—	—	(4,513,827)	—	—	(4,513,827)	(1,689,668)	(6,203,495)
Available-for-sale investments, change in fair value *(note 21)*	—	—	—	—	—	—	—	(177,984,369)	—	(177,984,369)	—	(177,984,369)
Available-for-sale investments, reclassify from equity to profit or loss *(note 21)*	—	—	—	—	—	—	—	147,964,021	—	147,964,021	—	147,964,021
Tax expense related to changes on revaluation of properties *(note 31)*	—	—	—	—	—	(107,925)	—	—	—	(107,925)	—	(107,925)
Release of foreign exchange reserve upon disposal of subsidiaries *(note 35(c))*	—	—	—	—	—	—	(471,831)	—	—	(471,831)	—	(471,831)
Release of foreign exchange reserve upon impairment loss on available-for-sales investment	—	—	—	—	—	—	(4,775,996)	—	—	(4,775,996)	—	(4,775,996)
Reclassifications adjustment for realisation upon disposal of available-for-sale investments	—	—	—	—	—	—	—	2,681,793	—	2,681,793	—	2,681,793
Total comprehensive income	—	—	—	—	—	546,171	(9,761,654)	(27,338,555)	(445,229,478)	(481,783,516)	(7,019,745)	(488,803,261)
Issuance of ordinary shares *(note 32)*	5,987,600	53,888,400	—	—	—	—	—	—	—	59,876,000	—	59,876,000
Share issue expenses	—	(1,854,176)	—	—	—	—	—	—	—	(1,854,176)	—	(1,854,176)
Acquisition of additional interest in a subsidiary *(note 37)*	—	—	(3,779,356)	—	—	—	—	—	—	(3,779,356)	1,963,149	(1,816,207)
Disposal of subsidiaries *(note 35(c))*	—	—	—	—	—	—	—	—	—	—	(10,260,417)	(10,260,417)
At 31 March 2015	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,376,692	6,893,294	25,425,281	—	(1,825,608,284)	257,903,545	(18,160,784)	239,742,761

Consolidated Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 HK$	2015 HK$
Cash flows from operating activities			
Net cash used in operations	*40*	(48,770,762)	(54,197,927)
Interest received		1,363,929	1,272,737
Tax refund/(paid)		1,235,193	(213,009)
Net cash used in operating activities		(46,171,640)	(53,138,199)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	*36*	(34,225,700)	—
Refund of deposit for acquisition of subsidiaries	*24*	110,000,000	—
Disposal of subsidiaries, net of cash disposed	*35*	(2,970,756)	(31,378,912)
Purchase of available-for-sale investments		(46,396,600)	—
Increase of pledged bank deposits		(44,790,629)	(9,243,655)
Release of pledged bank deposits		6,767,815	—
Increase in amounts due from non-controlling shareholders		(10,000)	(85,495)
(Increase)/decrease in amounts due from related parties		(3,227,935)	1,360,844
Purchases of property, plant and equipment		(4,406,514)	(66,787,464)
Proceeds from disposal of property, plant and equipment		57,038	97,998
Proceeds from disposal of associate, net of cash disposed		—	55,904,267
Proceeds from disposal of convertible loan notes		—	3,413,000
Proceeds from disposal of films in progress		—	22,444,074
Proceeds from disposal of available-for-sale investments		33,962,754	999,680
Net cash generated from/(used in) investing activities		14,759,473	(23,275,663)

	Notes	2016 HK$	2015 HK$
Cash flows from financing activities			
Increase in bank borrowings		52,764,468	72,132,430
Repayment of bank borrowings		(41,862,010)	(41,393,011)
Interest paid		(3,371,646)	(4,313,268)
Proceed from issue of ordinary shares		—	59,876,000
Expenses paid for subscription of shares		—	(1,854,176)
(Decrease)/increase in amounts due to related parties		(16,033,789)	8,871,251
Decrease in amounts due to non-controlling shareholders		—	(7,119,606)
Repayment in other borrowings		—	(26,640,500)
Net cash (used in)/generated from financing activities		(8,502,977)	59,559,120
Net decrease in cash and cash equivalents		(39,915,144)	(16,854,742)
Cash and cash equivalents at beginning of year		100,314,658	118,241,763
Effect of exchange rate changes on cash and cash equivalents		(3,348,411)	(1,072,363)
Cash and cash equivalents at end of year		57,051,103	100,314,658
Analysis of the balances of cash and cash equivalents			
Cash and cash equivalents included in cash and bank balances	*26*	57,051,103	100,314,658

Notes to the Financial Statements

31 March 2016

1. General

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

The Company is engaged in investment holding. The principal activities of the subsidiaries are set out in note 46. The Company and its subsidiaries are collectively referred to as the "Group".

2. Adoption of New or Revised Hong Kong Financial Reporting Standards ("HKFRSs") and Amended the Rules Governing the Listing of Securities (the "Listing Rules")

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

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

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

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

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

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

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

Amendments to HKAS 1 — Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

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

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

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

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

HKFRS 9 (2014) — Financial Instruments

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

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

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

HKFRS 15 — Revenue from Contracts with Customers

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

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

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

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

HKFRS 16 — Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

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

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

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

3. Basis of Preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

4. Significant Accounting Policies

(a) Business combination and basis of consolidation

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

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

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

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

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

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

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

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

(b) Subsidiaries

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

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

(c) Associates

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

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same may as other non-financial assets.

(d) Goodwill and gain on a bargain purchase

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

Where the fair value of identifiable assets and liabilities exceed the aggregated of fair value of consideration paid and the amount of any non-controlling interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

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

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

(e) Property, plant and equipment

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

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

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

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

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

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

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

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

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

(f) Intangible assets

(i) Acquired intangible assets

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

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

Provision of copyright licence fees settlement and collection services	8 years
Provision of intellectual property enforcement services	11 years
Golf club memberships	12 years, indefinite
Customer relationship and customer contracts	10 years
Patent	5 years

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

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(q)). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

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

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

(g) Investment properties

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

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

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

(i) Leasing

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

The Group as lessor

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

The Group as lessee

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

(j) Financial instruments

(i) Financial assets

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

Loans and receivables

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

Available-for-sale investments

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

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

(ii) Impairment loss on financial assets

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

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

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

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

For available-for-sale investments

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

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

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

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

(iii) Financial liabilities

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

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

(iv) Effective interest method

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

(v) Equity instruments

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

(vi) Derecognition

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

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

(k) Inventories

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

(l) Revenue recognition

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

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

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

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

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

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

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

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

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

(m) Income taxes

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

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

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

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

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

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

(n) Foreign currency

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

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

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

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

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

(o) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Profit-sharing and bonus plans

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

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

(iii) Termination benefits

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

(iv) Post-employment benefits

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

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

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

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

(p) Share-based payments

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

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

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

(q) Impairment of other assets

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

- property, plant and equipment;
- intangible assets;

- payments for leasehold land held for own use under operating leases;
- interests in subsidiaries and associates; and
- film rights and film in progress.

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

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

(r) Provisions and contingent liabilities

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

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

(s) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

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

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

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

(t) Borrowing costs

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

(u) Government grants

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

(v) Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

The contracted fee of the financial guarantee recognised as other income in profit or loss over the term of the guarantee as income from financial guarantee issued. In addition, provisions are recognised if and when it becomes probable that the holder of the guarantee will call upon the Group under the guarantee and the amount of that claim on the Group is expected to exceed the current carrying amount i.e. the amount initially recognised less accumulated amortisation, where appropriate.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

(b) Useful lives of property, plant and equipment

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

(c) Impairment test of goodwill

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

(d) Impairment loss on intangible assets

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

(e) Impairment of interests in associates

The Group's management assesses impairment of interests in associates at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the assets are determined.

Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions about future events, which are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgements, the management takes into consideration assumptions that are mainly based on market condition existing at the reporting date, appropriate market and discount rates and what information it can obtain from the associates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(f) Impairment loss on loans and receivables

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

6. Segment Reporting

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

Principal activities are as follows:

Licence fee collection and provision of intellectual property enforcement services business	—	operation of the business of the licences of copyright to karaoke music products and provision of intellectual property enforcement services in the PRC as managed by China Music Video Collective Management Association* (中國音像著作權集體管理協會) (the "MVCM Association")
Exhibition-related business	—	organising all kinds of exhibition events and meeting events

Property sub-leasing business	—	sub-leasing of properties in the PRC
Property development and investment	—	development of real estates and leasing of investment properties
Sludge and sewage treatment	—	operation of sludge and sewage treatment plants in the PRC
Entertainment business	—	provision of talent management and entertainment and travelling related services
Food and beverages	—	sale of food and beverages and restaurant operations

Segment information is presented below:

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

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

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

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

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

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

Loss before income tax (expense)/credit

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

Note:

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

Assets

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

Liabilities

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

(c) Geographical information

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

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

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

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

Note:

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

7. Revenue

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

	2016	2015
	HK$	*HK$*
Revenue from licence fee collection and provision of intellectual property enforcement services business	12,810,708	39,740,199
Revenue from exhibition-related business	54,602,737	66,712,740
Gross rental income from property sub-leasing business	44,243,143	33,586,207
Revenue from talent management and entertainment and travelling related services business	297,885	604,164
Sale of food and beverages	22,596	735,659
	111,977,069	141,378,969

8. Other Income and Gains

	2016	2015
	HK$	*HK$*
Bank interest income	514,085	530,243
Loan interest income	849,844	742,494
Income from financial guarantee issued *(note (i))*	153,814	—
Gain on disposal of property, plant and equipment	662,913	74,083
Gain on deemed disposal of interest in associates, net	—	1,162,241
Government grants		
— relating to unconditional subsidies	1,543,288	—
— for leasehold improvements *(note (ii))*	492,205	504,687
Gain on disposal of available-for-sale investments	14,266,465	—
Fair value gain on investment properties *(note 17)*	—	127,279
Reversal of impairment loss on other receivables	—	1,212,716
Others	2,442,696	2,967,675
	20,925,310	7,321,418

Notes:

(i) The amount represents income from financial guarantee issued for an independent third party in which to indemnify the bank any loss in case of any default in repayment in respect of a loan facility for the principal amount of up to RMB35,000,000 (equivalent to HK$42,004,200) drawn by that party.

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

9. Loss Before Income Tax (Expense)/Credit

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

	2016	2015
	HK$	*HK$*
Amortisation on:		
— intangible assets *(note 19)*	443,892	15,361,839
— deferred expenditure *(note 22)*	—	8,632,826
	443,892	23,994,665
Fair value loss on investment properties *(note 17)*	79,897	—
Losses on disposal of subsidiaries, net *(note 35)*	2,574,197	16,030,080
Loss on disposal of associates	—	2,912,809
Loss on disposal of convertible loan notes	—	1,051,473
Loss on disposal of available-for-sale investments	—	1,630,320
Impairment losses on:		
— available-for-sale investments	—	147,964,021
— trade and other receivables *(note 24)*	41,274,307	1,736,337
— goodwill *(note 18)*	20,023,466	96,019,091
— intangible assets *(note 19)*	285,882	88,358,247
— deferred expenditure *(note 22)*	—	2,268,500
— property, plant and equipment *(note 16)*	993,162	—
	62,576,817	336,346,196
Written down of inventories to net realisable value *(note 23)*	193,260	—
Auditor's remuneration	1,788,000	2,090,000

10. Staff Costs

	2016	2015
	HK$	*HK$*
Staff costs (including Directors) comprise:		
Salaries	42,308,989	45,091,820
Contribution to defined contribution pension plans	2,892,764	3,856,922
Other short-term monetary benefits	1,863,619	3,734,083
	47,065,372	52,682,825

11. Directors' and Senior Management's Emoluments

Directors' emoluments

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

2016	Fees *HK$*	Salaries and other benefits *HK$*	Retirement scheme contributions *HK$*	Benefits in kind *HK$*	Total *HK$*
Executive directors					
Cheng Yang	—	3,720,600	18,000	—	3,738,600
Tsoi Tung *(i)*	—	3,620,400	18,000	—	3,638,400
Lei Lei	—	1,950,000	18,000	186,000	2,154,000
Huang Ranfei *(ii)*	—	1,939,500	18,000	—	1,957,500
Li Weipeng *(iii)*	1,440,000	—	—	—	1,440,000
Independent non-executive directors					
Tong Jingguo	120,000	—	—	—	120,000
Yang Rusheng	120,000	—	—	—	120,000
So Tat Keung	120,000	—	—	—	120,000
	1,800,000	11,230,500	72,000	186,000	13,288,500

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

No Directors waived their emoluments in respect of the year ended 31 March 2016 (2015: nil).

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

Notes:

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

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

(iii) The Director was resigned with effect from 8 April 2016.

Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2015: three) were Directors of the Company whose emoluments are included in the above.

The emoluments of the remaining one (2015: two) highest paid individual in 2016 are as follows:

	2016	**2015**
	HK$	*HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	1,780,000	3,220,000
Retirement scheme contributions	18,000	17,500
	1,798,000	3,237,500

The emoluments are within the following band:

	2016	**2015**
	Number of Employees	*Number of Employees*
HK$1,000,000 to HK$1,500,000	—	1
HK$1,500,001 to HK$2,000,000	1	1

Remuneration of senior management

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

	2016	**2015**
	Number of Employees	*Number of Employees*
HK$1,000,000 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	1	1

12. Finance Costs

	2016	2015
	HK$	*HK$*
Interest on bank borrowings	3,371,646	3,805,261
Interest on other borrowings	—	508,007
	3,371,646	4,313,268

13. Income Tax (Expense)/Credit

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

	2016	2015
	HK$	*HK$*
Current tax — Hong Kong profits tax		
— tax for the year	—	—
— over/(under)-provision in respect of prior years	768	(192,035)
	768	(192,035)
Current tax — PRC Enterprise Income Tax		
— tax for the year	(60,981)	(29,098)
— over-provision in respect of prior years	—	411,471
	(60,981)	382,373
Deferred tax *(note 31)*	(705,112)	21,227,387
	(765,325)	21,417,725

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

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

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

	2016	**2015**
	HK$	*HK$*
Loss before income tax (expense)/credit	(133,046,719)	(471,977,280)
Tax calculated at Hong Kong profits tax rate of 16.5% (2015: 16.5%)	21,952,708	77,876,251
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,946,197	13,930,341
Tax effect of share of (losses)/profits of associates	(27,614)	101,697
Tax effect of non-deductible expenses	(9,727,241)	(50,388,500)
Tax effect of non-taxable revenue	2,648,713	12,544,644
Tax effect of deductible temporary differences not recognised	(55,201)	(76,742)
Tax effect of tax losses not recognised	(19,503,655)	(32,789,402)
Over-provision in respect of prior years	768	219,436
Income tax (expense)/credit	(765,325)	21,417,725

14. Dividends

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

15. Loss Per Share

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

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

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

16. Property, Plant and Equipment

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Yacht	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost or valuation							
At 1 April 2014	8,200,000	92,053,502	10,825,654	—	17,390,174	6,800,000	135,269,330
Surplus on revaluation	400,000	—	—	—	—	—	400,000
Additions	—	60,528,522	5,216,117	—	1,042,825	—	66,787,464
Disposal of subsidiaries *(note 35(c))*	—	(9,743,918)	(5,462,709)	—	(8,364,725)	—	(23,571,352)
Disposals	—	(1,738,606)	(2,039,330)	—	(210,624)	—	(3,988,560)
Exchange differences	—	105,479	(5,826)	—	(23,256)	—	76,397
At 31 March 2015 and 1 April 2015	8,600,000	141,204,979	8,533,906	—	9,834,394	6,800,000	174,973,279
Surplus on revaluation	300,000	—	—	—	—	—	300,000
Additions	—	2,861,433	103,776	—	1,441,305	—	4,406,514
Acquisition of subsidiaries *(note 36)*	—	812,079	109,902	18,129	2,312,680	—	3,252,790
Disposal of subsidiaries *(note 35(a))*	—	(2,525,182)	(984,605)	—	—	—	(3,509,787)
Disposals	—	(13,580,250)	(625,752)	—	(1,344,392)	—	(15,550,394)
Exchange differences	—	(7,575,397)	304,887	(728)	(697,485)	—	(7,968,723)
At 31 March 2016	8,900,000	121,197,662	7,442,114	17,401	11,546,502	6,800,000	155,903,679
Accumulated depreciation and impairment							
At 1 April 2014	—	39,575,156	9,555,873	—	8,105,046	3,173,333	60,409,408
Charge for the year	254,096	7,448,904	2,007,060	—	2,908,028	680,000	13,298,088
Eliminated on revaluation	(254,096)	—	—	—	—	—	(254,096)
Eliminated on disposals	—	(1,738,606)	(2,015,755)	—	(210,284)	—	(3,964,645)
Disposal of subsidiaries *(note 35(c))*	—	(9,743,918)	(4,038,063)	—	(8,026,845)	—	(21,808,826)
Exchange differences	—	(25,858)	(3,127)	—	(24,419)	—	(53,404)
At 31 March 2015 and 1 April 2015	—	35,515,678	5,505,988	—	2,751,526	3,853,333	47,626,525
Charge for the year	275,037	9,605,824	1,807,118	6,915	3,594,618	680,000	15,969,512
Impartment loss	—	202,549	156,211	10,851	623,551	—	993,162
Eliminated on revaluation	(275,037)	—	—	—	—	—	(275,037)
Eliminated on disposals	—	(1,539,016)	(658,245)	—	—	—	(2,197,261)
Disposal of subsidiaries *(note 35(a))*	—	(2,525,182)	(984,605)	—	—	—	(3,509,787)
Exchange differences	—	(2,318,302)	(437,785)	(365)	(468,028)	—	(3,224,480)
At 31 March 2016	—	38,941,551	5,388,682	17,401	6,501,667	4,533,333	55,382,634
Net book value							
At 31 March 2016	8,900,000	82,256,111	2,053,432	—	5,044,835	2,266,667	100,521,045
At 31 March 2015	8,600,000	105,689,301	3,027,918	—	7,082,868	2,946,667	127,346,754

The analysis of the net book value or valuation of the above assets at 31 March 2016 is as follows:

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Yacht	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At cost	—	82,256,111	2,053,432	—	5,044,835	2,266,667	91,621,045
At 2016 professional valuation	8,900,000	—	—	—	—	—	8,900,000
	8,900,000	82,256,111	2,053,432	—	5,044,835	2,266,667	100,521,045

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

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

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

	2016	**2015**
	HK$	*HK$*
Properties located in Hong Kong		
Lease between 10 to 50 years	8,900,000	8,600,000

Leasehold land and buildings were revalued at 31 March 2016 and 2015 on the open market value basis by APAC Asset Valuation and Consulting Limited ("APAC"). The valuation was mainly arrived at by reference to comparable market transactions. A net revaluation surplus of HK$480,156 (2015: HK$546,171) was credited to other properties revaluation reserve, after netting off applicable deferred tax expense of HK$94,881 (2015: HK$107,925).

The fair value of the leasehold land and buildings in Hong Kong of HK$8,900,000 as at 31 March 2016 (2015: HK$8,600,000) is a Level 2 recurring fair value measurement.

The carrying amount of leasehold land and building of the Group would have been HK$664,027 (2015: HK$688,298) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

At 31 March 2016 and 2015, the Group did not pledge any property, plant and equipment.

17. Investment Properties

	2016	2015
	HK$	*HK$*
At 1 April	6,326,550	6,199,271
Change in fair value	(79,897)	127,279
At 31 March	6,246,653	6,326,550

(a) Investment properties were revalued at 31 March 2016 and 2015 on the open market value basis by an independent valuer, Daeil Appraisal Board. The valuation was mainly arrived at by reference to comparable market data. There were no changes to the valuation technique during the year.

(b) At 31 March 2016 and 2015, the Group did not pledge any investment property.

(c) At 31 March 2016, the fair value of the investment properties in Korea of approximately HK$6,247,000 (2015: HK$6,327,000) is level 2 recurring fair value measurement. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

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

	2016	2015
	HK$	*HK$*
Investment properties located in Korea		
Freehold	6,246,653	6,326,550

18. Goodwill and Impairment

	Provision of intellectual property enforcement services *(note (a))* *HK$*	Property sub-leasing business *(note (b))* *HK$*	Sludge and sewage treatment business *(note (c))* *HK$*	Total *HK$*
Cost				
At 1 April 2014, 31 March 2015 and 1 April 2015	79,427,363	16,591,728	—	96,019,091
Acquisition *(note 36)*	—	—	20,023,466	20,023,466
At 31 March 2016	79,427,363	16,591,728	20,023,466	116,042,557
Impairment				
At 1 April 2014	—	—	—	—
Impairment loss	(79,427,363)	(16,591,728)	—	(96,019,091)
At 31 March 2015 and 1 April 2015	(79,427,363)	(16,591,728)	—	(96,019,091)
Impairment loss *(note 36)*	—	—	(20,023,466)	(20,023,466)
At 31 March 2016	(79,427,363)	(16,591,728)	(20,023,466)	(116,042,557)
Carrying value				
At 31 March 2016	—	—	—	—
At 31 March 2015	—	—	—	—

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

(a) The recoverable amount of the CGU in relation to provision of intellectual property enforcement services was zero and determined from value-in-use calculation based on cash flow projections covering from 2015 to 2022, which is the period whereby an exclusive right has been granted to the Group by the MVCM Association to provide intellectual property enforcement services. Discount rate of 15.5% per annum is used in the calculation which was provided by APAC for the year ended 31 March 2015. The key assumption have been determined by the Group's management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK$79,427,363 was fully impaired and impairment loss on intangible assets of HK$68,494,242 were provided (note 19(b)). It was because the revenue generated from the CGU has dropped. The Directors considered that the customer, the karaoke venue operators, were affected by the reduction in expenditures in entertainment and recreation activities in the PRC and the industry would experience no growth in future.

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

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

During the year ended 31 March 2016, the goodwill of HK$20,023,466 was fully impaired (2015: nil) and impairment loss on intangible assets of HK$285,882 (2015: nil) were made (note 19(f)) as certain potential projects were suspended due to expiration and are pending for re-negotiation and financing. As a result, as at 31 March 2016, the directors expect the future profit generated by the Great Group will be minimal.

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

19. Intangible Assets

	Provision of copyright licence fees settlement and collection services *(note (a))* *HK$*	Provision of intellectual property enforcement services *(note (b))* *HK$*	Golf club memberships *(note (c))* *HK$*	Customer relationship and customer contracts *(note (d)* *HK$*	Films in progress *(note (e))* *HK$*	Patent *(note (f))* *HK$*	Total *HK$*
At 1 April 2014	2,494,119	118,986,397	2,325,914	38,410,000	22,430,490	–	184,646,920
Disposal of subsidiaries *(note 35(c))*	(2,458,585)	–	(824,583)	–	–	–	(3,283,168)
Disposal	–	–	–	–	(22,444,074)	–	(22,444,074)
Exchange differences	(35,534)	145,712	(1,331)	–	13,584	–	122,431
At 31 March 2015 and 1 April 2015	–	119,132,109	1,500,000	38,410,000	–	–	159,042,109
Acquisition of subsidiaries *(note 36)*	–	–	–	–	–	627,109	627,109
Exchange differences	–	–	–	–	–	(27,049)	(27,049)
At 31 March 2016	–	119,132,109	1,500,000	38,410,000	–	600,060	159,642,169
Accumulated amortisation and impairment							
At 1 April 2014	587,404	38,677,292	360,389	15,367,755	–	–	54,992,840
Amortisation for the year	160,719	11,905,997	116,883	3,178,240	–	–	15,361,839
Impairment loss	–	68,494,242	–	19,864,005	–	–	88,358,247
Disposal of subsidiaries *(note 35(c))*	(747,185)	–	–	–	–	–	(747,185)
Exchange differences	(938)	54,578	–	–	–	–	53,640
At 31 March 2015 and 1 April 2015	–	119,132,109	477,272	38,410,000	–	–	158,019,381
Amortisation for the year	–	–	116,883	–	–	327,009	443,892
Impairment loss	–	–	–	–	–	285,882	285,882
Exchange differences	–	–	–	–	–	(12,831)	(12,831)
At 31 March 2016	–	119,132,109	594,155	38,410,000	–	600,060	158,736,324
Net book value							
At 31 March 2016	–	–	905,845	–	–	–	905,845
At 31 March 2015	–	–	1,022,728	–	–	–	1,022,728

(a) Provision of copyright licence fees settlement and collection services represents the exclusive right in respect of the karaoke copyright in the PRC managed and administered by the China Audio-Video Copyright Association for a period of 10 years from 27 December 2007. During the year ended 31 March 2015, intangible asset in relation to provision of copyright licence fees settlement and collection services was disposed through disposal of subsidiaries (see note 35(c)).

(b) The recoverable amount of the CGU of provision of intellectual property enforcement services to which the intellectual property enforcement services right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 18(a). As at 31 March 2015, impairment loss of HK$68,494,242 was recognised due to the reason as described in note 18(a).

(c) For the purpose of impairment testing on the golf club memberships, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is referenced to the second-hand market price of the golf club memberships less estimated costs of disposal. During the years ended 31 March 2016 and 2015, no impairment loss was recognised since the recoverable amount of the golf club memberships exceeded its carrying amount.

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

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

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

(f) Patent represents the technologies for sludge and sewage treatment. Patent with carrying amount of HK$285,882 is attributable to the same CGU with which the goodwill amount is recognised for the sludge and sewage treatment business. As at 31 March 2016, impairment loss of HK$285,882 was recognised due to the reason as described in note 18(c). Details of the impairment assessment of that CGU are set out in note 18(c).

20. Interests in Associates

	2016 *HK$*	2015 *HK$*
Share of net assets of associates	8,811,556	—
Goodwill	29,942,499	—
	38,754,055	—

Name of associate	Particulars of issued shares held	Place of incorporation	Place of operation	Principal activities	Percentage of equity interests indirectly held by the Group 2016	Percentage of ownership interests directly held by the Group 2016
南陽天冠環保科技有限公司("南陽天冠") *(note (a))*	RMB15,000,000	The PRC	The PRC	Sludge and sewage treatment	40%	20.4%
上海建潔環境科技有限公司("上海建潔") *(note (b))*	RMB10,000,000	The PRC	The PRC	Environmental engineering	16.5%*	8.4%

* Although the Group's ownership interest in 上海建潔 is less than 20%, 上海建潔's article of association allow the Group to appoint one out of six directors of the board. The Directors of the Company therefore consider they have the power to exercise significant influence and have treated the interest in 上海建潔 as an associate.

On 5 August 2015, the Group acquired 51% equity interests of Great Group, after completion of the acquisition, the Group is indirectly held 40% equity interest of 南陽天冠 and 16.5% equity interest of 上海建潔. The carrying amount of the interests in associates held by Great Group was remeasured at fair value at acquisition date.

For the purpose of impairment testing on the interests in associates, the recoverable amount has been determined by the value-in-use calculation based on cash flow forecast projections covering a five-year period at a discount rate of 17.6% per annum. At the end of the reporting period, management of the Group determines that there was no impairment of the interests in associates as the recoverable amount of the interests in associates exceeds their carrying amount.

(a) Summarised financial information of 南陽天冠, the material associate, adjusted for any differences in accounting policies, are disclosed below:

	As at 31 March 2016 *HK$*
Current assets	1,015,848
Non-current assets	37,596,855
Current liabilities	(20,916,201)
Net assets	17,696,502

	Period from 5 August 2015 (date of acquisition) to 31 March 2016
	HK$
Revenue	523,579
Loss from operations and total comprehensive expenses	(299,258)

(b) Summarised financial information of immaterial associate is as follows:

	Period from 5 August 2015 (date of acquisition) to 31 March 2016
	HK$
Loss from operations and total comprehensive expenses	(288,803)

21. Available-for-sale Investments

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

Notes:

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

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

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

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

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

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

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

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

22. Deferred Expenditure

	HK$
Cost	
At 1 April 2014	244,902,404
Additions	6,971,639
At 31 March 2015, 1 April 2015 and 31 March 2016	251,874,043
Accumulated amortisation and impairment	
At 1 April 2014	240,972,717
Amortisation for the year	8,632,826
Impairment loss	2,268,500
At 31 March 2015, 1 April 2015 and 31 March 2016	251,874,043
Carrying amount	
At 31 March 2015 and 31 March 2016	—

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

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

The recoverable amount of the deferred expenditure has been determined by the value-in-use calculation, which was also used for the impairment testing of goodwill in connection with the CGU of provision of intellectual property enforcement services. Details of the calculation are disclosed in note 18(a). For the year ended 31 March 2015, the deferred expenditure of HK$2,268,500 was fully impaired due to the reason as described in note 18(a).

23. Inventories

	2016	**2015**
	HK$	*HK$*
Food and beverages	23,916,372	24,790,667
Artwork	8,640,569	6,659,825
	32,556,941	31,450,492

For the year ended 31 March 2016, write-down of inventories to net realisable value of approximately HK$193,260 was made.

24. Trade and Other Receivables

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

Notes:

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

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

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

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

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

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

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

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

The Group recognised impairment loss based on the accounting policy stated in note 4(j)(ii).

(c) Loan receivables presented:

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

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

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

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

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

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

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

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

25. Amounts Due from/to Non-controlling Shareholders, Related Parties and an Associate

At 31 March 2016 and 2015, all amounts due from/to non-controlling shareholders, related parties and an associate were unsecured, interest-free and repayable on demand, except for the followings:

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

— The amount due from an associate is unsecured, interest-free and repayable on 31 December 2016.

26. Cash and Bank Balances

	2016	2015
	HK$	*HK$*
Cash and cash equivalents	57,051,103	100,314,658
Pledged bank deposits *(note (a))*	45,984,368	9,243,655
	103,035,471	109,558,313

Notes:

(a) Pledged bank deposits of HK$7,680,768 (2015: HK$6,943,655) represent deposits pledged to bank to secure certain bills payables (note 27). HK$38,303,600 (2015: HK$2,300,000) represented securities for the Group's credit and banking facilities. The pledged bank deposits carried interests from 0.01% to 3.12% per annum (2015: 0.01% to 2.8%).

(b) At 31 March 2016, cash and bank balances of the Group denominated in RMB amounted to HK$51,115,325 (2015: HK$30,145,486). RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. Trade, Bills and Other Payables

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

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

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

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

28. Bank Borrowings

	2016	2015
	HK$	*HK$*
Secured:		
Bank borrowings *(note)*	68,703,870	60,308,803

Note:

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

	2016	2015
	HK$	*HK$*
Borrowings repayable:		
Within one year	50,702,070	33,922,913
More than one year, but not exceeding two years	18,001,800	6,312,414
More than two years, but not exceeding five years	—	20,073,476
	68,703,870	60,308,803
Less: Amount due within one year included in current liabilities	(50,702,070)	(33,922,913)
Amount due after one year	18,001,800	26,385,890

Personal and corporate guarantees were given to banks for certain bank loans by Mr. Yang Lei, a director of certain subsidiaries of the Company, his spouse, and a related company, which is beneficially owned by Mr. Yang Lei and his spouse. Further, certain assets of Mr. Yang Lei, his spouse, a related party and the related company have been pledged to secure the bank loans. The interest rates are ranged from 2.81% to 7.00% (2015: 7.20% to 17.64%) per annum.

29. Other Borrowings

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

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

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

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

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

Movement of promissory notes is as follows:

	2016	**2015**
	HK$	*HK$*
At 1 April	—	26,640,500
Imputed interest expenses	—	—
Redemption	—	(26,640,500)
At 31 March	—	—

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

The loan was secured by a deposit of RMB11,000,000 (equivalent to HK$13,870,500) (note 24).

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

30. Provision for Long Service Payments

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

Movement in provision for long service payments is as follows:

	2016	**2015**
	HK$	*HK$*
At 1 April and 31 March	**42,373**	42,373

31. Deferred Taxation

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

	2016	**2015**
	HK$	*HK$*
At 1 April	1,640,340	(12,561,503)
Acquisition of subsidiaries *(note 36)*	(7,485,625)	—
(Charged)/credited to profit or loss *(note 13)*	(705,112)	21,227,387
Disposal of subsidiaries *(note 35(c))*	—	(6,917,619)
Charged to other comprehensive income *(note 16)*	(94,881)	(107,925)
At 31 March	(6,645,278)	1,640,340

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. As at 31 March 2016, no deferred tax asset has been recognised in respect of the unused tax losses (2015: nil) due to unpredictability of future profit streams. Tax losses of HK$101,281,858 (2015: HK$85,029,605) can be carried forward indefinitely and the tax losses of HK$72,453,144 (2015: HK$49,938,043) will be expired in five years.

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

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

Deferred tax (liabilities)/assets	**Property revaluation**		**Decelerated accounting depreciation**		**Tax losses**		**Intangible assets**		**Fair value adjustment arising from acquisition of subsidiaries**		**Total**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April	(1,767,703)	(1,659,778)	3,408,043	4,113,155	–	7,721,099	–	(22,735,979)	–	–	1,640,340	(12,561,503)
Disposal of subsidiaries	–	–	–	–	–	(7,328,668)	–	411,049	–	–	–	(6,917,619)
Acquisition of subsidiaries *(note 36)*	–	–	–	–	–	–	–	–	(7,485,625)	–	(7,485,625)	–
(Charged)/credited to profit or loss	–	–	(705,112)	(705,112)	–	(392,431)	–	22,324,930	–	–	(705,112)	21,227,387
Charged to other comprehensive income	(94,881)	(107,925)	–	–	–	–	–	–	–	–	(94,881)	(107,925)
At 31 March	(1,862,584)	(1,767,703)	2,702,931	3,408,043	–	–	–	–	(7,485,625)	–	(6,645,278)	1,640,340

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

	2016	**2015**
	HK$	*HK$*
Deferred tax assets	—	1,640,340
Deferred tax liabilities	(6,645,278)	—
	(6,645,278)	1,640,340

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$1,361,876 (2015: HK$748,622). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not be reversed in the foreseeable future.

32. Share Capital

(a) Authorised and issued share capital

	2016		**2015**	
	Number of shares	*HK$*	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 April and 31 March	20,000,000,000	1,000,000,000	20,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At 1 April	718,519,047	35,925,952	598,767,047	29,938,352
Placing of new shares *(note)*	—	—	119,752,000	5,987,600
At 31 March	718,519,047	35,925,952	718,519,047	35,925,952

Note:

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

(b) Capital management policy

The capital structure of the Group consists of debts, which includes the bank borrowings disclosed in note 28, net of cash and bank balances and equity attributable to owners of the Company, comprising issued share capital and reserves. The Group's risk management reviews the capital structure on annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

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

The gearing ratio at the end of reporting period was as follows:

	2016	**2015**
	HK$	*HK$*
Bank borrowings	68,703,870	60,308,803
Less: Cash and bank balances	(103,035,471)	(109,558,313)
Net debt	(34,331,601)	(49,249,510)
Equity attributable to owners of the Company	118,431,131	257,903,545
Net debt to equity ratio	N/A	N/A

33. Reserves

Company

	Share premium	**Contributed surplus**	**Employee share-based compensation reserve**	**Accumulated losses**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2014	2,024,217,103	28,784,000	9,376,692	(1,488,467,081)	573,910,714
Loss for the year	—	—	—	(470,191,527)	(470,191,527)
Issuance of ordinary shares *(note 32)*	53,888,400	—	—	—	53,888,400
Share issue expenses	(1,854,176)	—	—	—	(1,854,176)
At 31 March 2015 and 1 April 2015	2,076,251,327	28,784,000	9,376,692	(1,958,658,608)	155,753,411
Loss for the year	—	—	—	(75,640,670)	(75,640,670)
Share option lapsed *(note 34)*	—	—	(347,285)	347,285	—
At 31 March 2016	2,076,251,327	28,784,000	9,029,407	(2,033,951,993)	80,112,741

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

Reserve	Description and purpose
Company	
Share premium	Amount subscribed for share capital in excess of nominal value.
Contributed surplus	The difference between the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders provided that the Company is able to meet its obligations after distribution and the net realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Accumulated losses	Cumulative net losses recognised in the statement of comprehensive income.
Group	
Other reserve	The difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment property) (see note 16). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of foreign operations into Hong Kong dollars.
Investment revaluation reserve	Gains/losses arising on recognising financial assets classified as available for sale at fair value.
Accumulated losses	Cumulative net losses recognised in the consolidated statement & comprehensive income.

34. Share Options

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

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

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

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

	2013 Share Options
Grant date	23 December 2013
Grant date share price	HK$0.55 per share
Exercise price	HK$0.57 per share
Expected life	10 years
Expected volatility	80%
Expected dividend yield	Nil
Risk-free interest rate	2.26%

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

	2016		**2015**	
	Number of share options	**Weighted average exercise price** *HK$*	**Number of share options**	**Weighted average exercise price** *HK$*
Outstanding as at 1 April	32,333,421	0.570	32,333,421	0.570
Lapsed *(note (a))*	(1,197,534)	0.570	—	—
Outstanding as at 31 March	31,135,887	0.570	32,333,421	0.570
Exercisable as at 31 March	31,135,887	0.570	32,333,421	0.570

(a) During the year 31 March 2016, 1,197,534 share options, which were held by one employee, were lapsed. The value of these lapsed share options of HK$347,285 was released directly to accumulated losses.

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

(b) The options outstanding at 31 March 2016 had exercise prices of HK$0.57 (2015: HK$0.57) per share and weighted average remaining contractual life of 7.73 years (2015: 8.73 years).

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

Year 2016

Date of grant	Exercisable period	Vesting period	Exercise price *HK$*	Number of shares in respect of options granted: Outstanding at 1 April 2015	Granted during the year	Lapsed during the year	Outstanding at 31 March 2016	Number of exercisable options As at 31 March 2016
Executive directors								
Cheng Yang								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	5,987,670	–	–	5,987,670	5,987,670
Lei Lei								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	5,388,903	–	–	5,388,903	5,388,903
Li Weipeng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	2,993,835	–	–	2,993,835	2,993,835
				14,370,408	–	–	14,370,408	14,370,408
Independent non-executive directors								
Tong Jingguo								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
Yang Rusheng								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
So Tat Keung								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	299,384	–	–	299,384	299,384
				898,152	–	–	898,152	898,152
Employees								
23 December 2013	23 December 2013 – 22 December 2023	Fully vested on date of grant	0.57	17,064,861	–	(1,197,534)	15,867,327	15,867,327
				32,333,421	–	(1,197,534)	31,135,887	31,135,887

Year 2015

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

35. Disposal of Subsidiaries

(a) On 12 January 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire issued share capital of 珠海市紫御軒酒業有限公司("紫御軒") for a cash consideration of HK$1. The disposal was completed in January 2016. The net assets of 紫御軒 at the date of disposal were as follows:

	HK$
Net assets disposed of:	
Inventories	135,048
Other receivables and prepayments	157,111
Cash and cash equivalents	2,638,739
	2,930,898
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	(231,378)
Loss on disposal of a subsidiary	(2,699,519)
Total consideration satisfied by:	
Cash	1
Net cash outflow arising on disposal:	
Cash received	1
Cash and cash equivalents disposed of	(2,638,739)
	(2,638,738)

(b) During the year ended 31 March 2016, the Group disposed of several subsidiaries to independent third parties for total cash considerations of HK$82,355. The net liabilities of these subsidiaries at the date of disposal were as follows:

	HK$
Net liabilities disposed of:	
Cash and cash equivalents	414,373
Other payables	(457,340)
	(42,967)
Gain on disposal of subsidiaries	125,322
Total consideration satisfied by:	
Cash	82,355
Net cash outflow arising on disposal:	
Cash received	82,355
Cash and cash equivalents disposed of	(414,373)
	(332,018)

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

Hua Rong holds 70% equity interests in 天合文化集團有限公司("TianHe") which is principally engaged in licence fee collection and provision of intellectual property enforcement services business in the PRC.

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

36. Acquisition of Subsidiaries

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

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

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

	HK$
Fair values of assets and liabilities acquired:	
Intangible assets	627,109
Property, plant and equipment	3,252,790
Interests in associates	39,293,270
Inventories	197,217
Other receivables and prepayments	283,522
Amounts due from related parties	250,060
Amounts due from associates	5,542,757
Cash and cash equivalents	5,078,123
Trade payables	(841,158)
Other payables and accruals	(8,393,442)
Deferred tax liabilities	(7,485,625)
	37,804,623
Non-controlling interests	(18,524,266)
Net assets acquired	19,280,357
Goodwill	20,023,466
Total consideration satisfied by:	
Cash	39,303,823
Net cash outflow arising on acquisition:	
Cash consideration paid	(39,303,823)
Cash and cash equivalents acquired	5,078,123
	(34,225,700)

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

The goodwill of approximately HK$20,023,466 was impaired during the year ended 31 March 2016. (note 18)

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

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

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

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

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

37. Acquisition of Additional Interest in a Subsidiary

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

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

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

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

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

38. Non-controlling Interests

Elite-China, a 60% owned subsidiary of the Company, has material non-controlling interests ("NCI"). Summarised financial information in relation to the NCI of Elite-China before intra-group eliminations, is presented below:

	2016 *HK$*	2015 *HK$*
For the year ended 31 March		
Revenue	44,243,143	33,586,207
Profit/(loss) for the year	1,550,005	(9,316,636)
Other comprehensive loss	(370,271)	(13,774)
Total comprehensive income/(loss) for the year	1,179,734	(9,330,410)
Profit/(loss) for the year allocated to NCI	620,002	(3,726,654)
For the year ended 31 March		
Cash flows from operating activities	40,442,438	23,491,214
Cash flows from investing activities	(2,171,562)	(57,224,705)
Cash flows from financing activities	(43,028,949)	34,150,371
Net cash (outflows)/inflows	(4,758,073)	416,880

	2016 *HK$*	2015 *HK$*
As at 31 March		
Current assets	34,577,005	19,473,321
Non-current assets	81,371,995	106,607,282
Current liabilities	(124,713,092)	(126,976,176)
Non-current liabilities	(14,327,616)	(23,375,870)
Net liabilities	(23,091,708)	(24,271,443)
Accumulated non-controlling interests	(10,258,377)	(10,878,379)

Great Research, a 51% owned subsidiary of the Company, has material NCI. Summarised financial information in relation to the NCI of Great Research before intra-group eliminations, is presented below:

	2016 *HK$*
For the period from 5 August 2015 (date of acquisition) to 31 March	
Loss for the period	(5,923,889)
Other comprehensive loss	(440,884)
Total comprehensive loss for the period	(6,364,773)
Loss for the period allocated to NCI	(2,902,706)
For the period from 5 August 2015 (date of acquisition) to 31 March	
Cash flows from operating activities	(4,532,415)
Cash flows from investing activities	10,036
Net cash outflows	(4,522,379)

	2016 *HK$*
As at 31 March	
Current assets	6,986,337
Non-current assets	8,811,556
Current liabilities	(8,154,845)
Net assets	7,643,048
Accumulated non-controlling interests	3,745,094

39. Related Party Transactions

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

(a) Compensation of key management personnel

The remuneration of Directors and other members of key management personnel during the year were as follows:

	2016 *HK$*	**2015** *HK$*
Short-term benefits	16,434,500	13,090,584
Post-employment benefits	108,000	78,468
	16,542,500	13,169,052

(b) On 8 June 2015, the Group entered into a sale and purchase agreement with Guangwei to acquire 9.5% of the subscribed capital contribution of Lianshun at a consideration equivalent to HK$32,000,000 in RMB (note 21(b)).

Guangwei is an associate of Ms. Wang Ming, a substantial shareholder of the Company, holding approximately 12.25% of the issued shares of the Company and the spouse of Mr. Tsoi Tung who is an executive Director and the chief executive officer of the Company.

40. Note to the Consolidated Statement of Cash Flows

Reconciliation of loss before income tax (expense)/credit to net cash used in operations is as follows:

	2016	**2015**
	HK$	*HK$*
Loss before income tax (expense)/credit	(133,046,719)	(471,977,280)
Interest income	(1,363,929)	(1,272,737)
Interest expenses	3,371,646	4,313,268
Depreciation of property, plant and equipment	15,969,512	13,298,088
Amortisation of intangible assets	443,892	15,361,839
Amortisation of deferred expenditure	—	8,632,826
Loss/(gain) on disposal of property, plant and equipment, net	696,645	(74,083)
Reversal of impairment loss on other receivables	—	(1,212,716)
Gain on deemed disposal of interests in | associates, net	—	(1,162,241)
Loss on disposal of associates	—	2,912,809
Loss in disposal of convertible loan notes	—	1,051,473
Impairment loss on goodwill	20,023,466	96,019,091
Impairment loss on property, plant and equipment	993,162	—
Impairment loss on available-for-sale investments	—	147,964,021
Written down of inventories to net realisable value	193,260	—
Impairment loss on trade and other receivables	41,274,307	1,736,337
Impairment loss on intangible assets	285,882	88,358,247
Impairment loss on deferred expenditure	—	2,268,500
Realised (gain)/loss on disposal of available-for-sale investments	(14,266,465)	1,630,320
Fair value loss/(gain) on investment properties	79,897	(127,279)
Losses on disposal of subsidiaries, net	2,574,197	16,030,080
Share of losses/(profits) of associates	167,356	(616,346)
Operating loss before working capital changes	(62,603,891)	(76,865,783)
(Increase)/decrease in inventories	(1,233,583)	1,999,327
Increase in trade and other receivables	(15,422,550)	(9,182,590)
Increase in trade, bills and other payables	30,489,262	29,851,119
Net cash used in operations	(48,770,762)	(54,197,927)

41. Leases

Operating leases — lessee

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to sixteen years (2015: one to sixteen years). Lease payments are usually negotiated to reflect market rentals. None of the leases includes contingent rentals.

The lease payments recognised as an expense are as follows:

	2016	**2015**
	HK$	*HK$*
Minimum lease payments	41,615,998	45,917,744

The total future minimum lease payments are due as follows:

	2016	**2015**
	HK$	*HK$*
Not later than one year	28,716,649	32,974,979
Later than one year and not later than five years	76,591,138	79,646,216
More than five years	58,991,848	80,713,419
	164,299,635	193,334,614

Operating leases — Lessor

The Group sub-leases its properties in the PRC under operating leases. Sub-leases of properties in the PRC usually run for one to five years (2015: one to five years). Lease payments are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

The minimum lease receivables under non-cancellable operating leases are as follows:

	2016	**2015**
	HK$	*HK$*
Not later than one year	21,180,766	38,666,307
Later than one year and not later than five years	15,994,416	20,152,087
More than five years	560,544	2,885,329
	37,735,726	61,703,723

42. Capital Commitments

(a)

	2016	2015
	HK$	*HK$*
Contracted for but not provided		
— Commitments for the acquisition of plant and equipment	15,578,110	22,643,377
— Capital commitment for investment in unlisted equity securities in the PRC	741,674	—
	16,319,784	22,643,377

(b) On 27 May 2011, the Company (as the purchaser) entered into an agreement (as amended and supplemented by supplemental agreements dated 20 December 2011, 31 December 2012, 30 September 2013 and 30 September 2014) (collectively referred to as the "BoRen Agreement") with HaoRan Cultural Development Limited (the "BoRen Vendor") pursuant to which the Company agreed to acquire from BoRen Vendor the entire issued capital of BoRen. BoRen holds direct interests in Elite-China Cultural Development Limited and its subsidiaries (the "Elite Group"), being a group of companies which principally engage in sub-leasing of properties and facilities in Nanjing. Pursuant to the BoRen Agreement, it was originally agreed that the Company shall provide a loan in the total principal amount of not less than RMB50,000,000 to the Elite Group for each of the years on or before 30 September 2015, 30 September 2016 and 30 September 2017, respectively (the "Original Loan") and in consideration of the provision of the Original Loan, the BoRen Vendor shall provide a profit guarantee in favour of the Company whereby the BoRen Vendor guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite Group for the three financial years ending 31 December 2017 shall not be less than RMB75,000,000 (the "Profit Guarantee").

On 29 September 2015, the Company, the BoRen Vendor and the guarantor to the BoRen Vendor entered into the fifth supplemental agreement (the "Fifth Supplemental Agreement"), pursuant to which the parties agreed to further amend certain terms of the BoRen Agreement. Pursuant to the Fifth Supplemental Agreement, the parties mutually agreed to reduce the amount of the Original Loan from an aggregate of RMB150,000,000 to RMB10,000,000 (the "New Loan") for the purpose of minimizing the Company's credit risk and investment risk, after taking into consideration of the current market condition and change of development plan of the properties of BoRen and its subsidiaries. In consideration of the BoRen Vendor agreeing to reduce the size of the Original Loan, the Company has agreed to accept certain share pledges in favour of the Company as security for the New Loan, in place of the Profit Guarantee. Pursuant to the Fifth Supplemental Agreement, the New Loan will be provided by the Company to Elite Group within 30 days upon signing of the Fifth Supplemental Agreement (i.e. 28 October 2015), subject to certain conditions precedent being fulfilled and/or waived.

The Fifth Supplemental Agreement lapsed on 28 October 2015 and no extension has been agreed between the parties, the Company's obligation to provide the New Loan has lapsed accordingly. Upon the lapse of the Fifth Supplemental Agreement, neither party shall have any further obligations nor liabilities towards the other nor any claims against the other in connection with the BoRen Agreement (save for antecedent breaches, if applicable).

For details in relation to the BoRen Agreement and the Fifth Supplemental Agreement, please also refer to the Company's announcements dated 27 May 2011, 6 July 2012, 11 July 2012, 31 December 2012, 30 September 2013, 30 September 2014, 29 September 2015 and 28 October 2015.

43. Financial Risk Management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investment in other entities.

Policy for managing these risks is set by the Board following recommendations from the chief financial officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the management. The policy for each of the above risks is described in more detail below.

(a) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group exposes to credit risk from loans and receivables. The Group has adopted a credit policy to monitor and mitigate credit risk arising from trade debtors. Credit limit is regularly reviewed and approved by head of credit control. The Group assesses credit risk based on customers' past due records, trading history, financial conditions or credit ratings. The Group and the Company is not exposed to concentration of credit risk. Please refer to note 24 for further analysis of credit risk associated with trade and other receivables.

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

(b) Liquidity risk

The Group's objective is to ensure there are adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The contractual maturities of financial liabilities are shown as below:

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2016						
Non-derivatives:						
Trade, bills and other payables	116,765,977	116,765,977	116,765,977	—	—	—
Amounts due to non-controlling shareholders	53,594,160	53,594,160	53,594,160	—	—	—
Amounts due to related parties	27,051,879	27,051,879	27,051,879	—	—	—
Bank borrowings	68,703,870	72,012,668	52,595,494	19,417,174	—	—
	266,115,886	269,424,684	250,007,510	19,417,174	—	—
2016						
Financial guarantee:						
Issued maximum amount guaranteed	—	42,004,200	42,004,200	—	—	—
2015						
Non-derivatives:						
Trade, bills and other payables	70,681,180	70,681,180	70,681,180	—	—	—
Amounts due to non-controlling shareholders	53,594,160	53,594,160	53,594,160	—	—	—
Amounts due to related parties	43,894,302	43,894,302	43,894,302	—	—	—
Bank borrowings	60,308,803	65,808,901	36,459,907	7,890,448	21,458,546	—
	228,478,445	233,978,543	204,629,549	7,890,448	21,458,546	—

At 31 March 2016, 南京垠坤投資實業有限公司 (Nanjing Yinkun Investment Corporation*), an indirect non-wholly owned subsidiary of the Company, provide the guarantee in respect of a loan facility for the principal amount of up to RMB35,000,000 (equivalent to HK$42,004,200) (2015: nil) provided to an independent third party from a financial institution in the PRC. The estimated fair value of the financial guarantee is HK$ nil which was arrived on the basis of valuation carried out by APAC for the year ended 31 March 2016.

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank loans.

The Group is also exposed to fair value interest rate risk which relates primarily to its cash and cash equivalents, pledged bank deposits and bank borrowings which are at floating rates. The Group currently does not use any derivative contracts to hedge the interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Interest rate profile

The following table details interest rates analysis that management of the Company evaluates the interest rate risk.

	2016		2015	
	Effective interest rate (%)	*HK$*	*Effective interest rate (%)*	*HK$*
Financial assets				
Fixed-rate financial assets:				
— Loan receivables	3.00%	28,369,700	0.10%	27,722,772
— Pledged bank deposits	2.62%	43,684,368	2.80%	6,943,655
Floating-rate financial assets:				
— Cash and cash equivalents	0.16%	57,051,103	0.52%	102,614,658
— Pledged bank deposits	0.01%	2,300,000	0.01%	2,300,000
Financial liabilities				
Fixed-rate financial liabilities:				
— Bank borrowings	4.29%	50,702,070	7.72%	9,594,869
Floating-rate financial liabilities:				
— Bank borrowings	6.23%	18,001,800	3.68%	50,713,934

Sensitivity analysis

The following table indicates the approximate change in the results after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect on results after tax on the next accounting period until next end of reporting period, management of the Company assumes that the change in interest rate had occurred at the end of reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2016 and 2015.

	2016	**2015**
	HK$	*HK$*
Increase by 100 basis points	413,493	542,007
Decrease by 100 basis points	(333,672)	(26,687)

(d) Currency risk

The Group mainly operates in Hong Kong and the PRC with most of the transactions settled in their respective functional currencies in which the group entities operate. Therefore the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as available-for-sale equity securities. They are listed on the Stock Exchange and have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective equity instruments had been 50% (2015: 50%) higher/lower, the other component of equity would increase/decrease by HK$6,395,668 (2015: HK$10,634,105).

44. Summary of Financial Assets and Financial Liabilities by Category

The following table shows the carrying amount and fair value of financial assets and liabilities as defined in note 4(j):

	2016		2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	HK$	*HK$*	*HK$*	*HK$*
Financial assets				
Loans and receivables	169,559,117	169,559,117	302,608,013	302,608,013
Available-for-sale financial assets	43,087,358	43,087,358	21,268,209	21,268,209
Financial liabilities				
Financial liabilities measured at amortised cost	266,115,886	266,115,886	228,478,445	228,478,445

(a) The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

(b) The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		2016		
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed securities in Hong Kong, at fair value	12,791,336	—	—	12,791,336

		2015		
Available-for-sale financial assets	Level 1	Level 2	Level 3	Total
Listed securities in Hong Kong, at fair value	21,268,209	—	—	21,268,209

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is as follows:

	2016	**2015**
	HK$	*HK$*
Contingent consideration related to acquisition of subsidiaries		
At 1 April	—	103,398,272
Exchange differences	—	125,317
Release of foreign exchange reserve upon impairment loss on available-for-sales investment	—	(4,775,996)
Impairment loss	—	(98,747,593)
At 31 March	—	—

(c) Valuation techniques and inputs used in Level 3 fair value measurements

Contingent consideration related to acquisition of subsidiaries

The contingent consideration is related acquisition of Boren on 8 July 2011 which is engaged in sub-leasing of properties and facilities in Nanjing in the PRC. The carrying amount of the contingent consideration had been fully impaired during the year ended 31 March 2015.

Binomial option pricing model is used for valuation of the contingent consideration in related to acquisition of subsidiaries. Significant input into the model was as follows:

Expected 2015 net profits after taxation and non-controlling interests	RMB2,865,000
Expected 2016 net profits after taxation and non-controlling interests	RMB6,596,000
Expected 2017 net profits after taxation and non-controlling interests	RMB9,847,000
Annual risk-free rate	2.8-3.1%
Expected volatility	40%

The fair value of contingent consideration related to acquisition of subsidiaries is determined using binomial option pricing model and the significant unobservable input used in the fair value measurement is expected 2015 – 2017 net profits after taxation and non-controlling interests. The fair value measurement is negatively correlated to the expected 2015 – 2017 net profits after taxation and non-controlling interests. As at 31 March 2014, it is estimated that with all other variables held constant, an increase/decrease in expected 2015 – 2017 net profits after taxation and non-controlling interests by 20%, which is a reasonable magnitude determined by management, would have no effect on the Group's other comprehensive income.

45. Holding Company Statement of Financial Position

As at 31 March 2016

	Notes	2016 HK$	2015 HK$
Assets			
Non-current assets			
Interests in subsidiaries	*46*	115,756,748	155,352,347
Current assets			
Amounts due from subsidiaries	*46*	560,207,081	476,675,533
Other receivables		16,621	110,005,201
Cash and cash equivalents		23,542,073	50,075,906
Total current assets		583,765,775	636,756,640
Total assets		699,522,523	792,108,987
Liabilities			
Current liabilities			
Other payables		2,135,826	2,330,808
Amounts due to subsidiaries	*46*	551,348,004	598,098,816
Bank borrowings		30,000,000	—
Total current liabilities		583,483,830	600,429,624
Net current assets		281,945	36,327,016
Total assets less current liabilities		116,038,693	191,679,363
NET ASSETS		116,038,693	191,679,363
Capital and reserves			
Share capital	*32*	35,925,952	35,925,952
Reserves	*33*	80,112,741	155,753,411
TOTAL EQUITY		116,038,693	191,679,363

46. Interests in Subsidiaries

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

Amount due from a subsidiary of HK$7,200,000 (2015: HK$7,200,000) which borne interest at 5% (2015: 5%) per annum.

The following is a list of the principal subsidiaries as at 31 March 2016.

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Issued share capital/ paid-up registered capital	Percentage of ownership interests held	
					directly	indirectly
Golden Island (Management) Limited	Limited liability company	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$10,000	100.0	–
Welly Champ International Limited	Limited liability company	BVI	Investment holding in Hong Kong	236.13 ordinary shares of US$1 each	95.8	–
Win Success Enterprises Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100.0	–
Wide Stand Holdings Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100.0	–
Baron Productions and Artiste Management Company Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	100 ordinary shares of HK$100	–	51.0
Golden Capital Entertainment Company Limited	Limited liability company	BVI	Investment holding in Hong Kong	10 ordinary shares of US$1 each	–	100.0
Golden Capital Entertainment Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	–	100.0
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$1,200,000	–	100.0
Solid Sound Productions Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	100 ordinary shares of HK$100	–	51.0
Media Sound	Limited liability company	Hong Kong	Investment holding in Hong Kong	2 ordinary shares of HK$2	100.0	–
Song Labs Co, Ltd*("Song Labs")	Sino-foreign equity joint venture with limited liability company	The PRC	Intellectual property enforcement activities in the PRC	Renminbi ("RMB") 56,250,000	–	100.0
Well Allied	Limited liability company	BVI	Investment holding in Hong Kong	159.57 ordinary shares of US$1 each	–	68.8
China Music Video Broadcast (Shenzhen) Company Limited*("China Music")	Wholly foreign-owned enterprise with limited liability	The PRC	Karaoke license fee collection business in the PRC	RMB15,489,940	–	68.8

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Issued share capital/ paid-up registered capital	Percentage of ownership interests held directly	indirectly
Witty Idea	Limited liability company	Hong Kong	Money lending business in Hong Kong	1 ordinary share of HK$1	–	100.0
Elite-China	Limited liability company	Hong Kong	Investment holding in the PRC	10,000 ordinary shares of HK$10,000	–	60.0
Nanjing Creative Eastern 8 Zone Technology Co. Ltd*	Taiwan, Hong Kong and Macau Corporation-owned enterprise with limited liability company	The PRC	Property sub-leasing business in the PRC	RMB14,000,000	–	60.0
Nanjing Yinkun Investment Corporation*	Limited liability company	The PRC	Property sub-leasing business in the PRC	RMB10,000,000	–	60.0
BoRen	Limited liability company	BVI	Investment holding in the PRC	1 ordinary share of US$1	100.0	–
China Resources Advertising & Exhibition Company Limited	Limited liability company	Hong Kong	Exhibition-related services in Hong Kong	100,000 ordinary shares of HK$100,000	100.0	–
New Asia Media Development Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100.0	–
Kai Han Asia-Pacific (Holdings) Limited	Limited liability company	BVI	Property holding in Korea	100 ordinary shares of US$1 each	100.0	–
Kai Han Travel Co., Limited	Limited liability company	Korea	Travel and travel related business in Korea	50,000 ordinary shares of KRW10,000 each	–	100.0
Great Research	Limited liability company	The PRC	Operation of sludge and sewage treatment plants in the PRC	RMB70,000,000	–	51.0

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

47. Events After the Reporting Period

(a) Reference is made to the announcements of the Company dated 17 May 2006 and 19 December 2006 in relation to, amongst others, (i) a copyright co-operation agreement dated 8 May 2006 entered into between China Music, an indirect non-wholly owned subsidiary of the Company, and the MVCM Association; (ii) a copyright business operation cooperation agreement dated 8 May 2006 entered into between China Music, Song Labs, an indirect wholly-owned subsidiary of the Company, and the MVCM Association; and (iii) any supplemental agreements entered into thereafter (collectively referred to as the "Copyright Co-operation Agreements").

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

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

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

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

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

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

48. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

49. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 27 June 2016.

* *For identification only*

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

Set out below is a reproduction of the text of the unaudited condensed consolidated financial statements of the Group together with the accompanying notes contained in the interim report of the Company for the six months ended 30 September 2016.

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2016

		Six months ended 30 September	
		2016	**2015**
		(Unaudited)	(Unaudited)
	Notes	*HK$*	*HK$*
Continuing Operations			
Revenue	*2*	35,810,942	57,363,497
Other income and gains		3,001,638	974,565
Costs of inventories		(1,123,743)	(717,015)
Depreciation of property, plant and equipment		(7,943,816)	(6,553,870)
Amortisation		(58,442)	(58,442)
Operating lease payments		(15,035,235)	(18,876,345)
Staff costs		(17,256,486)	(22,533,179)
Other operating expenses		(35,562,492)	(41,073,069)
Finance costs		(1,735,295)	(1,869,398)
Loss before income tax expense	*3*	(39,902,929)	(33,343,256)
Income tax expense	*5*	(351,427)	(368,505)
Loss for the period from continuing operations		(40,254,356)	(33,711,761)
Discontinued Operation			
Loss for the period from discontinued operation	*4*	(56,535)	(1,576,752)
Loss for the period		(40,310,891)	(35,288,513)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Available-for-sale investments, change in fair value		7,444,248	7,365,235
Exchange differences arising on translation of foreign operations		1,505,905	(5,495,373)
Other comprehensive income for the period, net of tax		8,950,153	1,869,862
Total comprehensive income for the period		(31,360,738)	(33,418,651)

	Notes	Six months ended 30 September 2016 (Unaudited) HK$	2015 (Unaudited) HK$
(Loss)/profit for the period attributable to:			
Owners of the Company		(40,210,498)	(35,795,786)
Non-controlling interests		(100,393)	507,273
		(40,310,891)	(35,288,513)
Total comprehensive income for the period attributable to:			
Owners of the Company		(31,524,083)	(33,092,588)
Non-controlling interests		163,345	(326,063)
		(31,360,738)	(33,418,651)
		HK cents	*HK cents*
Loss per share from continuing operations	*6*		
Basic		(5.20)	(4.87)
Diluted		(5.20)	(4.87)
Loss per share from discontinued operation	*6*		
Basic		(0.00)[1]	(0.11)
Diluted		(0.00)[1]	(0.11)
Loss per share from continuing and discontinued operations	*6*		
Basic		(5.20)	(4.98)
Diluted		(5.20)	(4.98)

(1) Represents the amount less than HK cents 0.01.

Condensed Consolidated Statement of Financial Position

As at 30 September 2016

	Notes	30 September 2016 (Unaudited) HK$	31 March 2016 (Audited) HK$
Assets			
Non-current assets			
Property, plant and equipment		85,354,715	100,521,045
Investment properties		6,246,653	6,246,653
Intangible assets		847,403	905,845
Interests in associates	*8*	—	38,754,055
Available-for-sale investments		50,531,606	43,087,358
Deferred tax assets		487,791	—
Total non-current assets		143,468,168	189,514,956
Current assets			
Inventories		31,794,362	32,556,941
Trade and other receivables	*9*	69,748,806	73,317,428
Amounts due from non-controlling shareholders		14,053	14,049
Amounts due from related parties		8,708,205	3,707,915
Amount due from an associate		—	5,320,302
Cash and bank balances		170,860,883	103,035,471
		281,126,309	217,952,106
Assets classified as held for sale	*10*	45,189,745	—
Total current assets		326,316,054	217,952,106
Total assets		469,784,222	407,467,062
Liabilities			
Current liabilities			
Trade, bills and other payables	*11*	111,567,836	128,606,060
Amounts due to non-controlling shareholders		47,667,960	53,594,160
Amounts due to related parties		27,051,879	27,051,879
Bank borrowings	*12*	57,027,655	50,702,070
Deferred income		464,592	480,048
Current tax liabilities		538,577	2,808,177
		244,318,499	263,242,394
Liabilities associated with assets classified as held for sale	*10*	15,391,530	—
Total current liabilities		259,710,029	263,242,394

	Notes	30 September 2016 (Unaudited) HK$	31 March 2016 (Audited) HK$
Net current assets/(liabilities)		66,606,025	(45,290,288)
Total assets less current liabilities		210,074,193	144,224,668
Non-current liabilities			
Bank borrowings	*12*	17,422,210	18,001,800
Provision for long service payments		42,373	42,373
Deferred income		2,732,185	3,063,101
Deferred tax liabilities		—	6,645,278
Total non-current liabilities		20,196,768	27,752,552
Total liabilities		279,906,797	290,994,946
NET ASSETS		189,877,425	116,472,116
Capital and reserves attributable to owners of the Company			
Share capital	*13*	53,888,928	35,925,952
Reserves		137,582,647	82,505,179
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held for sale		686,052	—
		192,157,627	118,431,131
Non-controlling interests		(2,280,202)	(1,959,015)
TOTAL EQUITY		189,877,425	116,472,116

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

	Share capital *HK$*	Share premium *HK$*	Other reserves *HK$*	Contributed surplus *HK$*	Employee share-based compensation reserve *HK$*	Other properties revaluation reserve *HK$*	Foreign exchange reserve *HK$*	Investment revaluation reserve *HK$*	Accumulated losses *HK$*	Equity attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
At 1 April 2016 (Audited)	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,029,407	7,373,450	19,984,388	(3,177,184)	(1,956,595,492)	118,431,131	(1,959,015)	116,472,116
Loss for the period	–	–	–	–	–	–	–	–	(40,210,498)	(40,210,498)	(100,393)	(40,310,891)
Available-for-sale investments, change in fair value	–	–	–	–	–	–	–	7,444,248	–	7,444,248	–	7,444,248
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(1,285,111)	–	–	(1,285,111)	(220,794)	(1,505,905)
Total comprehensive income for the period	–	–	–	–	–	–	(1,285,111)	7,444,248	(40,210,498)	(34,051,361)	(321,187)	(34,372,548)
Issue of shares upon open offer *(Note 13)*	17,962,976	89,814,881	–	–	–	–	–	–	–	107,777,857	–	107,777,857
At 30 September 2016 (Unaudited)	53,888,928	2,166,066,208	(99,144,717)	28,784,000	9,029,407	7,373,450	18,699,277	4,267,064	(1,996,805,990)	192,157,627	(2,280,202)	189,877,425

	Share capital *HK$*	Share premium *HK$*	Other reserves *HK$*	Contributed surplus *HK$*	Employee share-based compensation reserve *HK$*	Other properties revaluation reserve *HK$*	Foreign exchange reserve *HK$*	Investment revaluation reserve *HK$*	Accumulated losses *HK$*	Equity attributable to owners of the Company *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
At 1 April 2015 (Audited)	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,376,692	6,893,294	25,425,281	–	(1,825,608,284)	257,903,545	(18,160,784)	239,742,761
(Loss)/profit for the period	–	–	–	–	–	–	–	–	(35,795,786)	(35,795,786)	507,273	(35,288,513)
Available-for-sale investments, change in fair value	–	–	–	–	–	–	–	7,365,235	–	7,365,235	–	7,365,235
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(4,662,037)	–	–	(4,662,037)	(833,336)	(5,495,373)
Total comprehensive income for the period	–	–	–	–	–	–	(4,662,037)	7,365,235	(35,795,786)	(33,092,588)	(326,063)	(33,418,651)
Share options lapsed *(note 14)*	–	–	–	–	(347,285)	–	–	–	347,285	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	36,727,099	36,727,099
At 30 September 2015 (Unaudited)	35,925,952	2,076,251,327	(99,144,717)	28,784,000	9,029,407	6,893,294	20,763,244	7,365,235	(1,861,056,785)	224,810,957	18,240,252	243,051,209

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Cash flows from operating activities		
Net cash used in operations	(28,831,057)	(4,397,360)
Interest received	97,573	153,506
Tax (paid)/refund	(2,268,471)	514,181
Net cash used in operating activities	(31,001,955)	(3,729,673)
Cash flows from investing activities		
Acquisition of subsidiaries, net of cash acquired	—	(34,225,700)
Refund of deposit for acquisition of subsidiaries	—	110,000,000
Purchases of property, plant and equipment	(2,701,989)	(2,847,189)
Purchase of available-for-sale investments	—	(32,000,000)
Other cash flows arising from investing activities	250,749	2,459,489
Net cash (used in)/generated from investing activities	(2,451,240)	43,386,600
Cash flows from financing activities		
Increase in bank borrowings	22,429,200	32,940,000
Repayment of bank borrowings	(15,322,685)	(34,224,000)
Interest paid	(1,735,295)	(1,869,398)
Decrease in amounts due to related parties	—	(7,706,309)
Proceed from issue of shares upon open offer	107,777,857	—
Net cash generated from/(used in) financing activities	113,149,077	(10,859,707)

	Six months ended 30 September	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Net increase in cash and cash equivalents	79,695,882	28,797,220
Effect of foreign exchange rate changes on cash and cash equivalents	(502,432)	(2,922,939)
Cash and cash equivalents at beginning of period	57,051,103	100,314,658
Cash and cash equivalents at end of period	136,244,553	126,188,939
Cash and cash equivalents presented under:		
Cash and cash equivalents included in cash and bank balances	133,716,464	126,188,939
Cash and cash equivalents included in assets classified as held for sale	2,528,089	—
	136,244,553	126,188,939

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2016

1. Basis of Preparation

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2016 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosure required in the Group's annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2016.

The HKICPA has issued a few amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are relevant to the Group's operation and are mandatory for the first time for the Group's financial year beginning 1 April 2016. These amendments to standards had no material impact on the presentation of the Group's unaudited interim condensed consolidated financial statements.

The accounting policies used in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

The following new/revised HKFRSs, potentially relevant to the Group have been issued, but are not yet effective for the financial year beginning on 1 April 2016 and have not yet been early adopted by the Group.

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]
Amendments to HKAS 7	Disclosure Initiatives[1]
Amendments to HKAS 12	Recognition of Deferral Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Clarification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2017

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for annual periods beginning on or after 1 January 2019

[4] Effective for annual periods beginning on or after a date to be determined

The Group has already commenced an assessment of the potential impact of the new/revised standards but is not yet in a position to state whether these new/revised standards would have a significant impact on the Group's result of operations and financial position.

2. Segment Information

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

Principal activities are as follows:

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

Segment information is presented below:

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

	Six months ended 30 September 2016 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection and provision of intellectual property enforcement services business *HK$*	Exhibition-related business *HK$*	Property sub-leasing business *HK$*	Property development and investment *HK$*	Entertainment business *HK$*	Food and beverages *HK$*	Inter-segment elimination *HK$*	Sub-total *HK$*	Sludge and sewage treatment *HK$*	Total *HK$*
Reportable segment revenue										
External sales	2,224,967	16,659,858	16,784,162	–	141,955	–	–	35,810,942	–	35,810,942
Inter-segment sales	–	–	–	–	–	1,068,607	(1,068,607)	–	–	–
	2,224,967	16,659,858	16,784,162	–	141,955	1,068,607	(1,068,607)	35,810,942	–	35,810,942
Reportable segment (loss)/ profit before income tax expense	(632,172)	(2,405,070)	2,174,308	(381,963)	(188,857)	(1,162,625)	–	(2,596,379)	(56,535)	(2,652,914)
Other segment information										
Interest income	4,204	26,398	48,524	8	46	1	–	79,181	2,972	82,153
Interest expenses	–	–	1,265,538	–	–	–	–	1,265,538	–	1,265,538
Depreciation of property, plant and equipment	399,853	214,860	5,776,947	360,752	89,502	–	–	6,841,914	–	6,841,914
Share of losses of associates	–	–	–	–	–	–	–	–	1,503,474	1,503,474
Reportable segment assets (As at 30 September 2016) (Unaudited)	38,757,174	31,149,162	110,228,040	8,186,234	5,315,630	35,072,166	–	228,708,406	45,189,745	273,898,151
Reportable segment liabilities (As at 30 September 2016) (Unaudited)	74,731,453	13,192,870	137,781,029	5,070	5,799,315	22,178	–	231,531,915	15,391,530	246,923,445

The inter-segment sales were charged at prevailing market rates.

	Six months ended 30 September 2015 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection and provision of intellectual property enforcement services business	Exhibition-related business	Property sub-leasing business	Property development and investment	Entertainment business	Food and beverages	Inter-segment elimination	Sub-total	Sludge and sewage treatment	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue										
External sales	13,394,547	21,023,434	22,795,617	–	149,899	–	–	57,363,497	–	57,363,497
Inter-segment sales	–	–	–	–	–	82,612	(82,612)	–	–	–
	13,394,547	21,023,434	22,795,617	–	149,899	82,612	(82,612)	57,363,497	–	57,363,497
Reportable segment profit/(loss) before income tax expense	6,173,292	(1,761,857)	3,679,830	(398,624)	(868,767)	(672,597)	–	6,151,277	(1,576,752)	4,574,525
Other segment information										
Interest income	26,953	49,008	–	19	460	–	–	76,440	3,828	80,268
Interest expenses	–	–	1,809,776	–	–	–	–	1,809,776	–	1,809,776
Depreciation of property, plant and equipment	433,472	253,591	4,064,889	360,752	89,165	–	–	5,201,869	455,772	5,657,641
Amortisation of intangible assets	–	–	–	–	–	–	–	–	6,412	6,412
Share of losses of associates	–	–	–	–	–	–	–	–	49,120	49,120
Reportable segment assets (As at 31 March 2016) (Audited)	40,974,167	29,630,011	115,810,367	8,527,520	12,519,736	35,495,382	–	242,957,183	45,740,393	288,697,576
Reportable segment liabilities (As at 31 March 2016) (Audited)	81,987,713	9,206,635	143,059,811	5,070	5,720,336	605,927	–	240,585,492	15,640,470	256,225,962

The inter-segment sales were charged at prevailing market rates.

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

Profit or loss

	Six months ended 30 September	
	2016	**2015**
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Reportable segment (loss)/profit before income tax expense from continuing operations	(2,596,379)	6,151,277
Unallocated interest income and other income	466,568	620,976
Unallocated impairment losses	(8,275)	—
Unallocated finance costs	(469,757)	(59,622)
Unallocated staff costs	(11,559,318)	(15,946,777)
Unallocated rent, rate and management fee	(8,675,064)	(8,751,755)
Unallocated depreciation of property, plant and equipment	(1,101,902)	(1,352,001)
Unallocated amortisation of intangible assets	(58,442)	(58,442)
Unallocated head office and corporate expenses	(15,900,360)	(13,946,912)
Loss before income tax expense from continuing operations	(39,902,929)	(33,343,256)

Assets

	30 September 2016	**31 March 2016**
	(Unaudited)	(Audited)
	HK$	*HK$*
Reportable segment assets	273,898,151	288,697,576
Property, plant and equipment	2,766,376	5,279,167
Available-for-sale investments	50,531,606	43,087,358
Trade and other receivables	8,024,092	10,967,782
Loan receivables	24,035,963	28,369,700
Cash and cash equivalents	109,463,293	29,960,034
Unallocated head office and corporate assets	1,064,741	1,105,445
Total assets	469,784,222	407,467,062

Liabilities

	30 September 2016 (Unaudited) *HK$*	**31 March 2016** (Audited) *HK$*
Reportable segment liabilities	246,923,445	256,225,962
Bank borrowings	30,000,000	30,000,000
Unallocated head office and corporate liabilities	2,983,352	4,768,984
Total liabilities	279,906,797	290,994,946

(c) Geographical information

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

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

	Six months ended 30 September 2016 (Unaudited)			
	Hong Kong *HK$*	**The PRC** *HK$*	**Korea** *HK$*	**Total** *HK$*
Revenue *(note (i))*	21,000	35,668,987	120,955	35,810,942
Non-current assets other than financial instruments and deferred tax assets (As at 30 September 2016) (Unaudited)	12,399,139	71,596,394	8,453,238	92,448,771

	Six months ended 30 September 2015 (Unaudited)			
	Hong Kong *HK$*	The PRC *HK$*	Korea *HK$*	Total *HK$*
Revenue *(note (i))*	20,074	57,213,598	129,825	57,363,497
Non-current assets other than financial instruments and deferred tax assets (As at 31 March 2016) (Audited)	14,896,200	122,629,353	8,902,045	146,427,598

Note:

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

3. Loss Before Income Tax Expense

Loss before income tax expense from continuing operations has been arrived at after crediting/charging:

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Crediting		
Bank interest income	94,601	149,678
Loan interest income	519,549	483,752
Gain on disposal of property, plant and equipment, net	652,956	—
Charging		
Staff costs	17,256,486	22,533,179
Amortisation on		
— intangible assets	58,442	58,442
Impairment losses on		
— other receivables	8,275	—
Loss on disposal of a subsidiary	4,631	—

4. Discontinued Operation

During the six months ended 30 September 2016, the sludge and sewage treatment business of the Group is classified as held for sale in order to enable the Group to realise its investment in the business and to focus on its existing business and business development (see note 10 for details).

The results of the sludge and sewage treatment business for the six months ended 30 September 2016 and for the period from 5 August 2015 (date of acquisition) to 30 September 2015 are as follows:

	Six months ended 30 September 2016	**Period from 5 August 2015 (date of acquisition) to 30 September 2015**
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Other income and gains	2,774,483	3,828
Amortisation	—	(6,412)
Depreciation on property, plant and equipment	—	(455,772)
Other operating expenses	(390,879)	(478,216)
Operating lease payments	(304,478)	(121,940)
Staff costs	(632,187)	(469,120)
Share of losses of associates	(1,503,474)	(49,120)
Loss before income tax expense	(56,535)	(1,576,752)
Income tax expense	—	—
Loss for the period	(56,535)	(1,576,752)

For the purpose of presenting discontinued operation, the comparative unaudited condensed consolidated statement of comprehensive income and the related notes have been re-presented as if the operation discontinued during the period had been discontinued at the beginning of the comparative period.

5. Income Tax Expense

Income tax expense in the unaudited interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September					
	Continuing operations		Discontinued operation		Total	
	2016	2015	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Current tax — Hong Kong profits tax	—	—	—	—	—	—
Current tax — PRC Enterprise Income Tax	1,129	(15,949)	—	—	1,129	(15,949)
Deferred tax	(352,556)	(352,556)	—	—	(352,556)	(352,556)
	(351,427)	(368,505)	—	—	(351,427)	(368,505)

No Hong Kong profits tax has been provided within the Group as there is no estimated assessable profits for the six months ended 30 September 2016 (2015: Nil).

For the six months ended 30 September 2016 and 2015, the PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25%.

6. Loss Per Share

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

	Six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company		
— from continuing operations	(40,181,665)	(34,991,643)
— from discontinued operation	(28,833)	(804,143)
— from continuing and discontinued operations	(40,210,498)	(35,795,786)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	773,487,718	718,519,047

Note:

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

7. Dividends

No dividend was paid or proposed during the six months ended 30 September 2016, nor has any dividend been proposed as at the date of this report (2015: Nil).

8. Interests in Associates

During the six months ended 30 September 2016, the interests in associates have been reclassified as held for sales in the unaudited interim condensed consolidated statement of financial position (see note 10 for details).

9. Trade and Other Receivables

	30 September 2016 (Unaudited) *HK$*	**31 March 2016** (Audited) *HK$*
Trade debtors *(note (a), (b))*	11,556,520	12,641,943
Deposits, prepayments and other receivables	34,156,323	32,305,785
Loan receivables *(note (c))*	24,035,963	28,369,700
	69,748,806	73,317,428

Notes:

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

(b) The ageing analysis of trade receivables based on invoice date is as follows:

	30 September 2016 (Unaudited) *HK$*	**31 March 2016** (Audited) *HK$*
Within 90 days	11,028,873	12,116,796
91 days to 365 days	20,588	18,088
More than 365 days	507,059	507,059
	11,556,520	12,641,943

(c) It represented advances to the independent third parties. During the six months ended 30 September 2016, the Group and the independent third parties entered into the loan agreements in which the Group agreed to advance to the independent third parties in the principal amount of HK$24,035,963 (31 March 2016: HK$28,369,700). The loans are unsecured and bears an effective interest rate ranging from 3.00% to 8.00% per annum (31 March 2016: 4.00% to 10.00%) and shall be repayable in twelve months from the date of advance.

10. Assets and Liabilities Classified as Held for Sale

On 30 September 2016, the Group announced that 深圳市文地多媒體技術有限公司(Shenzhen Wendi Multimedia Technology Company Limited*), the Company's indirect wholly-owned subsidiary, entered into an equity transfer agreement with an independent third party to dispose (the "**Disposal**") 51% equity interests in Suzhou Great Research & Industrialization Co., Ltd.*(蘇州格瑞特環保科技產業發展有限公司)("**Great Research**") at a consideration of RMB13,800,000 (equivalent to approximately HK$16,000,000). Up to the date of this report, the Disposal has not been completed. The directors of the Company anticipate that the Disposal will be completed within twelve months from the end of reporting period. Details of the Disposal is set out in the announcement of the Company dated 30 September 2016. The following major classes of assets and liabilities relating to the Great Research and its subsidiaries have been classified as held for sale in the unaudited interim condensed consolidated statement of financial position.

	30 September 2016 (Unaudited) *HK$*
Interest in an associate	35,312,876
Other receivables	1,549,899
Amount due from a non-controlling shareholder	417,577
Amount due from an associate	5,149,008
Amounts due from related parties	232,296
Cash and cash equivalents	2,528,089
Assets classified as held for sale	45,189,745
Trade and other payables	7,905,905
Deferred tax liabilities	7,485,625
Liabilities associated with assets classified as held for sale	15,391,530

11. Trade, Bills and Other Payables

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

	30 September 2016 (Unaudited) *HK$*	**31 March 2016** (Audited) *HK$*
Current or within 30 days	730,483	1,752,040
31 to 60 days	135,370	618,069
61 to 90 days	128,342	585,981
Over 90 days	21,197,662	29,389,456
	22,191,857	32,345,546

12. Bank Borrowings

	30 September 2016 (Unaudited) HK$	31 March 2016 (Audited) HK$
Borrowings repayable:		
Within one year	57,027,655	50,702,070
More than one year, but not exceeding two years	17,422,210	18,001,800
	74,449,865	68,703,870
Less: Amounts due within one year including in current liabilities	(57,027,655)	(50,702,070)
Amounts due after one year	17,422,210	18,001,800

Note:

Personal and corporate guarantees were given to banks for certain bank loans by Mr. Yang Lei, a director of certain subsidiaries of the Company, his spouse and a related company, which is beneficially owned by Mr. Yang Lei and his spouse. Further, certain assets of Mr. Yang Lei, his spouse, a related party and the related company have been pledged to secure the bank loans. The interest rates are ranged from 3.09% to 6.50% per annum (31 March 2016: from 2.81% to 7.00% per annum).

13. Share Capital

	Number of shares '000	HK$
Authorised:		
Ordinary shares of HK$0.05 each		
At 1 April 2016 (Audited) and 30 September 2016 (Unaudited)	20,000,000,000	1,000,000,000
Issued and fully paid:		
Ordinary shares of HK$0.05 each		
At 1 April 2016 (Audited)	718,519,047	35,925,952
Issue of shares upon open offer *(note)*	359,259,523	17,962,976
At 30 September 2016 (Unaudited)	1,077,778,570	53,888,928

Note:

On 2 September 2016, the Company completed an open offer of issuing 359,259,523 ordinary shares at a subscription price of HK$0.30 per share. As a result, there was an increase in share capital and share premium of HK$17,962,976 and HK$89,814,881 respectively. Details of the open offer have been disclosed in the announcements of the Company dated 16 May 2016, 6 June 2016, 20 June 2016, 6 July 2016 and 1 September 2016, the circular of the Company dated 8 July 2016 and the prospectus of the Company dated 10 August 2016.

14. Share Options

Except as disclosed in the Company's announcement dated 1 September 2016, the number of shares comprised in the options and the exercise price of the option were adjusted as a result of the open offer, no option was granted, exercised, cancelled or lapsed during the six months ended 30 September 2016.

During the six months ended 30 September 2015, 1,197,534 share options, which were held by one employee, were lapsed. The value of these lapsed share options of HK$347,285 was released directly to accumulated losses.

15. Lease

Operating leases — lessee

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to sixteen years (31 March 2016: one to sixteen years). Lease payments are usually negotiated to reflect market rentals. None of the leases includes contingent rentals.

The total of future minimum lease payments are due as follows:

	30 September 2016	**31 March 2016**
	(Unaudited)	(Audited)
	HK$	*HK$*
Not later than one year	23,690,850	28,716,649
Later than one year and not later than five years	57,336,065	76,591,138
More than five years	31,422,791	58,991,848
	112,449,706	164,299,635

Operating leases — lessor

The Group sub-leases its properties in the PRC under operating leases. Sub-leases for properties in the PRC usually run for an initial period of one to five years (31 March 2016: one to five years). Lease receipts are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

The minimum lease receivables under non-cancellable operating lease are as follows:

	30 September 2016	**31 March 2016**
	(Unaudited)	(Audited)
	HK$	*HK$*
Not later than one year	19,887,331	21,180,766
Later than one year and not later than five years	23,871,937	15,994,416
More than five years	—	560,544
	43,759,268	37,735,726

16. Capital Commitments

	30 September 2016 (Unaudited) HK$	31 March 2016 (Audited) HK$
Contracted for but not provided		
— Commitments for the acquisition of plant and equipment	14,234,464	15,578,110
— Capital commitment for investment in unlisted equity securities in the PRC	717,795	741,674
	14,952,259	16,319,784

17. Related Party Transactions

Save as those disclosed elsewhere in the unaudited interim condensed consolidated financial statements, significant related party transactions during the period are as follows:

(a) Compensation of key management personnel

The remunerations of directors and other members of key management personnel during the period were as follows:

	Six months ended 30 September	
	2016 (Unaudited) HK$	2015 (Unaudited) HK$
Short-term benefits	6,177,603	7,604,518
Post-employment benefits	52,500	50,500
	6,230,103	7,655,018

(b) On 8 June 2015, the Group entered into a sale and purchase agreement with Guangwei Technology Group Limited*（廣微科技集團有限公司）("**Guangwei**") to acquire 9.5% of the subscribed capital contribution of Chongqing Lianshun Heqi Venture Investment Fund Partnership*（重慶聯順合氣創業投資基金合伙企業）at a consideration equivalent to HK$32,000,000 in RMB.

As at the date of the sale and purchase agreement, Guangwei was an associate of Ms. Wang Ming, a then substantial shareholder of the Company and the spouse of Mr. Tsoi Tung, who resigned as executive Director and chief executive officer of the Company on 15 August 2016.

18. Fair Value Measurements of Financial Instruments

The following table presents financial assets measured at fair value at the reporting date in accordance with fair value hierarchy. The hierarchy groups financial assets into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	30 September 2016 (Unaudited)			
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Listed securities in Hong Kong, at fair value *(note)*	20,235,584	—	—	20,235,584

	31 March 2016 (Audited)			
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Listed securities in Hong Kong, at fair value *(note)*	12,791,336	—	—	12,791,336

Note:

The fair values of listed securities in Hong Kong are based on quoted market prices.

* *For identification purpose only*

4. INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2016, being the latest practicable date for the purpose of preparing the indebtedness statement prior to the printing of this Composite Document, the Group had outstanding borrowings of approximately HK$149,170,000, details of which are set out below:

	Approximate HK$'000
Bank borrowings, secured and guaranteed	74,450
Amounts due to non-controlling Shareholders, unsecured	47,668
Amounts due to related parties, unsecured	27,052

Securities

As at 30 September 2016, Mr. Yang Lei (a director of certain subsidiaries of the Company), his spouse and a company beneficially owned by Mr. Yang Lei and his spouse (the "**Related Company**") respectively provided guarantees for certain bank loans of the Group. Certain assets of Mr. Yang Lei, his spouse, a related party and the Related Company were also pledged to secure the aforesaid bank loans of the Group.

As at 30 September 2016, bank deposits of RMB30,000,000 and HK$2,300,000 of the Group were pledged to secure the bank loans which was drawdown in the aggregate amount of HK$30,000,000 and corporate credit cards limit up to HK$5,300,000 of the Group respectively.

As at 30 September 2016, an indirect non-wholly owned subsidiary of the Company provided the guarantee in respect of a loan facility for the principal amount of up to RMB35,000,000 provided to an independent third party from a financial institution in the PRC.

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, the Group did not have any loan capital issued or agreed to be issued, debt securities issued and outstanding, authorised or otherwise created but unissued, bank overdrafts or loans or term loans, other borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 September 2016.

5. MATERIAL CHANGE

As at the Latest Practicable Date, the Directors confirm that save and except for the followings, there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, being the date to which the latest audited consolidated financial statements of the Group were made up and up to Latest Practicable Date.

1. as disclosed in the interim report of the Group for the six months ended 30 September 2016 (the "**2016 Interim Report**") published on 29 November 2016,

   (a) the Group recorded a net loss of approximately HK$40,311,000 for the six months ended 30 September 2016 as compared to a net loss of approximately HK$35,289,000 for the same period in 2015. Such increase in loss was mainly due to the overall decrease in the Group's revenue from approximately HK$57,363,000 for the six months ended 30 September 2015 to approximately HK$35,811,000 for the six months ended 30 September 2016, in particular, (i) revenue from the Group's licence fee collection and provision of intellectual property enforcement services business decreased by approximately HK$11,170,000 as a result of the absence of operating fees (2015: approximately HK$10 million) from China Music Video Collective Management Association* (中國音像著作權集體管理協會) ("**MVCM Association**") pending the results of the litigation against MVCM Association regarding the outstanding operating fees payable by MVCM Association to the Group as announced by the Company on each of 12 November 2015, 23 May 2016, 2 June 2016 and 19 July 2016; (ii) revenue from exhibition-related business decreased by approximately HK$4,364,000 due to the decrease in number of participating exhibitors; and (iii) revenue from property sub-leasing business dropped by approximately HK$6,011,000 due to poor PRC market condition and the discontinuance in sub-leasing certain properties in the PRC;

(b) the Group's cash position improved to approximately HK$170,861,000 as at 30 September 2016 as compared to approximately HK$103,035,000 as at 31 March 2016, mainly attributable to the cash proceeds of approximately HK$107,778,000 from the issuance of Shares upon completion of the open offer of 359,259,523 Shares at the issue price of HK$0.30 per Share on 2 September 2016 as disclosed in the Company's announcements dated 16 May 2016, 6 June 2016, 20 June 2016, 6 July 2016 and 1 September 2016, the circular of the Company dated 8 July 2016 and the prospectus of the Company dated 10 August 2016, partially offset by the net cash used in operating activities amounting to approximately HK$31,002,000 for the six months ended 30 September 2016; and

2. 深圳市文地多媒體技術有限公司 (Shenzhen Wendi Multimedia Technology Company Limited*), the Company's indirect wholly-owned subsidiary, entered into an equity transfer agreement with 重慶宸惠物流有限公司 (Chongqing Chen Hui Logistics Limited*), a party independent of the Company and its connected persons on 30 September 2016, in respect of a disposal (the "**Disposal**") of 51% equity interests in 蘇州格瑞特環保科技產業發展有限公司 (Suzhou Great Research & Industrialization Co., Ltd.*) (together with its subsidiaries, the "**Great Group**") at a consideration of RMB13,800,000 (equivalent to approximately HK$16,000,000). The Directors anticipate that the Disposal will be completed within twelve months from 30 September 2016. The major classes of assets and liabilities of the Great Group have been classified as held for sale in the 2016 Interim Report. Details of the Disposal are disclosed in the Company's announcement dated 30 September 2016.

(A) RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group, the Vendor I, the Vendor II and parties acting in concert with any of them), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than that expressed by the Group, the Vendor I, the Vendor II and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

(B) DISCLOSURE OF INTERESTS BY THE OFFEROR

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it are as follows:

Shareholder	Capacity	Number of Shares held	Approximate % of total issued Shares
The Offeror	Beneficial owner	409,529,611	38.00%
Mr. Chen	Interest of controlled corporation	409,529,611	38.00%

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company.

The Offeror will finance the consideration payable under the Offers from the Facility granted by Kingston Securities (as lender) to the Offeror (as borrower) for the purpose of financing the Offer. Pursuant to the terms and conditions of the

Facility, the Sale Shares acquired and the Offer Shares to be acquired by the Offeror under the Share Offer shall be deposited with Kingston Securities as collateral for the Facility. The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, the Facility will not depend to any significant extent on the business of the Group.

For further information regarding the Facility, please refer to section headed "Confirmation of financial resources" in the "Letter from Kingston Securities" as set out in this Composite Document. Save for the Facility, as at the Latest Practicable Date, there was no agreement, arrangement or understanding entered and/or to be entered into by the Offeror pursuant to which the securities acquired in pursuance of the Share Offer would be transferred, charged or pledged to any other persons.

Save as the SPA I and the SPA II, the Offeror and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares or other types of equity interest in the Company during the Relevant Period.

(C) ADDITIONAL DISCLOSURE ON INTERESTS AND DEALINGS

As at the Latest Practicable Date:

(a) save for 409,529,611 Shares held by the Offeror, neither the Offeror nor any person acting in concert with it owned or controlled or had direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;

(b) save for the Facility, there was no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror and/or any associate (as defined under the Takeovers Code) of the Offeror and/or any person acting in concert with it and any other person;

(c) there was no agreement or arrangement to which the Offeror or any person acting in concert with it, was a party which related to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;

(d) neither the Offeror nor any person acting in concert with it had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;

(e) neither the Offeror nor any person acting in concert with it had received any irrevocable commitment to accept or reject the Offers;

(f) there was no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it;

(g) no benefit had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;

(h) save for the Facility, there was no agreement, arrangement or understanding (including any compensation arrangement) between any of the Offeror or parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or was dependent upon the Offers.

(D) MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period: (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price per Share** *(HK$)*
2016	
25 April	0.531
31 May	0.355
30 June	0.333
29 July	0.378
31 August	0.335
30 September	0.365
13 October (i.e. the last Business Day prior to the commencement of the Offer Period)	0.420
Last Trading Day	0.540
31 October	0.425
Latest Practicable Date	0.390

During the Relevant Period the highest closing price of the Shares quoted on the Stock Exchange was HK$0.567 per Share on 22 April 2016 and the lowest closing price of the Shares quoted on the Stock Exchange of HK$0.310 per Share on 17 August 2016 and 22 August 2016.

(E) EXPERTS AND CONSENTS

The followings are the qualification of the experts whose letter or opinion is contained in this Composite Document:

Name	Qualifications
Kingston Securities	a licensed corporation permitted to carry out type 1 (dealing in securities) regulated activity under the SFO
Kingston Corporate Finance	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of Kingston Securities and Kingston Corporate Finance has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

(F) GENERAL

(a) The registered office of the Offeror is Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands. The sole director and shareholder of the Offeror is Mr. Chen. The correspondence address of Mr. Chen is Room 1001-1002, Regent Centre, 88 Queen's Road Central, Hong Kong.

(b) The registered address of Kingston Corporate Finance is Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(c) The registered address of Kingston Securities is Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.

(d) The English text of this Composite Document and the Forms of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

(G) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at Rooms 2501-05, 25th Floor, China Resources Building, No 26 Harbour Road, Wanchai, Hong Kong; (ii) on the website of the Company (www.tricor.com.hk/webservice/000674/); and (iii) on the website of the SFC (www.sfc.hk), during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Offers Closing Date:

(a) the memorandum and articles of association of the Offeror;

(b) the letter from Kingston Securities, the text of which is set out on pages 10 to 20 of this Composite Document;

(c) the written consents referred to under the paragraph headed "Experts and Consents" in this appendix; and

(d) the facility agreement dated 19 October 2016 between the Offeror and Kingston Securities in respect of the Facility.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than those relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorized and issued share capital of the Company was as follows:

Authorised:	*HK$*
20,000,000,000 Shares	1,000,000,000
Issued and fully paid up:	
1,077,778,570 Shares	53,888,928.5

All the existing Shares in issue are fully paid up and rank pari passu in all respects with each other in all respects, including all rights in respect of capital, dividends and voting. Since 31 March 2016 (being the date to which the latest published audited financial statements of the Group were made up) and up to the Latest Practicable Date, the Company has issued 359,259,523 Shares.

The Company's share option scheme was adopted on 30 August 2012. As at the Latest Practicable Date, the number of Shares in respect of which Options had been granted and remained outstanding under the share option scheme was 27,942,462, all of which have an exercise price of HK$0.513 per Share.

Save as aforesaid, the Company has no outstanding options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. DISCLOSURE OF INTERESTS

Directors' and chief executives' interests or short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executives and their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which require notification pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is taken or deemed to have under such provisions of the SFO), or which are required to be entered into the register maintained by the Company under Section 352 of the Part XV of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**"):

Name	Capacity	Number of Shares interested	No. of underlying Shares held under the Options	Total	Approximate percentage of interest in the issued share capital of the Company
Mr. Cheng *(Note)*	Personal	76,253,500	—	76,253,500	7.08%
Ms. Lei Lei	Personal	—	5,987,670	5,987,670	0.56%
Mr. Tong Jingguo	Personal	—	332,649	332,649	0.03%
Mr. Yang Rusheng	Personal	—	332,649	332,649	0.03%

Save as disclosed above, none of the chief executive of the Company, Directors or their respective associates had any interests or short positions, whether beneficial or non-beneficial, in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Note: Mr. Cheng personally owned 76,180,000 Shares and his wife, Ms. Bai, owned 73,500 Shares.

4. INTERESTS IN AND DEALINGS IN SECURITIES OF THE OFFEROR

As at the Latest Practicable Date, none of the Company nor any of the Directors had any interest in the shares of the Offeror, and no such person had dealt in the shares of the Offeror during the Relevant Period.

5. SHAREHOLDING AND DEALINGS IN THE COMPANY'S SECURITIES

Save for the disposal of Sale Shares I by the Vendor I to the Offeror pursuant to the SPA I and the 263,759,611 Shares taken up by Vendor I pursuant to the underwriting agreement dated 25 April 2016 and entered into among the Company, Vendor I and Ms. Bai, (and as supplemented by four letters dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016) in relation to the open offer of not less than 359,259,523 and not more than 371,833,632 Shares at the issue price of HK$0.30 per Share as disclosed in the Company's announcements dated 16 May 2016, 6 June 2016, 20 June 2016, 6 July 2016 and 1 September 2016, the circular of the Company dated 8 July 2016 and the prospectus of the Company dated 10 August 2016, none of the Directors have dealt for value in any Shares or any convertible securities, warrants, option or derivatives issued by the Company during the Relevant Period.

As at the Latest Practicable Date:

(a) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code or by the Independent Financial Adviser, and no such person had dealt in Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(b) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) (if any) connected with the Company, and no such person had dealt in Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(c) no Shares or any convertible securities, warrants, option or derivatives issued by the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of

classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code, and no such person had dealt in Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period;

(d) save for the 76,180,000 Shares held by Vendor I and 73,500 Shares held by his wife, Ms. Bai, the 5,987,670 Options held by Ms. Lei Lei (an executive Director), the 332,649 Options held by Mr. Tong Jingguo (an independent non-executive Director), the 332,649 Options held by Mr. Yang Rusheng (an independent non-executive Director), the Directors did not own or control or were not interested in any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). The Directors who hold Shares or Options do not intend to accept the Offers as at the Latest Practicable Date but would monitor the market prices of Shares during the Offer Period before deciding whether to accept or reject the Offers;

(e) none of the Company or any of its Directors has borrowed or lent any Shares or any convertible securities, warrants, options or derivatives issued by the Company during the Relevant Period.

6. ARRANGEMENTS AFFECTING THE DIRECTORS

As at the Latest Practicable Date:

(a) no benefit (other than statutory compensation) had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;

(b) save and except for the SPA I, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and

(c) save and except for the SPA I, there was no material contract entered into by the Offeror in which any Director has a material personal interest.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no service contract with the Company or any of its subsidiaries or associated companies in force for Directors (i) which (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the date on which the Offer Period commenced; (ii) which is a continuous contract with a notice period of 12 months or more; or (iii) which is a fixed term contract with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by members of the Group within two years immediately preceding the date of commencement of the Offer Period and up to the Latest Practicable Date which are or may be material:

(i) the placing agreement dated 28 November 2014 entered into between the Company and CCB International Capital Limited as the placing agent in relation to the placing of a maximum of 119,752,000 new Shares to be issued by the Company at the placing price of HK$0.50 per Share. Pursuant to the placing agreement, the Company shall pay to the placing agent a commission of HK$1,500,000;

(ii) the termination agreement dated 31 March 2015 entered into between the Company as the purchaser and Estate Fortune Limited as the vendor in relation to the termination of the memorandum of cooperation dated 14 June 2013 (as amended and supplemented by the supplemental memoranda of understanding dated 8 August 2013, 11 October 2013, 27 November 2013 and 10 April 2014 in relation to the possible acquisition of a company holding interests in two construction projects in the PRC with payment of earnest money in the amount of HK$30,000,000) and refund of earnest money in the amount of HK$30,000,000;

(iii) the sale and purchase agreement dated 8 June 2015 entered into between 廣微科技集團有限公司(Guangwei Technology Group Limited*), the then associate of a substantial shareholder of the Company, as the vendor and 深圳市文地多媒體技術有限公司(Shenzhen Wendi Multimedia Technology Company Limited*) ("**Shenzhen Wendi**"), the Company's indirect wholly-owned subsidiary, as the purchaser in respect of the acquisition of 9.5% of the total subscribed capital contribution in 重慶聯順合氣創業投資基金合伙企業(Chongqing Lianshun Heqi Venture Investment Fund Partnership*) for a consideration of HK$32,000,000 in RMB;

(iv) the equity transfer agreement dated 7 July 2015 entered by and among Shenzhen Wendi the Company's indirect wholly-owned subsidiary, as the purchaser, Mr. Li Xiaodong (李曉東) and Mr. Lu Xian (路綫) as the vendors and 蘇州格瑞特環保科技產業發展有限公司 (Suzhou Great Research & Industrialization Co., Ltd.*) ("**Great Research**") as the target company in relation to the acquisition of an aggregate of 25% equity interests in the target company for a consideration of RMB21,135,514;

(v) the equity transfer agreement dated 7 July 2015 entered by and among Shenzhen Wendi, the Company's indirect wholly-owned subsidiary, as the purchaser, Mr. Cai Yi (蔡毅) as the vendor and Great Research as the target company in relation to the acquisition of 26% equity interests in the target company for a consideration of RMB10,300,000;

(vi) the supplemental agreement dated 29 September 2015 entered into between the Company as the purchaser, HaoRan Cultural Development Limited as the vendor and Ms. Mak Kit Yan Carly Lusanna as the guarantor to amend and supplement the agreement dated 27 May 2011 (as amended and supplemented by the supplemental agreements dated 20 December 2011, 31 December 2012, 30 September 2013 and 30 September 2014) (pursuant to which the Company agreed to acquire the entire issued share capital of BoRen Cultural Development Limited for a consideration of RMB90,000,000) in relation to, among others, amendment of the original loan under the agreement;

(vii) the underwriting agreement dated 25 April 2016 and entered into among the Company, Vendor I, as underwriter (the "**Underwriter**"), and Ms. Bai (and as supplemented by four letters dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016 respectively signed by the Company and the Underwriter) in relation to the open offer of not less than 359,259,523 and not more than 371,833,632 Shares at the issue price of HK$0.30 per Share as disclosed in the Company's announcements dated 16 May 2016, 6 June 2016, 20 June 2016 and 6 July 2016, the circular of the Company dated 8 July 2016 and the prospectus of the Company dated 10 August 2016; and

(viii) the equity transfer agreement dated 30 September 2016 entered into between Shenzhen Wendi, the Company's indirect wholly-owned subsidiary, as the vendor, 重慶宸惠物流有限公司 (Chongqing Chen Hui Logistics Limited*) as the purchaser, regarding the disposal of an aggregate of 51% equity interests in Great Research for a consideration of RMB13,800,000 (equivalent to approximately HK$16,000,000).

9. LITIGATION

As set out in the announcements of the Company dated 12 November 2015, 23 May 2016, 2 June 2016 and 19 July 2016, the Group initiated legal proceedings against China Music Video Collective Management Association* (中國音像著作權集體管理協會) ("**MVCM Association**") in the People's Court of Chaoyang, Beijing* (北京市朝陽區人民法院), the PRC (the "**Chaoyang People's Court**") claiming for:

(a) the payment of (i) outstanding operating fees of approximately RMB34,000,000 (equivalent to approximately HK$40,800,000) by MVCM Association to China Music Video Broadcast (Shenzhen) Company Limited* (中音傳播(深圳)有限公司) ("**China Music**") and Song Labs Co, Ltd* (北京天語同聲信息技術有限公司) ("**Song Labs**"), both subsidiaries of the Company, pursuant to (1) a copyright co-operation agreement dated 8 May 2006 entered into between China Music and MVCM Association; (2) a copyright business operation co-operation agreement dated 8 May 2006 entered into between China Music, Song Labs and the MVCM Association; and (3) any supplemental agreements entered into thereafter (documents (1) to (3) are herein referred to as the "**Copyright Co-operation Agreements**"), which represents the outstanding operating fees up to the second quarter of 2015 (the "**Outstanding Operating Fees**"); and (ii) the default interest of approximately RMB2,000,000 (equivalent to approximately HK$2,400,000), if calculated up to 31 May 2016;

(b) a declaration that the unilateral termination of one of the Copyright Co-operation Agreements by MVCM Association was invalid and that MVCM Association should continue to perform its obligations under the Copyright Co-operation Agreements; and

(c) the costs of the above litigation to be borne by MVCM Association.

On 1 June 2016, the Chaoyang People's court notified China Music and Song Labs that the application for the above litigation has been accepted. The litigation fee required to be paid to the Chaoyang People's court in the amount of approximately RMB220,000 was paid by the Group in June 2016. The Chaoyang People's court has commenced the necessary procedures for the litigation.

As disclosed in the Company's announcement dated 19 July 2016, the Group received a counter claim (the "**Counter Claim**") filed by MVCM Association (the original defendant to the litigation) with the Chaoyang People's Court against China Music and Song Labs. Pursuant to the Counter Claim, MVCM Association requested the Chaoyang People's Court to declare that the fifth supplemental agreement dated

16 June 2014 (the "**Fifth Supplemental Agreement**") in relation to the payment of Outstanding Operating Fees under the Copyright Cooperation Agreements be invalidated on the basis that, among other things:

(i) MVCM Association considered the core value of the joint cooperation among MVCM Association, China Music and Song Labs had lapsed;

(ii) the payment of the Operating Fees is in breach of the constitutional documents and distribution plan of MVCM Association; and

(iii) the entering into of the Fifth Supplemental Agreement did not comply with the relevant internal approval procedures of MVCM Association.

The Counter Claim was accepted by the Chaoyang People's Court on 13 July 2016.

The litigation is on a preliminary stage and therefore the Company is not in a position to predict the timing and the results thereof.

Save as set out above, as at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this Composite Document:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Donvex Capital Limited has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its advice, letter and recommendation and the references to its name and logo in the form and context in which they respectively appear.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the websites of the SFC (www.sfc.hk) and the Company (www.tricor.com.hk/webservice/000674/) during the period from the date of this Composite Document up to and including the Offers Closing Date:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the two financial years ended 31 March 2015 and 31 March 2016 respectively;

(c) the interim report of the Company for the six months ended 30 September 2016;

(d) the letter from the Board, the text of which is set out on pages 21 to 25 of is Composite Document;

(e) the letter from the Independent Board Committee, the text of which is set out on pages 26 to 27 of this Composite Document;

(f) the letter from the Independent Financial Adviser, the text of which is set out on pages 28 to 46 of this Composite Document;

(g) the written consent from the Independent Financial Adviser referred to in the section headed "Expert and Consent" in this appendix; and

(h) the material contracts referred to under the section headed "Material Contracts" in this appendix.