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If you are in any doubt as to any aspect about this circular or as to 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 Cheong Ming Investments Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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CHEONG MING INVESTMENTS LIMITED

昌明投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

**(1) PROPOSED SHARE PREMIUM REDUCTION AND SPECIAL DISTRIBUTION;
AND
(2) CONNECTED TRANSACTION, VERY SUBSTANTIAL DISPOSAL
AND SPECIAL DEAL IN RELATION TO
THE SALE AND PURCHASE OF
BRILLIANT STAGE HOLDINGS LIMITED**

Financial adviser to Cheong Ming Investments Limited



Optima Capital Limited

**Independent financial adviser to the
Independent Board Committee and Independent Shareholders**

VEDA | CAPITAL

智略資本

Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 27 of this circular. A letter from Veda containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 54 of this circular.

A notice convening the SGM to be held at 10:00 a.m. on Wednesday, 11 June 2014 at Ching Room, 4/F, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsim Sha Tsui, Hong Kong is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and, in any event, not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be) or the poll concerned. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) or the poll concerned should you so wish.

26 May 2014

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EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Premium Reduction, the Special Distribution and the Asset Reorganisation is set out below. All times and dates in this circular refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable below are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

2014

Latest time for lodging form of proxy in respect of the SGM	10:00 a.m. on Monday, 9 June
SGM	10:00 a.m. on Wednesday, 11 June
Announcement of results of the SGM	Wednesday, 11 June
Effective date and time of the Share Premium Reduction	5:00 p.m. on Wednesday, 11 June
Last day of dealings in the Shares cum-entitlement to the Special Distribution	Thursday, 12 June
First day of dealings in the Shares ex-entitlement to the Special Distribution	Friday, 13 June
Latest time for lodging transfers of the Shares with the Registrar in order to qualify for the Special Distribution	4:30 p.m. on Monday, 16 June
Closure of the register of members of the Company for determining the entitlements of the Qualifying Shareholders to the Special Distribution	Tuesday, 17 June to Wednesday, 18 June
Record Date and Time for determining the entitlements of the Qualifying Shareholders to the Special Distribution	4:30 p.m. on Wednesday, 18 June
Re-opening of the register of members of the Company	Thursday, 19 June
Completion of the Asset Reorganisation and the Share Sale	Thursday, 19 June
Expected date of despatch of the cheques for the Special Distribution to the Qualifying Shareholders	Friday, 4 July

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Asset Reorganisation”	the reorganisation of the assets of the Group involving the disposal of the Brilliant Stage Shares to Harmony Link pursuant to the Asset Reorganisation Agreement
“Asset Reorganisation Agreement”	the conditional agreement dated 27 February 2014 entered into between the Company and Harmony Link in relation to the Asset Reorganisation
“Asset Reorganisation Completion”	completion of the Asset Reorganisation pursuant to the Asset Reorganisation Agreement
“Asset Reorganisation Conditions”	the conditions to Asset Reorganisation Completion as set out under the sub-section headed “Conditions” under the section headed “4. The Asset Reorganisation – The Asset Reorganisation Agreement” in the letter from the Board contained in this circular
“Board”	the board of Directors
“Brilliant Stage”	Brilliant Stage Holdings Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company before the Asset Reorganisation Completion
“Brilliant Stage Group”	Brilliant Stage and its subsidiaries upon Asset Reorganisation Completion
“Brilliant Stage Shares”	such number of shares as representing the entire issued share capital of Brilliant Stage as at the date of the Asset Reorganisation Completion
“Business Day”	a day (excluding Saturdays, Sundays and public holidays and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted at any time between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands

DEFINITIONS

“Capital Asset”	Capital Asset Management Limited 資浚投資管理有限公司, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement and will be a member of the Brilliant Stage Group upon Asset Reorganisation Completion
“Chun Ming Printing”	Chun Ming Printing Factory Company Limited 振明印刷廠有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“CM (BVI)”	Cheong Ming (BVI) Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“CM Investment”	CM Investment Enterprises Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“CM Press”	Cheong Ming Press Factory Limited 昌明印刷廠有限公司, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement and will be a member of the Brilliant Stage Group upon the Asset Reorganisation Completion
“CM Press Group”	CM Press and its subsidiaries
“Company”	Cheong Ming Investments Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1196)
“Composite Offer Document”	the composite offer and response document to be issued jointly by or on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Offer, the form of acceptance and transfer in respect of the Shares for the Shareholders, the letter to be issued by Emperor Capital on behalf of the Offeror, the letter of advice from Veda to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer
“connected person(s)”	has the meaning ascribed to it in the Listing Rules

DEFINITIONS

“Corporate Reorganisation”	the proposed corporate reorganisation of the Brilliant Stage Group pursuant to the Asset Reorganisation Agreement, details of which are set out in the paragraph headed “Information about the Brilliant Stage Group” under the section headed “4. The Asset Reorganisation” in the letter from the Board contained in this circular
“Director(s)”	the director(s) of the Company
“Easy Bloom”	Easy Bloom Investment Limited 順旺投資有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Elite Arch”	Elite Arch Management Limited, a company incorporated in the BVI with limited liability which will be a member of the Brilliant Stage Group upon the Asset Reorganisation Completion
“Emperor Capital”	Emperor Capital Limited, a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“Encumbrances”	any pledge, charge, lien (otherwise than arising by statute or operation of law), option, other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director
“Fullpower”	Fullpower Investment Holdings Corp., a company incorporated in the BVI with limited liability which is wholly owned by Mr. Wong Sin Hua, Felix
“Fullpower Loan”	the loan with a principal amount of HK\$40 million owed by Fullpower to Peace Broad pursuant to the Fullpower Loan Agreement
“Fullpower Loan Agreement”	the loan agreement dated 26 April 2013 entered into between Peace Broad as lender and Fullpower as borrower in respect of the Fullpower Loan
“Group”	the Company and its subsidiaries

DEFINITIONS

“Harmony Link”	Harmony Link Corporation, a company incorporated in the BVI and the controlling Shareholder as at the date of the Share Sale Agreement
“HL Nominee”	Golden Vessel Enterprises Limited, a wholly-owned subsidiary of Harmony Link which is nominated to hold the Brilliant Stage Shares to be acquired by Harmony Link pursuant to the Asset Reorganisation Agreement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders in respect of the Asset Reorganisation, the Offer and as to acceptance of the Offer and voting on the Asset Reorganisation
“Independent Shareholder(s)”	Shareholder(s) other than Harmony Link, Mr. Brian Lui, Mr. SC Lui, Mr. Victor Lui, Madam Ng, Fullpower and those who are interested in or involved in the Asset Reorganisation and the Offer
“Joint Announcement”	the joint announcement issued by the Company and the Offeror dated 3 April 2014 in relation to, among other things, the Asset Reorganisation, the Share Premium Reduction, the Share Sale and the Offer
“Last Trading Day”	24 February 2014, being the last trading day of the Shares immediately prior to the suspension in trading on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	23 May 2014, being the latest practicable date prior to the despatch of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Little Bean”	Little Bean Limited 小豆豆有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Talent Shine
“Long Stop Date”	31 August 2014
“Madam Ng”	Madam Ng Suk Fong, Aman, spouse of Mr. Victor Lui

DEFINITIONS

“Madam Su”	Madam Su Jiaohua, spouse of Mr. Lin and a director of the Offeror
“Mr. Brian Lui”	Mr. Lui Shing Ming, Brian, an executive Director and the Chairman of the Company
“Mr. Lin”	Mr. Lin Xiaohui, spouse of Madam Su and a director of the Offeror
“Mr. SC Lui”	Mr. Lui Shing Cheong, an executive Director and the Managing Director of the Company
“Mr. Victor Lui”	Mr. Lui Shing Chung, Victor, an executive Director
“Offer”	subject to the Share Sale Completion, a mandatory unconditional cash offer to be made by Emperor Capital on behalf of the Offeror to acquire all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Offeror”	Manureen Holdings Limited, a company incorporated in the BVI with limited liability, which is owned as to 70% by Mr. Lin and as to 30% by Madam Su
“Peace Broad”	Peace Broad Holdings Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Peace Broad Sale Shares”	such number of shares representing the entire issued share capital of Peace Broad
“PRC”	the People’s Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	the premises situated at Units A and B on 3rd Floor and car parking space Nos. 1 and 18, Mai Sik Industrial Building, 1-11 Kwai Ting Road, Kwai Chung, Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and Time
“Record Date and Time”	the record date and time for the payment of the Special Distribution
“Registrar”	Tricor Tengis Limited, the Hong Kong branch share registrar and transfer office of the Company

DEFINITIONS

“Remaining Group”	the Group immediately after the Asset Reorganisation Completion
“Remaining Group Entities”	collectively, Capital Financial Press Limited 資本財經印刷有限公司, Capital Translation Services Limited (資本翻譯服務有限公司), Chun Ming Printing, Qualiti Printing and Sourcing Limited 高品印刷有限公司, Excel Testing Service Limited 安准檢測服務有限公司, Qualiti UK Limited and 資浚商務服務(深圳)有限公司 (Zijun Business Services (Shenzhen) Co., Ltd.*), all of which are indirect wholly-owned subsidiaries of the Company
“Sale Shares”	an aggregate of 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the date of the Share Sale Agreement and the Latest Practicable Date, to be acquired by the Offeror from the Vendors and Madam Ng pursuant to the terms and conditions of the Share Sale Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among others, the Share Premium Reduction, the Asset Reorganisation, the Special Distribution and the respective transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Share Premium Reduction”	the proposed cancellation of the entire sum standing to the credit of the Company’s share premium account in the amount of approximately HK\$107.4 million and the application of the entire amount standing thereto to fund part of the Special Distribution or, if the Asset Reorganisation Completion does not take place, the transfer of the entire amount standing thereto to the contributed surplus account of the Company
“Share Sale”	the proposed sale of the Sale Shares by the Vendors and Madam Ng to the Offeror pursuant to the terms and conditions of the Share Sale Agreement
“Share Sale Agreement”	the conditional agreement dated 26 February 2014 (as supplemented on 31 March 2014) entered into between the Vendors and the Offeror in relation to the Share Sale

* For identification purpose only

DEFINITIONS

“Share Sale Completion”	completion of the Share Sale
“Shareholder(s)”	holder(s) of the Shares
“Special Distribution”	the special distribution in cash intended to be made by the Company to the Shareholders subject to, among other things, approval of the Shareholders at the SGM, the Asset Reorganisation Completion taking place and the Share Premium Reduction taking effect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Talent Shine”	Talent Shine Global Limited, a company incorporated in the BVI with limited liability which is an indirect wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement and will be a member of the Brilliant Stage Group upon the Asset Reorganisation Completion
“Tenancy Agreement”	the existing tenancy agreement dated 22 April 2013 entered into between Capital Asset and Chun Ming Printing in respect of the Property
“Veda”	Veda Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, who has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Asset Reorganisation and the Offer
“Vendors”	collectively, Harmony Link, Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui
“Well Union”	Well Union Limited 旺展有限公司, a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement and will be a member of the Brilliant Stage Group upon the Asset Reorganisation Completion
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHEONG MING INVESTMENTS LIMITED

昌明投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

Executive Directors:

Mr. Lui Shing Ming, Brian (*Chairman*)

Mr. Lui Shing Cheong (*Managing Director*)

Mr. Lui Shing Chung, Victor

Independent non-executive Directors:

Dr. Lam Chun Kong

Mr. Lo Wing Man

Dr. Ng Lai Man, Carmen

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place
of business in Hong Kong:*

4th Floor

Mai Sik Industrial Building

1-11 Kwai Ting Road

Kwai Chung

New Territories

Hong Kong

26 May 2014

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED SHARE PREMIUM REDUCTION AND SPECIAL DISTRIBUTION;
AND**

**(2) CONNECTED TRANSACTION, VERY SUBSTANTIAL DISPOSAL
AND SPECIAL DEAL IN RELATION TO
THE SALE AND PURCHASE OF
BRILLIANT STAGE HOLDINGS LIMITED**

1. INTRODUCTION

The Company and the Offeror jointly announced on 3 April 2014, among other things, that:

- (i) the Vendors and the Offeror entered into the Share Sale Agreement on 26 February 2014 (as supplemented on 31 March 2014), pursuant to which the Vendors conditionally agreed to sell and procure Madam Ng to sell, and the Offeror conditionally agreed to purchase, the Sale Shares, being 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the date of the Share Sale Agreement and the

LETTER FROM THE BOARD

Latest Practicable Date, free from all Encumbrances and together with all rights attaching thereto with effect from the Share Sale Completion, including all rights to any dividend or other distribution declared (excluding the right to the Special Distribution which was declared before Share Sale Completion), made or paid on or after the date of Share Sale Completion. The Share Sale Completion is conditional upon, among other things, the Asset Reorganisation Agreement having been duly executed and becoming unconditional in all respects (save for the condition that the Share Sale Completion having taken place);

- (ii) the Board proposed to implement the Share Premium Reduction which will involve (a) the cancellation of the entire sum standing to the credit of the Company's share premium account in the amount of approximately HK\$107.4 million; and (b) the application of the entire amount standing thereto to fund part of the Special Distribution or, if the Asset Reorganisation Completion does not take place, the transfer of the entire amount standing thereto to the contributed surplus account of the Company to be used in any manner permitted by the laws of Bermuda and the bye-laws of the Company; and
- (iii) on 27 February 2014, the Company and Harmony Link entered into the Asset Reorganisation Agreement, pursuant to which the Company conditionally agreed to procure CM (BVI) as the legal and beneficial owner to sell and Harmony Link conditionally agreed to purchase or procure the purchase by HL Nominee the Brilliant Stage Shares, representing the entire issued share capital of Brilliant Stage as at the date of the Asset Reorganisation Completion, at a consideration of HK\$180 million. The Asset Reorganisation Completion is subject to, among other things, the Share Sale Completion.

On 23 April 2014, the Company further announced that, subject to approval of the Shareholders at the SGM, the Asset Reorganisation Completion taking place and the Share Premium Reduction taking effect, the Board resolved to propose the Special Distribution in the amount of HK\$0.50 per Share.

The Asset Reorganisation constitutes a very substantial disposal for the Company under the Listing Rules. By virtue of Harmony Link's controlling interest in the Company, the Asset Reorganisation also constitutes a connected transaction for the Company under the Listing Rules and a special deal for the Company under Rule 25 of the Takeovers Code. The Asset Reorganisation is therefore subject to the approval of the Independent Shareholders at the SGM by way of poll and the independent financial adviser publicly stating that in its opinion the terms of the transactions are fair and reasonable. The Asset Reorganisation is also subject to the consent of the Executive under Rule 25 of the Takeovers Code. The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man, Carmen, has been established to advise the Independent Shareholders on the terms of the Asset Reorganisation. Veda has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information regarding the Share Premium Reduction, the Special Distribution and the Asset Reorganisation; (ii) the recommendation from the Independent Board Committee on the Asset Reorganisation; (iii) the advice of Veda on the Asset Reorganisation; (iv) the financial information of the Brilliant Stage Group, and the unaudited pro forma financial information of the Remaining Group; (v) property valuation report of the Brilliant Stage Group; and (vi) the notice of the SGM.

2. BACKGROUND

The Vendors and the Offeror entered into the Share Sale Agreement on 26 February 2014 (as supplemented on 31 March 2014), which is conditional on, among other things, the Asset Reorganisation Completion and the disposal of the Fullpower Loan. During the negotiations on the Share Sale, the Offeror had indicated that it had no interest in the businesses of the Company's subsidiaries presently constituting the Brilliant Stage Group or the Fullpower Loan, and that it would be interested in acquiring a controlling stake in the Company and making a general offer for the Shares on the basis that the Company would have no further interests in the Brilliant Stage Group or the Fullpower Loan at the time of the said general offer. This has given rise to the proposals of the Asset Reorganisation Agreement and the disposal of the Fullpower Loan. As the proposed disposals of the Brilliant Stage Group and the Fullpower Loan will realise a substantial sum for the Company, the Directors considered that it is appropriate to make the Special Distribution upon the Asset Reorganisation Completion with a view to allowing the Shareholders an opportunity for a higher amount of realisation of their investments in the Shares in conjunction with the Offer upon the change of control and management of the Company. Subject to the Share Premium Reduction taking effect and the Asset Reorganisation Completion, the Board will make the Special Distribution of HK\$0.50 per Share to the Qualifying Shareholders. The Share Premium Reduction is for the purpose of releasing additional distributable reserves to facilitate the Special Distribution. As stated in the Joint Announcement, subject to Share Sale Completion, Emperor Capital will, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, make the Offer at HK\$0.70 per Share. Further details of the Share Premium Reduction, the Asset Reorganisation and the Special Distribution are described below. Shareholders' attention is drawn to the following:

Warning: The Share Sale Completion is conditional on a number of conditions being fulfilled and the Offer will only be made if the Share Sale Completion takes place. The payment of the Special Distribution is also subject to a number of conditions. Accordingly, each of the Offer and the Special Distribution is a possibility only and may or may not proceed. Shareholders and investors of the Company are therefore advised to exercise caution in dealing in the securities of the Company.

3. SHARE PREMIUM REDUCTION

Terms of the Share Premium Reduction

The Board proposes to implement the Share Premium Reduction which involves the following:

- (i) the cancellation of the entire sum standing to the credit of the Company's share premium account in the amount of approximately HK\$107.4 million; and
- (ii) the application of the entire amount standing thereto to fund part of the Special Distribution or, if the Asset Reorganisation Completion does not take place, the transfer of the entire amount standing thereto to the contributed surplus account of the Company to be used in any manner permitted by the laws of Bermuda and the bye-laws of the Company.

LETTER FROM THE BOARD

Taking into account the amount standing to the credit of the contributed surplus account (being a distributable reserve of the Company) of approximately HK\$116.8 million as at 31 March 2013, the credit in the amount of approximately HK\$107.4 million arising from the Share Premium Reduction and the retained earnings of the Company as at 31 March 2013 of approximately HK\$2.6 million, upon the Share Premium Reduction becoming effective, the amount which will be available for distribution is expected to be approximately HK\$226.8 million.

The legal advisers to the Company as to Bermuda law have confirmed that, subject to the conditions of the Share Premium Reduction as set out below being satisfied, the Share Premium Reduction will be in compliance with the laws of Bermuda.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional on the following:

- (i) the passing by the Shareholders of the necessary resolution approving the Share Premium Reduction at the SGM; and
- (ii) the compliance by the Company with the relevant procedures and requirements under Bermuda law and the Listing Rules to effect the Share Premium Reduction.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholders are required to abstain from voting at the SGM in respect of the Share Premium Reduction.

Expected timetable for the Share Premium Reduction

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective at 5:00 p.m. on the date of passing the resolution approving the Share Premium Reduction.

Effects of the Share Premium Reduction

Implementation of the Share Premium Reduction will not, of itself, alter the underlying assets, liabilities, business, operations, management, financial position or the shareholders' funds of the Company or the proportionate interests or relative rights of the Shareholders, except for the payment of the related expenses which are expected to be insignificant in the context of the net asset value of the Company. The Board believes that the Share Premium Reduction will not have any adverse effect on the financial position of the Group, and the Board believes that on the effective date of the Share Premium Reduction, there will be no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Reasons for the Share Premium Reduction

As disclosed in the Joint Announcement, it is one of the conditions precedent to the Share Sale Completion that the Special Distribution becomes unconditional in all respects. The Share Premium Reduction will release additional distributable reserves that will facilitate the Special Distribution or, if the Asset Reorganisation Completion (which is a condition precedent of the Special Distribution) does not take place, for future distributions which the Board may from time to time determine to be appropriate.

LETTER FROM THE BOARD

4. THE ASSET REORGANISATION

The Asset Reorganisation Agreement

Date

27 February 2014

Parties

- (i) the Company, as vendor; and
- (ii) Harmony Link, as purchaser.

Harmony Link is principally engaged in investment holding and is a controlling Shareholder.

Subject matter

Pursuant to the Asset Reorganisation Agreement, the Company conditionally agreed to procure CM (BVI) as the legal and beneficial owner to sell and Harmony Link conditionally agreed to purchase or procure the purchase by HL Nominee the Brilliant Stage Shares, representing the entire issued share capital of Brilliant Stage as at the date of the Asset Reorganisation Completion. The Brilliant Stage Shares shall be acquired free from all rights of pre-emption, options, liens, claims, equities, mortgages, pledges, charges, encumbrances or third-party rights of any nature together with all rights now or thereafter attaching thereto, including all rights to any dividends or other distribution declared, made or paid on or after the Asset Reorganisation Completion.

Consideration

The consideration for the Brilliant Stage Shares shall be HK\$180 million, which shall be payable by Harmony Link in cash upon the Asset Reorganisation Completion.

Conditions

The Asset Reorganisation Completion is conditional upon:

- (i) the passing at the SGM by such requisite majority of votes of Independent Shareholders cast on a poll of resolutions approving the transactions contemplated under the Asset Reorganisation Agreement;
- (ii) consent of the Executive under Rule 25 of the Takeovers Code having been obtained in respect of the Asset Reorganisation Agreement and the transactions contemplated thereunder;
- (iii) the Corporate Reorganisation having been completed;

LETTER FROM THE BOARD

- (iv) the Share Sale Completion having taken place; and
- (v) the Special Distribution having been declared and having become unconditional in all respects on or before the Asset Reorganisation Completion.

As at the Latest Practicable Date, condition (iii) had been fulfilled.

Completion

Subject to the Asset Reorganisation Conditions being fulfilled, the Asset Reorganisation Completion shall take place on the same day of and immediately after the Share Sale Completion.

If the Asset Reorganisation Conditions set out above are not fulfilled on or before the Long Stop Date (or such later date as the Company and Harmony Link may agree in writing), the Asset Reorganisation Agreement shall lapse, in which case neither the Company nor Harmony Link shall have any claim against the other for costs, damages, compensation or otherwise (save in respect of any prior breach of the Asset Reorganisation Agreement).

Following the Asset Reorganisation Completion, the Company will cease to hold any interest in Brilliant Stage, and Brilliant Stage will cease to be a subsidiary of the Company.

The Tenancy Agreement

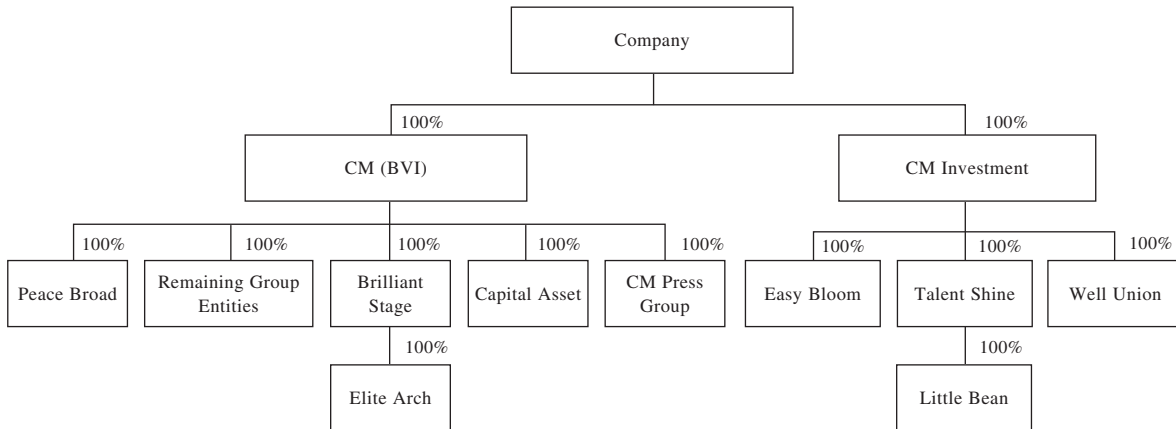
As at the Latest Practicable Date, there was a Tenancy Agreement between Capital Asset (as landlord) and Chun Ming Printing (as tenant) in respect of the Property which was effective from 22 May 2013 and will expire on 21 May 2015. The monthly rental of HK\$80,000 under the Tenancy Agreement, representing an annual rental of HK\$960,000, was determined between Capital Asset and Chun Ming Printing after arm's length negotiations with reference to the then market rent. No directors were required to abstain from voting on the board resolution to approve the Tenancy Agreement as both the landlord and the tenant were at the time wholly-owned subsidiaries of the Company. Upon the Asset Reorganisation Completion, the Tenancy Agreement will become a continuing connected transaction of the Company which will be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Upon any variation or renewal of the Tenancy Agreement, the Company shall comply with all applicable requirements under the Listing Rules.

Information about the Brilliant Stage Group

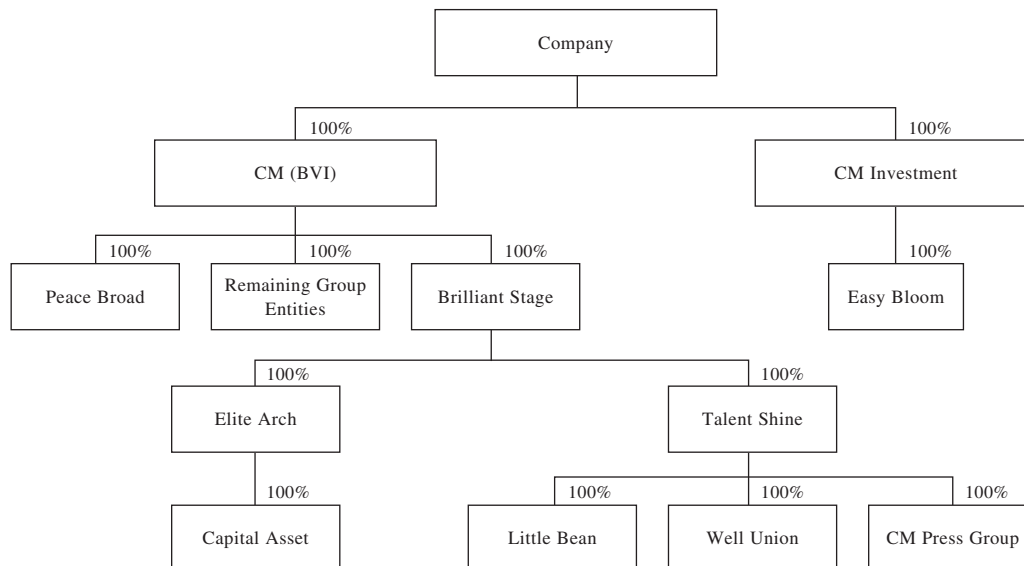
Brilliant Stage is a special purpose vehicle newly incorporated in the BVI and a wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement. Pursuant to the Asset Reorganisation Agreement, the Group shall effect the Corporate Reorganisation prior to the Asset Reorganisation Completion to the effect that Brilliant Stage shall become the holding company of members of the Group which are principally engaged in manufacturing and sale of paper cartons, packaging boxes and children's novelty books as well as food and beverage business. The simplified corporate organisation chart of the Brilliant Stage Group is set out below:

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Before the Corporate Reorganisation



After the Corporate Reorganisation



Upon Asset Reorganisation Completion, Brilliant Stage will be the holding company of Elite Arch and Talent Shine, both of which are principally engaged in investment holding. Capital Asset, which will be a direct wholly-owned subsidiary of Elite Arch, is principally engaged in holding of properties and financial assets and investments. The principal assets of Talent Shine will comprise the entire equity interests in Little Bean, Well Union and CM Press. Little Bean is principally engaged in the production of e-books whereas Well Union is principally engaged in food and beverage business. CM Press will be the principal subsidiary of the Brilliant Stage Group, the principal activities of which are manufacturing and sale of paper cartons, packaging boxes and printing of children's novelty books.

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Ancillary to the Corporate Reorganisation, the Company intends to have all inter-company balances between the Brilliant Stage Group and the Remaining Group settled by way of set-off, cash payment and/or capitalisation as appropriate. The net amount owed by the Brilliant Stage Group to the Remaining Group was approximately HK\$187.6 million as at the Latest Practicable Date. To facilitate cash settlement of part of the amounts owing by the Brilliant Stage Group to the Remaining Group, Capital Asset intends to realise all financial assets held by it. As at the Latest Practicable Date, the Brilliant Stage Group had cash and cash equivalents of approximately HK\$135.9 million and financial assets with market value of approximately HK\$68.1 million. In light of this, the Board believes that the Brilliant Stage Group has sufficient resources to fund settlement of the inter-company balances with the Remaining Group.

Set out below is the audited financial information of the Brilliant Stage Group for the two years ended 31 March 2012 and 2013 as extracted from the accountant's report on the Brilliant Stage Group contained in Appendix II to this circular:

	Year ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before income tax	22,088	(1,014)
Profit/(loss) for the year attributable to the equity holder of Brilliant Stage	<u>19,486</u>	<u>(1,431)</u>

The audited net assets of the Brilliant Stage Group as at 31 January 2014 were approximately HK\$220.6 million based on the accountant's report on Brilliant Stage Group as set out in Appendix II to this circular. The properties held by the Brilliant Stage Group had an aggregate market value of HK\$160,630,000 as at 31 March 2014 based on the property valuation report issued by an independent valuer which is set out in Appendix IV to this circular.

Reasons for the Asset Reorganisation

The Group is principally engaged in (i) the manufacture and sale of paper cartons, packaging boxes and children's novelty books; (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags; (iii) commercial printing; and (iv) food and beverage business.

After arm's length negotiations between the Offeror and the Vendors, and taking into account of (i) the entire structure of the Offer, the Asset Reorganisation and the Special Distribution; and (ii) the consideration for the Sale Shares to be paid by the Offeror to the Vendors, the Offeror and the Vendors have mutually agreed that the Share Sale Completion shall be conditional upon Asset Reorganisation Completion and the Special Distribution becoming unconditional, such that the Offeror will acquire a controlling stake in the Company, the business of which will then be streamlined and principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags conducted by the Remaining Group upon Share Sale Completion.

The consideration for the Brilliant Stage Shares was determined between Harmony Link and the Company after arm's length negotiations having taken into account the historical financials of the Brilliant

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Stage Group, the future prospects of the Brilliant Stage Group, and the preliminary valuation of the properties held by the Brilliant Stage Group as at 31 January 2014 prepared by the independent property valuer. Given that the food and beverage business was a newly established business of the Brilliant Stage Group, the historical performance of the Brilliant Stage Group mainly represented the historical performance of the segment of manufacturing and sale of paper cartons, packaging boxes and printing of children's novelty books.

The cash proceeds (net of attributable expenses of approximately HK\$4 million) from the Asset Reorganisation are estimated to be approximately HK\$176 million, and are expected to be applied towards payment of the Special Distribution.

Based on the consideration of approximately HK\$180 million and after deducting the audited net assets of the Brilliant Stage Group of approximately HK\$220.6 million as at 31 January 2014, and the realisation of foreign exchange reserve upon the Asset Reorganisation Completion of approximately HK\$36,000, the Group is expected to record a loss (before expenses) of approximately HK\$40.6 million, assuming that the Asset Reorganisation Completion had taken place on 31 January 2014. Shareholders should note that actual gain or loss from the Asset Reorganisation to be recorded by the Company will depend on the financial position of the Brilliant Stage Group as at the date of the Asset Reorganisation Completion.

Notwithstanding that the consideration for the Brilliant Stage Shares represents a discount of approximately 18% to the audited net assets of the Brilliant Stage Group as at 31 January 2014, the Asset Reorganisation will facilitate the Share Sale Completion and the Special Distribution and, accordingly, the Offer to the Shareholders. In view of the expected cash inflow from the Asset Reorganisation and the proposed Special Distribution, the Directors are of the view that the terms of the Asset Reorganisation Agreement are fair and reasonable and the Asset Reorganisation and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Save for the Asset Reorganisation Agreement, the Company has not entered, or does not propose to enter, into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) and negotiation (whether concluded or not) and has no intention to dispose of or downsize its existing businesses.

Alternatives to the decision for the Asset Reorganisation

In making the decision to enter into the Asset Reorganisation Agreement with Harmony Link, the management of the Company had considered alternative to distribute the equity of the Brilliant Stage Group to all existing Shareholders in proportion to their existing shareholdings in the Company by way of distribution in specie, as well as the possibility for a third party purchaser, instead of Harmony Link, to acquire Brilliant Stage Group. In the case of a distribution in specie of the Brilliant Stage Shares, the Brilliant Stage Group will cease to be subsidiaries of the Company, and the Shareholders will hold the unlisted shares in Brilliant Stage on a pro rata basis. As the Brilliant Stage Group will not be listed on any stock exchange, there will not be any immediate trading venue on which holders of the unlisted shares in Brilliant Stage could readily trade their holdings and realise the value from the distribution in specie. The management of the Company had also discussed with Harmony Link for the possibility to make a voluntary cash offer under the Takeovers Code to acquire all the unlisted shares in Brilliant Stage other than those held by Harmony Link and parties acting in concert with it in the event that a distribution in specie of the Brilliant Stage Shares were to be made by the Company. However, Harmony Link did not

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intend to make a voluntary cash offer as there is a possibility that the Brilliant Stage Group will remain as a public company after the voluntary general offer and Harmony Link does not want to operate a public company with no listing status. As to the possibility for disposal of the Brilliant Stage Shares to an independent third party, the Company believed as the Brilliant Stage Group is principally a manufacturing company, it would take a long period of time for the Company to locate potential buyer(s), if any, for the proposition and there would be no certainty of success. In the circumstances, after arm's length negotiations between the Company and Harmony Link, in order to satisfy the request from the Offeror and provide a cash exit for the Shareholders to realise the value in the Company, the Company and Harmony Link entered into the Asset Reorganisation Agreement to dispose of the Brilliant Stage Shares.

The management of the Company acknowledged that a loss of approximately HK\$40.6 million would be recorded as a result of the Asset Reorganisation Completion, as the consideration for the Asset Reorganisation of HK\$180 million would be at a discount to the net asset value of the Brilliant Stage Group, which amounted to approximately HK\$220.6 million as at 31 January 2014. The major components of the Brilliant Stage Group's assets were the property, plant and equipment with carrying amount of approximately HK\$153.8 million as at 31 January 2014, of which approximately HK\$119.8 million were the operating property premises. The operating property premises are the operating assets of the Brilliant Stage Group and it is not practicable for the Company to realise the operating property premises while there are substantive operations. Prior to the Asset Reorganisation Agreement, the Company has had no plan to realise the operating property premises. Further, the Directors do not expect that in the event that the Asset Reorganisation and the Share Sale are not able to proceed in accordance with their respective terms and conditions, the Company could be able to realise the operating property premises in the foreseeable future while the manufacturing business of Brilliant Stage Group is still operating as a going concern. Based on the accountant's report on the Brilliant Stage Group as set out in Appendix II to this circular, the performance of the Brilliant Stage Group has fluctuated between gains and losses for the previous three financial years ended 31 March 2013 (2011: profit after tax of approximately HK\$28.5 million; 2012: loss after tax of approximately HK\$1.4 million; 2013: profit after tax of approximately HK\$19.5 million), and the profit after tax for the ten months ended 31 January 2014 has dropped from approximately HK\$25.7 million in the corresponding period in 2013 to approximately HK\$5.8 million. The Brilliant Stage Group is a manufacturing company, not an asset-play company. In addition to consideration of the net book value of operating property premises of the Brilliant Stage Group, the Directors also consider it relevant to take reference to its profitability in evaluating its worth. Based on the consideration of the Asset Reorganisation of approximately HK\$180 million and the profit of the Brilliant Stage Group for the year ended 31 March 2013 of approximately HK\$19.5 million, the price-to-earnings ratio represents approximately 9.24 times. On the basis of the above consideration, the Directors are of the view that the consideration of the Asset Reorganisation Agreement is fair and reasonable.

Subject to Share Sale Completion, Asset Reorganisation Completion and the Special Distribution being made, (i) each Shareholder who accepts the Offer will receive HK\$0.70 for each Share held in respect of which the Offer is accepted; and (ii) each person who is a Shareholder on the Record Date and Time will receive HK\$0.50 per Share pursuant to the Special Distribution. Accordingly, each person who is a Shareholder on the Record Date and Time and accepting the Offer will receive a total amount of HK\$1.20 for each Share held and in respect of which the Offer is accepted. In agreeing to the Asset Reorganisation Agreement and making the Special Distribution, the management of the Company has taken into account the trading prices of the Shares as quoted on the Stock Exchange during the 24-month period immediately preceding 16 January 2014 (being the date of an announcement made by the Company

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in relation to the Share Sale pursuant to Rule 3.7 of the Takeovers Code). The lowest trading price of the Shares as quoted on the Stock Exchange during this period was HK\$0.27 per Share on 3 September 2012 and 26 September 2012, while the highest trading price of the Shares as quoted on the Stock Exchange was HK\$0.57 per Share on 15 January 2014. On the other hand, the consolidated net asset value per Share ranged from HK\$0.75 to HK\$0.83 during the 24-month period (based on a total of 635,353,119 Shares in issue as at the Latest Practicable Date and the consolidated net asset value of the Company as shown in the interim/annual reports of the Company which were published during the 24-month period). Having considered that (i) the Shares had constantly been traded at quite a substantial discount to the consolidated net asset value of the Company for a long period of time; and (ii) the Asset Reorganisation, the consequential Offer resulting from the Share Sale Completion together with the Special Distribution are in substance a package offer to the Shareholders with a view to providing an opportunity for the Shareholders to realise the value of the Company and to unlock their investment value in the Company, the Directors consider the Asset Reorganisation is fair and reasonable and hence put forward the proposal to the Independent Shareholders to consider.

Financial effects of the Asset Reorganisation

After the Asset Reorganisation Completion, Brilliant Stage will no longer be a wholly-owned subsidiary of the Group and its results will no longer be consolidated into the consolidated financial statements of the Group.

Earnings

As disclosed in the annual report of the Company for the year ended 31 March 2013, the Group had a profit before income tax of approximately HK\$23.3 million for the year ended 31 March 2013. Assuming completion of the Asset Reorganisation on 1 April 2012 and as shown in the unaudited pro forma financial information of the Remaining Group contained in Appendix III to this circular, the Remaining Group would record an unaudited loss before income tax of approximately HK\$34.6 million for the year ended 31 March 2013.

Assets and liabilities

As disclosed in the interim report of the Company for the six months ended 30 September 2013, the Group had total assets and total liabilities of approximately HK\$732.8 million and HK\$204.8 million respectively as at 30 September 2013. Assuming Asset Reorganisation Completion and the Special Distribution on 30 September 2013 and as shown in the unaudited pro forma financial information of the Group contained in Appendix III to this circular, the unaudited total assets of the Group would decrease by approximately HK\$482.7 million to approximately HK\$250.1 million and the unaudited total liabilities of the Remaining Group would decrease by approximately HK\$108.4 million to approximately HK\$96.4 million as at 30 September 2013. Based on the unaudited pro forma financial information of the Remaining Group contained in Appendix III to this circular, the unaudited total assets of the Remaining Group would be approximately HK\$567.8 million as at 30 September 2013 as a result of the Asset Reorganisation if the effect of the Special Distribution (as mentioned in pro forma adjustment Note 8 in Appendix III) in the amount of approximately HK\$317.7 million to be paid by cash and cash equivalents was excluded.

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5. SPECIAL DISTRIBUTION

Background

Subject to the Share Premium Reduction taking effect and the Asset Reorganisation Completion (which will take place on the same day as but immediately after the Share Sale Completion), the Board proposes to make the Special Distribution of HK\$0.50 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date and Time (being 4:30 p.m. on Wednesday, 18 June 2014). For the avoidance of doubt, the Offeror will not be entitled to the Special Distribution payable on the Sale Shares.

Conditions

The Special Distribution is conditional upon:

- (i) the Share Premium Reduction taking effect;
- (ii) the Asset Reorganisation Completion;
- (iii) approval of the Shareholders at the SGM; and
- (iv) compliance by the Company with the relevant procedures and requirements under Bermuda law.

Book close period

For the purpose of determining the entitlement to the Special Distribution, the register of members of the Company will be closed from Tuesday, 17 June 2014 to Wednesday, 18 June 2014, both days inclusive, during which period no transfer of the Shares will be registered. In order to qualify for the Special Distribution, all Share certificates with duly completed transfer forms must be lodged with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 June 2014. Please refer to the section headed "Expected timetable" in this circular for further details of the timetable relating to Special Distribution.

Payment of the Special Distribution

Subject to the fulfillment of the conditions above, the Special Distribution will be paid on or about Friday, 4 July 2014.

Shareholders should note that payment of the Special Distribution is subject to a number of conditions, including but not limited to, the Asset Reorganisation Completion. The Asset Reorganisation Completion is in turn conditional upon, among other things, the Share Sale Completion. Further announcement(s) will be made by the Company to inform the Shareholders of the status of the Share Sale Completion as and when appropriate.

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6. EVENT AFTER THE SIGNING OF THE AGREEMENTS

As referred in the section headed “2. Background” above, the Offeror indicated no interest in the Fullpower Loan and requested the disposal of Peace Broad or the Fullpower Loan as one of the conditions precedent to the Share Sale Completion.

The principal asset of Peace Broad is the Fullpower Loan. On 26 April 2011, the Company completed the acquisition from Fullpower of a 25% interest in Suntap Enterprises Limited (“**Suntap**”) for a total consideration of approximately HK\$65 million, which was satisfied as to HK\$41 million in cash and as to the remaining balance of HK\$24 million by way of issue of 28.6 million new Shares. The Company also advanced a shareholder’s loan of approximately HK\$24 million to Suntap after completion of the acquisition. In conjunction with the acquisition, the Company granted an option in favour of Fullpower to repurchase the 25% interest in Suntap at a total consideration of HK\$65 million (subject to reduction by the amount of the shareholder’s loan then already repaid). On 30 March 2012, Fullpower exercised the repurchase option granted by the Company to Fullpower to repurchase 25% of the issued share capital of Suntap together with the shareholder’s loan from the Company at a total consideration of HK\$65 million (the “**Fullpower Repurchase**”). The consideration of the Fullpower Repurchase was settled as to (i) HK\$25 million in cash by Fullpower; and (ii) the remaining balance of HK\$40 million by way of a loan to Fullpower. In conjunction with the completion of the Fullpower Repurchase, on 26 April 2013, Fullpower, Peace Broad and Mr. Wong Sin Hua, Felix (which is a third party independent of the Company and its connected persons) entered into the Fullpower Loan Agreement, pursuant to which Peace Broad agreed to grant the Fullpower Loan of HK\$40 million to Fullpower to facilitate the completion of the Fullpower Repurchase. The Fullpower Loan is interest bearing at the rate of 10% per annum and repayable on 31 December 2013 pursuant to the Fullpower Loan Agreement. Details of the Fullpower Loan Agreement were disclosed in the announcement of the Company dated 28 April 2013. On 30 April 2014, Peace Broad disposed of the Fullpower Loan to Mr. Lo Ming Chi, Charles at a consideration of HK\$24.5 million in cash, which constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Details of the disposal of the Fullpower Loan were disclosed in the announcement of the Company dated 30 April 2014.

Upon Asset Reorganisation Completion, the principal activities of the Remaining Group will be (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

7. THE REMAINING GROUP

Background

Upon the Share Sale Completion, the Offeror and parties acting in concert with it will be interested in 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the date of the Share Sale Agreement and the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer to Shareholders to acquire all the Shares (other than those already held or agreed to be acquired by the Offeror and parties acting in concert with it).

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As disclosed in the Joint Announcement, the Offeror is an investment holding company incorporated in the BVI with limited liability and, save for entering into the Share Sale Agreement and entering into the financial arrangement with Emperor Securities Limited in relation to the Share Sale Agreement and the Offer, the Offeror did not engage in any business activities. As disclosed in the Joint Announcement, the Offeror is owned as to 70% by Mr. Lin and as to 30% by Madam Su, and Mr. Lin and Madam Su are the directors of the Offeror.

The Share Sale Completion is conditional upon, among other things, the Asset Reorganisation having been completed. Accordingly, upon the change of controlling Shareholder as a result of the Share Sale Completion, the Brilliant Stage Group will have been disposed of by the Company to Harmony Link. The business of the Remaining Group will then be streamlined and principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

The Board composition

The Board currently comprises six Directors, including three executive Directors and three independent non-executive Directors. Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui intend to resign as executive Directors with effect from the earliest time permitted under the Takeovers Code (which is the close of the Offer).

As disclosed in the Joint Announcement, the Offeror intends to nominate Mr. Lin and Madam Su as executive Directors which will only be effective not earlier than the despatch date of the Composite Offer Document in accordance with the Takeovers Code. The biographical details of Mr. Lin and Madam Su are set out below:

Mr. Lin, aged 41, obtained a diploma in business administration from the Society of Business Practitioners in December 2013. Since 2005, Mr. Lin has held management positions in a number of private companies which he has shareholding interests, and these companies are mainly engaged in real estates, electronics, logistics and financial investment in Shenzhen. Mr. Lin is a member of the Committee of Shenzhen City of the Chinese People's Political Consultative Conference and a member of the Committee of Futian District, Shenzhen City of the Chinese People's Political Consultative Conference. Mr. Lin is the spouse of Madam Su.

Mr. Lin did not hold any directorship in public listed companies in the last three years. As at the Latest Practicable Date, Mr. Lin does not hold any position in the Company or any members of the Group and does not have any interest in the Shares (save for his deemed interest in the Shares through the Offeror pursuant to the Share Sale Agreement). Save as disclosed in this circular, Mr. Lin is not aware of any other matters that need to be brought to the attention of the Shareholders in respect to this proposed appointment as an executive Director and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Madam Su, aged 42, obtained an advanced diploma in business studies from Ashford College of Management & Technology Singapore in September 2012. Since 2005, Madam Su has held management positions in a number of private companies which she has shareholding interests, and these companies are mainly engaged in real estates, electronics, logistics and financial investment in Shenzhen. Madam Su also served as a member of the People's Congress of Futian District, Shenzhen City since April 2012. Madam Su is the spouse of Mr. Lin.

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Madam Su did not hold any directorship in public listed companies in the last three years. As at the Latest Practicable Date, Madam Su does not hold any positions in the Company or any members of the Group and does not have any interest in the Shares. Saves as disclosed in this circular, Madam Su is not aware of any other matters that need to be brought to the attention of the Shareholders in respect to this proposed appointment as an executive Director and there is no other information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Business of the Remaining Group

Immediately after the Asset Reorganisation Completion, the Remaining Group will continue to hold 100% indirect interest in Easy Bloom, Peace Broad and the Remaining Group Entities. The principal activities of Peace Broad and Easy Bloom are investment holding and property holding respectively. The Remaining Group Entities are principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

Commercial printing business

As disclosed in the annual report of the Company for the year ended 31 March 2013, the business segment of commercial printing recorded revenue of HK\$59.6 million and segmental profit of HK\$0.9 million for the year ended 31 March 2013. The business segment of commercial printing mainly includes the provision of typesetting, translation, cover design or related services for the printing of financial information (including but not limited to annual reports, circulars, prospectuses) of companies listed or proposed to be listed in Hong Kong. The principal places of business of the commercial printing segment are located in Hong Kong and Shenzhen, the PRC with workforce of approximately 80, of which around 25 were based in Shenzhen, the PRC as at the Latest Practicable Date.

The Group has been marketing its services mainly through cold calls and road show presentations. In order to market its one-stop financial printing services, the Group has also provided ancillary printing support services to listed companies, including the design of corporate publications, document management, provision of virtual data room and electronic book for publication of corporate documents. In order to achieve sales growth, the Remaining Group will continuously strengthen the business development team through recruitment of high calibre sales and marketing persons in business networking.

Due to the seasonality of financial printing for listed companies, the Remaining Group will also strive to enlarge its customer base to include clients other than listed companies, such as government authorities, non-profit making organisation and universities in Hong Kong through provision of printing service of marketing materials (e.g. brochures, pamphlets and any other marketing materials, etc).

Manufacturing and sale of hangtags, labels, shirt paper boards and plastic bags business

As disclosed in the annual report of the Company for the year ended 31 March 2013, the business segment of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags recorded revenue of HK\$22.4 million and segmental loss of HK\$0.7 million for the year ended 31 March 2013. The products of this business segment are mainly sold to clients engaged in the garment sector. The principal place of business of the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags segment is located in Hong Kong with workforce of approximately 30 as at the Latest Practicable Date.

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The business of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags has been adversely affected by the declining economy in European countries in recent years. The retail industries in European markets suffered from the financial crisis back in 2009 and the Group has recorded a significant reduction in sales orders from its existing customers. According to International Monetary Fund World Economic Outlook Update in January 2014, the Euro area is turning the corner from recession to recovery, of which the growth is projected to strength to 1% in 2014 and 1.4% in 2015. The management of the Group expects the retail industries in European markets will gradually recover and the sales of this segment can be improved in future years through its marketing strategies as described below.

In order to achieve sales growth, the Remaining Group will continuously strengthen its relationship with its existing customers and its business development team to widen its customer base. The Remaining Group plans to expand its sales and marketing force and/or appoint marketing agency in its subsidiary in the United Kingdom to source sales orders from European markets. Apart from strengthening the relationship with original equipment manufacturing customers, the Remaining Group will market its business directly to retailers, through overseas visits to customers' office, to achieve marketing efficiency.

The management of the Group intends to retain the existing employees of the Remaining Group. To manage the seasonality of the business, the Remaining Group will seek an optimal manufacturing and labour capacity through sub-contracting to improve cost and production efficiency, and to support the potential sales recovery.

Based on the aforesaid, the Board considers that the Remaining Group would continue to have sufficient level of operations or assets of sufficient value to warrant the continued listing of the Shares as required under Rule 13.24 of the Listing Rules upon Asset Reorganisation Completion.

Management team of the Remaining Group

Given that (i) Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui intend to remain as directors of subsidiaries of the Remaining Group; and (ii) the existing management team of the Remaining Group will continue to manage the businesses of the Remaining Group, the Board believes that the Remaining Group has the relevant expertise to manage the businesses of the Remaining Group. Set out below are the details of the management team of the Remaining Group:

Mr. Geoffrey Li is the Operation Director of Capital Financial Press Limited. Mr. Li has more than 20 years of experience in the financial printing industry and holds an electrical engineering diploma and printing, publishing and typesetting diploma. Prior to joining the Group in 1998, he worked in one of the leading financial printing companies in Hong Kong for 8 years.

Ms. Kennis Wong is the Account Director of Capital Financial Press Limited, which was acquired by the Group in June 1998. Ms. Wong has been working in Capital Financial Press Limited since 1997 and has over 16 years of experience in the sales and marketing of financial printing.

Mr. Yuen Wai Kin, Roger is the General Manager of Chun Ming Printing. He holds a Bachelor of Arts Degree from Carleton University, Canada, and joined the Group in 1993.

Mr. Yuen Hung is the General Manager and a Director of Chun Ming Printing Factory Company Limited. He has more than 50 years of experience in the printing industry, and joined the Group in 1965.

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The Offeror's intention on the Company

As disclosed in the Joint Announcement, the Offeror intends to continue the principal business of the Remaining Group, which comprises (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Remaining Group for the purpose of developing a sustainable business plan or strategy for the Remaining Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Remaining Group with the objective of broadening its sources of income. However, as of the Latest Practicable Date, no such investment or business opportunities had been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Remaining Group. Notwithstanding the foregoing, the Offeror has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Remaining Group, or termination or scaling down of any Remaining Group's business, other than in its ordinary course of business.

8. REGULATORY IMPLICATIONS

As the profits ratio and the revenue ratio calculated under Rule 14.07 of the Listing Rules in respect of the Asset Reorganisation exceed 75%, the Asset Reorganisation constitutes a very substantial disposal of the Company under the Listing Rules. As at the date of the Asset Reorganisation Agreement, Harmony Link held 323,487,286 Shares, representing approximately 50.91% of the existing Shares in issue. By virtue of Harmony Link's controlling interest in the Company, the Asset Reorganisation also constitutes a connected transaction for the Company under the Listing Rules. As the Asset Reorganisation Agreement was entered into during the offer period of the Offer, and such arrangement under the Asset Reorganisation Agreement is not capable of being extended to all Shareholders, the Asset Reorganisation constitutes a special deal for the Company under Rule 25 of the Takeovers Code.

The Asset Reorganisation is therefore subject to the approval of the Independent Shareholders at the SGM by way of poll and Veda, the independent financial adviser, publicly stating that in its opinion the terms of the transactions are fair and reasonable. The Asset Reorganisation is also subject to the consent of the Executive under Rule 25 of the Takeovers Code.

By reason of the requirements of the Listing Rules and the Takeovers Code, (i) the Offeror and its associates and parties acting in concert with them; (ii) Harmony Link, Mr. Brian Lui, Mr. SC Lui, Mr. Victor Lui, Madam Ng and their respective associates and parties acting in concert with them in respect of the Company; (iii) Fullpower; and (iv) those who are interested in or involved in the Asset Reorganisation and the Offer are required to abstain from voting at the SGM in respect of the Asset Reorganisation. As at the Latest Practicable Date, Harmony Link held 323,487,286 Shares, representing approximately 50.91% of the entire issued share capital of the Company; Mr. Brian Lui held 5,468,750 Shares, representing approximately 0.86% of the entire issued share capital of the Company; Mr. SC Lui held 3,906,250 Shares, representing approximately 0.61% of the entire issued share capital of the Company; Mr. Victor Lui held 3,906,250 Shares, representing approximately 0.61% of the entire issued share capital of the Company; Madam Ng held 1,562,500 Shares, representing approximately 0.26% of the entire issued share capital of the Company; and Fullpower held 28,600,000 Shares, representing approximately 4.50% of the

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entire issued share capital of the Company. Save for the aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no other Shareholders are required to abstain from voting at the SGM in respect of the Asset Reorganisation and the transactions contemplated thereunder.

As Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui were involved in the Asset Reorganisation, they had abstained from voting on the Board resolution approving the Asset Reorganisation. Save for the aforesaid, no other Directors have a material interest in the Asset Reorganisation and were required to abstain from voting on the Board resolution approving the Asset Reorganisation.

9. SGM

The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

10. RECOMMENDATION

The Directors (other than the independent non-executive Directors whose recommendation is set out in the letter from the Independent Board Committee) consider that the terms of the Asset Reorganisation Agreement are fair and reasonable, and the Asset Reorganisation, the Share Premium Reduction and the Special Distribution are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Asset Reorganisation Agreement and the transactions contemplated thereunder, the Share Premium Reduction and the Special Distribution.

Your attention is drawn to the letter from the Independent Board Committee as set out on page 27 of this circular and the letter from Veda as set out on pages 28 to 54 of this circular regarding the terms of the Asset Reorganisation Agreement.

11. ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
Cheong Ming Investments Limited
Lui Shing Ming, Brian
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this circular.



CHEONG MING INVESTMENTS LIMITED

昌明投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

CONNECTED TRANSACTION, VERY SUBSTANTIAL DISPOSAL AND SPECIAL DEAL IN RELATION TO THE SALE AND PURCHASE OF BRILLIANT STAGE HOLDINGS LIMITED

26 May 2014

To the Independent Shareholders

Dear Sir or Madam,

We have been appointed as members of the Independent Board Committee to advise you in respect of the terms of the Asset Reorganisation Agreement, which constitutes a special deal for the Company under the Takeovers Code and a very substantial disposal and connected transaction for the Company under the Listing Rules. Details of the Asset Reorganisation Agreement have been set out in the letter from the Board contained in the circular to the Shareholders dated 26 May 2014 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

RECOMMENDATION

Having considered the terms of the Asset Reorganisation Agreement and the advice and recommendation of Veda in relation to the Asset Reorganisation as set out on pages 28 to 54 of the Circular, we are of the opinion that the Asset Reorganisation is on normal commercial terms, not in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of both of the Company and the Independent Shareholders taken as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Asset Reorganisation and the transactions contemplated under the Asset Reorganisation Agreement.

Yours faithfully

For and on behalf of

Independent Board Committee

Dr. Lam Chun Kong

Independent

non-executive Director

Mr. Lo Wing Man

Independent

non-executive Director

Dr. Ng Lai Man, Carmen

Independent

non-executive Director

LETTER FROM VEDA

The following is the full text of a letter of advice from Veda, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Asset Reorganisation.

VEDA | CAPITAL
智 略 資 本

Veda Capital Limited
Suite 3711, 37/F.,
Tower Two, Times Square,
1 Matheson Street, Causeway Bay,
Hong Kong

26 May 2014

*To the Independent Board Committee and the Independent Shareholders of
Cheong Ming Investments Limited*

Dear Sir or Madam,

**CONNECTED TRANSACTION, VERY SUBSTANTIAL DISPOSAL
AND SPECIAL DEAL IN RELATION TO
THE SALE AND PURCHASE OF
BRILLIANT STAGE HOLDINGS LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Asset Reorganisation, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 26 May 2014 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Company and the Offeror jointly announced on 3 April 2014, among other things, that:

- (i) the Vendors and the Offeror entered into the Share Sale Agreement on 26 February 2014 (as supplemented on 31 March 2014), pursuant to which the Vendors conditionally agreed to sell and procure Madam Ng to sell, and the Offeror conditionally agreed to purchase, the Sale Shares, being 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the Latest Practicable Date, free from all Encumbrances and together with all rights attaching thereto with effect from the Share Sale Completion, including all rights to any dividend or other distribution declared (excluding the right to the Special Distribution which is expected to be declared before Share Sale Completion), made or paid on or after the date of Share Sale Completion. The Share Sale Completion is conditional upon, among other things, the Asset Reorganisation Agreement having been duly executed and becoming unconditional in all respects (save for the condition that the Share Sale Completion having taken place);

LETTER FROM VEDA

- (ii) the Board proposed to implement the Share Premium Reduction which will involve (a) the cancellation of the entire sum of standing to the credit of the Company's share premium account in the amount of approximately HK\$107.4 million; and (b) the application of the entire amount standing thereto to fund part of the Special Distribution or, if the Asset Reorganisation Completion does not take place, the transfer of the entire amount standing thereto to the contributed surplus account of the Company to be used in any manner permitted by the laws of Bermuda and the bye-laws of the Company; and
- (iii) on 27 February 2014, the Company and Harmony Link entered into the Asset Reorganisation Agreement, pursuant to which the Company conditionally agreed to procure CM (BVI) as the legal and beneficial owner to sell and Harmony Link conditionally agreed to purchase or procure the purchase by HL Nominee the Brilliant Stage Shares, representing the entire issued share capital of Brilliant Stage as at the date of the Asset Reorganisation Completion, at a consideration of HK\$180 million (the "**Asset Reorganisation Consideration**"). The Asset Reorganisation Completion is subject to, among other things, the Share Sale Completion.

On 23 April 2014, the Company further announced that, subject to approval of the Shareholders at the SGM, the Asset Reorganisation Completion taking place and the Share Premium Reduction taking effect, the Board resolved to declare and make the Special Distribution in the amount of HK\$0.50 per Share to the Shareholders whose names appear on the register of members of the Company on the Record Date.

The Asset Reorganisation constitutes a very substantial disposal for the Company under the Listing Rules. By virtue of Harmony Link's controlling interest in the Company, the Asset Reorganisation also constitutes a connected transaction for the Company under the Listing Rules and a special deal for the Company under Rule 25 of the Takeovers Code. The Asset Reorganisation is therefore subject to the approval of the Independent Shareholders at the SGM by way of poll and the independent financial adviser publicly stating that in its opinion the terms of the transactions are fair and reasonable. The Asset Reorganisation is also subject to the consent of the Executive under Rule 25 of the Takeovers Code. The Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man, Carmen, to advise the Independent Shareholders on the terms of the Asset Reorganisation. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Asset Reorganisation and such appointment has been approved by the Independent Board Committee.

LETTER FROM VEDA

BASIS OF OUR ADVICE

In formulating our opinion, we have relied upon the information, facts and representations contained in the Circular and those supplied or made available to us by the Company, the Directors and representatives of the Company for which they are solely and wholly responsible, and to their information and knowledge, were true, accurate and complete in all respects at the time when they were given or made and continue to be true, accurate and valid as at the Latest Practicable Date and can be relied upon. We have assumed that all statements and information supplied, and the opinions and representations made or provided to us by the Directors and representatives of the Company and those contained in the Circular have been reasonably made after due and careful enquiry. In the event we become aware of any material change to the information, facts or representations supplied or made available to us by the Company which leads to any change in our opinion after the despatch of the Circular and up to the date of the SGM, we will inform the Independent Board Committee and the Independent Shareholders accordingly as soon as possible.

As stated in the Circular, the Directors collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed all available information and documents which are made available to us to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company, the Directors and representatives of the Company or to believe that material information has been withheld or omitted from the information provided to us or referred to in the available documents. We have not, however, conducted any independent verification of the information provided, nor have we conducted any independent investigation into the business or affairs or future prospects of the Company or any of their respective subsidiaries or associates.

LETTER FROM VEDA

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Asset Reorganisation and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

(1) Background

As set out in the Letter from the Board, the Vendors and the Offeror entered into the Share Sale Agreement on 26 February 2014 (as supplemented on 31 March 2014), which is conditional on, among other things, the Asset Reorganisation Completion and the disposal of the Fullpower Loan. During the negotiations on the Share Sale, the Offeror had indicated that it had no interest in the businesses of the Company's subsidiaries presently constituting the Brilliant Stage Group or the Fullpower Loan, and that it would be interested in acquiring a controlling stake in the Company and making a general offer for the Shares on the basis that the Company would have no further interests in the Brilliant Stage Group or the Fullpower Loan at the time of the said general offer. This has given rise to the proposals of the Asset Reorganisation Agreement and the disposal of the Fullpower Loan. As the proposed disposals of the Brilliant Stage Group and the Fullpower Loan will realise a substantial sum for the Company, the Directors considered that it is appropriate to make the Special Distribution upon the Asset Reorganisation Completion with a view to allowing the Shareholders an opportunity for a higher amount of realisation of their investments in the Shares in conjunction with the Offer upon the change of control and management of the Company. Subject to the Share Premium Reduction taking effect and the Asset Reorganisation Completion, the Board will make the Special Distribution of HK\$0.50 per Share to the Shareholders. The Share Premium Reduction is for the purpose of releasing additional distributable reserves to facilitate the Special Distribution. As stated in the Joint Announcement, subject to Share Sale Completion, Emperor Capital will, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, make the Offer at HK\$0.70 per Share.

The Asset Reorganisation Consideration of HK\$180 million was determined between Harmony Link and the Company after arm's length negotiations having taken into account the historical financials of the Brilliant Stage Group, the future prospects of the Brilliant Stage Group; and the preliminary valuation of the properties held by the Brilliant Stage Group as at 31 January 2014 prepared by an independent property valuer. The following sections will make analysis based on these aspects.

LETTER FROM VEDA

(2) Historical financial performance and prospects of the Group

The principal activities of the Company is manufacture and sale of paper cartons, packaging boxes, children's novelty books, hangtags, labels and shirt paper boards, plastic bags, commercial printing and food and beverage business.

(i) *For the six months ended 30 September 2013*

As set out in the interim report of the Company ("IR 2013") for the six months ended 30 September 2013, the Group recorded unaudited revenue of approximately HK\$300.01 million, representing an increase of approximately 23.1% from that for the six months ended 30 September 2012 of approximately HK\$243.70 million. As noted from IR 2013, the increase in revenue was mainly due to an approximately 26.9% increase in total revenue of the major business segment of the Group i.e. the manufacture and sale of paper cartons, packaging boxes and children's novelty books.

The Group recorded unaudited profit attributable to the Shareholders of approximately HK\$17.67 million for the six months ended 30 September 2013, representing an increase of approximately 53.92% from that for the six months ended 30 September 2012 of approximately HK\$11.48 million. As noted from the IR 2013, the increase in profit attributable to the Shareholders was mainly due to the recovery of export market in the US and the Europe in the packaging industry which contributed to the increase in orders of packaging boxes.

(ii) *For the year ended 31 March 2013*

As set out in the 2013 annual report of the Company ("AR 2013"), for the financial year ended 31 March 2013, printing and manufacture of packaging boxes, which included accompanying brochures, manuals and catalogues, together with the manufacture of children's novelty books continued to be the Group's major business and the Group recorded revenue of approximately HK\$429.70 million, representing a decline of approximately 14.70% from that for the year ended 31 March 2012 of approximately HK\$503.78 million (restated). As set out in the AR 2013, the decrease was due to the decline in the turnover of Group's major business has declined by 16.4% for the financial year ended 31 March 2013.

The Group recorded profit attributable to the Shareholders of approximately HK\$17.81 million for the year ended 31 March 2013, while the Group recorded a loss attributable to the Shareholders of approximately HK\$12.06 million (restated) for the year ended 31 March 2012. As set out in AR 2013, the record of profit was mainly due to the gains on the Group's financial assets at fair value through profit or loss including debt investments, fund investments, equity investments and financial instruments, of approximately HK\$6.9 million and the revaluation surplus on investment properties of approximately HK\$7.6 million resulted from the booming property market.

LETTER FROM VEDA

(iii) For the year ended 31 March 2012

As set out in the 2012 annual report of the Company (“AR 2012”), for the financial year ended 31 March 2012, printing and manufacture of packaging boxes, which included accompanying brochures, manuals and catalogues, together with the manufacture of children’s novelty books continued to be the Group’s major business and the Group recorded revenue of approximately HK\$503.78 million, representing a slight decrease of approximately 2.63% from that for the year ended 31 March 2011 of approximately HK\$517.41 million. As set out in the AR 2012, the slight reduction in revenue was caused by the drop in turnover of the Group’s major business segment.

The Group recorded loss attributable to the Shareholders of approximately HK\$11.47 million for the year ended 31 March 2012 as compared to a profit attributable to the Shareholders of approximately HK\$34.91 million for the year ended 31 March 2011. As set out in AR 2012, the record of loss was mainly due to the impairment loss arising from investment in an associated company engaging in the development of coalbed methane projects in Shaanxi and Shanxi of approximately HK\$16.0 million and the increase in raw materials cost and labour cost in the PRC which adversely affected the profitability of the Group’s major business operating segment in manufacture and sales of packaging boxes and children’s novelty books.

(iv) Prospects and outlook

As set out in the IR 2013, it was expected that the operating environment in the printing and packaging industry will continue to be tough and difficult. The intense competition in the printing and packaging industry limits the Group to pass the inflating cost to customers. Due to seasonality of the printing and packaging industry, the second half of the financial year will be even more challenging. In order to tackle the anticipated challenges and stay competitive, the Group will endeavor to widen its customer bases and continue to implement stringent cost control and management strategies. These includes reducing fixed costs for manufacturing operations, effective management in purchase and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of labour and raw materials will limit the effect of cost control measures. For the purpose of sustaining long term growth, the Directors will also keep on exploring all potential opportunities to develop its business.

(3) Information on the Brilliant Stage Group

3a. Corporate Reorganisation

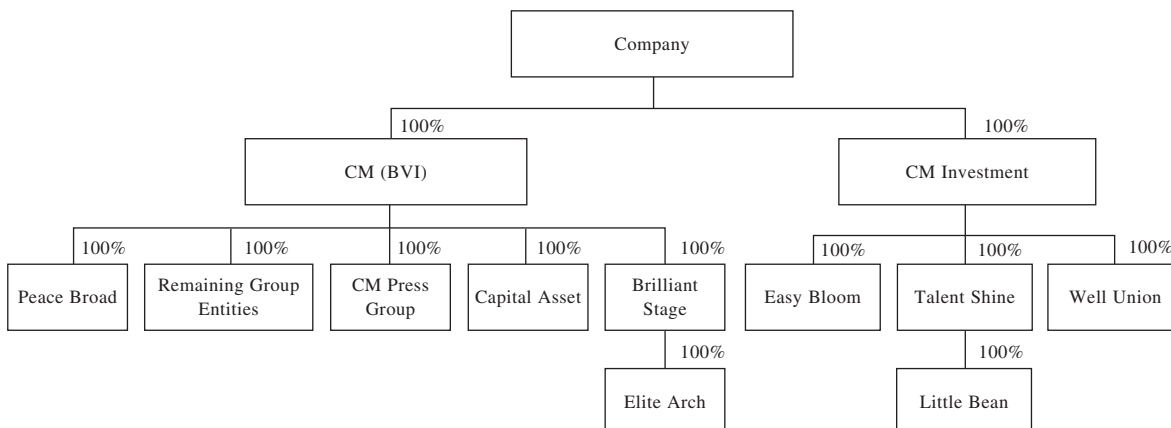
Brilliant Stage is a special purpose vehicle newly incorporated in the BVI and a wholly-owned subsidiary of the Company as at the date of the Asset Reorganisation Agreement. Pursuant to the Asset Reorganisation Agreement, the Group shall effect the Corporate Reorganisation prior to the Asset Reorganisation Completion to the effect that Brilliant Stage shall become the holding company of members of the Group which are principally engaged in manufacturing and sale of paper cartons, packaging boxes and children’s novelty books as well as food and beverage business.

As noted from the Letter from the Board, following the Asset Reorganisation Completion, the Company will cease to hold any interest in Brilliant Stage, and Brilliant Stage will cease to be a subsidiary of the Company.

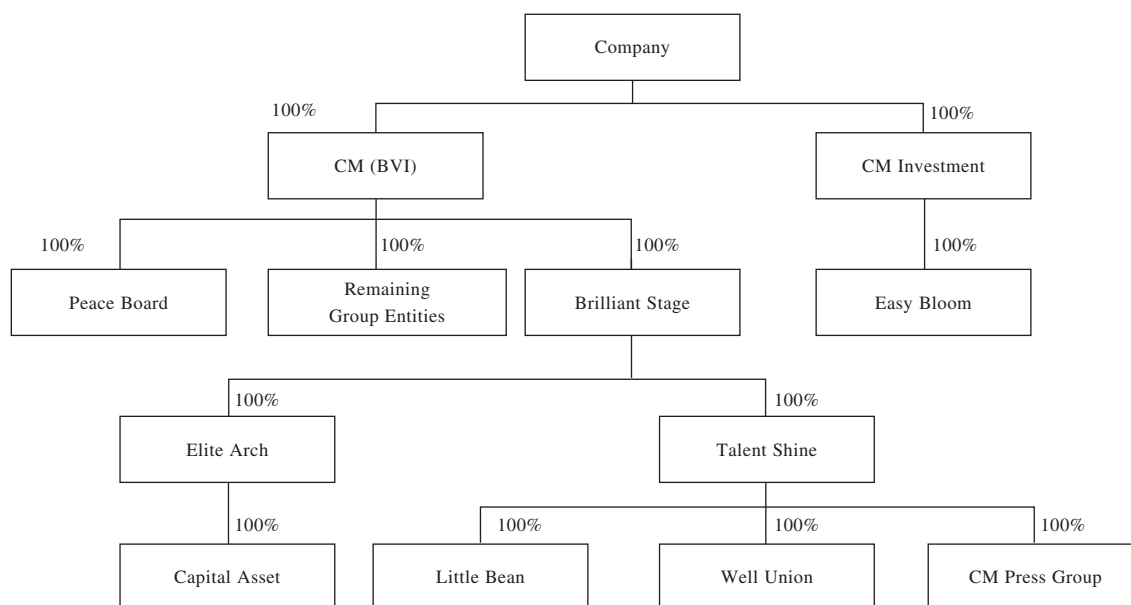
LETTER FROM VEDA

The simplified corporate organisation chart of the Brilliant Stage Group is set out below:

Before the Corporate Reorganisation:



After the Corporate Reorganisation:



Upon Asset Reorganisation Completion, Brilliant Stage will be the holding company of Elite Arch and Talent Shine, both of which are principally engaged in investment holding. Capital Asset, which will be a direct wholly-owned subsidiary of Elite Arch, is principally engaged in holding of properties and financial assets and investments. The principal assets of Talent Shine will comprise the entire equity interests in Little Bean, Well Union and CM Press. Little Bean is principally engaged in the production of e-books whereas Well Union is principally engaged in food and beverage business. CM Press will be the principal subsidiary of the Brilliant Stage Group, the principal activities of which are manufacturing and sale of paper cartons, packaging boxes and printing of children's novelty books.

LETTER FROM VEDA

3b. Financial information of the Brilliant Stage Group

Set out below is the audited financial information of the Brilliant Stage Group for the three years ended 31 March 2011, 2012 and 2013 and for the ten months ended 31 January 2014 as extracted from the accountant's report on the Brilliant Stage Group as contained in Appendix II to the Circular. Given that the food and beverage business was a newly established business of the Brilliant Stage Group, the historical performance of the Brilliant Stage Group mainly represented the historical performance of the segment of manufacturing and sale of paper cartons, packaging boxes and printing of children's novelty books:

	Year ended 31 March			Ten months ended 31	
	2013	2012	2011	January	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(audited)	(unaudited)
Revenue	352,516	423,221	435,761	389,794	315,613
Gross profit	63,131	63,832	98,926	73,729	59,322
Gross profit margin	17.91%	15.08%	22.70%	18.91%	18.80%
Profit/(loss) for the year/period	19,486	(1,431)	28,469	5,770	25,734

For the ten months ended 31 January 2014

For the ten months ended 31 January 2014, the Brilliant Stage Group recorded total revenue of approximately HK\$389.8 million, representing an increase of approximately 23.5% from that for the ten month period ended 31 January 2013 of approximately HK\$315.6 million, with the gross profit margin of approximately 18.9%. The increase in turnover was primarily due to the increase in orders from customers on packaging boxes resulting from recovery of the export market in US and Europe.

The Brilliant Stage Group recorded profit attributable to equity holders of approximately HK\$5.8 million for the ten months ended 31 January 2014, representing a decrease of approximately 77.6% from profit attributable to equity holders of approximately HK\$25.7 million for the ten months ended 31 January 2013. The decrease in profit was mainly due to (i) decrease in revaluation surplus on investment properties to approximately HK\$1.8 million during the period as compared to approximately HK\$9.6 million for the ten months ended 31 January 2013; (ii) the Brilliant Stage Group's financial assets recorded gain on disposal of financial assets through profit or loss of approximately HK\$1.0 million for the ten months ended 31 January 2014 versus a gain of approximately HK\$5.6 million for the ten months ended 31 January 2013; and (iii) fair value loss on financial assets through profit or loss of approximately HK\$1.7 million for the ten months ended 31 January 2014 whereas gain of approximately HK\$1.4 million was recorded for the ten months ended 31 January 2013.

LETTER FROM VEDA

Net asset value of the Brilliant Stage Group as at 31 January 2014 was approximately HK\$220.6 million. Major components of the Brilliant Stage Group's assets were the property, plant and equipment with carrying amount of approximately HK\$153.8 million as at 31 January 2014, of which the operating property premises had a book value of approximately HK\$119.8 million as at 31 January 2014. The operating property premises are the operating assets of the Brilliant Stage Group, we concur with the Directors that it is not practicable for the Company to realise the operating property premises while there are substantive operations. As set out in the Letter from the Board, prior to entering into the Asset Reorganisation Agreement, the Company has had no plan to realise the operating property premises. Further, the Directors do not expect that in the event that the Asset Reorganisation and the Share Sale are not able to proceed in accordance with their respective terms and conditions, the Company could be able to realise the operating property premises in the foreseeable future while the manufacturing business of Brilliant Stage Group is still operated as a going concern. As the Brilliant Stage Group is a manufacturing company but not an asset-play company, the Directors consider it is appropriate to evaluate its worth by reference to, among other things, its profitability, despite the net book value of its operating property premises.

For the year ended 31 March 2013

The Brilliant Stage Group recorded total revenue of approximately HK\$352.5 million, representing a decrease of approximately 16.7% to total revenue of approximately HK\$423.2 million for the year ended 31 March 2012. As advised by the Company, the decrease in turnover was primarily due to the reduction in orders from customers because of the volatile export market in US and Europe. However, the drop in raw materials cost, especially the decrease in commodity price, outweighed the increase in labour cost in the PRC, leading to overall improvement in gross profit margin to approximately 17.9% for the year under review, as compared to gross profit margin of approximately 15.1% for the year ended 31 March 2012.

The Brilliant Stage Group recorded a profit attributable to equity holders of approximately HK\$19.5 million for the year ended 31 March 2013 as compared with a loss attributable to equity holders of approximately HK\$1.4 million for the year ended 31 March 2012. The profit was mainly resulted from the revaluation surplus on investment properties of the Brilliant Stage Group of approximately HK\$9.6 million and gains on financial assets at fair value through profit or loss of HK\$6.9 million.

For the year ended 31 March 2012

For the year ended 31 March 2012, the Brilliant Stage Group recorded total revenue of approximately HK\$423.2 million, representing a decrease of approximately 2.9% to total revenue of approximately HK\$435.8 million for the year ended 31 March 2011. As advised by the Company, the decrease in turnover was primarily due to the reduction in orders from customers because of the volatile export market in US and Europe. The increase in raw materials cost, especially the rising in commodity price, and labour cost in the PRC adversely affected the profitability of this business segment resulting in decrease in gross profit margin to approximately 15.1% compared to approximately 22.7% for the year ended 31 March 2011.

LETTER FROM VEDA

The Brilliant Stage Group recorded a loss attributable to equity holders of approximately HK\$1.4 million for the year ended 31 March 2012 as compared with a profit attributable to equity holders of approximately HK\$28.5 million for the year ended 31 March 2011. The loss was mainly resulted from the increase in raw materials cost and labour cost in the PRC which adversely affected the profitability of the major business operating segment in manufacture and sales of packaging boxes and children's novelty books.

For the year ended 31 March 2011

The Brilliant Stage Group recorded total revenue of approximately HK\$435.8 million, with the gross profit margin of approximately 22.7% for the year ended 31 March 2011. The Group recorded a profit attributable to equity holders of approximately HK\$28.5 million for the year ended 31 March 2011 as compared with profit attributable to equity holders of HK\$23.1 million for the year ended 31 March 2010, representing an increase of approximately 23.38%. The improvement was mainly attributable to the increase of export sales of packaging boxes attributable by the recovery of the U.S. and European markets.

3c. Other financial parameters of the principal activities of the Brilliant Stage Group

As noticed from the historical performances of the Brilliant Stage Group, the main fluctuations in profit/loss of the Brilliant Stage Group were not from the principal activities of manufacturing and sale of paper cartons, packaging boxes and printing of children's novelty books but from non-core businesses, e.g. gain/loss on disposal of financial assets through profit or loss, fair value gain/loss on financial assets through profit or loss and increase/decrease in revaluation surplus on investment properties. As set out in the Letter from the Board, in order to facilitate cash settlement of parts of the amounts owing by the Brilliant Stage Group to the Remaining Group, all financial assets held by the Brilliant Stage Group will be realised and thus it is expected that gain/loss on disposal of financial assets through profit or loss and fair value gain/loss on financial assets through profit or loss would not have a continuing effect on the financial performance of the Brilliant Stage Group. Investment properties of the Brilliant Stage Group are office and factory premises owned by the Brilliant Stage Group which are leased to the Remaining Group for use in the operations of manufacture and sale of hangtags, labels and shirt paper boards and plastic bags.

LETTER FROM VEDA

In order to assess the performance of the principal activities of the Brilliant Stage Group and further to the discussions with the Company, adjustments were made to the historical performances of the Brilliant Stage Group by removing the non-core businesses performances/assets of the Brilliant Stage Group for the three years ended 31 March 2013 with the relevant information set out in the following table (Comparable analysis of the Brilliant Stage Group as a whole was set out in the section below headed “*Comparable analysis*” in this letter). All information from the table below were extracted from the accountant’s report on the Brilliant Stage Group as contained in Appendix II to the Circular:

	Year ended 31 March		
	<i>(Note 1)</i>		
	2013	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(audited)
Profit/(loss) before tax	22,088	(1,014)	32,559
Adjustments for removing non-core businesses performances			
– Other operating income	(23,538)	(8,761)	(13,310)
– Other operating expense	2,352	8,124	9,058
(A) Adjusted profit/(loss) for the year before tax	902	(1,651)	28,307
Total assets	571,917	553,872	670,145
Adjustments removing non-core businesses assets			
– Investment properties	(25,300)	(15,710)	(13,900)
– Financial assets at fair value through profit or loss	(86,107)	(74,491)	(77,372)
– Amount due from Remaining Group	(102,092)	(79,518)	(151,233)
(B) Adjusted total assets	358,418	384,153	427,840
(C) Adjusted return on adjusted total assets (A)/(B)	0.3%	(0.4)%	6.6%
Total Shareholders’ equity	217,663	199,436	187,934
Adjustment for removing net amount due to the Remaining Group <i>(Note 2)</i>			
– Net amount due to the Remaining Group	146,832	161,483	203,631
(D) Adjusted total Shareholders’ equity	364,495	360,919	391,565
(E) Adjusted return on adjusted total equity (A)/(D)	0.2%	(0.5)%	7.2%
(F) Additions in capital expenditure	4,268	18,937	16,058
(G) Reinvestment rate (F)/(A)	473%	(1,147)%	57%

LETTER FROM VEDA

Notes:

1. No adjustments have been done to the financial statements of the Brilliant Stage Group for the ten months ended 31 January 2013 and 2014 since these relevant ten-month periods were not on a full year basis and we considered that comparisons of ten-month period ratios with ratios derived from financial information for the three years ended 31 March 2011, 2012 and 2013 would not be useful since comparisons are of different time durations. Also, as noticed from the IR 2013, due to seasonality of the printing and packaging industry, the second half of the financial year will usually be more challenging.
2. Net amount due to the Remaining Group has to be settled prior to completion of the Asset Reorganisation.

Return on total assets

Return on total assets is an indicator of how profitable a company is relative to its total assets, in other words, the higher the ratio of return on total assets, the more efficient management is at using its assets to generate earnings. As set out in the table above, the adjusted return (before tax) on adjusted total assets (with adjustments by removing the non-core businesses performances/assets of the Brilliant Stage Group) decreased significantly from approximately 6.6% for the year ended 31 March 2011 to approximately 0.3% for the year ended 31 March 2013 and with a negative adjusted return (before tax) on adjusted total assets of approximately 0.4% for the year ended 31 March 2012.

Return on shareholders equity

Return on shareholders equity is the amount of earnings returned as a percentage of shareholders' equity, i.e. the higher the ratio, the better profitability of a company generates with the money shareholders have invested. As set out in the table above, the adjusted return (before tax) on adjusted total equity (with adjustments by removing net amount due to the Remaining Group by the Brilliant Stage Group since such outstanding balance has to be settled prior to completion of the Asset Reorganisation) decreased significantly from approximately 7.2% for the year ended 31 March 2011 to approximately 0.2% for the year ended 31 March 2013 and with a negative adjusted return (before tax) on adjusted total shareholders equity of approximately 0.5% for the year ended 31 March 2012.

Reinvestment rate

The reinvestment rate measures the percentage of a company's earnings that is reinvested in the business in terms of capital expenditure. Companies are generally preferred with lower reinvestment rates for more available cashflow. As set out in the table above, the reinvestment rate expressed in additions in capital expenditure as a percentage of the adjusted return (before tax) increased significantly from approximately 57% for the year ended 31 March 2011 to approximately 473% for the year ended 31 March 2013 and with a negative reinvestment rate (i.e. capital expenditure spending despite loss making performance) of approximately 1,147% for the year ended 31 March 2012.

3d. Prospects and outlook of the Brilliant Stage Group

We noticed that the recent increase in turnover of the Brilliant Stage Group was primarily due to the increase in orders from customers on packaging boxes resulting from recovery of the export market in US and Europe, yet increasing competition from substitutes, principally the plastic packaging followed by wood, glass and aluminum packaging, could pose a challenge to the growth of this market. As noted from the 2011 Global Cardboard Box & Container Manufacturing industry report published by IBISWorld, being one of the world's leading publishers of business intelligence, specialising in industry research and procurement research, the industry has been facing an intense import competition from other emerging countries i.e. India and Brazil, where the imports are generally cheaper and are becoming of improving quality, without much change in the price. Also, the replacement of plastic products for packaging is a concern to the packaging boxes industry.

The labour market in the PRC, including Dongguan, where the production facilities of the Brilliant Stage Group are located at, is becoming less welcoming. Workers in the PRC are now demanding higher wages, partly due to the rising inflation rate in the country (the consumer price index which measures the inflation rate has risen approximately 2.4% in March 2014, approximately 2.0% in February 2014 and approximately 2.5% in January 2014, from a year earlier respectively). In addition, the Chinese government's introduction of minimum wage legislation in January 2008 means that firms are now legally responsible for increasing wages. According to the Dongguan Statistics Bureau, Dongguan's gross domestic product ("GDP") stood at approximately RMB262.8 billion which ranked 15th in the PRC in 2006 and Dongguan's GDP reached approximately RMB549 billion in 2013 but the ranking of the city had dropped to 22nd, after the city was hit hard by the 2008 global financial crisis. Recently, certain leading sports apparel brands are adversely affected by the workers strike in their suppliers based in Dongguan, forcing them to reallocate some of its future orders to other suppliers. All these factors have raised concerns and extra costs to the factory owners within the city and are forcing some of them to leave the PRC and invest in cheaper sites within Asia Pacific such as Thailand, Vietnam, India or Cambodia. Wages for manufacturing workers in Vietnam and Cambodia are between one-quarter to one-fifth to those paid to the PRC workers.

At the same time, the inflation in the PRC and the appreciation of Renminbi have both pushed up the costs of raw material which exert pressure on the manufacturing sector in the PRC. Since the People's Bank of China announced to take a managed floating exchange rate system in July 2005, the Renminbi has appreciated against the U.S. dollar in a slight and gradual trend over the past years, from approximately US\$1 to RMB8.27 in June 2005 to approximately US\$1 to RMB6.06 by the end of 2013, representing an approximately 26.72% growth throughout the period. The appreciation of Renminbi has slowly pushed up the price of various domestic resources, in particular land and labour, and most importantly, the export orders received by the PRC manufacturers are significantly influenced as the appreciation of Renminbi has raised the costs faced by the international purchasers.

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Furthermore, according to the Packaging Industry in China report in August 2012 produced by Euromonitor, an independent global research organisation established in 1972 and is now the world leader in strategy research for consumer markets, which offers unmatched detail and unbiased content for every region, country, category and channel, it is noted that the Chinese government has increasingly realised the adverse impact of excessive packaging, and issued regulations to stop excess packaging and to minimize wastage. In June 2002, the Cleaner Production Promotion Law was approved by the Standing Committee of the National People's Congress ("NPC") of the PRC, which stated that excessive packaging should be banned and in February 2012, the NPC passed the second reading of an amendment to the Cleaner Production Promotion Law which highlighted a more concise and detailed definition of the term "excessive packaging of products" and contained a list of conditions under which compulsory clean production checks should be imposed on enterprises, which took effect from July 2012. As the Chinese government begins to take a tough stance on environmental issues, it is anticipated to lead stringent packaging regulations in order to reduce packaging waste and pollution, which will certainly cause negative impacts on the major business segment of the Brilliant Stage Group.

Given (i) the decreasing performance of the major business of the Brilliant Stage Group as reflected in the decreasing ratios of return on total assets and return on shareholders equity combined with high and increasing reinvestment rates; (ii) the challenges faced by the PRC manufacturers such as the inflation of the country, the continuous trend of currency appreciation and the increase of competition from other emerging countries i.e. India and Brazil, which enjoy cheaper labour and raw material; and (iii) the Chinese government started to impose regulations on excess packaging which adversely impact the entire packaging industry in the PRC, we consider that the Asset Reorganisation provides an exit opportunity for the Company with a fair pricing (Please refer to our analysis in the section headed "**Asset Reorganisation Consideration**").

(4) Reasons for the Asset Reorganisation and intended use of proceeds

(a) The Share Sale Completion and the Offer

As noted from the Joint Announcement, on 26 February 2014 (as supplemented on 31 March 2014), the Vendors and the Offeror entered into the Share Sale Agreement, pursuant to which the Vendors have conditionally agreed to sell and procure Madam Ng to sell, and the Offeror has conditionally agreed to purchase, the Sale Shares, being 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company as at the date of the Share Sale Agreement, at an aggregate consideration of HK\$236,831,725.2 (equivalent to HK\$0.70 per Sale Share). And the Share Sale Completion is conditional upon, among other things, the Asset Reorganisation having been completed.

As further disclosed in the Joint Announcement, upon the Share Sale Completion, the Offeror and parties acting in concert with it will be interested in 338,331,036 Shares, representing approximately 53.25% of the entire issued share capital of the Company. Subject to Share Sale Completion, Emperor Capital will, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, make the Offer, which is an unconditional mandatory cash offer to Shareholders to acquire all the Shares other than those already held or agreed to be acquired by the Offeror and parties acting in concert with it at HK\$0.70 per Share in cash.

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(b) Reasons for the Asset Reorganisation

As stated in the Letter from the Board, after arm's length negotiations between the Offeror and the Vendors, and taking into account of (i) the entire structure of the Offer, the Asset Reorganisation and the Special Distribution; and (ii) the consideration for the Sale Shares to be paid by the Offeror to the Vendors, the Offeror and the Vendors have mutually agreed that the Share Sale Completion shall be conditional upon Asset Reorganisation Completion and the Special Distribution becoming unconditional, such that the Offeror will acquire a controlling stake in the Company, the business of which will then be streamlined and principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags conducted by the Remaining Group upon Share Sale Completion.

As further stated in the Letter from the Board, the Board considers that the Asset Reorganisation will facilitate the Share Sale Completion and the Special Distribution and, accordingly, the Offer to the Shareholders. In view of (i) the expected cash inflow from the Asset Reorganisation; and (ii) the proposed Special Distribution, the Directors are of the view that the terms of the Asset Reorganisation Agreement are fair and reasonable and the Asset Reorganisation and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Save for the Asset Reorganisation Agreement, the Company has not entered, or does not propose to enter, into any agreement, arrangement, understanding or undertaking (whether formal or informal and whether express or implied) and negotiation (whether concluded or not) and has no intention to dispose of or downsize its existing businesses.

The cash proceeds (net of attributable expenses of approximately HK\$4 million) from the Asset Reorganisation are estimated to be approximately HK\$176 million, and are expected to be applied towards payment of the Special Distribution of HK\$0.50 per Share. We have reviewed the historical payments of dividends of the Company for the last five financial years ended 31 March 2009 to 2013 and the information was summarised in the following table. It was noticed that the highest annual total dividend paid during the last five financial years was HK\$0.06 per Share in 2011 and the Special Distribution of HK\$0.50 per Share represents approximately 8.33 time of such amount.

Financial year ended 31 March	Interim dividend	Final dividend	Special dividend	Total dividend
2009	HK\$0.01	Nil	Nil	HK\$0.01
2010	HK\$0.01	HK\$0.01	Nil	HK\$0.02
2011	HK\$0.01	HK\$0.02	HK\$0.03	HK\$0.06
2012	Nil	HK\$0.02	Nil	HK\$0.02
2013	Nil	HK\$0.02	Nil	HK\$0.02

We concurred with the management of the Company that it is appropriate to make the Special Distribution upon the Asset Reorganisation Completion with a view to allowing the Shareholders an opportunity for a higher amount of realisation of their investments in the Shares in conjunction with the Offer upon the change of control and management of the Company. However, Shareholders should note that payment of the Special Distribution is subject to a number of conditions, including but not limited to, the Asset Reorganisation Completion. For more details regarding the Special Distribution, please refer to the section headed “**5. SPECIAL DISTRIBUTION**” as set out in the Letter from the Board.

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Subject to Share Sale Completion, Asset Reorganisation Completion and the Special Distribution being made, (i) each Shareholder who accepts the Offer will receive HK\$0.70 for each Share held in respect of which the Offer is accepted; (ii) each person who is a Shareholder on the Record Date and Time will receive HK\$0.50 per Share pursuant to the Special Distribution. Accordingly, each person who is a Shareholder on the Record Date and Time and accepting the Offer will receive a total amount of HK\$1.20 for each Share held and in respect of which the Offer is accepted. In agreeing to the Asset Reorganisation Agreement and making the Special Distribution, the management of the Company has taken into account the trading prices of the Shares as quoted on the Stock Exchange during the 24-month period immediately preceding 16 January 2014 (being the date of an announcement made by the Company in relation to the Share Sale pursuant to Rule 3.7 of the Takeovers Code). The lowest trading price of the Shares as quoted on the Stock Exchange was HK\$0.27 per Share on 3 September 2012 and 26 September 2012, while the highest trading price of the Shares as quoted on the Stock Exchange was HK\$0.57 per Share on 15 January 2014. On the other hand, the consolidated net asset value per Share ranged from HK\$0.75 to HK\$0.83 during the 24-month period (based on a total of 635,353,119 Shares in issue as at the Latest Practicable Date and the consolidated net asset value of the Company as shown in the interim/annual reports of the Company, which were published during the 24-month period). Having considered that (i) the Shares had constantly been traded at a quite substantial discount to the consolidated net asset value of the Company for a long period of time; and (ii) the Asset Reorganisation, the consequential Offer resulting from the Share Sale Completion together with the Special Distribution are in substance a package offer to the Shareholders with a view to providing an opportunity for the Shareholders to realise the value of the Company and to unlock their investment value in the Company, the Directors considered the Asset Reorganisation is fair and reasonable and hence put forward the proposal to the Independent Shareholders to consider.

In addition, as shown in the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2013 as contained in Appendix III to the Circular, net asset of the Remaining Group was approximately HK\$153.7 million and based on a total of 635,353,119 Shares in issue as at the Latest Practicable Date, net asset value per Share of the Remaining Group would be approximately HK\$0.2420 per Share ("Pro Forma NAV Per Share"). The offer price of HK\$0.70 per Share (if the Offer is made) represents a premium of approximately 189.3% over the Pro Forma NAV Per Share. If and when the Offer is made, the Special Distribution would have already been paid to the Shareholders so that we consider that comparison between the offer price and the prevailing marketing price of the Shares should be on ex-Special Distribution basis. As at the Latest Practicable Date, the closing price was HK\$1.27 and thus the theoretical ex-Special Distribution price would be HK\$0.77. The average closing price between the date following the Joint Announcement, i.e. 4 April 2014 and the Latest Practicable Date was approximately HK\$1.1775 and the theoretical ex-Special Distribution price based on such average closing price would be approximately HK\$0.6775. The offer price represents a discount of approximately 9.09% to the theoretical ex-Special Distribution price on the Latest Practicable Date and a premium of approximately 3.32% over the theoretical ex-Special Distribution price based on the average closing price between the date following the Joint Announcement and the Latest Practicable Date. We noted that (i) the closing price of the Shares had surpassed HK\$1.20 since 14 May 2014 (except on 10 April 2014); (ii) there was no other price sensitive announcements released by the Company upon resumption of trading of the Shares on 4 April 2014 up to the Latest Practicable Date except for the Special Distribution announcement and the disposal of the Fullpower Loan announcement dated 23 April 2014 and 30 April 2014 respectively; and (iii) there is still a period of time before

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the Offer is made, and therefore we consider that the upward share price movement of the Company might not be sustainable, such that we consider that it is more reasonable to make reference to the average closing price under such circumstances. Our further analysis on the fairness and reasonableness of the offer price and recommendation to the Independent Board Committee for whether or not to recommend the Independent Shareholders to accept the Offer will be set out in our letter to be contained in the response document of the Offer when the Offer is made, which is subject to, among others, the completion of the Asset Reorganisation.

(c) Alternatives to the decision for the Asset Reorganisation

As set out in the Letter from the Board, in making the decision to enter into the Asset Reorganisation Agreement with Harmony Link, the management of the Company had considered alternative to distribute the equity of the Brilliant Stage Group to all existing Shareholders in proportion to their existing shareholdings in the Company by way of distribution in specie, as well as the possibility for a third party purchaser, instead of Harmony Link, to acquire the Brilliant Stage Group.

In the case of a distribution in specie of the Brilliant Stage Shares, the Brilliant Stage Group will cease to be subsidiaries of the Company, and the Shareholders will hold the unlisted shares in Brilliant Stage on a pro rata basis. As the Brilliant Stage Group will not be listed on any stock exchange, there will not be any immediate trading venue on which holders of the unlisted shares in Brilliant Stage could readily trade their holdings and realise the value from the distribution in specie. The management of the Company had also discussed with Harmony Link for the possibility to make a voluntary cash offer under the Takeovers Code to acquire all the unlisted shares in Brilliant Stage other than those held by Harmony Link and parties acting in concert with it in the event that a distribution in specie of the Brilliant Stage Shares were to be made by the Company. However, Harmony Link did not intend to make a voluntary cash offer as there is a possibility that the Brilliant Stage Group will remain as a public company after the voluntary general offer and Harmony Link does not want to operate a public company with no listing status.

As to the possibility for disposal of the Brilliant Stage Shares to an independent third party, the Company believed as the Brilliant Stage Group is principally a manufacturing company, it would take a long period of time for the Company to locate potential buyer(s), if any, for the proposition and there would be no certainty of success. In the circumstances, after arm's length negotiations between the Company and Harmony Link, in order to satisfy the request from the Offeror and provide a cash exit for the Shareholders to realise the value in the Company, the Company and Harmony Link entered into the Asset Reorganisation Agreement to dispose of the Brilliant Stage Shares.

Having considered that (i) the Asset Reorganisation, the consequential Offer resulting from the Share Sale Completion together with the Special Distribution are in substance a package offer to the Shareholders; (ii) if the Asset Reorganisation, which is one of the conditions to the Share Sale Completion, is not approved by the Independent Shareholders, the Special Distribution of HK\$0.50 per Share will not be paid to the Shareholders; (iii) the Offer (if made) could provide an opportunity for the Shareholders to realise their investment in the Company and the offer price of HK\$0.70 per Offer Share represents a premium of approximately 189.30% over the Pro Forma NAV Per Share of the Remaining Group and a premium of approximately 3.32% over the theoretical ex-Special Distribution price based on the average closing price between the date following the Joint

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Announcement and the Latest Practicable Date; (iv) in making the decision to enter into the Asset Reorganisation Agreement with Harmony Link, the management of the Company had considered alternative to distribute the equity of the Brilliant Stage Group to all existing Shareholders in proportion to their existing shareholdings in the Company by way of distribution in specie, as well as the possibility for a third party purchaser to acquire the Brilliant Stage Group, however, (a) Harmony Link did not intend to make a voluntary cash offer of the unlisted shares of the Brilliant Stage Group as there is a possibility that the Brilliant Stage Group will remain as a public company after the voluntary general offer and Harmony Link does not want to operate a public company with no listed status; and (b) it would take a long period of time for the Company to locate potential buyer(s), if any, for the proposition of the negotiation and there would be no certainty of success, we consider that the Asset Reorganisation is in the interests of the Company and the Shareholders as a whole.

(5) Asset Reorganisation Consideration

Based on Asset Reorganisation Consideration of approximately HK\$180 million and after deducting the audited net assets of the Brilliant Stage Group of approximately HK\$220.6 million as at 31 January 2014, and the realisation of foreign exchange reserve upon the Asset Reorganisation of approximately HK\$36,000, the Group is expected to record a loss of approximately HK\$40.6 million, assuming that the Asset Reorganisation Completion had taken place on 31 January 2014. Shareholders should note that actual gain or loss from the Asset Reorganisation to be recorded by the Company will depend on the financial position of the Brilliant Stage Group as at the date of the Asset Reorganisation Completion. We noted the substantial loss of approximately HK\$40.6 million to be recorded by the Group as a result of the Asset Reorganisation.

As set out in the Letter from the Board, the management of the Company acknowledged that a loss of approximately HK\$40.6 million would be recorded as a result of the Asset Reorganisation Completion, as the consideration for the Asset Reorganisation of approximately HK\$180 million would be at a discount to the net asset value of the Brilliant Stage Group, which amounted to approximately HK\$220.6 million as at 31 January 2014. The major components of the Brilliant Stage Group's assets were the property, plant and equipment with carrying amount of approximately HK\$153.8 million as at 31 January 2014, of which the operating property premises had a book value of approximately HK\$119.8 million as at 31 January 2014. The operating property premises are the operating assets of the Brilliant Stage Group, it is not practicable for the Company to realise the operating property premises while there are substantive operations. Prior to entering into the Asset Reorganisation Agreement, the Company has had no plan to realise the operating property premises. Further, the Directors do not expect that in the event that the Asset Reorganisation and the Share Sale are not able to proceed in accordance with their respective terms and conditions, the Company could be able to realise the operating property premises in the foreseeable future while the manufacturing business of Brilliant Stage Group is still operating as a going concern. As the Brilliant Stage Group is a manufacturing company, not an asset-play company. In addition to consideration of the net book value of operating property premises of the Brilliant Stage Group, the Directors also consider it is relevant to take reference to its profitability in evaluating its worth. Based on the consideration of the Asset Reorganisation of approximately HK\$180 million and the profit of the Brilliant Stage Group for the year ended 31 March 2013 of approximately HK\$19.5 million, the price-to-earnings ratio represents approximately 9.24 times, the Directors consider it is within the range of market comparables of the Brilliant Stage Group. On the basis of the above consideration, the Directors consider that the Asset Reorganisation Consideration is fair and reasonable.

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Comparable analysis

As mentioned above, pursuant to the Asset Reorganisation Agreement, the Group shall effect the Corporate Reorganisation prior to the Asset Reorganisation Completion to the effect that Brilliant Stage shall become the holding company of members of the Group which are principally engaged in manufacturing and sale of paper cartons, packaging boxes and children's novelty books as well as food and beverage business. In forming our opinion on the Asset Reorganisation Consideration, it is a general practice to apply commonly used benchmarks for evaluating the value of companies. In such circumstances and for the information of the Shareholders only, we have identified the following 11 companies (the "**Business Comparables**") listed on the Stock Exchange which are (i) principally engaged in business that is similar to the Brilliant Stage Group upon Corporate Reorganisation i.e. turnover for business segment of paper package contributes more than 50% of the latest available full year turnover of the relevant Business Comparable; and (ii) with market capitalisation of less than HK\$1,000 million, and we consider the Business Comparables represent an exhaustive list of relevant comparable companies based on the said criteria above and the selected principles are able to provide a reference for the information to the Independent Shareholders.

Having said the above, it should be noted that each of the Business Comparables may not be entirely comparable to the Brilliant Stage Group in terms of market capitalisation, geographical spread of activities, scale of operations, asset base, cash position, debt structure, minority interest, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparison.

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Price-to-earnings (“**P/E**”) ratio and price-to-book (“**P/B**”) ratio are the two most commonly used benchmarks in valuing a company. On top, we have also taken into consideration the gross profit margin which is a measurement of a company’s manufacturing and distribution efficiency during the production process. The table below sets out the P/E ratio and the P/B ratio implied by the Asset Reorganisation Consideration and those of the Business Comparables and gross profit margin of each of the Business Comparables and the Brilliant Stage Group:

Company name (stock code)	Principal business	Market Capitalisation (Note 1) (HK\$ million)	Profit after tax (Note 2) (HK\$ million)	Net asset value (Note 3) (HK\$ million)	P/E (Note 4) (times)	P/B (Note 5) (times)	Gross Profit Margin (Note 6)
China Packaging Holdings Development Limited (1439)	Design, manufacture, printing and sale of paper-based packaging products, which include flexo-printed cartons and offset-printed cartons of different sizes, shapes and design.	316.00	55.90	173.17	5.70	1.82	23.39%
Climax International Company Limited (439)	Manufacturing and trading of paper packaging products, paper gift items and paper promotional materials.	434.85	2.23	207.49	194.83	2.10	20.27%
Come Sure Group (794)	Manufacture and sale of corrugated board, corrugated paper-based packing and offset printed corrugated products; properties leased.	228.25	16.83	602.10	13.56	0.38	20.73%
Hao Tian Development Group Limited (474)	Development and exploitation of underground coking coal mine; and manufacture and sale of quality plastic and paper boxes for luxury consumer goods.	544.17	(219.33)	2,441.11	Loss making	0.22	19.65%
Hop Fung Group Holdings Limited (2320)	Manufacture and sale of containerboard, and corrugated packaging.	224.56	5.90	1,149.80	38.07	0.20	16.91%
Jin Bao Bao Holdings Limited (1239)	Design, manufacture and sale of packaging products and structural components.	328.00	23.81	263.65	13.76	1.24	19.80%
Midas International Holdings Limited (1172)	Manufacturing and trading of printed products, and development and operation of cemetery.	384.05	(47.70)	577.93	Loss making	0.68	19.30%

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Company name (stock code)	Principal business	Market Capitalisation (Note 1) (HK\$ million)	Profit after tax (Note 2) (HK\$ million)	Net asset value (Note 3) (HK\$ million)	P/E (Note 4) (times)	P/B (Note 5) (times)	Gross Profit Margin (Note 6)
New Island Printing Holdings Limited (377)	Printing and manufacturing of high quality multi-colour packaging products, carton boxes, books, brochures and other paper products; provision of brokerage of securities services; provision of finance, and securities investments.	812.91	(9.27)	518.04	Loss making	1.57	20.23%
Qualipak International Holdings Limited (1332)	Design, development, manufacture and sale of packaging products and point-of-sales display units.	112.14	16.93	262.13	6.62	0.43	15.92%
Sino Haijing Holdings Limited (1106)	Manufacture and sale of packaging materials.	129.64	(19.78)	314.66	Loss making	0.41	12.62%
Starlite Holdings Limited (403)	Printing and manufacturing of packaging materials, labels, paper products and environmentally friendly products.	223.18	9.36	574.98	23.85	0.39	19.02%
Maximum					194.83	2.10	23.39%
Minimum					5.70	0.20	12.62%
Median					6.62	0.43	19.65%
The Brilliant Stage Group		180.00	19.49	220.60	9.24	0.82	17.91%

Source: website of the Stock Exchange (www.hkex.com.hk) and Bloomberg

Notes:

1. The market capitalisation as at the Latest Practicable Date.
2. Based on the latest available profits after tax from the respective latest annual reports of the Business Comparables as at the Latest Practicable Date.
3. Based on the latest available net asset value attributable to shareholders from the respective latest annual/interim reports of the Business Comparables available as at the Latest Practicable Date.
4. Note 1/Note 2.
5. Note 1/Note 3.
6. Based on the revenue and gross profit from the respective latest annual reports of the Business Comparables.

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As shown in the above table, the P/E ratio, the P/B ratio and gross profit margin of the Brilliant Stage Group implied by the Asset Reorganisation Consideration are approximately 9.24 times, approximately 0.82 times and approximately 17.91% respectively.

For the Business Comparables, the P/E ratios varied with a wide range from approximately 5.70 times to approximately 194.83 times (with four Business Comparables recorded losses), with the median of approximately 6.62 times. P/E ratio is a measure of a company's value (stock price) relative to its earnings. A high P/E ratio implies the stock is richly valued. The P/E ratio of approximately 9.24 times of the Brilliant Stage Group based on the Asset Reorganisation Consideration lies within the range of the Business Comparables and above the median of the P/E ratios of the Business Comparables. In other words, the P/E ratio of the Brilliant Stage Group based on the Asset Reorganisation Consideration represents a higher pricing than the 'middle' P/E ratio of the Business Comparables when they are arranged in arithmetic sequence.

The P/B ratios of the Business Comparables also ranged widely between approximately 0.20 times and 2.10 times, with a median of approximately 0.43 times. P/B ratio is a ratio used to compare a company's market value to its book value. While a P/B ratio does not indicate anything about the ability of a company to generate shareholder profit, it usually serves to indicate whether a company is overvalued (higher ratio) or undervalued (lower ratio). The P/B ratio of approximately 0.82 times represented by the Asset Reorganisation Consideration lies within the range of the P/B ratios of the Business Comparables and above the median of the P/B ratio of the Business Comparables, i.e. the P/B ratio with the Asset Reorganisation Consideration represents a higher pricing than the 'middle' P/B ratio of the Business Comparables when they are arranged in arithmetic sequence and based on such comparison.

For the range of gross profit margin of the Business Comparables, we noted that it ranged from approximately 12.62% to 23.39%, with a median of approximately 19.65%. The gross profit margin tells the percentage of revenue left after subtracting the cost of goods sold. A company that boasts a higher gross profit margin than its competitors and industry is more efficient. The gross profit margin of approximately 17.91% of the Brilliant Stage Group lies within the range of the Business Comparables but below the median of the gross profit margin of the Business Comparables, i.e. the gross profit margin of the Brilliant Stage Group yielded less than the 'middle' gross profit margin of the Business Comparables when they are arranged in arithmetic sequence.

(6) Financial effect of the Asset Reorganisation

Upon Asset Reorganisation Completion, Brilliant Stage will no longer be a wholly-owned subsidiary of the Group and its results will no longer be consolidated into the consolidated financial statements of the Group.

(i) Earnings

As set out in AR 2013, the Group recorded profit attributable to the Shareholders of approximately HK\$17.8 million for the year ended 31 March 2013. Loss attributable to the Shareholders for the year ended 31 March 2013 as shown in the unaudited pro forma consolidated income statement of the Remaining Group as contained in Appendix III to the Circular was approximately HK\$37.4 million (assuming completions of the Asset Reorganisation and the disposal of the Fullpower Loan on 1 April 2012). Amongst the various adjustments made to the profit attributable to the Shareholders for the year ended 31 March 2013, we noticed that the two major adjustments are (i) pro forma loss on the disposal of the Brilliant Stage Group of approximately HK\$19.6 million (note 10 to the pro forma financial information as contained in Appendix III); and (ii) pro forma loss on the disposal of the Fullpower Loan of approximately HK\$15.5 million (note 15 to the pro forma financial information as contained in Appendix III). Despite the loss to be incurred for the Asset Reorganisation, given the decreasing performance of the major business of the Brilliant Stage Group as reflected in the decreasing ratios of return on total assets and return on shareholders equity with high and increasing reinvestment rate and challenges faced by the industry of inflation, continuous appreciation of Renminbi and increasing competition, rising labour cost in the PRC and the Chinese government started to impose regulations on excess packaging, we consider that the Asset Reorganisation provides an exit opportunity for the Company with a fair pricing.

(ii) Net assets

As set out in IR 2013, the unaudited consolidated net asset of the Group was approximately HK\$528.0 million as at 30 September 2013. Net asset as shown in the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2013 as contained in Appendix III to the Circular (assuming completions of the Asset Reorganisation, the Special Distribution and the disposal of the Fullpower Loan took place on 30 September 2013) was approximately HK\$153.7 million. Amongst the various adjustments made to the unaudited consolidated net asset of the Group as at 30 September 2013, we noticed that the major adjustments are (i) declaration of the Special Distribution of HK\$0.5 per Share in the aggregate amount of approximately HK\$317.7 million; (ii) pro forma loss on the disposal of the Brilliant Stage Group of approximately HK\$40.6 million (note 3 to the pro forma financial information as contained in Appendix III); (iii) deconsolidation of the property, plant and equipment carried at fair value of HK\$27.1 million and the corresponding deferred tax liabilities of HK\$3.6 million as at 31 January 2014 in the Group in connection with office and factory premises owned by the Brilliant Stage Group which are leased to the Remaining Group (note 6 to the pro forma financial information as contained in Appendix III); and (iv) pro forma loss on the disposal of the Fullpower Loan of approximately HK\$15.5 million (note 7 to the pro forma financial information as contained in Appendix III). The decrease in net assets of the Remaining Group is inevitable given the Asset Reorganisation is disposal in nature.

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(7) Business of the Remaining Group

As stated in the Letter from the Board, immediately after the Asset Reorganisation Completion, the Remaining Group will continue to hold 100% indirect interest in Easy Bloom, Peace Broad and the Remaining Group Entities. The principal activities of Peace Broad and Easy Bloom are investment holding and property holding respectively. The Remaining Group Entities are principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

Upon the Share Sale Completion, the Offeror intends to continue the principal business of the Remaining Group, which comprises of (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags. The Offeror will, following the completion of the Offer, conduct a detailed review of the business operations and financial position of the Remaining Group for the purpose of developing a sustainable business plan or strategy for the Remaining Group. Subject to the result of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Remaining Group with the objective of broadening its sources of income. However, as of the Latest Practicable Date, no such investment or business opportunities had been identified nor has the Offeror entered into any agreement, arrangements, understandings, intention or negotiation in relation to the injection of any assets or business into the Remaining Group. Notwithstanding the foregoing, the Offeror has not entered into any agreement, arrangements, understandings, intention or negotiations in relation to the continued employment of the employees, disposal and/or re-deployment of the assets (including fixed assets) of the Remaining Group, or termination or scaling down of any Remaining Group's business, other than in its ordinary course of business. We consider that continuing the principal business of the Remaining Group and should suitable investment opportunity arise, diversifying the business of the Remaining Group with the objective of broadening its sources of income is fair and reasonable to the Shareholders and the Company.

As disclosed in the AR 2013, the business segment of commercial printing recorded revenue of HK\$59.6 million and segmental profit of HK\$0.9 million for the year ended 31 March 2013 as compared to a revenue of HK\$62.8 million and segmental profit of HK\$4.3 million for the year ended 31 March 2012. As advised by the Company, the decrease in profit in this segment was due to a decrease in turnover resulting from the volatile financial markets.

As further disclosed in the AR 2013, the business segment of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags recorded revenue of HK\$22.4 million and segmental loss of HK\$0.7 million for the year ended 31 March 2013 as compared to a revenue of HK\$25.1 million and segmental loss of HK\$1.0 million for the year ended 31 March 2012. As advised by the Company, the decrease in segmental loss was mainly due to cost control implemented during the year.

As noted from the Letter from the Board, in order to achieve sales growth for the commercial printing segment, the Remaining Group will continuously strengthen the business development team through recruitment of high calibre sales and marketing persons in business networking. And due to the seasonality of financial printing for listed companies, the Remaining Group will also strive to enlarge its customer base to include clients other than listed companies, such as government authorities, non-profit making organisation and universities in Hong Kong through provision of printing service of marketing materials (e.g. brochures, pamphlets and any other marketing materials, etc).

LETTER FROM VEDA

According to International Monetary Fund World Economic Outlook Update in April 2014, the European region is turning the corner from recession to recovery, of which the gross domestic product growth is projected to strengthen to approximately 1.2% in 2014 and approximately 1.5% in 2015. The management of the Group expects the retail industries in European markets will gradually recover and the sales of hangtags, labels, shirt paper boards and plastic bags can be improved in future years through continuously strengthen its relationship with its existing customers and its business development team to widen its customer base. At the same time, the Remaining Group plans to expand its sales and marketing force and/or appoint marketing agency in its subsidiary in the United Kingdom to source sales orders from European markets. Apart from strengthening the relationship with original equipment manufacturing customers, the Remaining Group will market its business directly to retailers, through overseas visits to customers' office, to achieve marketing efficiency.

As set out in the Letter from the Board, the commercial printing segment of the Remaining Group mainly includes the provision of typesetting, translation, cover design or related services for the printing of financial information (including but not limited to annual reports, circulars, prospectuses) of companies listed or proposed to be listed in Hong Kong. In other words, (i) more companies pursues for initial public offering implies increasing needs for printing prospectuses and the subsequent needs in publishing announcements, circulars, quarterly, interim and annual reports; and (ii) more mergers and acquisitions transactions implies increasing needs for publishing announcements and circulars, which impose positive impacts on the business of the Remaining Group. As noted from the March 2014 monthly market highlights as obtained on the Hong Kong Exchanges and Clearing Limited website, there were 1,666 listed companies on the Stock Exchange as compared to 1,557 listed companies in March 2013, representing a 7.0% increase. The total market capitalisation of the listed companies in March 2014 was approximately HK\$23,064.8 billion while the total market capitalisation in March 2013 was approximately HK\$21,953.2 billion. According to the Global Financial Advisory Mergers & Acquisitions Rankings 2013 report conducted by Bloomberg L.P., a financial media company that provides business and financial information, news, and insights for customers around the world, there were 421 mergers & acquisitions transactions, with the total transaction consideration of approximately US\$28,366 million, undertook in Hong Kong in 2013 while there were only 349 transactions with a total of transaction amount of approximately US\$17,346 million recorded in 2012. The number of deals transacted in 2013 represents a growth of approximately 20.63% compared to 2012. As further announced by the Mr. Li Keqiang, the Premier of the State Council of the People's Republic of China, on 10 April 2014, that the approval in principle of mutual market access between the stock markets of Shanghai and Hong Kong was granted, and it is believed that this development would provide a new opportunity and create momentum for the Hong Kong capital market. Based on the above market statistics, the current condition of the financial market supports development of the business of commercial printing of the Remaining Group.

Having said the above, the Remaining Group has envisaged the trend to be more environmentally friendly to cut down printing hard copies of prospectuses and circulars by listed companies and endeavours to, as set out in the Letter from the Board, provide ancillary printing support services to listed companies, including the design of corporate publications, document management, provision of virtual data room and electronic book for publication of corporate documents. As further mentioned in the Letter from the Board, due to the seasonality of financial printing for listed companies, the Remaining Group will also strive to enlarge its customer base to include clients other than listed companies, such as government authorities, non-profit making organisation and universities in Hong Kong through provision of printing service of marketing materials (e.g. brochures, pamphlets and any other marketing materials, etc).

LETTER FROM VEDA

As advised by the Company, the other business segment of the Remaining Group is the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags, which is correlated to the performance of the global apparel industry. According to the 2013 Global Apparel Retail report published by MarketLine, one of the most prolific publishers of business information in the market and is a brand owned by Informa (a company listed on London Stock Exchange which provides academics, businesses and individuals with unparalleled knowledge, up-to-the minute information and highly specialist skills and services) and a company providing accurate and up-to-date research reports on companies, industries and countries across the global market, the global apparel retail industry is anticipated to have experienced a low level of fluctuating improvement for the period from 2008 to 2012. The industry is forecasted to start accelerating from 2013, which will carry on to 2017. The global apparel retail industry is expected to record total revenues of approximately US\$1,249.3 billion in 2012, which represents a compound annual growth rate (CAGR) of approximately 2.8% between 2008 and 2012. In comparison, the European and Asia-Pacific industries will increase with CAGRs of approximately 1.3% and approximately 3.5% respectively, to reach respective values of approximately US\$429.7 billion and approximately US\$338.1 billion in 2012. For 2012 to 2017, the global performance of the sector is expected to grow with an anticipated CAGR of approximately 4.6%, which will drive the industry to hit a total revenue of approximately US\$1,562.6 billion by end of 2017. For the European and Asia-Pacific industries, they are foreseen to rise with CAGRs of approximately 2.8% and approximately 5.8% respectively. Based on the above market statistics, the current condition of the global apparel market supports development of the business of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags of the Remaining Group.

Please refer to the section headed “**Financial Effect of the Asset Reorganisation**” above in this letter for the changes in earnings and net assets of the Remaining Group by effect of the Asset Reorganisation.

As disclosed in the Letter from the Board, the Board considers and we concur that the Remaining Group would continue to have sufficient level of operations to warrant the continued listing of Shares as required under Rule 13.24 of the Listing Rules upon Asset Reorganisation Completion. Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui intend to remain as directors of subsidiaries of the Remaining Group and the existing management team of the Remaining Group will continue to manage the businesses of the Remaining Group. For more details regarding the businesses and the board composition of the Remaining Group, please refer to section “**6. THE REMAINING GROUP**” set out in the Letter from the Board.

CONCLUSION AND RECOMMENDATION

Having considered the principal factors discussed above and, in particular the following,

- (i) the fluctuating bottom line performance of the Brilliant Stage Group for the three financial years ended 31 March 2013 and ten months ended 31 January 2014 and main drivers of profit (i.e. revaluation surplus on investment properties and gains on financial assets at fair value through profit or loss) during the three financial years and the ten-month period under review were not generated from the principal business of the Brilliant Stage Group;
- (ii) the decreasing performance of the major business of the Brilliant Stage Group as reflected in the decreasing ratios of return on total assets and return on shareholders equity with high and increasing reinvestment rates;

LETTER FROM VEDA

- (iii) the challenges faced by the packaging boxes manufacturers in the PRC such as the inflation of the country, the continuous trend of currency appreciation, the increase of competition from other emerging countries and the imposition of regulations in relation to excess packaging by the Chinese government;
- (iv) the Asset Reorganisation, the consequential Offer resulting from the Share Sale Completion together with the Special Distribution are in substance a package offer to the Shareholders with a view to providing an opportunity for the Shareholders to realise the value of the Company and to unlock their investment value in the Company;
- (v) if the Asset Reorganisation, which is one of the conditions to the Share Sale Completion, is not approved by the Independent Shareholders, the Special Distribution of HK\$0.50 per Share will not be paid to the Shareholders;
- (vi) the price under the Offer (if made) of HK\$0.70 per Offer Share represents a premium of approximately 189.3% over the Pro Forma NAV Per Share of the Remaining Group and a premium of approximately 3.32% over the theoretical ex-Special Distribution based on the average closing price between the date following the Joint Announcement and the Latest Practicable Date; and
- (vii) in making the decision to enter into the Asset Reorganisation Agreement with Harmony Link, the management of the Company had considered alternative to distribute the equity of the Brilliant Stage Group to all existing Shareholders in proportion to their existing shareholdings in the Company by way of distribution in specie, as well as the possibility for a third party purchaser to acquire the Brilliant Stage Group, however, (a) Harmony Link did not intend to make a voluntary cash offer of the unlisted shares of the Brilliant Stage Group as there is a possibility that the Brilliant Stage Group will remain as a public company after the voluntary general offer and Harmony Link does not want to operate a public company with no listed status; and (b) it would take a reasonably long period of time for the Company to locate potential buyer(s), if any, for the proposition of the negotiation and there would be no certainty of success,

we consider that the Asset Reorganisation is on normal commercial terms, not in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of both of the Company and the Independent Shareholders taken as a whole. We would therefore advise the Independent Board Committee to recommend the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the resolution to approve the Asset Reorganisation to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Julisa Fong
Managing Director

1. FINANCIAL INFORMATION OF THE GROUP

Details of the published financial information of the Group for each of the three years ended 31 March 2011, 2012 and 2013, and the six months ended 30 September 2013 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cheongming.com>):

- (i) annual report of the Company for the year ended 31 March 2011 published on 4 July 2011 (pages 23 to 108);
- (ii) annual report of the Company for the year ended 31 March 2012 published on 10 July 2012 (pages 24 to 116);
- (iii) annual report of the Company for the year ended 31 March 2013 published on 3 July 2013 (pages 25 to 122); and
- (iv) interim report of the Company for the six months ended 30 September 2013 published on 5 December 2013 (pages 3 to 25).

2. STATEMENT OF INDEBTEDNESS

As of the close of business on 31 March 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding bank borrowings of HK\$13,618,000 which were secured by the corporate guarantees issued by the Company and are secured by the pledge of certain land and buildings under property, plant and equipment and investment properties with net carrying amounts of HK\$37,610,000 and HK\$27,400,000 respectively.

Save as disclosed above and apart from intra-group liabilities and normal trade payables, the Group did not have, as at the close of business on 31 March 2014, any loan capital, issued and outstanding or agreed to be issued, bank overdrafts, loans, charges, debentures or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, mortgages, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account (i) the financial resources available to the Group; (ii) the available banking facilities; (iii) the net proceeds from the Asset Reorganisation; and (iv) the Special Distribution, the Group will have sufficient working capital to meet its requirements for at least 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2013, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP

Upon Asset Reorganisation Completion, the Remaining Group will be principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags. As set out in the section headed “The Offeror’s intention on the Company” in the letter from the Board contained in this circular, it is the intention of the Offeror that the Remaining Group will continue with its existing principal businesses. The Offeror will conduct a detailed review of the business operations and financial position of the Remaining Group for the purpose of developing a sustainable business plan or strategy for the Remaining Group. Subject to the results of the review and should suitable investment or business opportunities arise, the Offeror may diversify the business of the Remaining Group with the objective of broadening its sources of income.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis on the Remaining Group for each of the three years ended 31 March 2011, 2012 and 2013, and six months ended 30 September 2013.

(i) For the year ended 31 March 2011***Business review***

The year ended 31 March 2011 remained a year of challenges and volatility. The Remaining Group recorded a total revenue of approximately HK\$89.2 million and gross profit margin of 51.3% for the year ended 31 March 2011. The Remaining Group recorded a profit attributable to equity holders of approximately HK\$9.4 million for the year, excluding the effect of dividend receivable from Brilliant Stage Group.

For the year ended 31 March 2011, the principal activities of Peace Broad and Easy Bloom are investment holding and property holding respectively. The Remaining Group Entities are principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

The Remaining Group’s revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags was approximately HK\$30.9 million for the year ended 31 March 2011 and the loss from this segment was HK\$0.5 million.

The revenue and profit from commercial printing business for the year ended 31 March 2011 were approximately HK\$58.3 million and HK\$4.2 million respectively.

Financial Review***Liquidity and financial resources***

The Remaining Group generally finances its operations with internally generated cashflow and banking facilities. The Remaining Group is financially sound with healthy cash position. Its cash and bank balances and short term bank deposits as at 31 March 2011 amounted to approximately HK\$12.5 million and the Remaining Group had no borrowings or committed borrowing facilities as at 31 March 2011. Its gearing ratio as at 31 March 2011 was therefore nil. The Directors consider that the Remaining Group's cash holding, liquid assets, future revenue and available facilities will be sufficient to fulfill the present working capital requirements of the Remaining Group.

Exchange rate exposure

Most of the transactions of the Remaining Group were denominated in Hong Kong dollars and US dollars. For the year ended 31 March 2011, the Remaining Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars was relatively stable under the current peg system. The Remaining Group did not use any financial instruments for hedging purpose.

Financial guarantees and charges on Assets

As at 31 March 2011, corporate guarantees amounting to approximately HK\$157.7 million were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries, which were secured by legal charges on certain properties owned by the Brilliant Stage Group with a total net book value of approximately HK\$18.5 million.

Contingent liabilities and capital commitment

As at 31 March 2011, the Remaining Group did not have any material contingent liabilities and capital commitment.

Prospect

Looking forward, it is expected that the operating environment in the printing industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and potential crisis in European Union, the overseas demand for our products remains volatile. In order to tackle the anticipated challenges and stay competitive, the Remaining Group will continue to implement stringent cost controls and management strategies. These include reducing fixed costs for the manufacturing operations, effective management in purchases and inventories level and credit tightening on customers.

For the purpose of sustaining long term growth, the directors will also keep on exploring all potential opportunities to develop its business. The Remaining Group recently completed an acquisition of an associate engaging in coalbed methane projects in Shaanxi and Shanxi of the PRC (the “**CBM Projects**”). The Directors consider that the acquisition would enable the Remaining Group to enter into the coalbed methane supply market, being a clean energy section that is supported by the PRC government, and produce a new source of income of the Remaining Group.

Employment and remuneration policies

As at 31 March 2011, the Remaining Group had a total workforce of approximately 153, of whom approximately 45 were based in the PRC and the remaining were in Hong Kong.

Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Remaining Group include mandatory provident fund scheme, share option scheme and medical insurance.

Purchase, sale or redemption of the Remaining Group’s listed securities

The Remaining Group had not purchased, sold or redeemed any of its listed securities during the year ended 31 March 2011.

(ii) For the year ended 31 March 2012

Business review

Business operations

The year ended 31 March 2012 remained a year of challenges and volatility. The Remaining Group recorded a total revenue of approximately HK\$87.9 million, which represented an decrease of about 1.5% to that of last year of approximately HK\$89.2 million. Gross profit margin of the Remaining Group was 56.8% for the year ended 31 March 2012, having improved when compared to 51.3% of the previous year. The Remaining Group recorded a loss attributable to equity holders of approximately HK\$8.4 million for the year as compared with a profit attributable to equity holders of HK\$9.4 million last year, excluding the effect of dividend receivable from Brilliant Stage Group. The loss was mainly resulted from the impairment loss arising from investment in an associated company engaging in the CBM Projects of approximately HK\$16.0 million and which adversely affected the profitability of the Remaining Group.

For the year ended 31 March 2012, the principal activities of Peace Broad and Easy Bloom are investment holding and property holding respectively. The Remaining Group Entities are principally engaged in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

The Remaining Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased by 18.8% to approximately HK\$25.1 million for the year ended 31 March 2012 as compared to that of last year of HK\$30.9 million. The loss from this segment increased to HK\$1.0 million as compared to HK\$0.5 million last year.

The Remaining Group's commercial printing business was slightly improved by the increase in turnover resulting from increase in customer base. The revenue generated in this segment increased from HK\$58.3 million to HK\$62.8 million while the profit from this segment slightly increased to HK\$4.3 million as compared to HK\$4.2 million last year.

Investment in Suntap Enterprises Limited ("Suntap")

Subsequent to the completion of the acquisition of 25% interest in Suntap, though the exploration and drilling work particularly in Shanxi Xiahuangyan, the PRC has been made due progress, the Remaining Group has been informed that for the purpose of accelerating the scale of exploration of the CBM Projects, additional shareholders' fundings are required to be provided. Having regard to the tightened liquidity in the capital market and the relatively weak market sentiment, and with a view to preserving the cash resources of the Remaining Group, the Remaining Group considered to take a prudent investment approach and issued a demand notice for repayment of the shareholder's loan of RMB20.0 million. The Remaining Group on 30 March 2012 received a notice from Fullpower exercising the right to repurchase the 25% interest in Suntap, together with the shareholder's loan, from the Remaining Group at a total price of HK\$65.0 million in accordance with the terms of the acquisition agreement (the "**Fullpower Repurchase**"). Accordingly, the Remaining Group recorded an impairment loss on its investments in Suntap of approximately HK\$16.0 million during the year.

Fair value of non-current assets held for sale

For the consolidated financial statements of the Company for the year ended 31 March 2012, BDO Limited ("**BDO**") has issued a qualified opinion in respect of the carrying amount of the 25% interest in Suntap, together with the shareholder's loan (collectively, the "**Disposal Asset**"). The basis for qualified opinion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of Disposal Asset) and the qualified opinion arising from limitation of scope is set out in the Independent Auditor's Report on pages 24 to 26 of the annual report of the Company for the year ended 31 March 2012. The said qualified opinion includes basis that as Fullpower has not yet secured committed funds to finance the repurchase of the 25% equity interest in Suntap, together with a loan in the amount of RMB20 million advanced by the Remaining Group to Suntap, at a total consideration of HK\$65 million as the loan agreement with Fullpower's finance lender is not completed and signed at 28 June 2012, being the date of the independent auditor's report issued by BDO. Consequently, it is uncertain that the sale of the Disposal Asset will be realised at the repurchase price of HK\$65.0 million. Consequently, BDO has expressed that they were unable to determine whether any adjustment to the carrying amount of the Disposal Asset in the consolidated statement of financial position of

the Company of HK\$65.0 million as at 31 March 2012 and the amount of the impairment loss in the consolidated income statement of the Company of HK\$16.0 million for the year ended 31 March 2012 were fairly stated.

In this respect, the Company's view on the carrying amount of the Disposal Asset is set out in note 19(a) to the financial statements of the independent auditor's report of the annual report of the Company for the year ended 31 March 2012. Although the completion date of the Fullpower Repurchase was further extended to 31 July 2012, the Company has been informed by Fullpower that an independent financier has indicated to Fullpower that the said financier is willing to provide a loan to a shareholder of Fullpower amounting to HK\$290.0 million of which HK\$65.0 million will be designated for direct settlement of the Fullpower Repurchase consideration upon fulfillment of certain prerequisites and finalisation of the terms of the loan agreement. The relevant loan agreement was expected to be signed on 15 July 2012. Although the said financing arrangements of Fullpower are subject to certain prerequisites and signing of the relevant agreement with the said financier, taking consideration of this, the Company is of the view that it is probable that the Fullpower Repurchase would be completed on or before 31 July 2012. On this basis, the Directors consider that the carrying amount of HK\$65.0 million (which is the Fullpower Repurchase price) of the Disposal Asset is representative of the fair value of it to the Company.

Financial review

Liquidity and Financial Resources

The Remaining Group generally finances its operations with internally generated cashflow and banking facilities. The Remaining Group is financially sound with healthy cash position. Its cash and bank balances and short term bank deposits as at 31 March 2012 amounted to approximately HK\$9.4 million. The Remaining Group did not have any committed borrowing facilities. Its gearing ratio as at 31 March 2012 was 2.0% (2011: Nil), based on the interest-bearing bank borrowings of approximately HK\$6.8 million (2011: Nil) and total equity of the Remaining Group of HK\$349.4 million (2011: HK\$329.1 million). The bank borrowings are at floating interest rates with original maturity of 20 years. The Directors consider that the Remaining Group's cash holding, liquid assets, future revenue and available facilities will be sufficient to fulfill the present working capital requirements of the Remaining Group.

Exchange Rate Exposure

Most of the transactions of the Remaining Group were denominated in Hong Kong dollars and US dollars. For the year ended 31 March 2012, the Remaining Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars was relatively stable under the current peg system. The Remaining Group did not use any financial instruments for hedging purpose.

Financial Guarantees and Charges on Assets

As at 31 March 2012, corporate guarantees amounting to approximately HK\$179.7 million (2011: HK\$157.7 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries, which were secured by legal charges on certain properties owned by the Remaining Group with a total net book value of approximately HK\$16.1 million (2011: Nil) and certain properties owned by the Brilliant Stage Group with total net book value of approximately HK\$21.0 million (2011: HK\$18.5 million).

Contingent liabilities and capital commitment

As at 31 March 2012, the Remaining Group did not have any material contingent liabilities and capital commitment.

Prospects

Looking forward, it is expected that the operating environment in the commercial printing industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and potential crisis in European Union, the overseas demand for our products remains volatile. The intense competition in the commercial printing industry also limit the Remaining Group to pass the inflating cost to customers. In order to tackle the anticipated challenges and stay competitive, the Remaining Group will continue to implement stringent cost controls and management strategies. These include reducing fixed costs for the manufacturing operations, effective management in purchases and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of labour and raw materials will limit the effect of cost control measures.

For the purpose of sustaining long term growth, the Directors will also keep on exploring all potential opportunities to develop its business.

Employment and remuneration policies

As at 31 March 2012, the Remaining Group had a total workforce of approximately 131, of whom approximately 29 were based in the PRC and the remaining were in Hong Kong.

Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Remaining Group include mandatory provident fund scheme, share option scheme and medical insurance.

Purchase, sale or redemption of listed securities

The Remaining Group had not purchased, sold or redeemed any of its listed securities during the year ended 31 March 2012.

(iii) For the year ended 31 March 2013

*Business review**Business operations*

The year ended 31 March 2013 is full of challenges and volatilities. The Remaining Group recorded total revenue of approximately HK\$82.0 million, which represented a decrease of about 6.7% to that of last year of approximately HK\$87.9 million. Gross profit margin of the Remaining Group has remained at 56.8% for the year ended 31 March 2013. The Remaining Group recorded a profit attributable to equity holders of approximately HK\$8.2 million for the year as compared with a loss attributable to equity holders of HK\$8.4 million last year, excluding the effect of dividend receivable from Brilliant Stage Group. The profit mainly resulted from the revaluation surplus on investment properties of approximately HK\$7.6 million resulted from the booming property market (2012: HK\$2.4 million).

For the year ended 31 March 2013, the principal activities of the Remaining Group continued to be in (i) commercial printing; and (ii) the manufacture and sale of hangtags, labels, shirt paper boards and plastic bags.

The Remaining Group's revenue from manufacture and distribution of hangtags, labels, shirt paper boards and plastic bags decreased by 10.8% to approximately HK\$22.4 million for the year ended 31 March 2013 as compared to that of last year of HK\$25.1 million. The loss from this segment decreased to HK\$0.7 million as compared to HK\$1.0 million last year.

The Remaining Group's commercial printing business was deteriorated by the decrease in turnover resulting from the volatile financial markets. The revenue generated in this segment decreased by 5.1% to HK\$59.6 million from HK\$62.8 million last year. The profit from this segment decreased from HK\$4.3 million last year to approximately HK\$0.9 million this year.

Investment in Suntap

The Fullpower Repurchase was completed on 26 April 2013. The total consideration for the Fullpower Repurchase of HK\$65.0 million has been settled as to (i) the payment of HK\$25.0 million in cash by Fullpower; and (ii) the Fullpower Loan of HK\$40 million. The Fullpower Loan is interest bearing at the rate of 10% per annum, repayable on 31 December 2013.

The Fullpower Loan is secured by collaterals of (i) a share charge by Mr. Wong Sin Hua, a shareholder of Fullpower, ("Mr. Wong") over 16,667 shares in Fullpower representing approximately 33.33% of the entire issued share capital in Fullpower and (ii) a share charge by Fullpower over 28,600,000 Shares. A personal guarantee is given by Mr. Wong in favour of the Company to secure the obligations of Fullpower under the Fullpower Loan agreement.

Upon completion of the Fullpower Repurchase, save for the share charge over 16,667 shares in Fullpower, the Company has no other interests in Suntap. For details, please refer to the announcement published by the Company on 28 April 2013.

Fair value of non-current assets held for sale

For the consolidated financial statements of the Company for the year ended 31 March 2013, the independent auditor of the Company has issued a qualified opinion in respect of the Disposal Asset. The basis for qualified opinion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of Disposal Asset) and the qualified opinion arising from limitation of scope as extracted from the independent auditor's report is set out in the Independent Auditor's Report on page 25 to 27 of the annual report of the Company for the year ended 31 March 2013. The said qualified opinion includes basis that the repurchase consideration was predetermined more than two years ago from 31 March 2013 (one year ago from 31 March 2012). It might not be representative of the fair value of the Disposal Asset as at 31 March 2013. There was no alternative evidence available to determine the fair value of the Disposal Asset as the operations of the associate were at early stage of exploration. Consequently, it is uncertain that the sale of the Disposal Asset will be realised at the repurchase price of HK\$65.0 million. Consequently, the independent auditor has expressed that they were unable to determine whether any adjustment to the carrying amount of the Disposal Asset in the consolidated statement of financial position of HK\$65.0 million as at 31 March 2013 and the consolidated income statements for the year ended 31 March 2013 were fairly stated. The auditor has also qualified their audit opinion on the consolidated financial statements for the year ended 31 March 2012 on the same basis.

In this respect, the Company is of the view the repurchase consideration of HK\$65.0 million was determined upon signing of the acquisition agreement on 26 March 2011 which was arrived at after arm's length negotiation between the Company, Fullpower and the guarantors. The repurchase option exercised by Fullpower is legally binding which means Fullpower has the legal obligation to complete the Fullpower Repurchase.

Discussed in the above section headed "Investment in Suntap", the Fullpower Repurchase was completed on 26 April 2013 and the total consideration of the Fullpower Repurchase of HK\$65.0 million has been settled by a payment of HK\$25.0 million in cash by Fullpower and remaining balance of HK\$40.0 million was funded by Fullpower Loan. The Company is of the view that the terms of the Fullpower Loan were arrived at after arm's length negotiation between the Company, Fullpower and Mr. Wong and the provision of the Fullpower Loan facilitates the completion of the Fullpower Repurchase, such that the Company can immediately receive (after netting off the amount of the Fullpower Loan) HK\$25.0 million in cash. In view of the above and the fact that the Fullpower Loan is secured by collaterals provided by Fullpower and Mr. Wong, the Directors consider that the terms of the Fullpower Loan agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

On this basis, although the Fullpower Repurchase was not completed as at 31 March 2013, taking into account the subsequent completion on 26 April 2013, the Directors consider that the carrying amount of HK\$65.0 million of the Disposal Asset is representative of the fair value of it to the Company as at 31 March 2013.

Financial review

Liquidity and Financial Resources

The Remaining Group generally finances its operations with internally generated cashflow and banking facilities. The Remaining Group is financially sound with healthy cash position. Its cash and bank balances and short term bank deposits as at 31 March 2013 amounted to approximately HK\$5.3 million. The Remaining Group did not have any committed borrowing facilities. Its gearing ratio as at 31 March 2013 was 1.8% (2012: 2.0%), based on the interest-bearing bank borrowings of approximately HK\$6.5 million (2012: HK\$6.8 million) and total equity of the Remaining Group of HK\$355.3 million (2012: HK\$349.4 million). The bank borrowings are at floating interest rates with original maturity of 20 years. The Directors consider that the Remaining Group's cash holding, liquid assets, future revenue and available facilities will be sufficient to fulfill the present working capital requirements of the Remaining Group.

Exchange Rate Exposure

Most of the transactions of the Remaining Group were denominated in Hong Kong dollars and US dollars. For the year ended 31 March 2013, the Remaining Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars was relatively stable under the current peg system. The Remaining Group did not use any financial instruments for hedging purpose.

Financial Guarantees and Charges on Assets

As at 31 March 2013, corporate guarantees amounting to approximately HK\$174.6 million (2012: HK\$179.7 million) were given to banks by the Company for the provision of general banking facilities granted to its subsidiaries, which were secured by legal charges on certain properties owned by the Remaining Group with a total net book value of approximately HK\$18.7 million (2012: HK\$16.1 million) and certain properties owned by the Brilliant Stage Group with total net book value of approximately HK\$34.4 million (2012: HK\$21.0 million).

Contingent liabilities and capital commitment

As at 31 March 2013, the Remaining Group did not have any material contingent liabilities and capital commitment.

Prospect

Looking forward, it is expected that the operating environment in the commercial printing industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and potential crisis in European Union, the overseas demand for our products remains volatile. The intense competition in the commercial printing industry also limit the Remaining Group to pass the inflating cost to customers. In order to tackle the anticipated challenges and stay competitive, the Remaining Group will continue to implement stringent cost controls and management strategies. These include reducing fixed costs for the manufacturing operations, effective management in purchases and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of labour will limit the effect of cost control measures.

For the purpose of sustaining long term growth, the Directors will also keep on exploring all potential opportunities to develop its business.

Employment and remuneration policies

As at 31 March 2013, the Remaining Group had a total workforce of approximately 130, of whom approximately 25 were based in the PRC and the remaining were in Hong Kong.

Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Remaining Group include mandatory provident fund scheme, share option scheme and medical insurance.

Purchase, sale or redemption of listed securities

The Remaining Group had not purchased, sold or redeemed any of its listed securities during the year ended 31 March 2013.

(iv) For the six months ended 30 September 2013*Business review*

For the six months ended 30 September 2013, the Remaining Group recorded a turnover of approximately HK\$48.5 million for the six months ended 30 September 2013, representing a decrease of 0.4% compared with the turnover of approximately HK\$48.7 million recorded in the corresponding period ended 30 September 2012. Gross profit margin of the Remaining Group was increased to 65.7% for the six months ended 30 September 2013 from that of corresponding period of 2012 of 54.4%. The Remaining Group's profit attributable to equity holders was increased by 158.1% from that of last corresponding period of approximately HK\$3.1 million, to approximately HK\$8.0 million, excluding the effect of dividend receivable from Brilliant Stage Group. The increase in net profit attributable to equity holders was mainly due to the recovery financial market which contribute to the increase in revenue from the commercial printing segment.

The principal activities of the Remaining Group continue to be (i) commercial printing; and (ii) the manufacture and sale of handtags, labels, shirt paper boards and plastic bags.

The business segment of commercial printing recorded a growth in revenue of 18.4% as a result of recovery of financial markets during the six months ended 30 September 2013. The revenue generated in this business segment increased from HK\$33.7 million to HK\$39.9 million while the profit from this business segment increased from HK\$2.2 million to HK\$5.0 million.

The business segment of manufacture and sale of hangtags, labels, shirt paper boards and plastic bags, on the contrary, faced pressure of intensive competition during the period. The revenue from this business segment significantly decreased to approximately HK\$8.6 million for the six months ended 30 September 2013 from that of the last corresponding year of approximately HK\$15.0 million. The decrease in revenue was mainly due to the weakening export market in textile industry which led to significant decrease in orders of hangtags and labels from our customers. With stringent cost management, the Remaining Group maintained a profit from this business segment of HK\$0.2 million for the six months ended 30 September 2013 as compared to the last corresponding period of approximately HK\$1.5 million.

Fair value of non-current assets held for sale

For the consolidated financial statements of the Company for the period ended 30 September 2013, the independent auditor of the Company has issued a qualified conclusion in respect of the carrying amount of the Disposal Asset as at 26 April 2013 and hence the gain or loss arising from the completion of the Fullpower Repurchase on 26 April 2013. The basis for qualified conclusion (including, among other things, the consequential effect of any adjustments found to be necessary on the carrying amount of the Disposal Asset) and the qualified conclusion arising from limitation of scope is set out in the Report on Review of Interim Financial Information on pages 3 to 5 of the interim report of the Company for the six months ended 30 September 2013. The said qualified opinion includes basis that the repurchase consideration was predetermined more than two years ago from 31 March 2013 and 26 April 2013. It might not be representative of the fair value of the Disposal Asset as at 31 March 2013 and 26 April 2013. There was no alternative evidence available to determine the fair value of the Disposal Asset as the operations of the associate were at early stage of exploration. Consequently, the independent auditor has expressed that they were unable to determine whether the gain or loss arising from the completion of the Fullpower Repurchase on 26 April 2013 (being the difference between the Fullpower Repurchase consideration and the carrying amount of the Disposal Asset as at 26 April 2013), if any, was free from material misstatement.

In this respect, the Company is of the view that the Fullpower Repurchase has been completed on 26 April 2013 and the total consideration of the Fullpower Repurchase of HK\$65 million has been settled by a payment of HK\$25 million in cash by Fullpower and remaining balance of HK\$40 million was funded by the Fullpower Loan. The terms of the Fullpower Loan were arrived after arm's length negotiation between the Company, Fullpower and Mr. Wong and the provision of Fullpower Loan facilitates the completion of Fullpower Repurchase, such that the Company can immediately receive (after netting off the amount of the Fullpower Loan) HK\$25 million in cash. In view of the above and the fact that the Fullpower Loan is secured by collaterals provided by Fullpower and Mr. Wong, the directors consider that the terms of the Fullpower Loan agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole. On this basis, the directors consider that the carrying amount of the Disposal Asset, is representative of the fair value of it to the Company as at 31 March 2013 and 26 April 2013, therefore, no gain or loss arising from the completion of the Fullpower Repurchase on 26 April 2013 should be recognised for the six months ended 30 September 2013.

Financial Review

Liquidity and financial resources

The Remaining Group generally finances its operations with internally generated cashflow and banking facilities provided by its principal bankers in Hong Kong. During the six months ended 30 September 2013, the Remaining Group was financially sound with healthy cash position. The Remaining Group's cash and bank balances and short term bank deposits as at 30 September 2013 amounted to approximately HK\$7.0 million (31 March 2013: HK\$5.3 million). The Remaining Group did not have any committed borrowing facilities. The Remaining Group's gearing ratio as at 30 September 2013 was 2.9% (31 March 2013: 1.8%), based on the interest bearing bank borrowings of approximately HK\$10.7 million (31 March 2013: HK\$6.5 million) and the total equity of HK\$363.8 million (31 March 2013: HK\$355.3 million). The bank borrowings are at floating interest rates with original maturity of 18 to 20 years.

The Board believes that the Remaining Group's cash holding, liquid asset value, future revenue and available facilities will be sufficient to meet its working capital requirement of the Remaining Group.

Exchange rate exposure

Most of the transactions of the Remaining Group were made in Hong Kong dollars and US dollars. For the six months ended 30 September 2013, the Remaining Group was not exposed to any material exchange risk as the exchange rate of Hong Kong dollars and US dollars were relatively stable under the current peg system. The Remaining Group did not use any financial instruments for hedging purpose.

Financial guarantees and charges on assets

As at 30 September 2013, corporate guarantees amounting to approximately HK\$328.3 million (31 March 2013: HK\$174.6 million) were given to banks by the Company for the provision of general banking facilities granted to the Remaining Group's subsidiaries, which were secured by legal charges on certain properties owned by the Remaining Group of approximately HK\$27.4 million (31 March 2013: HK\$18.7 million) and certain properties owned by the Brilliant Stage Group of approximately HK\$34.4 million (31 March 2013: HK\$34.4 million).

Contingent liabilities

As at 30 September 2013, the Remaining Group had no contingent liabilities.

Prospects

Looking forward, it is expected that the operating environment in the commercial printing industry will continue to be tough and difficult. Because of the uncertain economic recovery in the United States and the European Union, the overseas demand for our products remains volatile. The intense competition in the commercial printing industry also limit the Remaining Group to pass the inflating cost to customers. Due to seasonality of the commercial printing industry, the second half of the financial year will be even more challenging. In order to tackle the anticipated challenges and stay competitive, the Remaining Group will endeavor to widen its customer bases and continue to implement stringent cost control and management strategies. These includes reducing fixed costs for manufacturing operations, effective management in purchase and inventories level and credit tightening on customers. However, it is foreseen that the consistent increase in costs of labour and raw materials will limit the effect of cost control measures.

For the purpose of sustaining long term growth, the directors will also keep on exploring all potential opportunities to develop its business.

Employment and remuneration policies

As at 30 September 2013, the Remaining Group had a total workforce of approximately 128, of whom approximately 25 were based in the PRC and the remaining were in Hong Kong.

Remuneration packages are generally structured by reference to market terms and individual qualifications, experience and merits. Salaries are normally reviewed on an annual basis and bonuses, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Remaining Group include mandatory provident fund scheme, share option scheme and medical insurance.

Purchase, sale or redemption of listed securities

The Remaining Group had not purchased, sold or redeemed any of its listed securities during the six months ended 30 September 2013.

A. ACCOUNTANT'S REPORT OF THE BRILLIANT STAGE GROUP

The following is the text of a report in connection with the Financial Information of the Brilliant Stage Group received from the independent reporting accountant, BDO Limited, Certified Public Accountants, Hong Kong for incorporation in this circular.



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26 May 2014

The Directors

Cheong Ming Investments Limited
4/F Mai Sik Industrial Building
1-11 Kwai Ting Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

We set out below our report on the financial information regarding Brilliant Stage Holdings Limited (“Brilliant Stage”) and its subsidiaries (hereinafter collectively referred to as the “Brilliant Stage Group”) including the combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Brilliant Stage Group for each of the three years ended 31 March 2011, 2012 and 2013 and the ten months ended 31 January 2014 (the “Relevant Periods”) and the combined statements of financial position of the Brilliant Stage Group as at 31 March 2011, 2012 and 2013 and 31 January 2014, together with explanatory notes thereto (the “Financial Information”), solely for inclusion in the circular of Cheong Ming Investments Limited (the “Company”) dated 26 May 2014 (the “Circular”) in connection with the proposed disposal of the entire issued share capital of Brilliant Stage.

Brilliant Stage was incorporated in the British Virgin Islands on 16 January 2014 as an exempted company with limited liability under the Companies Law of the British Virgin Islands (the “BVI”). Pursuant to a group reorganisation (the “Corporate Reorganisation”) as described in note 2 of Section II of this report, Brilliant Stage has since 26 May 2014 become the holding company of the subsidiaries now comprising the Brilliant Stage Group which is principally engaged in the manufacture and sale of paper cartons and printing of children’s novelty books and provision of food and beverage business. Brilliant Stage has not carried on any business since the date of its incorporation save for the Corporate Reorganisation.

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

As at the date of this report, Brilliant Stage has direct or indirect interests in the following subsidiaries, all of which are private companies with limited liability, the particulars of which are set out as follows:

Name	Country/ Place and date of incorporation	Particulars of issued and fully paid share capital	Effective interest held by Brilliant Stage	Principal activities	Name of the auditor for 2011, 2012 and 2013
Interests held directly					
Elite Arch Management Limited (“Elite Arch”)	BVI 16 January 2014	US dollar (“US\$”) 1 ordinary share	100%	Investment holding	Not applicable
Talent Shine Global Limited (“Talent Shine”)	BVI 9 September 2011	US\$1 ordinary share	100%	Investment holding	Not applicable
Interests held indirectly					
Capital Asset Management Limited (“Capital Asset”)	Hong Kong 26 September 1996	Hong Kong dollar (“HK\$”) 2 ordinary shares	100%	Property and investment holding	BDO Limited
Cheong Ming Press Factory Limited (“CM Press”)	Hong Kong 31 December 1968	HK\$1,000 ordinary shares HK\$1,000,000 non-voting deferred shares	100%	Manufacture and sale of paper cartons and printing of children’s novelty books	BDO Limited
DONGGUAN CHEONG MING PRINTING CO., LTD. (“DGCM”)	The People’s Republic of China (the “PRC”) 4 August 1994	Paid up capital of HK\$161,170,000	100%	Manufacture and sale of paper cartons and plastic bags	廣東天健會計師事務所有限公司
Little Bean Limited (“Little Bean”)	Hong Kong 6 December 2011	HK\$10,000 ordinary shares	100%	Production of E-books	BDO Limited
Well Union Limited (“Well Union”)	Hong Kong 8 October 2012	HK\$200,000 ordinary shares	100%	Food and beverage	BDO Limited

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

Name	Country/ Place and date of incorporation	Particulars of issued and fully paid share capital	Effective interest held by Brilliant Stage	Principal activities	Name of the auditor for 2011, 2012 and 2013
深圳市大昌明包裝 有限公司 （“大昌明”）	PRC 4 July 2005	Paid up capital of RMB3,000,000	100%	Sale of paper cartons and plastic bags	深圳大信 會計師 事務所
東莞市振明服裝輔料 有限公司（“東振”）	PRC 15 April 2009	Paid up capital of RMB5,000,000	100%	Manufacture and sale of garment supplementary	東莞市正中 信合會計師 事務所
東莞安准檢測有限公司 （“安准”）	PRC 18 May 2012	Paid up capital of RMB500,000	100%	Laboratory testing service	東莞市正中 信合會計師 事務所

All companies now comprising the Brilliant Stage Group have adopted 31 March as their financial year end date for the purpose of the combined financial statements. The companies established in the PRC adopt a financial year end date of 31 December for the preparation of statutory financial statements in accordance with the relevant rules in the PRC. The directors of the Company have prepared the financial statements of these companies established in the PRC which adopt 31 March as the financial year end date for the purpose of the combined financial statements of the Brilliant Stage Group.

No audited financial statements have been prepared for Brilliant Stage, Elite Arch and Talent Shine since their date of incorporation as there are no statutory audit requirements under relevant rules and regulation in its jurisdiction of incorporation and it has not been involved in any business transaction other than the Corporate Reorganisation.

No audited financial statements for 安准 since its incorporation has been issued yet. A PRC auditor, 東莞市正中信合會計師事務所, has been appointed to carry out the audit of the financial statements of 安准.

For the purpose of this report, the directors of the Company have prepared the combined financial statements (the “Underlying Financial Statements”) of the Brilliant Stage Group for the Relevant Periods in accordance with the basis as set out in note 2 of Section II and in accordance with the accounting policies set out in note 3 of Section II which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Financial Information set out in this report has been prepared by the directors of the Company based on the Underlying Financial Statements with no adjustments made thereon.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANT

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information prepared in accordance with the basis of presentation set out in note 2 of Section II below and the accounting policies set out in note 3 of Section II below and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), and the contents of this Circular in which this report is included. The directors of the Company are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Information that is free from material misstatements, whether due to fraud or error.

Our responsibility is to form an independent opinion, based on our examination, on the Financial Information and to report our opinion to you. For the purpose of this report, we have carried out appropriate audit procedures on the Underlying Financial Statements for the Relevant Periods in accordance with Hong Kong Standards on Auditing issued by the HKICPA. We have examined the Financial Information in accordance with the Auditing Guideline – Prospectuses and the Reporting Accountant (Statement 3.340) issued by the HKICPA and have carried out such additional procedures on the Financial Information as we considered necessary.

OPINION AND REVIEW CONCLUSION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report, the Financial Information prepared on the basis as set out in note 2 of Section II and in accordance with the accounting policies set out in note 3 of Section II, gives a true and fair view of the state of affairs of the Brilliant Stage Group as at 31 March 2011, 2012 and 2013 and 31 January 2014 and of the results and cash flows of the Brilliant Stage Group for the Relevant Periods.

For the purpose of this report, we have also reviewed the unaudited interim financial information of the Brilliant Stage Group comprising the combined income statements, the combined statements of comprehensive income, the combined statements of cash flows and the combined statements of changes in equity for the ten months ended 31 January 2013 (the “Corresponding Period”), together with the explanatory notes thereto (the “Corresponding Financial Information”), which has been prepared in accordance with the basis of presentation set out in note 2 of Section II below and the accounting policies set out in note 3 of Section II below, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. The directors are responsible for the preparation and presentation of the Corresponding Financial Information in accordance with basis of presentation set out in note 2 of Section II below and the accounting policies set out in note 3 of Section II below, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures to the Corresponding Financial Information. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the Corresponding Financial Information, for the purpose of this report, is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

I. FINANCIAL INFORMATION

COMBINED INCOME STATEMENTS

		Year ended 31 March			Ten months ended	
		2011	2012	2013	31 January	2014
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
					(unaudited)	
Revenue	7	435,761	423,221	352,516	315,613	389,794
Cost of sales		(336,835)	(359,389)	(289,385)	(256,291)	(316,065)
Gross profit		98,926	63,832	63,131	59,322	73,729
Other operating income	8	13,310	8,761	23,538	22,824	11,464
Selling and distribution costs		(10,426)	(10,908)	(9,750)	(8,220)	(9,157)
Administrative expenses		(59,377)	(53,756)	(51,998)	(43,221)	(57,747)
Other operating expenses		(9,058)	(8,124)	(2,352)	(959)	(9,252)
Profit/(Loss) from operations	9	33,375	(195)	22,569	29,746	9,037
Finance costs	10	(816)	(819)	(481)	(406)	(383)
Profit/(Loss) before						
income tax		32,559	(1,014)	22,088	29,340	8,654
Income tax expense	11	(4,090)	(417)	(2,602)	(3,606)	(2,884)
Profit/(Loss) for the year/ period attributable to the equity holder of Brilliant Stage		<u>28,469</u>	<u>(1,431)</u>	<u>19,486</u>	<u>25,734</u>	<u>5,770</u>

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 March			Ten months ended 31 January	
		2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i>
Profit/(Loss) for the year/period		28,469	(1,431)	19,486	25,734	5,770
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange gain on translation of financial statements of foreign operations		142	218	134	117	96
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Revaluation surplus on leasehold land and buildings	12	11,323	16,753	10,209	9,664	12,076
Deferred tax charge arising from revaluation surplus on leasehold land and buildings		(3,026)	(4,038)	(1,802)	(1,658)	(2,010)
Other comprehensive income for the year/period, net of tax		8,439	12,933	8,541	8,123	10,162
Total comprehensive income attributable to the equity holder of Brilliant Stage		<u>36,908</u>	<u>11,502</u>	<u>28,027</u>	<u>33,857</u>	<u>15,932</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

		As at 31 March			As at 31 January
		2011	2012	2013	2014
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	12	132,419	151,473	152,766	153,824
Prepaid lease payments	13	2,893	2,810	2,727	2,657
Investment properties	14	13,900	15,710	25,300	27,100
Deposits paid for acquisition of property, plant and equipment		11,226	–	–	–
Other asset	15	–	–	1,100	1,100
Deferred tax assets	26	235	321	10	–
		<u>160,673</u>	<u>170,314</u>	<u>181,903</u>	<u>184,681</u>
Current assets					
Inventories	16	49,871	29,442	31,307	25,350
Trade receivables	17	60,834	74,782	64,913	91,820
Amounts due from fellow subsidiaries	18	151,233	79,518	102,092	72,582
Prepayments, deposits and other receivables	19	9,587	10,004	7,073	10,912
Financial assets at fair value through profit or loss	20	77,372	74,491	86,107	88,490
Cash at banks and in hand	21	160,575	115,321	97,969	109,485
Tax recoverable		–	–	553	803
		<u>509,472</u>	<u>383,558</u>	<u>390,014</u>	<u>399,442</u>

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

		As at 31 March			As at 31
		2011	2012	2013	January
	Notes	HK\$'000	HK\$'000	HK\$'000	2014
					HK\$'000
Current liabilities					
Trade payables	22	59,775	51,603	41,766	46,065
Amounts due to fellow subsidiaries	18	148,873	50,321	58,137	69,178
Amount due to immediate holding company	18	140,135	139,139	140,599	140,797
Amount due to intermediate holding company	18	65,856	51,541	50,188	48,656
Accrued liabilities and other payables		20,046	21,204	24,348	30,453
Financial liabilities at fair value through profit or loss	20	–	–	550	870
Interest-bearing borrowings	23	29,556	22,292	18,028	3,200
Tax payable		10,152	6,711	7,574	9,210
		<u>474,393</u>	<u>342,811</u>	<u>341,190</u>	<u>348,429</u>
Net current assets		<u>35,079</u>	<u>40,747</u>	<u>48,824</u>	<u>51,013</u>
Total assets less current liabilities		<u>195,752</u>	<u>211,061</u>	<u>230,727</u>	<u>235,694</u>
Non-current liabilities					
Deferred tax liabilities	26	7,818	11,625	13,064	15,099
Net assets		<u>187,934</u>	<u>199,436</u>	<u>217,663</u>	<u>220,595</u>
EQUITY					
Equity attributable to the equity holder of Brilliant Stage					
Share capital	24	1,001	1,001	1,201	1,201
Reserves	25	186,933	188,435	203,462	219,394
Proposed dividend		–	10,000	13,000	–
Total equity		<u>187,934</u>	<u>199,436</u>	<u>217,663</u>	<u>220,595</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to the equity holder of Brilliant Stage						Total equity HK\$'000
	Share capital HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	
At 1 April 2010	1,001	26,712	9,900	(554)	129,967	–	167,026
2011 interim dividend paid	–	–	–	–	(16,000)	–	(16,000)
Transaction with owners	–	–	–	–	(16,000)	–	(16,000)
Profit for the year	–	–	–	–	28,469	–	28,469
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	–	–	–	142	–	–	142
Revaluation surplus on leasehold land and buildings	–	11,323	–	–	–	–	11,323
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	–	(3,026)	–	–	–	–	(3,026)
Total comprehensive income for the year	–	8,297	–	142	28,469	–	36,908
At 31 March 2011 and 1 April 2011	1,001	35,009	9,900	(412)	142,436	–	187,934
2012 final dividend proposed	–	–	–	–	(10,000)	10,000	–
Transaction with owners	–	–	–	–	(10,000)	10,000	–
Loss for the year	–	–	–	–	(1,431)	–	(1,431)
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	–	–	–	218	–	–	218
Revaluation surplus on leasehold land and buildings	–	16,753	–	–	–	–	16,753
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	–	(4,038)	–	–	–	–	(4,038)
Total comprehensive income for the year	–	12,715	–	218	(1,431)	–	11,502
At 31 March 2012 and 1 April 2012	1,001	47,724	9,900	(194)	131,005	10,000	199,436
2012 final dividend paid	–	–	–	–	–	(10,000)	(10,000)
2013 final dividend proposed	–	–	–	–	(13,000)	13,000	–
Issue of shares	200	–	–	–	–	–	200
Transaction with owners	200	–	–	–	(13,000)	3,000	(9,800)
Profit for the year	–	–	–	–	19,486	–	19,486
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	–	–	–	134	–	–	134
Revaluation surplus on leasehold land and buildings	–	10,209	–	–	–	–	10,209
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	–	(1,802)	–	–	–	–	(1,802)
Total comprehensive income for the year	–	8,407	–	134	19,486	–	28,027
At 31 March 2013	1,201	56,131	9,900	(60)	137,491	13,000	217,663

	Equity attributable to the equity holder of Brilliant Stage						Total equity HK\$'000
	Share capital HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Proposed dividend HK\$'000	
At 1 April 2012	1,001	47,724	9,900	(194)	131,005	10,000	199,436
2012 final dividend paid	–	–	–	–	–	(10,000)	(10,000)
2013 final dividend proposed	–	–	–	–	(13,000)	13,000	–
Issue of shares	200	–	–	–	–	–	200
Transaction with owners	200	–	–	–	(13,000)	3,000	(9,800)
Profit for the period	–	–	–	–	25,734	–	25,734
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	–	–	–	117	–	–	117
Revaluation surplus on leasehold land and buildings	–	9,664	–	–	–	–	9,664
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	–	(1,658)	–	–	–	–	(1,658)
Total comprehensive income for the period	–	8,006	–	117	25,734	–	33,857
At 31 January 2013 (unaudited)	<u>1,201</u>	<u>55,730</u>	<u>9,900</u>	<u>(77)</u>	<u>143,739</u>	<u>13,000</u>	<u>223,493</u>
At 1 April 2013	1,201	56,131	9,900	(60)	137,491	13,000	217,663
2013 final dividend paid	–	–	–	–	–	(13,000)	(13,000)
Transaction with owners	–	–	–	–	–	(13,000)	(13,000)
Profit for the period	–	–	–	–	5,770	–	5,770
Other comprehensive income							
Exchange gain on translation of financial statements of foreign operations	–	–	–	96	–	–	96
Revaluation surplus on leasehold land and buildings	–	12,076	–	–	–	–	12,076
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	–	(2,010)	–	–	–	–	(2,010)
Total comprehensive income for the period	–	10,066	–	96	5,770	–	15,932
At 31 January 2014	<u>1,201</u>	<u>66,197</u>	<u>9,900</u>	<u>36</u>	<u>143,261</u>	<u>–</u>	<u>220,595</u>

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Cash flows from operating activities					
Profit/(Loss) before income tax	32,559	(1,014)	22,088	29,340	8,654
Adjustments for:					
Finance costs	816	819	481	406	383
Interest income	(3,542)	(4,044)	(2,977)	(2,815)	(4,504)
Dividend income from financial assets at fair value through profit or loss	(530)	(589)	(738)	(602)	(690)
(Gain)/Loss on disposal of financial assets at fair value through profit or loss	(3,278)	1,729	(5,676)	(5,553)	(950)
Gain on disposal of property, plant and equipment	(132)	(161)	(1,197)	(927)	–
Fair value (gain)/loss on financial assets at fair value through profit or loss	(1,131)	1,971	(1,253)	(1,436)	1,732
Provision/(Reversal of provision) for slow moving inventories	4,769	418	2,288	896	(2,032)
Depreciation of property, plant and equipment	10,091	12,651	12,513	10,458	12,131
Amortisation of prepaid lease payments for land	84	83	83	70	70
Revaluation surplus on leasehold land and buildings	(85)	(20)	(268)	(268)	–
Revaluation surplus on investment properties	(2,710)	(1,810)	(9,590)	(9,590)	(1,800)
Write off of property, plant and equipment	4,289	4,005	–	–	7,456
(Reversal of)/Allowance for impairment on trade receivables	(227)	(622)	(40)	132	595

APPENDIX II
FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Operating profit before working capital changes	40,973	13,416	15,714	20,111	21,045
(Increase)/Decrease in inventories	(9,969)	20,011	(4,153)	(3,945)	7,989
Decrease/(Increase) in trade receivables	10,196	(13,326)	9,909	(2,887)	(27,479)
(Increase)/Decrease in prepayments, deposits and other receivables	(3,757)	(417)	2,931	2,358	(3,862)
(Increase)/Decrease in financial assets at fair value through profit or loss	(6,741)	(819)	(4,687)	8,762	(3,165)
Increase in financial liabilities at fair value through profit or loss	–	–	550	129	320
Increase/(Decrease) in trade payables	13,586	(8,172)	(9,837)	(6,650)	4,299
Increase/(Decrease) in accrued liabilities and other payables	2,240	1,158	3,144	(618)	6,105
Cash generated from operations	46,528	11,851	13,571	17,260	5,252
Interest received	3,542	4,044	2,977	2,815	4,504
Interest paid	(816)	(819)	(481)	(406)	(383)
Dividend received from financial assets at fair value through profit or loss	530	589	738	602	690
Net income tax paid	(3,159)	(4,175)	(2,344)	(1,562)	(1,463)
Net cash generated from operating activities	46,625	11,490	14,461	18,709	8,600
Cash flows from investing activities					
Purchases of property, plant and equipment	(16,058)	(7,711)	(3,999)	(2,955)	(8,606)
Purchases of other asset	–	–	(1,100)	(1,100)	–
Deposit paid for acquisition of an investment property	(11,226)	–	–	–	–
Proceeds from disposal of property, plant and equipment	160	161	1,867	1,867	37
(Decrease)/Increase in amounts due from fellow subsidiaries	(7,295)	71,715	(22,574)	(23,196)	29,510
Increase in time deposits with original maturity of more than three months	–	–	–	–	(3,883)
Net cash (used in)/generated from investing activities	(34,419)	64,165	(25,806)	(25,384)	17,058

	<i>Notes</i>	Year ended 31 March			Ten months ended 31 January	
		2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i>
Cash flows from financing activities						
Dividends paid		(16,000)	–	(10,000)	(10,000)	(13,000)
Repayment of bank loans		(35,700)	(95,635)	(47,774)	(45,440)	(20,828)
Borrowing of bank loans		40,056	88,371	43,510	43,510	6,000
(Decrease)/Increase in amounts due to fellow subsidiaries		(50,632)	(98,552)	7,816	8,038	11,041
Increase/(Decrease) in amount due to immediate holding company		33,577	(996)	1,460	1,459	198
(Decrease)/Increase in amount due to intermediate holding company		(2,230)	(14,315)	(1,353)	197	(1,532)
Proceeds from issuance of ordinary shares		–	–	200	200	–
Net cash used in financing activities		<u>(30,929)</u>	<u>(121,127)</u>	<u>(6,141)</u>	<u>(2,036)</u>	<u>(18,121)</u>
Net (decrease)/increase in cash and cash equivalents		(18,723)	(45,472)	(17,486)	(8,711)	7,537
Cash and cash equivalents at the beginning of the year/period		<u>179,156</u>	<u>160,575</u>	<u>115,321</u>	<u>115,321</u>	<u>97,969</u>
Effect of foreign exchange rate changes		<u>142</u>	<u>218</u>	<u>134</u>	<u>117</u>	<u>96</u>
Cash and cash equivalents at the end of the year/period	21	<u><u>160,575</u></u>	<u><u>115,321</u></u>	<u><u>97,969</u></u>	<u><u>106,727</u></u>	<u><u>105,602</u></u>

II. NOTES TO THE FINANCIAL INFORMATION**1. GENERAL INFORMATION**

Brilliant Stage Holdings Limited (“Brilliant Stage”) was incorporated in the BVI on 16 January 2014 as an exempted company with limited liability under the Companies Law of the BVI. Brilliant Stage’s registered office is P.O. Box 4389, Road Town, Tortola, the British Virgin Islands. Brilliant Stage’s principal place of business is located at 4/F., Mai Sik Industrial Building, 1-11 Kwai Ting Road, Kwai Chung, N.T., Hong Kong.

As at the date of this report, Cheong Ming (BVI) Enterprises Limited (“CM (BVI)”), a company incorporated in the BVI, is the immediate holding company. Cheong Ming Investments Limited (the “Company”), a company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), is the intermediate holding company. Harmony Link Corporation (“Harmony Link”), a company incorporated in the British Virgin Islands, is considered as ultimate holding company.

The principal activity of Brilliant Stage is investment holding. The principal activities of the Brilliant Stage Group are the manufacture and sale of paper cartons and printing of children’s novelty books and provision of food and beverage business.

2. REORGANISATION AND BASIS OF PRESENTATION**2.1 The Corporate Reorganisation**

Pursuant to the Corporate Reorganisation as described below, Brilliant Stage has become the holding company of its subsidiaries now comprising the Brilliant Stage Group.

- (i) On 16 January 2014, Elite Arch was incorporated in the BVI with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 24 February 2014, one subscriber share of US\$1 has been issued to Brilliant Stage. After completion of the share issue, Elite Arch became a wholly-owned subsidiary of Brilliant Stage.
- (ii) CM Investment, CM (BVI) and Talent Shine entered into a sale and purchase agreement dated 23 May 2014 pursuant to which CM (BVI) and CM Investment transferred the entire issued shares in CM Press and Well Union to Talent Shine in consideration of which Talent Shine issued 2 shares to CM Investment (in respect of 1 share, at the direction of CM (BVI)) as fully paid at a premium. Upon completion of the share transfers on 23 May 2014, Well Union and CM Press became wholly-owned subsidiaries of Talent Shine.
- (iii) CM Investment and Brilliant Stage entered into a sale and purchase agreement dated 23 May 2014 pursuant to which CM Investment transferred the entire issued shares in Talent Shine to Brilliant Stage in consideration of which Brilliant Stage issued 1 share to CM (BVI) (at the direction of CM Investment) as fully paid at a premium. Upon completion of the share transfer on 23 May 2014, Talent Shine became a wholly-owned subsidiary of Brilliant Stage.
- (iv) CM (BVI) and Brilliant Stage entered into a sale and purchase agreement pursuant dated 23 May 2014 to which CM (BVI) transferred the entire issued shares in Capital Asset to Elite Arch in consideration of which Brilliant Stage issued 1 share to CM (BVI) as fully paid at a premium. Upon completion of the share transfer on 23 May 2014, Capital Asset became a wholly-owned subsidiary of Elite Arch.

Immediately after the Corporate Reorganisation, Brilliant Stage has become the holding company of its subsidiaries now comprising the Brilliant Stage Group and was indirectly wholly owned by the Company.

2.2 Basis of presentation

The Corporate Reorganisation involved two or more businesses being brought together in a new reporting group under the new holding company which meet the definition of business combination under HKFRS 3 “Business Combinations” (“HKFRS 3”). However, the business combinations resulted from the Corporate Reorganisation involved combining entities or businesses that are under the common control of the same ultimate holding company before and after the Corporate Reorganisation which is excluded from the scope of HKFRS 3. Accordingly, the Financial Information and the Corresponding Financial Information have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout the Relevant Periods.

The combined income statements, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Brilliant Stage Group for the Relevant Periods and the Corresponding Period have been prepared to present the results, changes in equity and cash flows of Brilliant Stage and its subsidiaries as if the current group structure had been in existence throughout the Relevant Periods and the Corresponding Period, or since their respective dates of incorporation, whichever was shorter. The combined statements of financial position of the Brilliant Stage Group as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 have been prepared to present the assets and liabilities of Brilliant Stage and its subsidiaries as if the current group structure had been in existence as at those dates.

The assets and liabilities of the companies comprising the Brilliant Stage Group are combined using the existing book values from the perspective of the Company, which is the controlling shareholder of the Brilliant Stage Group. No amount is recognised as consideration of goodwill or excess of acquirer’s interest in the fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The Financial Information and the Corresponding Financial Information set out in this report on pages II-1 to II-62 have been prepared in accordance with the accounting policies set out below, which conform to HKFRSs which collective term includes Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA. The Financial Information and the Corresponding Financial Information also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules.

These policies have been consistently applied to all the years/periods presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Financial Information and the Corresponding Financial Information of the Brilliant Stage Group, if any, are disclosed in note 4.

The Financial Information and the Corresponding Financial Information have been prepared under the historical cost convention except for the revaluation of certain leasehold land and buildings, investment properties, financial assets and liabilities. The measurement bases are fully described in the accounting policies below.

All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the Financial Information and the Corresponding Financial Information. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information and the Corresponding Financial Information, are disclosed in note 5.

3.2 Property, plant and equipment

Land and buildings held under finance leases, land held under operating leases and buildings thereon (where the fair value of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease) are stated at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and any subsequent impairment losses. Fair value is determined in appraisals by external professional valuers with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any surplus arising on revaluation of these land and buildings is recognised in other comprehensive income and is accumulated in the asset revaluation reserve, unless the carrying amount of that asset has previously suffered a revaluation decrease. To the extent that any decrease has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase dealt with in other comprehensive income. A decrease in net carrying amount of land and buildings arising on revaluations is recognised in other comprehensive income to the extent of the revaluation surplus in the asset revaluation reserve relating to the same asset and the remaining decrease is recognised in profit or loss.

All other plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost or valuation of property, plant and equipment less their residual values over their estimated useful lives, using the straight line method, at the following rates per annum:

Medium term leasehold land in Hong Kong	Over the lease terms
Medium term leasehold buildings in Hong Kong	Over the lease terms
Medium term leasehold buildings outside Hong Kong	Over the lease terms
Leasehold improvements	20% or over the lease terms
Plant and machinery	10%
Furniture, fixtures and office equipment	20%
Motor vehicles	25%
Cooking equipment	33%-50%

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any revaluation surplus remaining in equity is transferred to retained earnings on the disposal of land and buildings.

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 Brilliant Stage Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

3.3 Investment properties

Investment properties are properties 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 properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

3.4 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Brilliant Stage Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(a) Classification of assets leased to the Brilliant Stage Group

Assets that are held by the Brilliant Stage Group under leases which transfer to the Brilliant Stage Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Brilliant Stage Group are classified as operating leases, with the following exception:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 3.3); and

- land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon, at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease (see note 3.2). For these purposes, the inception of the lease is the time that the lease was first entered into by the Brilliant Stage Group, or taken over from the previous lessee.
- payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(b) *Assets acquired under finance leases*

Where the Brilliant Stage Group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments of such assets, are included in property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligation under finance leases.

Subsequent accounting for assets held under finance lease agreements corresponds to those applied to comparable acquired assets. The corresponding finance lease liability is reduced by lease payments less finance charges.

Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(c) *Operating lease charges as the lessee*

Where the Brilliant Stage Group has the right to use of assets held under operating leases, payments made under the leases are charged to the profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the profit or loss as an integral part of the aggregate net lease payments made.

(d) *Assets leased out under operating leases as the lessor*

Assets leased out under operating leases are measured and presented according to the nature of the assets. 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 over the lease term on the same basis as the rental income.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be derived from the use of the leased asset.

3.5 Other asset

Club membership with indefinite useful life is stated at cost less any impairment losses. Impairment is reviewed annually or when there is any indication that the club membership has suffered an impairment loss.

3.6 Financial assets

The Brilliant Stage Group's accounting policies for financial assets are set out below.

The Brilliant Stage Group's financial assets mainly include cash and cash equivalents, trade receivables, amounts due from fellow subsidiaries, deposits, other receivables, and financial assets at fair value through profit or loss. Cash and cash equivalents, trade receivables, amounts due from fellow subsidiaries, deposits and other receivables are categorised as loans and receivables.

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Brilliant Stage Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

- the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; or
- the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the group of financial assets is provided internally on that basis to the key management personnel; or
- the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Brilliant Stage Group's policies in note 3.16 to the financial information.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment. Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Brilliant Stage Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, impairment losses are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Brilliant Stage Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of manufacturing overheads.

3.8 Impairment of non-financial assets

Property, plant and equipment, prepaid lease payments and other asset are subject to impairment test. These assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the assets.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows presentation, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Brilliant Stage Group's cash management.

3.10 Financial liabilities

The Brilliant Stage Group's financial liabilities mainly include interest-bearing borrowings, financial liabilities at fair value through profit or loss, trade payables, amounts due to fellow subsidiaries, immediate holding company and intermediate holding company, and accrued liabilities and other payables.

Financial liabilities are recognised when the Brilliant Stage Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in the profit or loss.

(a) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

(b) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

(c) *Trade payables, amounts due to fellow subsidiaries, immediate holding company and intermediate holding company, and accrued liabilities and other payables*

These payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

3.11 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

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

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in equity if they relate to items that are charged or credited directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Brilliant Stage Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

The Brilliant Stage Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.12 Retirement benefit costs and short term employee benefits

(a) Retirement benefit costs

Retirement benefits to employees are provided through defined contribution plans.

The Brilliant Stage Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the “Hong Kong Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the Hong Kong Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the Hong Kong Scheme. The assets of the Hong Kong Scheme are held separately from those of the Brilliant Stage Group in an independently administered fund. The Brilliant Stage Group’s employer contributions vest fully with the employees when contributed into the Hong Kong

Scheme, except for the Brilliant Stage Group's employer voluntary contributions with a vesting period of five years, which are refunded to the Brilliant Stage Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the Hong Kong Scheme.

Pursuant to the relevant regulations of the government of the PRC except Hong Kong, the subsidiaries of Brilliant Stage operating in the PRC participates in a local municipal government retirement benefits scheme (the "PRC Scheme"), whereby the subsidiaries are required to make contributions, as calculated under the rules specified by the relevant PRC local government authorities, to the PRC Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries. The only obligation of the Brilliant Stage Group with respect to the PRC Scheme is to pay the ongoing required contributions under the PRC Scheme mentioned above. Contributions under the PRC Scheme are charged to the profit or loss as incurred. There are no provisions under the PRC Scheme whereby forfeited contributions may be used to reduce future contributions.

(b) Short term employee benefits

Provisions for bonus expected to be settled wholly within twelve months after the reporting date are recognised when the Brilliant Stage Group has a present legal or constructive obligations as a result of services rendered by employees and a reliable estimate of the obligation can be made.

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 reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.13 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.14 Foreign currency translation

The financial statements are presented in HK\$, which is also the functional currency of Brilliant Stage.

In the individual financial statements of the combined entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At reporting date, monetary assets and liabilities denominated in foreign currencies are determined at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the profit or loss.

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 and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the combined financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Brilliant Stage Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure are recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are classified from equity to profit or loss as part of the gain or loss on sale.

3.15 Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity attributable to equity holders of Brilliant Stage of the statements of financial position, until they have been approved by the equity holders of Brilliant Stage in a general meeting. When these dividends have been approved by the equity holders of Brilliant Stage and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared by the directors of entities as authorised in accordance with the respective memorandum and articles of association. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.16 Recognition of revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services and the use by others of the Brilliant Stage Group's assets yielding interest and dividends, net of rebates and discounts and after eliminated sales within the Brilliant Stage Group. Provided it is probable that the economic benefits will flow to the Brilliant Stage Group and the revenue can be measured reliably, revenue is recognised as follows:

Sale of goods are recognised upon transfer of the significant risks and rewards of ownership to the customers. This is usually taken as the time when the goods are delivered.

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income receivable from operating leases is recognised in profit or loss on a straight-line basis over the periods covered by the lease term, except where an alternative basis is more representative of the time pattern of benefits to be desired from the use of the leased asset.

Dividend income is recognised when the right to receive payment is established.

3.17 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) 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 terms of a debt instrument.

Where the Brilliant Stage Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Brilliant Stage Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

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

3.18 Segment reporting

The Brilliant Stage Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker, i.e., the executive directors, for their decisions about resources allocation to the Brilliant Stage Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Brilliant Stage Group's major business lines.

The Brilliant Stage Group has identified the following reportable segments:

- (a) the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment produces paper cartons, packaging boxes and children's novelty books for sale principally to manufacturers and publishers of consumer products; and
- (b) food and beverage

Each of these operating segments is managed separately as each of the business lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The executive directors assess segment reporting as those used in its HKFRS financial statements, except that certain items are not included in arriving at the operating results of the operating segments (expenses relating to finance costs, income tax and corporate income and expenses).

Segment assets include all assets with the exception of corporate assets, including investment properties, deposit paid for acquisition of property, plant and equipment, other asset, financial assets at fair value through profit or loss, amounts due from fellow subsidiaries, bank balances and cash, tax recoverable and deferred tax assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. Segment liabilities comprise trade payables, accrued liabilities and other payables.

No asymmetrical allocations have been applied to reportable segments.

3.19 Related parties

- (a) A person or a close member of that person's family is related to the Brilliant Stage Group if that person:
 - (i) has control or joint control over the Brilliant Stage Group;
 - (ii) has significant influence over the Brilliant Stage Group; or
 - (iii) is a member of key management personnel of the Brilliant Stage Group or Brilliant Stage's parent.
- (b) An entity is related to the Brilliant Stage Group if any of the following conditions apply:
 - (i) The entity and the Brilliant Stage 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 Brilliant Stage Group or an entity related to the Brilliant Stage 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).

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.

3.20 Provision and contingent liabilities

Provisions are recognised when the Brilliant Stage Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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

4. APPLICATION OF HKFRSs

For the purpose of preparing and presenting the Financial Information and the Corresponding Financial Information for the Relevant Periods, the Brilliant Stage Group has, throughout the Relevant Periods, consistently adopted Hong Kong Accounting Standards ("HKAS"), HKFRS, amendments and interpretations, which are effective for periods beginning on or after 1 April 2013.

The following new or amended HKFRSs, potentially relevant to the Financial Information and the Corresponding Financial Information of the Brilliant Stage Group, have been issued, but are not yet effective and have not been early adopted by the Brilliant Stage Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
HKFRS 9	Financial Instruments
Amendments to HKAS 36	Recoverable Amount Disclosures ¹
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle ³
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortized cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognized in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognize the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognized in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

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

The Brilliant Stage Group is in the process of making an assessment of the potential impact of these new or amended HKFRSs. The directors of Brilliant Stage do not anticipate that these new or amended HKFRSs will have any material impact on the Brilliant Stage Group's financial statements.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

The Brilliant Stage Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and 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) Estimate fair value of leasehold land and buildings and investment properties

The Brilliant Stage Group's leasehold land and buildings and investment properties were stated at fair value in accordance with the accounting policies stated in notes 3.2 and 3.3 to the Financial Information respectively. The fair value of the leasehold land and buildings and investment properties are determined by an independent firm of professional valuers, LCH (Asia-Pacific) Surveyors Limited ("LCH"), and the fair value of these properties are set out in notes 12 and 14 to the Financial Information respectively. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, reasonable consideration has been given to the underlying assumptions. For certain leasehold land and buildings and investment properties in and outside Hong Kong, estimates are mainly based on market conditions existing at the reporting dates. For certain leasehold land and buildings outside Hong Kong, estimates are made on the basis of depreciated replacement cost. These estimates are regularly compared to actual market data and actual transactions in the market and are based on the highest and best use of leasehold land and buildings.

(b) *Impairment of property, plant and equipment*

The Brilliant Stage Group reviews property, plant and equipment for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of recoverable amount, which is based on the best information available. The Brilliant Stage Group derives the required cash flow estimates from historical experience and internal business plans. To determine recoverable amount, the Brilliant Stage Group uses cash flow estimates discounted at an appropriate discount rate, quoted market prices when available and independent appraisals, as appropriate.

(c) *Allowance for impairment of receivables*

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

(d) *Estimates of current tax and deferred tax*

The Brilliant Stage Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed.

Investment properties are carried at fair value under HKAS 40 "Investment Property". Significant judgement is required in determining the deferred tax amounts on certain investment properties which are located in the PRC which are subject to Enterprise Income Tax and Land Appreciation Tax upon future disposal using the applicable tax rates at the reporting dates.

(e) *Finance lease and operating lease*

Certain properties are combined leases of land and buildings. It is not possible to obtain a reliable estimate of the split of the fair values of the lease interest between land and buildings at inception. Where the land and buildings elements cannot be allocated reliably, the entire lease payments continues to be treated as finance leases unless buildings element is clearly held under operating lease and included in property, plant and equipment.

6. SEGMENT INFORMATION

6.1 Business operating segments

The executive directors have identified the Brilliant Stage Group's two product lines as operating segments as further described in note 3.18.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Details of the Brilliant Stage Group's segment information and reconciliations of the totals of the Brilliant Stage Group's operating segments to the Brilliant Stage Group's key financial figures as presented in the Financial Information are stated in the following tables.

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books					Food and beverage					Total				
	Ten months ended					Ten months ended					Ten months ended				
	Year ended 31 March					Year ended 31 March					Year ended 31 March				
	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)					(unaudited)					(unaudited)	
Reportable segment revenue:															
Sales to external customers	428,165	415,898	347,732	311,043	378,102	-	-	-	-	10,218	428,165	415,898	347,732	311,043	388,320
Sales to fellow subsidiaries	7,596	7,323	4,784	4,570	1,474	-	-	-	-	-	7,596	7,323	4,784	4,570	1,474
	<u>435,761</u>	<u>423,221</u>	<u>352,516</u>	<u>315,613</u>	<u>379,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,218</u>	<u>435,761</u>	<u>423,221</u>	<u>352,516</u>	<u>315,613</u>	<u>389,794</u>
Reportable segment results	<u>22,898</u>	<u>(2,743)</u>	<u>5,408</u>	<u>11,292</u>	<u>6,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,907)</u>	<u>22,898</u>	<u>(2,743)</u>	<u>5,408</u>	<u>11,292</u>	<u>3,538</u>
Unallocated income/(expenses):															
Interest income											3,542	4,044	2,977	2,815	4,504
Rental income on investment properties											720	720	720	600	780
Dividend income from financial assets at fair value through profit or loss											530	589	738	602	690
Fair value gain/(loss) on financial assets at fair value through profit or loss											1,131	(1,971)	1,253	1,436	(1,732)
Gain/(loss) on disposal of financial assets at fair value through profit or loss											3,278	(1,729)	5,676	5,553	950
Revaluation surplus on investment properties											2,710	1,810	9,590	9,590	1,800
Others											(1,434)	(915)	(3,793)	(2,142)	(1,493)
Profit/(Loss) from operations											33,375	(195)	22,569	29,746	9,037
Finance costs											(816)	(819)	(481)	(406)	(383)
Profit/(Loss) before income tax											32,559	(1,014)	22,088	29,340	8,654
Income tax expense											(4,090)	(417)	(2,602)	(3,606)	(2,884)
Profit/(Loss) for the year/period											<u>28,469</u>	<u>(1,431)</u>	<u>19,486</u>	<u>25,734</u>	<u>5,770</u>

APPENDIX II

FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books				Food and beverage				Total			
	As at				As at				As at			
	As at 31 March		31 January		As at 31 March		31 January		As at 31 March		31 January	
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	255,604	268,432	258,785	279,423	–	–	–	5,140	255,604	268,432	258,785	284,563
Unallocated assets:												
Investment properties									13,900	15,710	25,300	27,100
Deposits paid for acquisition of property, plant and equipment									11,226	–	–	–
Other asset									–	–	1,100	1,100
Amounts due from fellow subsidiaries									151,233	79,518	102,092	72,582
Financial assets at fair value through profit or loss									77,372	74,491	86,107	88,490
Cash and cash equivalents									160,575	115,321	97,969	109,485
Others									235	400	564	803
Total assets									670,145	553,872	571,917	584,123
Reportable segment liabilities	79,821	72,786	66,114	75,332	–	–	–	1,186	79,821	72,786	66,114	76,518
Unallocated liabilities:												
Amounts due to fellow subsidiaries									148,873	50,321	58,137	69,178
Amount due to immediate holding company									140,135	139,139	140,599	140,797
Amount due to intermediate holding company									65,856	51,541	50,188	48,656
Financial liabilities at fair value through profit or loss									–	–	550	870
Interest-bearing borrowings									29,556	22,292	18,028	3,200
Deferred tax liabilities									7,818	11,625	13,064	15,099
Others									10,152	6,732	7,574	9,210
Total liabilities									482,211	354,436	354,254	363,528

APPENDIX II

FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

	Manufacture and sale of paper cartons, packaging boxes and children's novelty books					Food and beverage					Total				
	Ten months ended					Ten months ended					Ten months ended				
	Year ended 31 March			31 January		Year ended 31 March			31 January		Year ended 31 March			31 January	
	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)					(unaudited)					(unaudited)				
Other segment information:															
Depreciation on property, plant and equipment	10,091	12,651	12,513	10,458	11,348	-	-	-	-	783	10,091	12,651	12,513	10,458	12,131
Amortisation of prepaid lease payments	84	83	83	70	70	-	-	-	-	-	84	83	83	70	70
Gain on disposal of property, plant and equipment	(132)	(161)	(1,197)	(927)	-	-	-	-	-	-	(132)	(161)	(1,197)	(927)	-
Revaluation surplus on leasehold land and buildings	(85)	(20)	(268)	(268)	-	-	-	-	-	-	(85)	(20)	(268)	(268)	-
Write off of property, plant and equipment	4,289	4,005	-	-	7,456	-	-	-	-	-	4,289	4,005	-	-	7,456
Provision/(Reversal of provision) for slow moving inventories	4,769	418	2,288	896	(2,032)	-	-	-	-	-	4,769	418	2,288	896	(2,032)
(Reversal of)/Allowance for impairment on trade receivables	(227)	(622)	(40)	132	595	-	-	-	-	-	(227)	(622)	(40)	132	595
Capital expenditure	16,058	18,937	4,268	3,265	5,587	-	-	-	-	3,019	16,058	18,937	4,268	3,265	8,606

6.2 Geographical information

The Brilliant Stage Group's revenues from, external customers and its non-current assets (other than deferred tax assets) are divided into the following geographical areas.

	Hong Kong (domicile)					PRC except Hong Kong					USA					Europe and other countries					Total				
	Ten months ended					Ten months ended					Ten months ended					Ten months ended					Ten months ended				
	Year ended 31 March			31 January		Year ended 31 March			31 January		Year ended 31 March			31 January		Year ended 31 March			31 January		Year ended 31 March			31 January	
	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)					(unaudited)					(unaudited)					(unaudited)					(unaudited)				
Reportable segment revenue:																									
Sales to external customers	296,902	245,942	187,728	171,007	212,986	27,734	22,185	37,080	33,357	51,761	59,494	108,350	85,777	73,187	81,723	44,035	39,421	37,147	33,492	41,850	428,165	415,898	347,732	311,043	388,320
Sales to fellow subsidiaries	7,596	7,323	4,784	4,570	1,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,596	7,323	4,784	4,570	1,474
	304,498	253,265	192,512	175,577	214,460	27,734	22,185	37,080	33,357	51,761	59,494	108,350	85,777	73,187	81,723	44,035	39,421	37,147	33,492	41,850	435,761	423,221	352,516	315,613	389,794
	Hong Kong (domicile)					PRC except Hong Kong					Total														
	As at					As at					As at														
	As at 31 March			31 January		As at 31 March			31 January		As at 31 March			31 January		As at 31 March			31 January		As at 31 March			31 January	
	2011	2012	2013	2014		2011	2012	2013	2014		2011	2012	2013	2014		2011	2012	2013	2014		2011	2012	2013	2014	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current assets	41,171	31,193	51,363	57,768		119,267	138,800	130,529	126,913		160,438	169,993	181,892	184,681											

The geographical location of customers is based on the location at which the customers operate. The geographical location of the non-current assets is based on the physical location of the asset.

6.3 Information about major customers

Revenue from major customers who have individually contributed to 10% or more of the total revenue of the Brilliant Stage Group are disclosed as follows:

	Year ended 31 March			Ten months ended 31 January	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (unaudited)	2014 HK\$'000
Customer A	51,536	60,564	72,113	59,940	67,921
Customer B	— (a)	— (a)	— (a)	— (a)	44,456
Customer C	52,644	61,352	— (a)	— (a)	— (a)
Customer D	49,181	— (a)	— (a)	— (a)	— (a)
	<u>153,361</u>	<u>121,916</u>	<u>72,113</u>	<u>59,940</u>	<u>112,377</u>

Notes:

- (a) Revenue from the customers contributes less than 10% of total revenue of the Brilliant Stage Group during the year/period.
- (b) The above four customers are included in the manufacture and sale of paper cartons, packaging boxes and children's novelty books segment.

7. REVENUE

Revenue, which is also the Brilliant Stage Group's turnover, represents the invoiced value of goods sold, after allowances for returns and trade discounts arising from the principal activities of the Brilliant Stage Group during the years/periods after eliminations of all significant intra-group transactions.

8. OTHER OPERATING INCOME

	Year ended 31 March			Ten months ended 31 January	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (unaudited)	2014 HK\$'000
Interest income	3,542	4,044	2,977	2,815	4,504
Rental income on investment properties	720	720	720	600	780
Revaluation surplus on leasehold land and buildings	85	20	268	268	—
Revaluation surplus on investment properties	2,710	1,810	9,590	9,590	1,800
Reversal of impairment of trade receivables	227	622	40	—	—
Reversal of provision for slow moving inventories	—	—	—	—	2,032
Dividend income from financial assets at fair value through profit or loss	530	589	738	602	690
Fair value gain on financial assets at fair value through profit or loss	1,131	—	1,253	1,436	—
Gain on disposal of financial assets at fair value through profit or loss	3,278	—	5,676	5,553	950
Gain on disposal of property, plant and equipment	132	161	1,197	927	—
Sundry income	955	795	1,079	1,033	708
	<u>13,310</u>	<u>8,761</u>	<u>23,538</u>	<u>22,824</u>	<u>11,464</u>

9. PROFIT/(LOSS) FROM OPERATIONS

The Brilliant Stage Group's profit/(loss) from operations is arrived at after charging/(crediting):

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Amortisation of prepaid lease payments ^(a)	84	83	83	70	70
Auditor's remuneration	280	335	334	284	238
Cost of inventories sold	336,835	359,389	289,385	256,291	316,065
Depreciation of property, plant and equipment ^(b)	10,091	12,651	12,513	10,458	12,131
Exchange loss, net	124	1,419	1,266	1,050	661
Gain on disposal of property, plant and equipment ^(f)	(132)	(161)	(1,197)	(927)	–
Provision/(Reversal of provision) for slow moving inventories ^(f)	4,769	418	2,288	896	(2,032)
Fair value (gain)/loss on financial assets at fair value through profit or loss ^(f)	(1,131)	1,971	(1,253)	(1,436)	1,732
(Gain)/Loss on disposal of financial assets at fair value through profit or loss ^(f)	(3,278)	1,729	(5,676)	(5,553)	(950)
Gross rental income on investment properties	(720)	(720)	(720)	(600)	(780)
Less: Outgoing expenses	103	102	111	92	92
Net rental income on investment properties	(617)	(618)	(609)	(508)	(688)
Operating lease charges on land and buildings ^(c)	1,379	1,351	1,506	1,331	3,065
Write off of property, plant and equipment ^(f)	4,289	4,005	–	–	7,456
(Reversal of)/Allowance for impairment on trade receivables ^(f) (note 17)	(227)	(622)	(40)	132	595
Revaluation surplus on leasehold land and buildings ^(f)	(85)	(20)	(268)	(268)	–
Revaluation surplus on investment properties ^(f)	(2,710)	(1,810)	(9,590)	(9,590)	(1,800)
Staff costs (excluding directors' remuneration)					
Wages and salaries ^(d)	61,379	62,266	61,198	51,867	70,635
Pension scheme contributions ^(e)	3,902	4,667	3,292	2,744	3,451

(a) Amortisation of prepaid lease payments has been expensed in cost of sales for all periods.

(b) During the years ended 31 March 2011, 2012 and 2013 and ten months ended 31 January 2013 and 2014, depreciation on property, plant and equipment of HK\$8,224,000, HK\$10,801,000, HK\$10,977,000, HK\$9,168,000 and HK\$10,693,000 have been expensed in cost of sales respectively and HK\$1,867,000, HK\$1,850,000, HK\$1,536,000, HK\$1,290,000 and HK\$1,438,000 in administrative expenses respectively.

(c) During the years ended 31 March 2011, 2012 and 2013 and ten months ended 31 January 2013 and 2014, operating lease charges on land and buildings of HK\$539,000, HK\$617,000, HK\$844,000, HK\$757,000 and HK\$2,662,000 have been expensed in cost of sales respectively and HK\$840,000, HK\$734,000, HK\$662,000, HK\$574,000 and HK\$403,000 in administrative expenses respectively.

(d) During the years ended 31 March 2011, 2012 and 2013 and ten months ended 31 January 2013 and 2014, wages and salaries of HK\$36,775,000, HK\$40,590,000, HK\$37,595,000, HK\$33,191,000 and HK\$44,777,000 have been expensed in cost of sales respectively and HK\$24,604,000, HK\$21,676,000, HK\$23,603,000, HK\$18,676,000 and HK\$25,858,000 in administrative expenses respectively.

- (e) During the years ended 31 March 2011, 2012 and 2013 and ten months ended 31 January 2013 and 2014, pension scheme contributions of HK\$209,000, HK\$410,000, HK\$339,000, HK\$298,000 and HK\$355,000 have been expensed in cost of sales respectively and HK\$3,693,000, HK\$4,257,000, HK\$2,953,000, HK\$2,446,000 and HK\$3,096,000 in administrative expenses respectively.

- (f) These items are included in other operating (income)/expenses.

10. FINANCE COSTS

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Interest charges on overdrafts, bank and other borrowings wholly repayable within five years	816	819	481	406	383

11. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the years/periods. Taxation on overseas profits has been calculated on the estimated assessable profits for the years/periods at the rates of taxation prevailing in the countries in which the Brilliant Stage Group operates.

PRC Enterprise Income Tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25%.

Deferred tax is accounted for in accordance with the policy on note 3.11 to the Financial Information at a rate of 16.5% in Hong Kong or the tax rates prevailing in the countries in which the Brilliant Stage Group operates.

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Current tax – Hong Kong					
Tax expense for the year/period	4,747	550	–	313	–
Over provision in respect of prior years	(347)	(5)	(8)	(8)	–
	4,400	545	(8)	305	–
Current tax – overseas					
Tax expense for the year/period	7	189	2,662	2,690	2,849
Over provision in respect of prior years	(4)	–	–	–	–
	3	189	2,662	2,690	2,849
Deferred tax					
Tax (credit)/expense for the year/period (note 26)	(313)	(317)	(52)	611	35
Income tax expense	4,090	417	2,602	3,606	2,884

Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates is as follows:

	Year ended 31 March			Ten months ended 31 January	
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	2013 HK\$'000 (unaudited)	2014 HK\$'000
Profit/(Loss) before income tax	32,559	(1,014)	22,088	29,340	8,654
Tax on profit/(loss) before income tax, calculated at the rates applicable to profit/(loss) in the tax jurisdiction concerned	4,819	(522)	4,264	5,834	1,891
Tax effect on non-deductible expenses	1,394	1,283	1,083	825	871
Tax effect on non-taxable revenue	(1,180)	(1,081)	(2,330)	(2,682)	(364)
Tax effect of utilisation of tax losses not previously recognised	(671)	(475)	(538)	(538)	(37)
Tax effect on tax losses not recognised	79	1,217	131	175	523
Over provision in prior years	(351)	(5)	(8)	(8)	—
Income tax expense	4,090	417	2,602	3,606	2,884

APPENDIX II

FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

12. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Cooking equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Year ended 31 March 2011								
Opening net carrying amount	84,457	28,696	2,217	3,284	–	–	707	119,361
Additions	–	14,276	–	314	–	–	1,468	16,058
Disposals and write-off, net	–	(4,104)	(5)	(36)	–	–	(172)	(4,317)
Net revaluation surplus	11,408	–	–	–	–	–	–	11,408
Depreciation	(2,475)	(5,749)	(704)	(732)	–	–	(431)	(10,091)
Closing net carrying amount	<u>93,390</u>	<u>33,119</u>	<u>1,508</u>	<u>2,830</u>	<u>–</u>	<u>–</u>	<u>1,572</u>	<u>132,419</u>
At 31 March 2011 and 1 April 2011								
Cost or valuation	93,390	81,093	23,093	12,053	–	–	7,144	216,773
Accumulated depreciation	–	(47,974)	(21,585)	(9,223)	–	–	(5,572)	(84,354)
Net carrying amount	<u>93,390</u>	<u>33,119</u>	<u>1,508</u>	<u>2,830</u>	<u>–</u>	<u>–</u>	<u>1,572</u>	<u>132,419</u>
Year ended 31 March 2012								
Opening net carrying amount	93,390	33,119	1,508	2,830	–	–	1,572	132,419
Additions	–	17,585	61	606	–	–	685	18,937
Disposals and write-off, net	–	(4,005)	–	–	–	–	–	(4,005)
Net revaluation surplus	16,773	–	–	–	–	–	–	16,773
Depreciation	(2,723)	(8,078)	(538)	(659)	–	–	(653)	(12,651)
Closing net carrying amount	<u>107,440</u>	<u>38,621</u>	<u>1,031</u>	<u>2,777</u>	<u>–</u>	<u>–</u>	<u>1,604</u>	<u>151,473</u>
At 31 March 2012 and 1 April 2012								
Cost or valuation	107,440	107,911	23,154	12,659	–	–	7,829	258,993
Accumulated depreciation	–	(69,290)	(22,123)	(9,882)	–	–	(6,225)	(107,520)
Net carrying amount	<u>107,440</u>	<u>38,621</u>	<u>1,031</u>	<u>2,777</u>	<u>–</u>	<u>–</u>	<u>1,604</u>	<u>151,473</u>
Year ended 31 March 2013								
Opening net carrying amount	107,440	38,621	1,031	2,777	–	–	1,604	151,473
Additions	–	2,422	192	219	275	274	886	4,268
Disposals, net	–	(939)	–	–	–	–	–	(939)
Net revaluation surplus	10,477	–	–	–	–	–	–	10,477
Depreciation	(3,267)	(7,707)	(400)	(486)	(2)	(2)	(649)	(12,513)
Closing net carrying amount	<u>114,650</u>	<u>32,397</u>	<u>823</u>	<u>2,510</u>	<u>273</u>	<u>272</u>	<u>1,841</u>	<u>152,766</u>
At 31 March 2013 and 1 April 2013								
Cost or valuation	114,650	107,582	23,346	12,878	275	274	8,715	267,720
Accumulated depreciation	–	(75,185)	(22,523)	(10,368)	(2)	(2)	(6,874)	(114,954)
Net carrying amount	<u>114,650</u>	<u>32,397</u>	<u>823</u>	<u>2,510</u>	<u>273</u>	<u>272</u>	<u>1,841</u>	<u>152,766</u>
Ten months ended 31 January 2014								
Opening net carrying amount	114,650	32,397	823	2,510	273	272	1,841	152,766
Additions	–	4,626	170	671	1,935	848	356	8,606
Disposals and write-off, net	(3,950)	(3,543)	–	–	–	–	–	(7,493)
Net revaluation surplus	12,076	–	–	–	–	–	–	12,076
Depreciation	(2,936)	(6,974)	(379)	(359)	(477)	(259)	(747)	(12,131)
Closing net carrying amount	<u>119,840</u>	<u>26,506</u>	<u>614</u>	<u>2,822</u>	<u>1,731</u>	<u>861</u>	<u>1,450</u>	<u>153,824</u>
At 31 January 2014								
Cost or valuation	119,840	99,612	23,516	13,549	2,210	1,122	9,071	268,920
Accumulated depreciation	–	(73,106)	(22,902)	(10,727)	(479)	(261)	(7,621)	(115,096)
Net carrying amount	<u>119,840</u>	<u>26,506</u>	<u>614</u>	<u>2,822</u>	<u>1,731</u>	<u>861</u>	<u>1,450</u>	<u>153,824</u>

Leasehold land and buildings in Hong Kong

The Brilliant Stage Group's leasehold land and buildings in Hong Kong were carried at their valuations which were performed by LCH, an independent firm of professionally qualified valuers, which has appropriate qualifications and recent experience in the valuation of similar properties in nearby location, at HK\$11,630,000, HK\$13,050,000, HK\$21,680,000, HK\$24,570,000 respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014. The valuation was arrived at using sales comparison approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards, on the assumption that the Brilliant Stage Group sells the property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value. The revaluation surplus of HK\$2,139,000, HK\$1,770,000, HK\$8,832,000 and HK\$3,460,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 was credited to other comprehensive income respectively, and a revaluation surplus of HK\$85,000, HK\$20,000, HK\$268,000 and nil is recognised in the profit or loss respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 to offset against previous revaluation deficit recognised in the profit or loss.

The sales comparison approach considers the sales, listing or offerings of similar or substitute real properties and related market data to establish a value estimated by processes involving comparison.

The following table gives information about how the fair values of these leasehold land and buildings in Hong Kong are determined (in particular, the valuation techniques and inputs used):

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Mai Sik Industrial Building ¹	Hong Kong	Sales comparison method	Selling price per unit of market comparables, taking into account the factors such as age, location and individual factors including road frontage, size of property and condition	Industrial units (per square feet): 31 March 2011: HK\$898 to HK\$975 31 March 2012: HK\$1,042 to HK\$1,084 31 March 2013: HK\$1,760 to HK\$1,800 31 January 2014: HK\$1,900 to HK\$2,060 Car parks (per unit): 31 March 2011: HK\$400,000 to HK\$620,000 31 March 2012: HK\$400,000 to HK\$620,000 31 March 2013: HK\$570,000 to HK\$880,000 31 January 2014: HK\$600,000 to HK\$900,000	The higher the market unit price, the higher the fair value

Note:

¹ The properties comprise industrial units and car parks.

The fair value measurements is based on the highest and best use of leasehold land and buildings in Hong Kong, which does not differ from their actual use.

The fair value of the leasehold land and buildings in Hong Kong as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 is a level 3 recurring fair value measurement, which uses significant unobservable inputs i.e. inputs not derived from market data.

Had the Brilliant Stage Group's leasehold land and buildings in Hong Kong been valued at cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK\$5,367,000, HK\$6,870,000, HK\$6,734,000 and HK\$6,548,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively.

Leasehold land and buildings outside Hong Kong

The Brilliant Stage Group's leasehold land and buildings outside Hong Kong were carried at their valuations which were performed by LCH, an independent firm of professionally qualified valuers, which has appropriate qualifications and recent experience in the valuation of similar properties in nearby location, on the basis of depreciated replacement cost, at HK\$81,760,000, HK\$94,390,000, HK\$92,970,000 and HK\$95,270,000 respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014. For the basis of depreciated replacement cost, which conforms to Hong Kong Institute of Surveyors Valuation Standards, it is assumed that the Brilliant Stage Group has free and uninterrupted rights to use the property interests for the whole of the unexpired terms as granted and any premiums payable have already been paid in full whereas the same assumption used in valuing the Brilliant Stage Group's leasehold land and buildings in Hong Kong is applied for the basis of market value. The resulting revaluation surplus amounting to HK\$9,184,000, HK\$14,983,000, HK\$1,377,000 and HK\$8,616,000 was credited to other comprehensive income respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014.

The depreciated replacement cost approach requires an estimate of the market value of the land use rights for its existing use, and an estimate of the new replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the property. The land use rights of the properties have been determined from market-based evidences by analysing similar sales or offerings of comparable properties.

The following table gives information about how the fair values of these leasehold land and buildings outside Hong Kong are determined (in particular, the valuation techniques and inputs used):

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial Buildings at Dasha Dalingshan Town ¹	Dongguan Province, the PRC	Depreciated replacement cost method	Replacement cost of the buildings and other site works, taking into account the factors such as age, condition, and functional obsolescence including the site formation cost and those public utilities connection charges to the property.	Replacement cost of new building of similar characteristics (per square meter): 31 March 2011: HK\$1,662 31 March 2012: HK\$1,970 31 March 2013: HK\$2,024 31 January 2014: HK\$2,174	The higher the replacement cost, the higher the fair value

Note:

¹ The properties comprise workshops, warehouses, staff quarters, an electric room and a transformer house

The fair value measurements is based on the highest and best use of leasehold land and buildings outside Hong Kong, which does not differ from their actual use.

The fair value of the leasehold land and buildings outside Hong Kong as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 is a level 3 recurring fair value measurement, which uses significant unobservable inputs i.e. inputs not derived from market data.

Had the Brilliant Stage Group's leasehold land and buildings outside Hong Kong been valued at cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK\$13,022,000, HK\$12,608,000, HK\$12,195,000 and HK\$11,782,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively.

At 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, certain of the Brilliant Stage Group's leasehold land and buildings amounting to HK\$5,590,000, HK\$6,300,000, HK\$10,520,000 and HK\$12,010,000 were pledged to secure the bank borrowings and general banking facilities granted to the Brilliant Stage Group as further detailed in notes 23 and 28 to the financial statements respectively.

Non-separable leasehold land and buildings were carried at their valuations at HK\$5,590,000, HK\$6,300,000, HK\$10,520,000 and HK\$12,010,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively are held on medium term leases between 10 to 50 years.

The analysis of the cost or valuation at 31 March 2011 of the above assets is as follows:

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Cooking equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	–	81,093	23,093	12,053	–	–	7,144	123,383
At valuation	93,390	–	–	–	–	–	–	93,390
	<u>93,390</u>	<u>81,093</u>	<u>23,093</u>	<u>12,053</u>	<u>–</u>	<u>–</u>	<u>7,144</u>	<u>216,773</u>

The analysis of the cost or valuation at 31 March 2012 of the above assets is as follows:

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Cooking equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	–	107,911	23,154	12,659	–	–	7,829	151,553
At valuation	107,440	–	–	–	–	–	–	107,440
	<u>107,440</u>	<u>107,911</u>	<u>23,154</u>	<u>12,659</u>	<u>–</u>	<u>–</u>	<u>7,829</u>	<u>258,993</u>

The analysis of the cost or valuation at 31 March 2013 of the above assets is as follows:

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Cooking equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	–	107,582	23,346	12,878	275	274	8,715	153,070
At valuation	114,650	–	–	–	–	–	–	114,650
	<u>114,650</u>	<u>107,582</u>	<u>23,346</u>	<u>12,878</u>	<u>275</u>	<u>274</u>	<u>8,715</u>	<u>267,720</u>

The analysis of the cost or valuation at 31 January 2014 of the above assets is as follows:

	Leasehold land and buildings HK\$'000	Plant and machinery HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Leasehold improvements HK\$'000	Cooking equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At cost	–	99,612	23,516	13,549	2,210	1,122	9,071	149,080
At valuation	119,840	–	–	–	–	–	–	119,840
	<u>119,840</u>	<u>99,612</u>	<u>23,516</u>	<u>13,549</u>	<u>2,210</u>	<u>1,122</u>	<u>9,071</u>	<u>268,920</u>

13. PREPAID LEASE PAYMENTS

The Brilliant Stage Group's interests in leasehold land and land use rights represent prepaid operating lease payments and the movements in their net carrying amounts are analysed as follows:

	Year ended 31 March			Ten months ended 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Opening net carrying amount	2,977	2,893	2,810	2,727
Amortisation	(84)	(83)	(83)	(70)
Closing net carrying amount	<u>2,893</u>	<u>2,810</u>	<u>2,727</u>	<u>2,657</u>
Outside Hong Kong held on: Leases of between 10 to 50 years	<u>2,893</u>	<u>2,810</u>	<u>2,727</u>	<u>2,657</u>

14. INVESTMENT PROPERTIES

	Year ended 31 March			Ten months ended 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fair value				
At beginning of year/period	11,190	13,900	15,710	25,300
Change in fair value	<u>2,710</u>	<u>1,810</u>	<u>9,590</u>	<u>1,800</u>
At end of year/period	<u>13,900</u>	<u>15,710</u>	<u>25,300</u>	<u>27,100</u>

At the reporting dates, all of the Brilliant Stage Group's investment properties were situated in Hong Kong under medium term leases.

Fair value measurements and valuation processes

The fair value of the Brilliant Stage Group's investment properties as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 have been arrived at on market value basis carried out by LCH, an independent firm of professionally qualified valuers and has appropriate qualifications and recent experience in the valuation of similar properties in nearby locations. The valuation was arrived at using sales comparison approach, which conforms to Hong Kong Institute of Surveyors Valuation Standards, on the assumption that the Brilliant Stage Group sells the property on the open market without the benefit or burden of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could affect the value.

The sales comparison approach considers the sales, listing or offerings of similar or substitute real properties and related market data to establish a value estimated by processes involving comparison.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used):

Properties	Location	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Mai Sik Industrial Building ¹	Hong Kong	Sales comparison method	Selling price per unit of market comparables, taking into account the factors such as age, location and individual factors including road frontage, size of property and condition	Industrial units (per square feet): 31 March 2011: HK\$898 to HK\$975 31 March 2012: HK\$1,042 to HK\$1,084 31 March 2013: HK\$1,760 to HK\$1,800 31 January 2014: HK\$1,900 to HK\$2,060 Car parks (per unit): 31 March 2011: HK\$400,000 to HK\$620,000 31 March 2012: HK\$400,000 to HK\$620,000 31 March 2013: HK\$570,000 to HK\$880,000 31 January 2014: HK\$600,000 to HK\$900,000	The higher the market unit price, the higher the fair value

Note:

¹ The properties comprise industrial units and car parks.

The fair value measurements is based on the highest and best use of the investment properties, which does not differ from their actual use.

The fair value of the investment properties as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 is a level 3 recurring fair value measurement, which uses significant unobservable inputs i.e. inputs not derived from market data.

The investment properties are leased to a fellow subsidiary, Chun Ming Printing Factory Company Limited, under operating leases to earn rental income, further details of which are included in note 33(a) to the Financial Information.

The carrying amount of the investment properties pledged as security of the Brilliant Stage Group's bank borrowings and general banking facilities amounted to HK\$12,880,000, HK\$14,690,000, HK\$23,850,000 and HK\$25,600,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively further details are disclosed in notes 23 and 28 to the Financial Information respectively.

15. OTHER ASSET

	2011 HK\$'000	As at 31 March 2012 HK\$'000	2013 HK\$'000	As at 31 January 2014 HK\$'000
Club membership, at cost	—	—	1,100	1,100

16. INVENTORIES

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Raw materials	33,602	19,526	24,815	19,438
Work in progress	8,334	2,785	3,373	452
Finished goods	7,935	7,131	3,119	5,460
	<u>49,871</u>	<u>29,442</u>	<u>31,307</u>	<u>25,350</u>

17. TRADE RECEIVABLES

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Trade receivables	62,308	75,555	65,502	92,981
Less: Allowance for impairment of receivables	(1,474)	(773)	(589)	(1,161)
Trade receivables – net	<u>60,834</u>	<u>74,782</u>	<u>64,913</u>	<u>91,820</u>

Trade receivables generally have credit terms of 30 to 120 days. The directors consider that the fair values of trade receivables which are expected to be recovered within one year from the reporting dates are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

As at reporting dates, the aging analysis of the trade receivables, based on invoiced date and net of allowance, is as follows:

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Current to 30 days	28,788	27,459	32,003	31,678
31 to 60 days	13,373	18,642	13,353	29,620
61 days to 90 days	14,911	12,044	11,204	21,475
Over 90 days	3,762	16,637	8,353	9,047
	<u>60,834</u>	<u>74,782</u>	<u>64,913</u>	<u>91,820</u>

APPENDIX II

FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

Included in trade receivables are the following amounts denominated in a currency other than the functional currency of the entities to which they relate:

	As at 31 March			As at 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Pound sterling ("GBP")	–	530	–	–
Euro ("EUR")	527	64	78	49
US dollars ("US\$")	24,266	41,833	21,047	27,402
	<u>24,793</u>	<u>42,427</u>	<u>21,125</u>	<u>27,451</u>

The movement in the allowance for impairment of trade receivables is as follows:

	Year ended 31 March			Ten months ended 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Carrying amount at beginning of year/period	1,866	1,474	773	589
Allowance for impairment loss of prior year written off against trade receivables	(165)	(79)	(144)	(23)
Allowance for impairment loss charged to the profit or loss	–	–	–	595
Reversal of impairment loss credited to the profit or loss	(227)	(622)	(40)	–
Carrying amount at end of year/period	<u>1,474</u>	<u>773</u>	<u>589</u>	<u>1,161</u>

At each of the reporting dates, the Brilliant Stage Group reviews trade receivables for evidence of impairment on both individual and collective basis. The impaired receivables are recognised based on the credit history of its customers, indication of financial difficulties, default in payments, and current market conditions. Consequently, specific impairment allowance was recognised. The Brilliant Stage Group does not hold any collateral over these balances.

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the Brilliant Stage Group's trade receivables of HK\$1,474,000, HK\$773,000, HK\$589,000 and HK\$1,161,000 were fully provided for impairment. The impaired receivables mainly relate to customers that were in financial difficulties and management assessed that the entire amount of the receivable balances is unlikely to be recovered.

The aging analysis of trade receivables by past due date that are neither individually nor collectively considered to be impaired are as follows:

	As at 31 March			As at 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Not past due	51,265	60,285	46,714	59,201
Unimpaired but past due				
Not more than 30 days	7,950	7,217	11,614	23,832
31 – 60 days	1,001	1,321	5,440	6,300
61 – 90 days	442	1,531	166	1,110
Over 90 days	176	4,428	979	1,377
	<u>60,834</u>	<u>74,782</u>	<u>64,913</u>	<u>91,820</u>

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, trade receivables of HK\$51,265,000, HK\$60,285,000, HK\$46,714,000 and HK\$59,201,000 were neither past due nor impaired. These related to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired related to a number of customers that the Brilliant Stage Group had continuing business relationships with these customers including sales to and settlements from these customers in general, which in the opinion of the directors have no indication of default. Based on past credit history, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Brilliant Stage Group did not hold any collateral in respect of trade receivables past due but not impaired.

18. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/IMMEDIATE HOLDING COMPANY/INTERMEDIATE HOLDING COMPANY

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the amounts due from/to fellow subsidiaries/ immediate holding company/intermediate holding company are unsecured, interest-free and repayable on demand.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 March			As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Prepayments	4,220	2,568	3,037	5,567
Deposits	1,067	1,068	2,703	3,672
Other receivables	4,300	6,368	1,333	1,673
	<u>9,587</u>	<u>10,004</u>	<u>7,073</u>	<u>10,912</u>

20. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets

	As at 31 March			As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Hong Kong listed equity investments	2,650	2,878	2,610	2,796
Hong Kong unlisted debt investments	36,462	37,862	46,142	57,495
Hong Kong unlisted currency notes	6,343	4,760	61	–
Hong Kong unlisted equity linked notes	3,163	–	1,957	1,866
Hong Kong unlisted commodity linked notes	1,579	–	1,458	–
Overseas listed equity investments	1,679	814	1,693	452
Overseas unlisted fund investments	11,894	15,618	18,932	20,150
Overseas unlisted debt investments	8,894	12,559	13,254	5,731
Overseas unlisted currency notes	4,708	–	–	–
	<u>77,372</u>	<u>74,491</u>	<u>86,107</u>	<u>88,490</u>

Financial liabilities

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
				<i>HK\$'000</i>
Hong Kong unlisted currency notes	—	—	(550)	(870)

The above financial assets/liabilities are classified as held for trading.

The fair values of the Brilliant Stage Group's investments have been measured as described in note 34.7.

Financial assets/liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the combined statements of cash flows.

Changes in fair values of financial assets/liabilities at fair value through profit or loss are recorded in other operating income or other operating expenses in the profit or loss.

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
				<i>HK\$'000</i>
Cash in hand, bank balances, and time deposits with original maturity of less than three months	90,259	60,643	21,112	29,068
Cash placed at securities brokerage firms	70,316	54,678	76,857	76,534
Time deposits with original maturity of more than three months	—	—	—	3,883
Cash and cash equivalents per combined statements of financial position	160,575	115,321	97,969	109,485
Less: Time deposits with original maturity of more than three months	—	—	—	(3,883)
Cash and cash equivalents per combined statements of cash flows	160,575	115,321	97,969	105,602

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the effective interest rate of time deposits, denominated in HK\$ and US\$, with original maturity of less than three months are 0.001% to 1.15%, 0.01% to 1.1%, 0.04% to 1.1% and 0.08% to 1.1% per annum respectively. They have a maturity of 7 days to 3 months respectively and are eligible for immediate cancellation without receiving any interest for the last deposit period.

As at 31 January 2014, the effective interest rate of time deposits, denominated in HK\$, with original maturity of more than three months is 3% per annum. They have a maturity of 6 months and are eligible for immediate cancellation.

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, cash and bank balances of the Brilliant Stage Group denominated in RMB were amounted to HK\$11,759,000, HK\$8,036,000, HK\$12,376,000 and HK\$11,699,000 respectively. RMB is not freely convertible into other currencies, however, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Brilliant Stage Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

22. TRADE PAYABLES

	2011	As at 31 March 2012	2013	As at 31 January 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	59,775	51,603	41,766	46,065

At each of the reporting dates, the aging analysis of the trade payables, based on invoiced date, is as follows:

	2011	As at 31 March 2012	2013	As at 31 January 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current to 30 days	25,899	30,192	20,135	15,575
31 to 60 days	5,516	6,442	6,388	7,929
61 to 90 days	10,089	2,651	7,362	7,761
Over 90 days	18,271	12,318	7,881	14,800
	59,775	51,603	41,766	46,065

All amounts are short term and hence the carrying amounts of the Brilliant Stage Group's trade payables are considered to be a reasonable approximation of fair value.

23. INTEREST-BEARING BORROWINGS

	2011	As at 31 March 2012	2013	As at 31 January 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current liabilities				
Bank loans, secured				
– Portion due for repayment within one year	25,256	19,292	17,028	3,200
– Portion due for repayment after one year which contain a repayment on demand clause	4,300	3,000	1,000	–
	29,556	22,292	18,028	3,200

The analysis of bank loans by scheduled repayment is as follows:

	2011	As at 31 March		As at
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Portion due for repayment within one year	25,256	19,292	17,028	3,200
Portion due for repayment after one year (<i>note</i>)				
After one year but within two years	4,300	2,000	1,000	–
After two years but within five years	–	1,000	–	–
After five years	–	–	–	–
	<u>29,556</u>	<u>22,292</u>	<u>18,028</u>	<u>3,200</u>

Note: The amounts are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the interest-bearing borrowings were secured by the pledge of certain land and buildings classified under property, plant and equipment with net carrying amount of HK\$5,590,000, HK\$6,300,000, HK\$10,520,000 and HK\$12,010,000 respectively and classified under investment properties with net carrying amount of HK\$12,880,000, HK\$14,690,000, HK\$23,850,000 and HK\$25,600,000 respectively. The details are set out in notes 12 and 14 to the Financial Information.

Details of the loans are stated below.

	Loan amount				Interest rate	Repayment terms
	2011	2012	2013	2014		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
Loans denominated in HK\$	22,500	15,300	11,000	–	HIBOR + 2.00% p.a. HIBOR + 2.25% p.a.	Payable within 5 years
Loans denominated in USD	–	–	3,518	–	HIBOR + 2.06% p.a.	Payable within 1 month
Loans denominated in EUR	7,056	6,992	3,510	3,200	HIBOR + 2.06% p.a.	Payable within 5 years

24. SHARE CAPITAL

For the purpose of the presentation of the Financial Information and the Corresponding Financial Information, the share capital in the combined statements of financial position as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 represented the aggregate of paid-in capital of subsidiaries comprising the Brilliant Stage Group which is attributable to the equity holder of Brilliant Stage and the share capital of Brilliant Stage since their respective date of establishment.

On 16 January 2014, Brilliant Stage was incorporated in the BVI with an initial authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 24 February 2014, 1 share was allotted and issued to CM (BVI) at par.

Further details on Brilliant Stage's share capital are set out in note 2.1.

25. RESERVES

	As at 31 March			As at 31 January
	2011	2012	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asset revaluation reserve	35,009	47,724	56,131	66,197
Capital reserve	9,900	9,900	9,900	9,900
Exchange reserve	(412)	(194)	(60)	36
Retained profits	142,436	131,005	137,491	143,261
	<u>186,933</u>	<u>188,435</u>	<u>203,462</u>	<u>219,394</u>

The capital reserve of the Brilliant Stage Group arose as a result of the capital injection into a subsidiary, DGCM, by CM Press, its immediate holding company, on 1 August 2007 by way of reinvestment of DGCM's retained profits brought forward as approved by the PRC authorities.

26. DEFERRED TAX

The following are major deferred tax (assets)/liabilities recognised in the combined statements of financial position and the movements during the Relevant Periods:

Deferred tax liabilities

	Tax loss	Accelerated tax depreciation	Revaluation of properties	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2010	–	1,591	4,095	5,686
Credit to profit or loss for the year (<i>note 11</i>)	–	(168)	–	(168)
Charge to other comprehensive income for the year	–	–	2,300	2,300
At 31 March 2011 and 1 April 2011	–	1,423	6,395	7,818
Charge to profit or loss for the year (<i>note 11</i>)	–	57	–	57
Charge to other comprehensive income for the year	–	–	3,750	3,750
At 31 March 2012 and 1 April 2012	–	1,480	10,145	11,625
Credit to profit or loss for the year (<i>note 11</i>)	(381)	(363)	–	(744)
Charge to other comprehensive income for the year	–	–	449	449
Reallocation from deferred tax assets	(270)	(98)	2,102	1,734
At 31 March 2013 and 1 April 2013	(651)	1,019	12,696	13,064
Charge/(Credit) to profit or loss for the period (<i>note 11</i>)	469	(602)	–	(133)
Charge to other comprehensive income for the period	–	–	1,993	1,993
Reallocation from deferred tax assets	(205)	79	301	175
At 31 January 2014	<u>(387)</u>	<u>496</u>	<u>14,990</u>	<u>15,099</u>

Deferred tax assets

	Tax loss HK\$'000	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Total HK\$'000
At 1 April 2010	(1,278)	443	19	(816)
(Credit)/Charge to profit or loss for the year (<i>note 11</i>)	303	(448)	–	(145)
Charge to other comprehensive income for the year	–	–	726	726
At 31 March 2011 and 1 April 2011	(975)	(5)	745	(235)
(Credit)/Charge to profit or loss for the year (<i>note 11</i>)	(471)	97	–	(374)
Charge to other comprehensive income for the year	–	–	288	288
At 31 March 2012 and 1 April 2012	(1,446)	92	1,033	(321)
Charge/(Credit) to profit or loss for the year (<i>note 11</i>)	795	(103)	–	692
Charge to other comprehensive income for the year	–	–	1,353	1,353
Reallocation to deferred tax liabilities	270	98	(2,102)	(1,734)
At 31 March 2013 and 1 April 2013	(381)	87	284	(10)
Charge/(Credit) to profit or loss for the period (<i>note 11</i>)	176	(8)	–	168
Charge to other comprehensive income for the period	–	–	17	17
Reallocation to deferred tax liabilities	205	(79)	(301)	(175)
At 31 January 2014	–	–	–	–

Deferred tax relating to the revaluation of the Brilliant Stage Group's properties classified under property, plant and equipment was debited/credited directly to equity.

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable.

Deferred tax assets in respect of tax losses have not been recognised in the financial statements due to the unpredictability of future profit streams against which the tax losses can be utilised. The Brilliant Stage Group has unrecognised tax losses of HK\$1,901,000, HK\$2,151,000, HK\$801,000 and HK\$3,919,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively to carry forward against future taxable income. The tax losses of the subsidiaries operating in the PRC amounted to HK\$1,901,000, HK\$2,151,000, HK\$43,000 and HK\$15,000 at respective years and period ended can be carried forward for 5 years and the tax losses of the subsidiaries operating in Hong Kong amounted to nil, nil, HK\$758,000 and HK\$3,904,000 as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 respectively will not be expired under the current tax legislation.

As at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, deferred tax liabilities of HK\$53,000, nil, HK\$139,000 and HK\$360,000 have not been established for the withholding and other taxation that would be payable on the unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested; such unremitted earnings totalled HK\$1,053,000, nil, HK\$2,777,000 and HK\$7,196,000 respectively.

27. DIRECTORS' REMUNERATION

Remuneration of the directors disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	Fees <i>HK\$'000</i>	Basic salaries, housing benefits, other allowances and benefits in kind <i>HK\$'000</i>	Discretionary bonus <i>HK\$'000</i>	Pension scheme contribution <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2011					
Mr. Lui Shing Ming, Brian	—	—	—	—	—
Mr. Lui Shing Cheong	—	360	2,300	—	2,660
Mr. Lui Shing Chung, Victor	—	—	2,300	—	2,300
	<u>—</u>	<u>360</u>	<u>4,600</u>	<u>—</u>	<u>4,960</u>
Year ended 31 March 2012					
Mr. Lui Shing Ming, Brian	—	—	—	—	—
Mr. Lui Shing Cheong	—	381	800	—	1,181
Mr. Lui Shing Chung, Victor	—	—	800	—	800
	<u>—</u>	<u>381</u>	<u>1,600</u>	<u>—</u>	<u>1,981</u>
Year ended 31 March 2013					
Mr. Lui Shing Ming, Brian	—	—	—	—	—
Mr. Lui Shing Cheong	—	473	1,800	—	2,273
Mr. Lui Shing Chung, Victor	—	—	1,800	—	1,800
	<u>—</u>	<u>473</u>	<u>3,600</u>	<u>—</u>	<u>4,073</u>
Ten months ended 31 January 2013					
Mr. Lui Shing Ming, Brian	—	—	—	—	—
Mr. Lui Shing Cheong	—	394	800	—	1,194
Mr. Lui Shing Chung, Victor	—	—	800	—	800
	<u>—</u>	<u>394</u>	<u>1,600</u>	<u>—</u>	<u>1,994</u>
Ten months ended 31 January 2014					
Mr. Lui Shing Ming, Brian	—	—	—	—	—
Mr. Lui Shing Cheong	—	404	1,800	—	2,204
Mr. Lui Shing Chung, Victor	—	—	1,800	—	1,800
	<u>—</u>	<u>404</u>	<u>3,600</u>	<u>—</u>	<u>4,004</u>

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

28. BANKING FACILITIES

At 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, general banking facilities available to the Brilliant Stage Group amounted to HK\$266,375,000, HK\$241,175,000, HK\$298,375,000 and HK\$457,700,000 respectively and the banking facilities utilised by the Brilliant Stage Group amounted to HK\$29,556,000, HK\$22,292,000, HK\$18,028,000 and HK\$3,200,000 respectively.

At the reporting dates, the Brilliant Stage Group's general banking facilities were secured by the followings:

- (a) legal charges on certain of the Brilliant Stage Group's leasehold land and buildings (note 12) and investment properties (note 14);
- (b) corporate guarantees from the intermediate holding company (note 29).

29. FINANCIAL GUARANTEES

At 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the Brilliant Stage Group's general banking facilities were secured by its intermediate holding company, Cheong Ming Investments Limited, to the extent of HK\$156,800,000, HK\$172,800,000, HK\$166,675,000 and HK\$316,000,000 respectively (note 28).

30. CAPITAL COMMITMENTS

	2011	As at 31 March 2012	2013	As at 31 January 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for:				
Acquisition of property, plant and equipment	1,356	–	–	–

31. OPERATING LEASE ARRANGEMENTS

The Brilliant Stage Group leases its investment properties under operating lease arrangements for terms ranging from two to four years. None of the leases include contingent rentals.

At the reporting dates, the Brilliant Stage Group had total future minimum lease receivables in respect of properties under non-cancellable operating leases as follows:

	2011	As at 31 March 2012	2013	As at 31 January 2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	215	838	191	1,037
In the second to fifth year, inclusive	199	190	–	365
	414	1,028	191	1,402

32. OPERATING LEASE COMMITMENTS

The Brilliant Stage Group leases certain of its properties and other assets under operating lease arrangements. The leases are negotiated for terms ranging from one to twenty nine years. None of the leases includes contingent rentals.

At the reporting dates, the Brilliant Stage Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2011		As at 31 March 2012		2013		As at 31 January 2014	
	Land and buildings	Other assets	Land and buildings	Other assets	Land and buildings	Others assets	Land and buildings	Others assets
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	957	32	974	63	1,009	12	3,872	12
In the second to fifth year, inclusive	2,222	60	2,537	32	2,513	20	6,568	12
After five years	11,295	–	11,267	–	10,799	–	10,616	–
	<u>14,474</u>	<u>92</u>	<u>14,778</u>	<u>95</u>	<u>14,321</u>	<u>32</u>	<u>21,056</u>	<u>24</u>

33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this Financial Information, the Brilliant Stage Group had the following material related party transactions:

(a)

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(unaudited)	
Intermediate holding company					
– Management fee paid	9,900	8,100	6,300	5,250	6,250
Fellow subsidiaries					
– Sale of finished goods	7,596	7,323	4,784	4,570	1,474
– Rental income received	720	720	720	600	780
– Purchase of finished goods	32	–	–	–	11
– Subcontracting fee paid	31	25	76	76	453
– Consultancy fee paid	4,392	2,873	–	–	–
– Rental expenses paid	53	28	–	–	–
– Acquisition of property, plant and equipment	5,520	–	–	–	–

The transactions above were carried out on the terms mutually agreed between the parties.

(b) The key management personnel are the directors of Brilliant Stage. The details of the remuneration paid to them are set out in note 27 to the Financial Information. Other than the pension scheme contributions which are post employment benefits, the rest of the remuneration are short term employee benefits.

(c) Compensation of a director's spouse:

	Year ended 31 March			Ten months ended 31 January	
	2011	2012	2013	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (unaudited)	HK\$'000
Salaries and allowances	1,102	912	756	577	1,000
Pension scheme contribution	30	46	43	39	40
	<u>1,132</u>	<u>958</u>	<u>799</u>	<u>616</u>	<u>1,040</u>

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Brilliant Stage Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk, other price risk), credit risk and liquidity risk.

The Brilliant Stage Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Brilliant Stage Group's exposure to these financial risks. Generally, the Brilliant Stage Group employs a conservative strategy regarding its risk management. The Brilliant Stage Group holds certain derivative financial instruments which are included in financial assets/liabilities at fair value through profit or loss.

34.1 Categories of financial assets and liabilities

The carrying amounts presented in the combined statements of financial position relate to the following categories of financial assets and financial liabilities:

	2011	As at 31 March		As at
	Group	2012	2013	31 January
	HK\$'000	Group	Group	2014
	HK\$'000	HK\$'000	HK\$'000	Group
				HK\$'000
Financial assets				
Financial assets at fair value through profit or loss	77,372	74,491	86,107	88,490
Loans and receivables:				
– Trade receivables	60,834	74,782	64,913	91,820
– Amounts due from fellow subsidiaries	151,233	79,518	102,092	72,582
– Deposits and other receivables	5,352	7,436	3,380	4,805
– Cash and cash equivalents	160,575	115,321	97,969	109,485
	<u>455,366</u>	<u>351,548</u>	<u>354,461</u>	<u>367,182</u>
Financial liabilities				
Financial liabilities at fair value through profit or loss	–	–	550	870
Financial liabilities measured at amortised cost:				
– Trade payables	59,775	51,603	41,766	46,065
– Amounts due to fellow subsidiaries	148,873	50,321	58,137	69,178
– Amount due to immediate holding company	140,135	139,139	140,599	140,797
– Amount due to intermediate holding company	65,856	51,541	50,188	48,656
– Accrued liabilities and other payables	15,649	16,618	18,938	24,585
– Interest-bearing borrowings	29,556	22,292	18,028	3,200
	<u>459,844</u>	<u>331,514</u>	<u>328,206</u>	<u>333,351</u>

34.2 Foreign currency risk*(i) Transactions in foreign currencies and the Brilliant Stage Group's risk management policies*

The Brilliant Stage Group mainly operates in Hong Kong and the PRC. The functional currency of Brilliant Stage and most of its subsidiaries are HK\$ and RMB, respectively, with certain of their business transactions being settled in US\$ and RMB. Other than certain trade receivables and payables, certain financial assets at fair value through profit or loss, bank deposits of the Brilliant Stage Group are denominated mainly in RMB and US\$. The Brilliant Stage Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily US\$ and RMB, against the functional currency of the relevant group entities. Management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The policies to manage foreign currency risk have been followed by the Brilliant Stage Group since prior years and are considered to be effective.

(ii) Summary of exposure

The overall net exposure in respect of the carrying amount of the Brilliant Stage Group's foreign currency denominated financial assets and liabilities in net position as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 were as follows:

	As at 31 March			As at
	2011	2012	2013	31 January
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net financial assets				
RMB	28,654	18,606	16,238	34,745
US\$	170,181	167,545	142,222	144,565
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As HK\$ is linked to US\$, the Brilliant Stage Group does not have material exchange rate risk on such currency.

The Brilliant Stage Group was exposed to the foreign currency fluctuation of RMB through its cash and cash equivalents of HK\$5,360,000, HK\$2,752,000, HK\$5,771,000 and HK\$5,038,000 respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014 and financial assets at fair value through profit or loss of HK\$23,294,000, HK\$15,854,000, HK\$10,467,000 and HK\$29,707,000 respectively as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014. The directors consider that any potential possible change in foreign exchange rates will have minimal impact on the Brilliant Stage Group's profit/(loss) after taxation for the Relevant Periods and therefore no sensitivity analysis was provided in respect of potential foreign currency fluctuation.

In addition, the Brilliant Stage Group holds certain financial assets at fair value through profit or loss as stated in note 20 and is exposed to the fluctuations of certain foreign currency rates. Management's best estimate of the effect on the Brilliant Stage Group's profit/(loss) after taxation as a result of a reasonably possible change in the underlying foreign currency rates of these currency notes, with all other variables held constant, is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31 March			Ten months ended
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Increase/(Decrease) in net profit/(loss) for the year/period				
Change in foreign currency rates				
+ 10%	1,697	(1,590)	6,223	6,937
- 10%	(1,454)	1,592	(6,223)	(6,937)

34.3 Cash flow and fair value interest rate risk

The Brilliant Stage Group is exposed to interest rate risk through the impact of interest rate changes on interest bearing bank and other borrowings carrying interests at variable rates, cash and cash equivalents and debt investments at fixed rates. Borrowings and cash and cash equivalents carried at variable rates expose the Brilliant Stage Group, to cash flow interest rate risk whereas debt investments issued at fixed rates, which are accounted for as fair value through profit or loss, expose the Brilliant Stage Group to fair value interest rate risk. The Brilliant Stage Group will review whether bank loans bearing floating rates should be drawn from time to time with reference to the trend of changes in interest rates. The interest rates and repayment terms of interest-bearing borrowings and cash and cash equivalents of the Brilliant Stage Group are disclosed in notes 23 and 21 respectively. The Brilliant Stage Group currently does not have an interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate exchange exposure should the need arise.

Cash flow interest rate risk sensitivity

At 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the Brilliant Stage Group was exposed to change in market interest through its bank borrowings of HK\$29,556,000, HK\$22,292,000, HK\$18,028,000 and HK\$3,200,000 respectively, as well as bank balances of HK\$103,248,000, HK\$96,700,000, HK\$95,401,000 and HK\$106,552,000 respectively, which are subject to variable interest rates. The directors consider that any potential possible change in market interest rates will have minimal impact on the Brilliant Stage Group's profit/(loss) after taxation for the Relevant Periods and therefore no sensitivity analysis was provided in respect of potential movements in interest rates.

Fair value interest rate risk sensitivity

At 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, the Brilliant Stage Group was exposed to fair value interest rate risk due to changes in market interest rates through its debt investments, which are issued at fixed interest rates and accounted for as fair value through profit or loss. The following table illustrates the sensitivity of the profit/(loss) after taxation for the Relevant Periods and retained earnings to a proportionate change in interest rates of +5% and -5%, with effect from the beginning of the year. The calculations are based on the Brilliant Stage Group's debt investments held at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014. All other variables are held constant.

	Year ended 31 March			Ten months ended
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Increase/(Decrease) in net profit/(loss) for the year/period				
If interest rates were 5% higher	(657)	901	(566)	(646)
If interest rates were 5% lower	767	(679)	967	632

34.4 Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Brilliant Stage Group is exposed to change in market prices in respect of its investments in listed securities classified as financial assets at fair value through profit or loss.

To manage its market price risk arising from these investments, the Brilliant Stage Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the directors. The Brilliant Stage Group's listed investments are listed on the Stock Exchange of Hong Kong and overseas. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the relevant stock market index and other industry indicators, as well as the Brilliant Stage Group's liquidity needs. Temporarily, the Brilliant Stage Group management has monitored price risk and will consider hedging of the risk if necessary. In the coming future, the Brilliant Stage Group will appoint a special team to take up the position.

The policies to manage other price risk have been followed by the Brilliant Stage Group since prior years and are considered to be effective.

The Brilliant Stage Group is also exposed to equity security price risk arising from its investment in derivative financial instruments. Details about the derivative financial instruments are set out in note 20. Management's best estimate of the effect on the Brilliant Stage Group's profit/(loss) after taxation as a result of a reasonably possible change in the market price of the equity securities and the underlying equity securities of the derivative financial instruments, with all other variables held constant, is as follows (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

	Year ended 31 March			Ten months ended
	2011	2012	2013	31 January
	HK\$'000	HK\$'000	HK\$'000	2014
				HK\$'000
Increase/(Decrease) in net profit/(loss)				
for the year/period				
Market price of equity securities				
+ 10%	371	(308)	523	412
- 10%	(462)	308	(523)	(412)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

34.5 Credit risk*(i) Summary of exposure*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Brilliant Stage Group. The Brilliant Stage Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities.

(ii) Risk management objective and policies

The Brilliant Stage Group's policy is to deal only with credit worthy counterparties. Credit terms are granted to new customers after a credit worthiness assessment. In order to minimise the credit risk, management of the Brilliant Stage Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Brilliant Stage Group reviews the recoverable amount of each individual trade receivable regularly at each reporting date to ensure that adequate impairment losses are made for irrecoverable amount. In this regard, the directors of Brilliant Stage consider that the Brilliant Stage Group's credit risk is significantly reduced.

The Brilliant Stage Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risk for cash and cash equivalents and financial assets at fair value through profit or loss is considered negligible as the counterparties are reputable financial institutions with high quality external credit ratings.

The Brilliant Stage Group adopts conservative investment strategies. Usually investments are in liquid securities quoted on recognised stock exchanges. Trading accounts are only opened with reputable security brokers. No margin trading is allowed.

The credit and investment policies have been followed by the Brilliant Stage Group since prior years and are considered to have been effective in limiting the Brilliant Stage Group's exposure to credit risk to a desirable level.

34.6 Liquidity risk

Liquidity risk relates to the risk that the Brilliant Stage Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Brilliant Stage Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. The Brilliant Stage Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

Analysed below is the Brilliant Stage Group's remaining contractual maturities for its non-derivative financial liabilities as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Brilliant Stage Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Brilliant Stage Group is committed to pay.

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

	Repayable on demand <i>HK\$'000</i>	Within 3 months <i>HK\$'000</i>	4-6 months <i>HK\$'000</i>	Over 6 months <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 March 2011						
Financial liabilities measured at amortised cost:						
Trade payables	–	41,504	18,271	–	59,775	59,775
Amounts due to fellow subsidiaries	148,873	–	–	–	148,873	148,873
Amount due to immediate holding company	140,135	–	–	–	140,135	140,135
Amount due to intermediate holding company	65,856	–	–	–	65,856	65,856
Accrued liabilities and other payables	15,649	–	–	–	15,649	15,649
Interest-bearing borrowings	29,556	–	–	–	29,556	29,556
Total	400,069	41,504	18,271	–	459,844	459,844

	Repayable on demand <i>HK\$'000</i>	Within 3 months <i>HK\$'000</i>	4-6 months <i>HK\$'000</i>	Over 6 months <i>HK\$'000</i>	Total contractual undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
At 31 March 2012						
Financial liabilities measured at amortised cost:						
Trade payables	–	39,285	12,318	–	51,603	51,603
Amounts due to fellow subsidiaries	50,321	–	–	–	50,321	50,321
Amount due to immediate holding company	139,139	–	–	–	139,139	139,139
Amount due to intermediate holding company	51,541	–	–	–	51,541	51,541
Accrued liabilities and other payables	16,618	–	–	–	16,618	16,618
Interest-bearing borrowings	22,292	–	–	–	22,292	22,292
Total	279,911	39,285	12,318	–	331,514	331,514
At 31 March 2013						
Financial liabilities measured at amortised cost:						
Trade payables	–	33,885	7,881	–	41,766	41,766
Amounts due to fellow subsidiaries	58,137	–	–	–	58,137	58,137
Amount due to immediate holding company	140,599	–	–	–	140,599	140,599
Amount due to intermediate holding company	50,188	–	–	–	50,188	50,188
Accrued liabilities and other payables	18,938	–	–	–	18,938	18,938
Interest-bearing borrowings	18,028	–	–	–	18,028	18,028
Total	285,890	33,885	7,881	–	327,656	327,656
Financial liabilities at fair value through profit or loss						
	–	119	–	431	550	550

	Repayable on demand HK\$'000	Within 3 months HK\$'000	4-6 months HK\$'000	Over 6 months HK\$'000	Total contractual undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 January 2014						
Financial liabilities measured at amortised cost:						
Trade payables	–	31,265	14,800	–	46,065	46,065
Amounts due to fellow subsidiaries	69,178	–	–	–	69,178	69,178
Amount due to immediate holding company	140,797	–	–	–	140,797	140,797
Amount due to intermediate holding company	48,656	–	–	–	48,656	48,656
Accrued liabilities and other payables	24,585	–	–	–	24,585	24,585
Interest-bearing borrowings	3,200	–	–	–	3,200	3,200
Total	286,416	31,265	14,800	–	332,481	332,481
Financial liabilities at fair value through profit or loss						
	–	182	–	688	870	870

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the above analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect.

The table that follows summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Brilliant Stage Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity analysis – bank loans subject to repayment on demand clause based on scheduled repayments					Total contractual undiscounted cash flows HK\$'000
	Within 3 months HK\$'000	4-6 months HK\$'000	7-9 months HK\$'000	10-12 months HK\$'000	Over 1 year HK\$'000	
At 31 March 2011	18,411	2,321	2,317	2,312	4,312	29,673
At 31 March 2012	15,856	2,530	522	519	3,055	22,482
At 31 March 2013	15,575	515	511	508	1,007	18,116
At 31 January 2014	3,206	–	–	–	–	3,206

The Brilliant Stage Group enjoyed a healthy financial position as at 31 March 2011, 31 March 2012, 31 March 2013 and 31 January 2014, with cash and cash equivalents amounting to HK\$160,575,000, HK\$115,321,000, HK\$97,969,000 and HK\$109,485,000 respectively.

The Brilliant Stage Group financed its operations and investment activities with internally generated cash flow.

The Brilliant Stage Group's policy is to monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long term.

34.7 Fair value

The following table presents financial assets and liabilities measured at fair value in the combined statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1:
Quoted price (unadjusted) in active markets for identical assets and liabilities
- Level 2:
Inputs other than quoted prices included within Level 1 that are observable of the assets and liabilities, 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 assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the statements of financial position are grouped into the fair value hierarchy as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2011				
Assets				
Listed securities held for trading	4,329	–	–	4,329
Unlisted securities held for trading	57,705	15,338	–	73,043
	<u>57,705</u>	<u>15,338</u>	<u>–</u>	<u>73,043</u>
Total fair values	<u>62,034</u>	<u>15,338</u>	<u>–</u>	<u>77,372</u>
	<u>62,034</u>	<u>15,338</u>	<u>–</u>	<u>77,372</u>
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2012				
Assets				
Listed securities held for trading	3,692	–	–	3,692
Unlisted securities held for trading	66,036	4,763	–	70,799
	<u>66,036</u>	<u>4,763</u>	<u>–</u>	<u>70,799</u>
Total fair values	<u>69,728</u>	<u>4,763</u>	<u>–</u>	<u>74,491</u>
	<u>69,728</u>	<u>4,763</u>	<u>–</u>	<u>74,491</u>
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 March 2013				
Assets				
Listed securities held for trading	4,303	–	–	4,303
Unlisted securities held for trading	78,389	3,415	–	81,804
	<u>78,389</u>	<u>3,415</u>	<u>–</u>	<u>81,804</u>
Liabilities				
Unlisted securities held for trading	(550)	–	–	(550)
	<u>(550)</u>	<u>–</u>	<u>–</u>	<u>(550)</u>
Total fair values	<u>82,142</u>	<u>3,415</u>	<u>–</u>	<u>85,557</u>
	<u>82,142</u>	<u>3,415</u>	<u>–</u>	<u>85,557</u>

APPENDIX II FINANCIAL INFORMATION OF THE BRILLIANT STAGE GROUP

As at 31 January 2014	Level 1 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Listed securities held for trading	3,248	–	–	3,248
Unlisted securities held for trading	83,376	1,866	–	85,242
Liabilities				
Unlisted securities held for trading	(242)	(628)	–	(870)
Total fair values	86,382	1,238	–	87,620

The fair values of the listed investments are determined based on the quoted bid prices on regulated exchange markets. The fair values of the unlisted debt investments and unlisted fund investments are determined by reference to the quoted bid prices from active markets with actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

In respect of other unlisted currency notes and unlisted linked notes, fair values are determined by using valuation techniques such as Monte Carlo Simulation or Binomial Option Pricing Models. These valuation techniques maximise the use of observable market data where it is available for all significant inputs and rely as little as possible on entity specific estimates. These instruments are included in Level 2.

There have been no significant transfers between level 1 and 2 in the Relevant Periods. The methods and valuation techniques used for the purpose of measuring fair value are consistently applied throughout the Relevant Periods.

35. MANAGEMENT POLICIES AND PROCEDURES

The Brilliant Stage Group's capital management objectives are:

- to ensure the Brilliant Stage Group's ability to continue as a going concern;
- to provide an adequate return to its shareholder;
- to support the Brilliant Stage Group's sustainable growth; and
- to provide capital for the purpose of potential mergers and acquisitions.

The Brilliant Stage Group sets the amount of equity capital in proportion to its overall financing structure. The Brilliant Stage Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The gearing ratio at the reporting dates was as follows:

	2011 <i>HK\$'000</i>	As at 31 March 2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	As at 31 January 2014 <i>HK\$'000</i>
Total borrowings	29,556	22,292	18,028	3,200
Total equity	187,934	199,436	217,663	220,595
Gearing ratio	16%	11%	8%	1%

36. SUBSEQUENT EVENT

In addition to the Corporate Reorganisation as stated in note 2.1 to the Financial Information, there is significant subsequent event as follows:

On 27 February 2014, the Company and Harmony Link entered into a sale and purchase agreement (the “Asset Reorganisation Agreement”). Pursuant to the Asset Reorganisation Agreement, Harmony Link conditionally agreed to acquire and the Company conditionally agreed to sell its interests in Brilliant Stage after the Corporate Reorganisation (the “Asset Reorganisation”). The completion of the Asset Reorganisation is subject to fulfilment of certain conditions as detailed in the Circular of the same date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Brilliant Stage Group in respect of any period subsequent to 31 January 2014.

Yours faithfully,

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate Number P05057

Hong Kong

BDO Limited
香港立信德豪會計師事務所有限公司

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B. RECONCILIATION STATEMENT OF PROPERTY INTEREST OF THE BRILLIANT STAGE GROUP

A reconciliation of the carrying amount of the relevant property interest as at 31 January 2014 to market value as at 31 March 2014 as stated in the property valuation report set out in Appendix IV to this circular is as follows:

	PRC HK\$'000	Hong Kong HK\$'000	Total HK\$'000
Carrying amount of leasehold land and buildings as at 31 January 2014 as set out in Appendix II	95,270	24,570	119,840
Less: Depreciation for the period from 1 February 2014 to 31 March 2014	(486)	(114)	(600)
	94,784	24,456	119,240
Add: Land element in the PRC as at 31 March 2014	16,290	–	16,290
	111,074	24,456	135,530
Revaluation (deficit)/surplus	(2,114)	114	(2,000)
	108,960	24,570	133,530
Properties held and occupied in Hong Kong classified as investment properties	–	27,100	27,100
	(Note)		
Properties held as of 31 March 2014 as set out in Appendix IV	108,960	51,670	160,630

Note: The properties held in the PRC represent properties in Group I and Group III with respective market value of HK\$95,424,000 and HK\$13,536,000 as at 31 March 2014 as set out in Appendix IV.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma financial information of the Remaining Group (the “Unaudited Pro Forma Financial Information”) presented below is prepared to illustrate (a) the financial position of the Remaining Group as if the Disposal was completed on 30 September 2013; and (b) the financial performance and cash flows of the Remaining Group for the year ended 31 March 2013 as if the Disposal had taken place on 1 April 2012. This Unaudited Pro Forma Financial Information has been prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 September 2013 or at any future date or the financial performance and cash flows of the Remaining Group for the year ended 31 March 2013 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the unaudited interim financial information of the Group for the six months ended 30 September 2013 as set out in the interim report of the Company for the six months ended 30 September 2013 (“2013 Interim Report”), the audited financial statements of the Group for the year ended 31 March 2013 as set out in the annual report of the Company for the year ended 31 March 2013 (“2013 Annual Report”) and other financial information included elsewhere in this circular.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 September 2013 extracted from the unaudited interim financial information of the Group for the six months ended 30 September 2013 on which a review report has been published as set out in the 2013 Interim Report and the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2013 extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2013 as set out in the 2013 Annual Report of the Company, after making pro forma adjustments relating to the Disposal as described in the notes that are (i) directly attributable to the transactions concerned and not relating to future events or decisions; (ii) factually supportable; and (iii) considered to be integral to the Disposal.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Unaudited Pro Forma Consolidated Statement of Financial Position

	Unaudited consolidated statement of financial position of the Group as at 30 September 2013								Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 September 2013
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000
ASSETS AND LIABILITIES									
Non-current assets									
Property, plant and equipment	181,956	(153,824)				(27,100)			1,032
Prepaid lease payments	2,685	(2,657)							28
Investment properties	115,327	(27,100)				27,100			115,327
Other asset	1,100	(1,100)							-
Deferred tax assets	318								318
	<u>301,386</u>								<u>116,705</u>
Current assets									
Inventories	28,504	(25,350)							3,154
Trade receivables	151,610	(91,820)							59,790
Amounts due from fellow subsidiaries	-	(72,582)		72,582					-
Prepayments, deposits and other receivables	51,094	(10,912)					(40,000)		182
Financial assets at fair value through profit or loss	87,196	(88,490)							(1,294)
Cash and cash equivalents	112,853	(109,485)	180,000	186,049	(4,000)		24,500	(317,677)	72,240
Tax recoverable	138	(803)							(665)
	<u>431,395</u>								<u>133,407</u>
Current liabilities									
Trade payables	72,374	(46,065)							26,309
Amounts due to fellow subsidiaries	-	(69,178)		69,178					-
Amount due to immediate holding company	-	(140,797)		140,797					-
Amount due to intermediate holding company	-	(48,656)		48,656					-
Accrued liabilities and other payables	48,382	(30,453)							17,929
Financial liabilities of fair value through profit or loss	604	(870)							(266)
Interest-bearing borrowings	34,485	(3,200)							31,285
Tax payable	9,098	(9,210)							(112)
	<u>164,943</u>								<u>75,145</u>
Net current assets	<u>266,452</u>								<u>58,262</u>
Total assets less current liabilities	<u>567,838</u>								<u>174,967</u>
Non-current liabilities									
Deferred tax liabilities	39,882	(15,099)				(3,558)			21,225
Net assets	<u>527,956</u>								<u>153,742</u>
EQUITY									
Equity attributable to the equity holders of the Company									
Share capital	63,535								63,535
Reserves	464,421		(40,595)		(4,000)	3,558	(15,500)	(317,677)	90,207
Total equity	<u>527,956</u>								<u>153,742</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Income Statement

	Audited consolidated income statement of the Group for the year ended 31 March 2013							Unaudited pro forma consolidated income statement of the Remaining Group for the year ended 31 March 2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 9)	(Note 10)	(Note 11)	(Note 12)	(Note 13)	(Note 14)	(Note 15)
Revenue	429,701	(352,516)				4,860		82,045
Cost of sales	(320,049)	289,385			329	(4,860)	(448)	(35,643)
Gross profit	109,652							46,402
Other operating income	25,621	(23,538)			9,590	720		12,393
Selling and distribution costs	(11,695)	9,750						(1,945)
Administrative expenses	(96,870)	51,998		(4,000)		(6,300)	(512)	(55,684)
Other operating expenses	(2,826)	2,352					(15,500)	(15,974)
Loss on disposal of subsidiaries	–		(19,630)					(19,630)
Profit/(Loss) from operations	23,882							(34,438)
Finance costs	(614)	481						(133)
Profit/(Loss) before income tax	23,268							(34,571)
Income tax expense	(5,455)	2,602						(2,853)
Profit/(Loss) for the year attributable to the equity holders of the Company	17,813							(37,424)

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Unaudited Pro Forma Consolidated Statement of Comprehensive Income

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 March 2013							Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 March 2013	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 9)	(Note 10)	(Note 11)	(Note 12)	(Note 13)	(Note 14)	(Note 15)	
	Pro forma adjustments								
Profit/(Loss) for the year	17,813	(19,486)	(19,630)	(4,000)	9,919	(5,580)	(960)	(15,500)	(37,424)
Other comprehensive income:									
<i>Items that may be reclassified subsequently to profit or loss:</i>									
Exchange gain on translation of financial statements of foreign operations	492	(134)							358
Exchange gain reclassified on disposal of subsidiaries	–		194						194
<i>Items that will not be reclassified subsequently to profit or loss:</i>									
Revaluation surplus on leasehold land and buildings	20,128	(10,209)			(9,919)				–
Deferred tax charge arising from revaluation surplus on leasehold land and buildings	(3,438)	1,802			1,636				–
Other comprehensive income for the year, net of tax	17,182								552
Total comprehensive income attributable to the equity holders of the Company	34,995								(36,872)

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Unaudited Pro Forma Consolidated Statement of Cash Flows

	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2013	Pro forma adjustments										Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2013
	HK\$'000 (Note 1)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	HK\$'000 (Note 11)	HK\$'000 (Note 12)	HK\$'000 (Note 13)	HK\$'000 (Note 14)	HK\$'000 (Note 15)	HK\$'000 (Note 16)	HK\$'000 (Note 17)	HK\$'000 (Note 18)	HK\$'000
Cash flows from operating activities												
Profit/(Loss) before income tax	23,268	(22,088)	(19,630)	(4,000)	9,919	(5,580)	(960)	(15,500)				(34,571)
Adjustments for:												
Finance costs	614	(481)										133
Interest income	(2,981)	2,977										(4)
Dividend income from financial assets at fair value through profit or loss	(738)	738										-
Loss on disposal of a loan receivable	-							15,500				15,500
Loss on disposal of subsidiaries	-		19,630									19,630
Gain on disposal of financial assets at fair value through profit or loss	(5,676)	5,676										-
Gain on disposal of property, plant and equipment	(1,197)	1,197										-
Impairment loss on amount due from an associate	474											474
Fair value gain on financial assets at fair value through profit or loss	(1,253)	1,253										-
Provision for slow moving inventories	2,288	(2,288)										-
Depreciation of property, plant and equipment	14,094	(12,513)			(329)							1,252
Amortisation of prepaid lease payments for land	83	(83)										-
Revaluation surplus on leasehold land and buildings	(268)	268										-
Revaluation surplus on investment properties	(7,566)	9,590			(9,590)							(7,566)
Reversal of impairment on trade receivables	(58)	40										(18)
Reversal of over-provision of trade payables	(776)											(776)
Operating profit/(loss) before working capital changes	20,308											(5,946)
(Increase)/Decrease in inventories	(3,979)	4,153										174
Decrease in trade receivables	12,611	(9,909)										2,702
Decrease/(Increase) in prepayments, deposits and other receivables	2,439	(2,931)										(492)
Increase in financial assets at fair value through profit or loss	(4,687)	4,687										-
Increase in financial liabilities at fair value through profit or loss	550	(550)										-
Decrease in trade payables	(10,024)	9,837										(187)
Increase in accrued liabilities and other payables	3,830	(3,144)										686
Cash generated from/(used in) operations	21,048											(3,063)
Interest received	2,981	(2,977)										4
Interest paid	(614)	481										(133)
Dividend received from financial assets at fair value through profit or loss	738	(738)										-
Net income tax paid	(3,611)	2,344										(1,267)
Net cash generated from/(used in) operating activities	20,542											(4,459)

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

	Audited consolidated statement of cash flows of the Group for the year ended 31 March 2013					Pro forma adjustments						Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2013
	HK\$'000 (Note 1)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	HK\$'000 (Note 11)	HK\$'000 (Note 12)	HK\$'000 (Note 13)	HK\$'000 (Note 14)	HK\$'000 (Note 15)	HK\$'000 (Note 16)	HK\$'000 (Note 17)	HK\$'000 (Note 18)	HK\$'000
Cash flows from investing activities												
Purchases of property, plant and equipment	(5,216)	3,999										(1,217)
Purchases of investment properties	(10,124)											(10,124)
Purchases of other asset	(1,100)	1,100										-
Decrease in amount due from an associate	459											459
Deposit paid for acquisition of an investment property	(11,098)											(11,098)
Increase in time deposits with original maturity of more than three months	(1)											(1)
Proceeds from disposal of a loan receivable	-							24,500				24,500
Increase in amounts due from fellow subsidiaries	-	22,574							(22,574)			-
Proceeds from disposal of subsidiaries	-		180,000									180,000
Proceeds from disposal of property, plant and equipment	1,867	(1,867)										-
Net cash (used in)/generated from investing activities	<u>(25,213)</u>											<u>182,519</u>
Cash flows from financing activities												
Dividends paid	(12,707)	10,000								(317,677)		(320,384)
Repayment of bank loans	(48,123)	47,774										(349)
Borrowing of bank loans	43,510	(43,510)										-
Increase in amounts due to fellow subsidiaries	-	(7,816)							7,816			-
Increase in amount due to immediate holding companies	-	(1,460)							1,460			-
Decrease in amount due to inter-mediate holding companies	-	1,353							(1,353)			-
Proceeds received from net amounts due from Brilliant Stage Group	-								161,483			161,483
Proceeds from issuance of ordinary shares	-	(200)									200	-
Net cash used in financing activities	<u>(17,320)</u>											<u>(159,250)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(21,991)</u>											<u>18,810</u>
Cash and cash equivalents at beginning of year	124,005	(115,321)										8,684
Effect of foreign exchange rate changes	492	(134)										358
Cash and cash equivalents at end of year	<u>102,506</u>											<u>27,852</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Notes to the unaudited pro forma financial information

- 1) The unaudited consolidated statement of financial position of the Group as at 30 September 2013 is extracted from the unaudited interim financial information of the Group for the six months ended 30 September 2013 as set out in the 2013 Interim Report. The audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2013 are extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2013 as set out in the 2013 Annual Report of the Company.
- 2) The adjustment represents the derecognition of the assets and liabilities of the Brilliant Stage Group as at 31 January 2014, as extracted from the accountant's report set out in the Appendix II to this circular, assuming the Disposal had been taken place on 30 September 2013.
- 3) The adjustment represents recognition of pro forma loss arising from the Disposal as if the Disposal had been taken place on 30 September 2013 which is calculated as follows:

	<i>HK\$'000</i>
Cash consideration of selling entire shares in Brilliant Stage	180,000
Net assets of the Brilliant Stage Group as at 31 January 2014	(220,595)
Re-classification of exchange reserves upon the Disposal	36
	(40,559)
Pro Forma loss on the Disposal	(40,559)

For the propose of the unaudited pro forma consolidated statement of financial position, the decrease in reserve as a result of the Disposal as if the Disposal was completed on 30 September 2013 is calculated as follows:

	<i>HK\$'000</i>
Pro Forma loss on the Disposal	(40,559)
Re-classification of exchange reserves upon the Disposal	(36)
	(40,595)
Decrease in reserves	(40,595)

- 4) The adjustment represents the assumed settlement of the amounts due from the Brilliant Stage Group as at 31 January 2014 in full (as agreed by the parties to the Share Sale Agreement), as set out in this circular, assuming the Disposal had been taken place on 30 September 2013.
- 5) The adjustment represents the assumed settlement of the estimated transaction costs in connection with the Disposal, assuming the Disposal had been taken place on 30 September 2013.
- 6) The adjustment represents the deconsolidation of the property, plant and equipment carried at fair value of HK\$27,100,000 and the corresponding deferred tax liabilities of HK\$3,558,000 as at 31 January 2014 in the Group in connection with office and factory premises owned by the Brilliant Stage Group which are leased to the Remaining Group for use in the operations of manufacture and sale of hangtags, labels and shirt paper boards and plastic bags, and reinstatement of the impact of derecognition of investment properties of HK\$27,100,000 in the Brilliant Stage Group as at 31 January 2014 previously adjusted in note 2 above, assuming the Disposal had been taken place on 30 September 2013. In the Brilliant Stage Group, the properties are classified as investment properties as they are held to earn rentals or for capital appreciation whereas these properties are held as owned-occupied properties being classified under property, plant and equipment in the Group. Therefore, there is difference in accounting treatment of these properties between the Group and the Brilliant Stage Group.

The fair value of investment properties as at 31 January 2014 is as set out in the Appendix II to this circular.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- 7) The adjustment represents the proceeds received from disposal of the loan to Fullpower Investment Holdings Corp. with carrying amount of HK\$40,000,000 (the “Fullpower Loan”), assuming the Disposal had been taken place on 30 September 2013. The pro forma loss on the disposal of the Fullpower Loan is calculated as follows:

	<i>HK\$'000</i>
Cash consideration of selling the Fullpower Loan	24,500
Carrying amount of the Fullpower Loan as at 30 September 2013	(40,000)
Pro forma loss on the disposal of the Fullpower Loan	(15,500)

- 8) The adjustment represents the assumed settlement of special dividends of HK\$0.50 per ordinary share to be declared and become unconditional before the Share Sale Completion (as agreed by the parties to the Share Sale Agreement), as set out in this circular, assuming the Disposal had been taken place on 30 September 2013.

- 9) The adjustment represents the derecognition of the results and cash flows of the Brilliant Stage Group for the year ended 31 March 2013, as extracted from the accountant’s report set out in the Appendix II to this circular, as if the Disposal had taken place on 1 April 2012. The adjustment is not expected to have a continuing effect on the Remaining Group.

- 10) The adjustment represents the recognition of the pro forma loss arising on the Disposal as if the Disposal was completed and the control over the Brilliant Stage Group by the Group was lost on 1 April 2012 which is calculated as follows:

	<i>HK\$'000</i>
Cash consideration of selling entire shares in Brilliant Stage	180,000
Net assets of the Brilliant Stage Group attributable to owners of the Company as at 1 April 2012	(199,436)
Re-classification of exchange reserves upon the Disposal	(194)
Pro Forma loss on the Disposal	(19,630)

The net cash inflow of the proceeds from the Disposal of HK\$180,000,000 represents the cash consideration of selling entire shares in Brilliant Stage.

This adjustment is not expected to have a continuing effect on the Remaining Group.

- 11) The adjustment represents the transaction costs of HK\$4,000,000 directly attributable to the Disposal estimated by the Directors of the Company. This adjustment is not expected to have a continuing effect on the Remaining Group.

- 12) The adjustment represents the reversal of depreciation of HK\$329,000, revaluation surplus on leasehold land and buildings of HK\$9,919,000 and the corresponding deferred tax charge arising from revaluation surplus on leasehold land and buildings of HK\$1,636,000 upon deconsolidation of the property, plant and equipment in the Group, and the reinstatement of the impact of the derecognition of revaluation surplus on investment properties of HK\$9,590,000 as previously adjusted in note 9 in the Remaining Group for the year ended 31 March 2013 assuming the Disposal had taken place on 1 April 2012. Such adjustment arises due to the different accounting treatment of the properties being held by the Brilliant Stage Group which are leased to the Remaining Group from that of the Group as mentioned in note 6 above. This adjustment is not expected to have a continuing effect on the Remaining Group.

- 13) The adjustment represents the reversal of the elimination of inter-company sales of HK\$4,860,000 and corresponding cost of sales of HK\$4,860,000, and the reversal of the elimination of rental income of HK\$720,000 and management fee of HK\$6,300,000 with the Remaining Group assuming the Disposal had taken place on 1 April 2012. This adjustment is not expected to have a continuing effect on the Remaining Group.

- 14) The adjustment represents the rental expenses of HK\$960,000 to be paid by the Remaining Group in connection with the lease of office and factory premises for the year ended 31 March 2013 assuming the Disposal had taken place on 1 April 2012. The allocation of rental expenses to the cost of sales and administrative expenses is based on the floor area of manufacturing plant and office premise. This adjustment is expected to have a continuing effect on the Remaining Group.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

- 15) The adjustment represents the pro forma loss on disposal of the Fullpower Loan assuming the Disposal had taken place on 1 April 2012, which is calculated as follows:

	<i>HK\$'000</i>
Cash consideration of selling the Fullpower Loan	24,500
Carrying amount of the Fullpower Loan as at 1 April 2012	(40,000)
	(15,500)
	(15,500)

The net cash inflow of the proceeds from the disposal of the loan receivable represents the above cash consideration of the Fullpower Loan.

This adjustment is not expected to have a continuing effect on the Remaining Group.

- 16) The adjustment represents the net cash flows of the assumed settlement of the net amounts due to the Brilliant Stage Group assuming the Disposal had taken place on 1 April 2012. This adjustment is not expected to have a continuing effect on the Remaining Group.
- 17) The adjustment represents the net cash flows of the assumed settlement of special dividends of HK\$0.50 per ordinary share assuming the Disposal had taken place on 1 April 2012. This adjustment is not expected to have a continuing effect on the Remaining Group.
- 18) The adjustment represents the reversal of proceeds from issuance of ordinary shares of a subsidiary in the Brilliant Stage Group assuming the Disposal had taken place on 1 April 2012. This adjustment is not expected to have a continuing effect on the Remaining Group.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

2. REPORTING ACCOUNTANT'S REPORT ON THE PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The following is the text of an accountant's report received from the independent reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for inclusion in this circular, in respect of the unaudited pro forma financial information of the Group as set out in this appendix.



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26 May 2014

The Directors

Cheong Ming Investments Limited
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Kwai Chung
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Hong Kong

Dear Sirs

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Cheong Ming Investments Limited (the "Company") and its subsidiaries (collectively the "Group") excluding the entire equity interest in Brilliant Stage Holdings Limited and its subsidiaries (the "Brilliant Stage Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 September 2013, the pro forma consolidated income statement and the pro forma consolidated statement of comprehensive income for the year ended 31 March 2013, the pro forma consolidated statement of cash flows for the year ended 31 March 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out in section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Appendix III of the circular issued by the Company dated 26 May 2014 (the "Circular") in connection with the very substantial disposal of the entire interest of Brilliant Stage Group (the "Disposal"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are also described in section headed "Unaudited Pro Forma Financial Information of the Remaining Group" in Appendix III of the Circular.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Disposal on the Group's financial position as at 30 September 2013 and the Group's financial performance and cash flows for the year ended 31 March 2013 as if the transaction was completed on 30 September 2013 and had taken place at 1 April 2012 respectively. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's unaudited financial statements for the six months ended 30 September 2013 on which a review report has been published, and the Group's financial performance and cash flows has been extracted by the directors from the Group's financial statements for the year ended 31 March 2013, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 30 September 2013 or 1 April 2012 would have been as presented.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully

BDO Limited

Certified Public Accountants

Tsui Ka Che, Norman

Practising Certificate Number P05057

Hong Kong

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from LCH (Asia-Pacific) Surveyors Limited, an independent professional surveyor, in connection with its valuations as at 31 March 2014 of the property interests held by the Group.



利駿行測量師有限公司

LCH (Asia-Pacific) Surveyors Limited

PROFESSIONAL SURVEYOR
PLANT AND MACHINERY VALUER
BUSINESS & FINANCIAL ASSETS VALUER

The readers are reminded that the report which follows has been prepared in accordance with the reporting guidelines set by the International Valuation Standard 2013 (the “IVS”) published by the International Valuation Standards Council as well as the HKIS Valuation Standards, 2012 Edition (the “HKIS Standards”) published by the Hong Kong Institute of Surveyors (the “HKIS”). Both standards entitle the valuer to make assumptions which may on further investigation, for instance by the readers’ legal representative, prove to be inaccurate. Any exception is clearly stated below. Headings are inserted for convenient reference only and have no effect in limiting or extending the language of the paragraphs to which they refer. Translations of terms in English or in Chinese are for reader’s identification purpose only and have no legal status or implication in this report. This report was prepared and signed off in English format, translation of this report in language other than English shall only be used as a reference and should not be regarded as a substitution to this report. Piecemeal reference to this report is considered to be inappropriate and no responsibility is assumed from our part for such piecemeal reference. It is emphasised that the findings and conclusion presented below are based on the documents and facts known to the valuer at the date of this report. If additional documents and facts are made available, the valuer reserves the right to amend this report and its conclusions.

17th Floor
Champion Building
Nos. 287-291 Des Voeux Road Central
Hong Kong

26 May 2014

The Board of Directors
Cheong Ming Investments Limited
4th Floor, Mai Sik Industrial Building
Nos.1/11 Kwai Ting Road
Kwai Chung
New Territories
Hong Kong

Dear Sirs,

In accordance with the instructions given by the present management of Cheong Ming Investments Limited (hereinafter referred to as the “Instructing Party”) to us to conduct a valuation of certain *real properties* (same as the word *properties* in this report) in which Cheong Ming Investments Limited

(hereinafter referred to as the “Company”) and its subsidiaries (collectively, together with the Company hereinafter referred to as the “Group”) have interests in Hong Kong and in the People’s Republic of China (hereinafter referred to as the “PRC” or “China”), we confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary to support our findings and our conclusion of values of the property interests as at 31 March 2014 (hereinafter referred to as the “Valuation Date”) for the Company’s internal management reference purpose.

We understand that the use of our work product (regardless of form of presentation) will form part of the Company’s circular for the Company’s shareholders’ reference but we have not been engaged to make specific sales or purchase recommendations, or give opinion for financing arrangement. We further understand that the use of our work product will not supplant other due diligence which the Instructing Party should conduct in reaching its business decision regarding the properties valued. Our work is designed solely to provide information in the Company’s circular, and our work should not be the only factor to be referenced by the Instructing Party.

BASIS OF VALUATION

According to the IVS which the HKIS Standards also follows, there are two valuation bases, namely market value basis and valuation bases other than market value. In this engagement, we have provided our opinion of values of the properties on the market value basis.

The term “Market Value” is defined by the IVS and the HKIS Standards as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

APPROACH TO VALUE

There are three generally accepted approaches in arriving at the market value of a property on an absolute title basis, namely the Sales Comparison Approach (or known as the Market Approach), the Cost Approach and the Income Approach.

Property 1 in Group I

In valuing the property, having considered the general and inherent characteristics of the property, we have adopted the depreciated replacement cost (“DRC”) approach which is an application of the Cost Approach in valuing specialised properties like this property. The use of this approach requires an estimate of the market value of the land use rights for its existing use, and an estimate of the new replacement cost of the buildings and other site works from which deductions are then made to allow for age, condition, and functional obsolescence taken into account of the site formation cost and those public utilities connection charges to the property. The land use rights of the property have been determined from market-based evidences by analysing similar sales or offerings of comparable properties.

The valuation of the property is on the assumption that the property is subject to the test of adequate potential profitability of the business having due regard to the value of the total assets employed and the nature of the operation.

By using this approach, the land should be assumed to have the benefit of planning permission for the replacement of the existing buildings and it is always necessary when valuing the land, to have regard to the manner in which the land is developed by the existing buildings and site works, and the extent to which these realise the full potential value of the land. When considering a notional replacement site, it should normally be regarded as having the same physical and location characteristics as the actual site, other than characteristics of the actual site which are not relevant, or are of no value, to the existing use. In considering the buildings, the gross replacement cost of the buildings should take into consideration everything which is necessary to complete the construction from a new green field site to provide buildings as they are, as at the Valuation Date, fit for and capable of being occupied and used for the current use. These costs to be estimated are not to erect buildings in the future but have the buildings available for occupation at the Valuation Date, the work having commenced at the appropriate time.

We need to state that our opinion of value of the property is not necessarily intended to represent the amount that might be realised from disposition of land use rights or various building(s) of the property on piecemeal basis in the open market.

Unless otherwise stated, we have not carried out a valuation on a redevelopment basis and the study of possible alternative development options and the related economics do not come within the scope of our work.

Property 2 in Group II

In valuing the property, we have adopted the comparable sales method of the Market Approach (also called sales comparison approach) on the assumption that the real property was sold with the benefit of vacant possession. The comparable sales method considers the sales, listing or offerings of similar or substitute real properties and related market data to establish a value estimate by processes involving comparison. The underlying assumption of this approach is that an investor will pay no more for a real property than he or she would have to pay for a similar real property of comparable utility.

In valuing the property which is located in New Territories of Hong Kong, in which the Government Lease had already expired before 30 June 1997, we have taken into account Section 6 of the New Territories Leases (Extension) Ordinance 1988 (Chapter 150 of the Laws of Hong Kong). According to the above ordinance, the lease of the property had already been extended without premium until 30 June 2047, and that an annual rent at three per cent. of the rateable value of the property has been charged from the date of extension.

Property 3 in Group III

In valuing the property, which is held by the Company for investment purpose, we have valued on market value basis subject to existing tenancies by taking into account the current rent receivable from the existing tenancies and the reversionary potential of the property interests by using the investment method. The underlying assumption of this method is that an investor will pay no more for the real property than he or she would have to be paid for another real property with a rental income stream of comparable amount, duration, and certainty.

MATTERS THAT MIGHT AFFECT THE VALUES REPORTED

For the sake of valuation, we have adopted the areas as appeared in the copies of the documents as provided and no further verification work has been conducted. Should it be established subsequently that the adopted areas were not the latest approved, we reserve the rights to revise our report and valuations accordingly.

No allowance has been made in our valuations for any charges, mortgages, outstanding premium or amounts owing to the properties valued nor any expenses or taxation which may be incurred in effecting a sale of each of the properties. We have also assumed that the properties could be disposed or transferred free of all encumbrances. According to the PRC Legal Opinion (the “PRC Legal Opinion”) prepared by a qualified PRC legal advisor Hills & Co. 君道律師事務所, the properties in Groups I and III as at the Valuation Date are free from encumbrances, restrictions, and outgoings of an onerous nature which could affect their values.

In valuing the properties in Groups I and III, we have assumed that the properties are able to be sold and purchased in the market without any legal impediment (especially from the regulators). Should this not be the case, it will affect the reported values significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

For the purpose of compliance with Rule 11.3 of The Codes on Takeovers and Mergers and Share Buy-backs by Securities and Futures Commission (the “Takeovers Codes”), as advised by the Company, the potential tax liabilities which may arise from the sale of the properties in the PRC including applicable stamp duties, Business Tax at 5% and related surcharges on Business Tax ranging from 2% to 7%, Enterprise Income Tax on the taxable income from the sale of the properties at 25%, and Land Value Appreciation Tax at a progressive tax rates ranging from 30% to 60% on the taxable gains from the sale of the properties. Except for applicable stamp duties, the potential gain arising from the sales of the property in Hong Kong shall be capital in nature and not subject to any taxation.

As at the date of this report, we are unable to identify any adverse news against the properties which may affect the reported values in our work product. Thus, we are not in the position to report and comment on its impact (if any) to the properties. However, should it be established subsequently that such news did exist at the Valuation Date, we reserve the right to adjust the values reported herein.

ESTABLISHMENT OF TITLES

Due to the purpose of this engagement, the Instructing Party or the appointed personnel of the Company provided us the necessary copies of documents to support that the legally interested party in the properties (in this instance, the Group) has free and uninterrupted rights to transfer, to mortgage or to let its relevant property interests (in this instance, an absolute title) for the whole of the unexpired terms as granted, free of all encumbrances and any premiums payable have already been paid in full or outstanding procedures have been completed, and the Group has the right to occupy and use the properties. However, our procedures to value, as agreed with the Instructing Party, did not require us to conduct legal due diligence on the legality and formality on the way that the legally interested party obtained the properties from the relevant authorities. We agreed with the Instructing Party that this should be the responsibility of the legal advisor to the Instructing Party. Thus, no responsibility or liability is assumed from our part to the origin and continuity of the titles to the properties.

The land registration system of China forbids us to search the original documents of the properties in Groups I and III that are filed in the relevant authorities, and to verify legal titles or to verify any material encumbrances or amendment which may not appear on the copies handed to us. For the purpose of valuation, we have relied solely on a copy of the PRC Legal Opinion dated 26 May 2014 provided by the Instructing Party with regards to the legal title of the properties in Groups I and III.

We have not been provided with title documents regarding the property in Group II, however, we have conducted title search of the property in the Land Registry of Hong Kong. We have not examined the original documents to verify the ownership and encumbrances or to ascertain the existence of any lease amendments, which may not appear on the copies handed to us. All documents disclosed (if any) are for reference only and no responsibility is assumed for any legal matters concerning the legal title and the rights (if any) to the real property. Any responsibility for our misinterpretation of the documents cannot be accepted.

We need to state that we are not legal professional and are unable to ascertain the titles and to report any encumbrances that may be registered against the properties. However, we have complied with the requirements as stated in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) as well as Rule 11 of the Takeovers Codes, and relied solely on the copies of documents and the copy of PRC Legal Opinion provided by the Instructing Party or the appointed personnel of the Company in our valuations. No responsibility or liability from our part is assumed in relation to the legal opinions.

In our report, we have assumed that the Group has obtained all the approval and/or endorsement from the relevant authorities to own or to use the properties, and that there would be no legal impediment (especially from the regulators) for the Group to continue the legal titles to the properties. Should this not be the case, it will affect our findings or conclusion of values in this report significantly. The readers are reminded to have their own legal due diligence work on such issues. No responsibility or liability is assumed.

INSPECTIONS AND INVESTIGATIONS OF THE PROPERTIES IN ACCORDANCE WITH VALUATION STANDARD 4 OF THE HKIS STANDARDS

We have conducted inspection to the exterior, and where possible, the interior of the properties in February 2014 by our graduate surveyors Mr. Ivan Mak and Mr. Sam Ngai in respect of which we have been provided with such information as we have requested for the purpose of our valuations. In our inspections, we have not inspected those parts of the properties which were covered, unexposed or inaccessible and such parts have been assumed to be in a reasonable condition. We cannot express an opinion about or advise upon the condition of the properties and our work product should not be taken as making any implied representation or statement about the condition of the properties. No structural survey, investigation or examination has been made, but in the course of our inspections, we did not note any serious defects in the properties inspected. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out to the building utilities (if any) and we are unable to identify those services either covered, unexposed or inaccessible.

We have not carried out on-site measurements to verify the correctness of the areas of the properties, but have assumed that the areas shown on the documents and official layout plans handed to us are correct. All dimensions, measurements and areas are approximations.

Our engagement and the agreed procedures to value the properties did not include an independent land survey to verify the legal boundaries of the properties. We need to state that we are not in the land survey profession, therefore, we are not in the position to verify or ascertain the correctness of the legal boundaries of the properties that appeared on the documents handed to us. No responsibility from our part is assumed. The Instructing Party or interested party in the properties should conduct their own legal boundaries due diligence work.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the properties, or has since been incorporated, and we are therefore unable to report that the properties are free from risk in this respect, and therefore we have not considered such factors in our valuations.

We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work, we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the properties. We have not carried out any investigation into past or present uses, either of the properties or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the properties from these uses or sites, and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the properties or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values now reported.

SOURCES OF INFORMATION AND ITS VERIFICATION IN ACCORDANCE WITH VALUATION STANDARD 5 OF THE HKIS STANDARDS

In the course of our works, we have provided with copies of the documents regarding the properties, and these copies have been referenced without further verifying with the relevant bodies and/or authorities. Our procedures to value did not require us to conduct any searches or inspect the original documents to verify ownership or to verify any amendment which may not appear on the copies handed to us. We need to state we are not legal professional, therefore, we are not in the position to advise and comment on the legality and effectiveness of the documents provided by the Instructing Party.

We have relied solely on the information provided by the Instructing Party or the appointed personnel of the Company without further verification and have fully accepted advice given to us on such matters as planning approvals or statutory notices, locations, titles, easements, tenure, occupation, tenancy agreements, site and floor areas and all other relevant matters.

Our valuations have been made only based on the advice and information made available to us. While a limited scope of general inquiries have been made to the local property market practitioners, we are not in a position to verify and ascertain the correctness of the advice given by the relevant personnel. No responsibility or liability is assumed.

Information furnished by others, upon which all or portions of our report are based, is believed to be reliable but has not been verified in all cases. Our procedures to value or work do not constitute an audit, review, or compilation of the information provided. Thus, no warranty is made nor liability is assumed for the accuracy of any data, advice, opinions, or estimates identified as being furnished by others which have been used in formulating our report.

When we adopted the work products from other professions, external data providers and the Instructing Party or the appointed personnel of the Company in our works, the assumptions and caveats that adopted by them in arriving at their figures also applied to this report. The procedures we have taken do not provide all the evidence that would be required in an audit and, as we have not performed an audit, accordingly, we do not express an audit opinion.

We are unable to accept any responsibility for the information that has not been supplied to us by the Instructing Party or the appointed personnel of the Company. Also, we have sought and received confirmation from the Instructing Party or the appointed personnel of the Company that no materials factors have been omitted from the information supplied. Our analysis and valuations are based upon full disclosure between us and the Instructing Party of material and latent facts that may affect our works.

We have assumed that the legally interested party in each of the properties sells its relevant property interest in the market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the value of the property interest.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Instructing Party or the appointed personnel of the Company. We consider that we have been provided with sufficient information to reach an informed view, and have had no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary amounts are in Hong Kong dollars ("HK\$"). In valuing the properties in Groups I and III, the adopted exchange rate was the prevailing rate as at the Valuation Date, being Renminbi Yuan ("RMB") 0.80 per HK\$1 and no significant fluctuation in exchange rate has been found between that date and the date of this report.

LIMITING CONDITIONS IN THIS REPORT

Our findings or conclusion of values of the properties in this report are valid only for the stated purpose and only for the Valuation Date, and for the sole use of the Instructing Party. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and the valuer accept no responsibility whatsoever to any other person.

Our valuations have been made on the assumption that no unauthorised alteration, extension or addition has been made in the properties, and that the inspections and the use of this report do not purport to be a building survey of the properties. We have assumed that the properties are free of rot and inherent danger or unsuitable materials and techniques.

No responsibility is taken for changes in market conditions and local government policy and no obligation is assumed to revise this report to reflect events or conditions, which occur or make known to us subsequent to the date hereof.

Neither the whole nor any part of this report or any reference made hereto may be included in any published documents, prospectus or statement, or published in any way, without our written approval of the form and context in which it may appear. Nonetheless, we consent to the publication of this report in this circular to the Company's shareholders' reference.

Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

It is agreed that the Company and the Instructing Party are required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our work product except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

STATEMENTS

The attached valuation certificate is prepared in line with the requirements contained in Chapter 5 and Practice Note No. 12 of the Listing Rules, Rule 11 of The Takeovers Code as well as the reporting guidelines contained in the IVS and the HKIS Standards. The valuations have been undertaken by valuer (see End Notes), acting as external valuer, qualified for the purpose of this valuation.

We retain a copy of this report and the detailed valuation report together with the data provided for the purpose of this valuation, and these data and documents will, according to the Laws of Hong Kong, be kept for a period of 6 years from the date of this report and to be destroyed thereafter. We considered these records confidential, and we do not permit access to them by anyone, with the exception for law enforcement authorities or court order, without the Instructing Party's authorisation and prior arrangement made with us. Moreover, we will add the Company's information into our client list for our future reference.

The analysis or valuation of the properties depends solely on the assumptions made in this report and not all of which can be easily quantified or ascertained exactly. Should some or all of the assumptions prove to be inaccurate at a later date, it will affect the reported findings or conclusion of values significantly.

We hereby certify that the fee for this service is not contingent upon our conclusion and we have no significant interest in the properties, the Group or the values reported.

Our valuations are summarised below and the valuation certificate is attached.

Yours faithfully,

For and on behalf of

LCH (Asia-Pacific) Surveyors Limited

Elsa Ng Hung Mui *B.Sc. M.Sc. RPS(GP)*

Director

Contributing valuers:

Ivan Mak Kin Hong *B.Sc.*

Sam Ngai Yat Lun *B.Sc.*

Sr Elsa Ng Hung Mui has been conducting valuation of real properties in Hong Kong, Macau and mainland China since 1994. She is a Member of The HKIS and a valuer on the List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuation in Connection with Takeovers and Mergers published by The HKIS.

SUMMARY OF VALUES

Group I – Property held for owner occupation by the Group under various long-term title certificates in the PRC and valued on market value basis

Property	Interest attributable to the Group	Amount of valuation in its existing state attributable to the Group as at 31 March 2014 HK\$
1. Three parcels of land known as Lot Nos. 1915070300280, 1915070300281 and 1915070300282, together with various buildings and structures erected there above Dasha Administration District Dalingshan Town Dongguan City Guangdong Province The PRC 523821	100 per cent.	95,424,000
		Sub-total:
		HK\$95,424,000

Group II – Property held for owner occupation by the Group in Hong Kong and valued on market value basis

Property	Interest attributable to the Group	Amount of valuation in its existing state attributable to the Group as at 31 March 2014 HK\$
2. Factory Units A and B on 3rd Floor, Factory Unit A on 4th Floor and Portion of Flat Roof, Factory Unit B on 4th Floor and Portion of Flat Roof, and Car Parking Space Nos. 1, 7, 8, 12, 15, 16, 17 and 18 on Ground Floor Mai Sik Industrial Building Nos. 1/11 Kwai Ting Road Kwai Chung New Territories Hong Kong	100 per cent.	51,670,000
	Sub-total:	<u>HK\$51,670,000</u>

Group III – Property held for investment by the Group in the PRC and valued on market value basis

Property	Interest attributable to the Group	Amount of valuation in its existing state attributable to the Group as at 31 March 2014 HK\$
3. Portions of Level 1, whole of Levels 2, 4 and 5 of Factory F and an Unit on Level 1 of the 9-storey building erected on Lot Nos. 1915070300281 and 1915070300282 Dasha Administration District Dalingshan Town Dongguan City Guangdong Province The PRC 523821	100 per cent.	13,536,000
		Sub-total: <u>HK\$13,536,000</u>
		Grand Total: <u><u>HK\$160,630,000*</u></u>

(* HONG KONG DOLLARS ONE HUNDRED SIXTY MILLION SIX HUNDRED AND THIRTY THOUSAND ONLY)

VALUATION CERTIFICATE

Group I – Property held for owner occupation by the Group under various long-term title certificates in the PRC and valued on market value basis

			Amount of valuation in its existing state attributable to the Group as at 31 March 2014
Property	Description and tenure	Particulars of occupancy	
1. Three parcels of land known as Lot Nos. 1915070300280, 1915070300281 and 1915070300282, together with various buildings and structures erected there above Dasha Administration District Dalingshan Town Dongguan City Guangdong Province The PRC 523821	The property comprises three parcels of land having a total site area of approximately 45,092.60 sq.m. There are 12 various major buildings and 4 ancillary structures and erected thereon. The major buildings and structures are of single to 6-storey in height and were completed between 1996 and 2005. They have a total gross floor area of approximately 60,150.52 sq.m. (<i>See Notes 2 to 4 below</i>). The property is subject to three various land use rights for a term till 30 August 2045, for a term till 24 October 2046 and for a term till 5 March 2048 respectively for industrial usage. (<i>See Note 1 below</i>).	As inspected and confirmed by the Instructing Party and the appointed personnel of the Company, the property was occupied by the Group for office, production, staff quarters and storage purposes except portions of the property were subject to inter-company lease as at the Valuation Date. (<i>See Note 6 below</i>).	HK\$95,424,000 (100% interest)

Notes:

1. The right to possess the land is held by the State and the rights to use the land have been granted by the State to Dongguan Cheong Ming Printing Co. Limited (東莞昌明印刷有限公司), a wholly-owned subsidiary of the Company and hereinafter referred to as “Cheong Ming Printing” by the following ways, they are:

- (i) A parcel of land having a site area of approximately 19,966.60 sq.m.

Pursuant to a Contract for the Grant of State-owned Land Use Rights known as Dong Guo Chu Yang He (1995) Di 0187 Hao (東國出讓合(1995)第0187號) dated 14 September 1995 made between the State Land Administration Bureau of Dongguan City and Cheong Ming Printing, the latter party has been granted the land use rights of a parcel of land having a site area of 20,000 sq.m. for a term of 50 years for industrial factory usage.

Pursuant to a State-owned Land Use Rights Certificate known as Dong Fu Guo Yong (1995) Di Te 363 Hao (東府國用(1995)第特363號) dated 29 November 2013, Cheong Ming Printing has been granted the land use rights of the property having a site area of 19,966.60 sq.m. for a term till 30 August 2045 for industrial usage.

- (ii) A parcel of land having a site area of approximately 12,636.00 sq.m.

Pursuant to a Contract for the Grant of State-owned Land Use Rights known as Dong Guo Tu Chu Yang He (1996) Di 0079 Hao (東國土出讓合(1996)第0079號) dated 26 October 1996 made between the State Land Administration Bureau of Dongguan City and Cheong Ming Printing, the latter party has been granted the land use rights of a parcel of land having a site area of 13,332 sq.m. for a term of 50 years for industrial usage.

Pursuant to a State-owned Land Use Rights Certificate known as Dong Fu Guo Yong (1996) Di Te 342 Hao (東府國用(1996)第特342號) dated 29 November 2013, Cheong Ming Printing has been granted the land use rights of the property having a site area of 12,636.00 sq.m. for a term till 24 October 2046 for industrial usage.

- (iii) A parcel of land having a site area of approximately 12,490.00 sq.m.

Pursuant to a Contract for the Grant of State-owned Land Use Rights known as Dong Guo Tu Chu Yang He (1997) Di Fa 048 Hao (東國土出讓合(1997)第罰048號) dated 6 March 1998 made between the State Land Administration Bureau of Dongguan City and Cheong Ming Printing, the latter party has been granted the land use rights of a parcel of land having a site area of 12,490 sq.m. for a term of 50 years for industrial usage.

Pursuant to a State-owned Land Use Rights Certificate known as Dong Fu Guo Yong (1998) Di Te 88 Hao (東府國用(1998)第特88號) dated 29 November 2013, Cheong Ming Printing has been granted the land use rights having a site area of 12,490 sq.m. for a term till 5 March 2048 for industrial usage.

2. Pursuant to 11 various Realty Title Certificates known as Yue Fang Di Zheng Zi Di C1994507, C2407582, C2407577, C2407579, C2880684, C2880685, C2880686, C2880687, C2880688, C2880690 and C2880691 Hao (粵房地証字第 C1994507, C2407582, C2407577, C2407579, C2880684, C2880685, C2880686, C2880687, C2880688, C2880690 及 C2880691 號) issued by the People's Government of Guangdong Province and dated 3 December 2003, 9 June 2004 and 11 October 2004, the legally interested party in the various building and structures erected on the land as mentioned in Note 1 above having a total gross floor area of approximately 56,697.02 sq.m. is Cheong Ming Printing for various term till August 2045, 24 October 2046 and 5 March 2048 for residential and industrial purposes. The area breakdowns for each of the buildings covered in the certificates are as follows:

		Year of Completion	Gross Floor Area (sq.m.)
(i)	A 4-storey Workshop (Industrial Block No. A)	1998	9,618.50
(ii)	A 3-storey Workshop (Industrial Block No. B)	1996	9,456.96
(iii)	A 3-storey Workshop (Industrial Block No. C)	1996	7,226.00
(iv)	A 3-storey Workshop (Industrial Block No. D)	1997	5,940.00
(v)	A 4-storey Workshop (Industrial Block No. E)	1998	4,522.55
(vi)	A 5-storey Workshop (Industrial Block No. F)	2001	13,792.24*
(vii)	A 6-storey Staff Quarter (Dormitory A)	1996	1,318.69
(viii)	A 6-storey Staff Quarter (Dormitory B)	1996	1,318.69
(ix)	A 6-storey Staff Quarter (Dormitory C)	1996	1,464.10
(x)	A 4-storey Senior Staff Quarter	1996	967.04
(xi)	A 2-storey Canteen	1996	1,072.25
Total:			56,697.02

* The property excludes an area of approximately 6,840 sq.m. of Factory F which was subject to tenancy. Details please refer to Property No. 3 mentioned hereinafter.

3. According to the information provided by the appointed personnel of the Company, a 9-storey composite building having a gross floor area of approximately 7,179 sq.m. was erected on the land in Note 1(ii) above and was completed in about 2005 and application for the Realty Title Certificate was in progress as at the Valuation Date. As advised by the Company, based on their enquires with local authorities, the general timing for such application is around 2-3 months. It is expected to obtain the Realty Title Certificate by end of July 2014. The property excludes an area of approximately 320 sq.m. which was subject to tenancy. Details please refer to Property No. 3 mentioned hereinafter.
4. According to the on-site inspection and advised by the appointed personnel of the Company, various buildings and structures without Realty Title Certificate with total gross floor area of approximately 3,434.50 sq.m. were erected on the land. They are listed as follows:

		Year of Completion	Gross Floor Area (sq.m.)
(i)	A single storey warehouse	1998	2,235.00
(ii)	A 2-storey transformer house	1996	505.50
(iii)	A single storey garage	1996	186.00
(iv)	A 2-storey electric room/workshop	1996	508.00
Total:			3,434.50

5. In our valuation, we have taken into account of the building stated in Note 3 above, on the assumption that it could be transferred together with the land and the buildings as an unique interest without further encumbrances/premium.

6. According to the information provided, portion of Level 1 and whole of Level 3 of Workshop F having a total area of approximately 3,110 sq.m. is subject to an inter-company lease. It is leased to 東莞市振明服裝輔料有限公司 (translated as Dongguan Chun Ming Clothing Accessories Company Limited) (a wholly-owned subsidiary of the Company) for a term of 1 year commencing from 1 January 2014 until 31 December 2014 with a monthly rental of RMB 24,880. According to HKIS standard, any real property occupied by a company under an inter-company leasing arrangement within a group account should be valued as owner-occupied real property. Thus, in our valuation, we have considered this portion of the property as owner-occupied and valued on the assumption of sale with vacant possession.
7. As advised by the Company, as at 31 March 2014, Cheong Ming Printing is a direct wholly-owned subsidiary of Cheong Ming Press Factory Limited. Upon Asset Reorganisation Completion (as defined in this circular), Cheong Ming Press Factory Limited will become a wholly-owned subsidiary of Talent Shine Global Limited which will be a wholly-owned subsidiary of Brilliant Stage Holdings Limited.
8. According to the legal opinion dated 26 May 2014 and prepared by the Company's PRC legal adviser, Hills & Co., the following opinions are noted:
 - (i) Cheong Ming Printing has paid all the relevant land premium and is the legally interested party in the land and buildings of the property as mentioned in Notes 1 and 2 above;
 - (ii) Cheong Ming Printing has the rights to occupy, assign, lease or mortgage the property as mentioned in Notes 1 and 2 above;
 - (iii) for the portion of the property as mentioned in Note 3 above, Cheong Ming Printing has obtained Construction Completion Certificate and is in the process of applying for the Realty Title Certificate. There is no major legal impediment in the application. The actual time to obtain such certificate depends on the requirements of the relevant government authority. After the issuance of the Realty Title Certificate, Cheong Ming Printing will have the rights to assign, lease or mortgage this portion;
 - (iv) for the portion of the property as mentioned in Note 4 above, Cheong Ming Printing has not obtained Realty Title Certificates. Cheong Ming Printing does not have the right to assign or mortgage this portion; and
 - (v) the whole property is free from any mortgage.
9. As advised by the Company, the construction of the buildings and structures stated in Note 4 above involved numerous contractors and the construction documents were not completely obtained for the application of Realty Title Certificate. In our valuation, based on the above, we have excluded the value of these buildings and structures due to their restrictions on transferability.

Group II – Property held for owner occupation by the Group in Hong Kong and valued on market value basis

			Amount of valuation in its existing state attributable to the Group as at 31 March 2014
Property	Description and tenure	Particulars of occupancy	
2. Factory Units A and B on 3rd Floor, Factory Unit A on 4th Floor and Portion of Flat Roof, Factory Unit B on 4th Floor and Portion of Flat Roof, and Car Parking Space Nos. 1, 7, 8, 12, 15, 16, 17 and 18 on Ground Floor Mai Sik Industrial Building Nos. 1/11 Kwai Ting Road Kwai Chung New Territories Hong Kong	The property comprises 4 factory units (together with portions of flat roofs on the 4th Floor) on the 3rd and 4th Floors and 8 various car parking spaces on the Ground Floor of a 16-storey industrial building which was completed in about 1972. The property, excluding car parking spaces, has a total gross floor area of approximately 28,529 sq.ft. (2,650.41 sq.m.) and a total saleable area of approximately 23,107 sq.ft. (2,146.69 sq.m.) plus a total flat roof area of approximately 2,559 sq.ft. (237.74 sq.m.).	As confirmed by the Instructing Party and the appointed personnel of the Company, portions of the property were subject to tenancies, the remaining portion of the property was occupied by the Group as at the Valuation Date. <i>(See Note 6 below)</i>	HK\$51,670,000 (100% interest)
102/706th shares of and in Kwai Chung Town Lot No. 125 (“the Lot”)	The Lot is held under New Grant No. 4688 for a term of 99 years commencing from 1 July 1898 (as extended until 30 June 2047 under Section 6 of the New Territories Leases (Extension) Ordinance 1988). The current annual Government Rent payable for the Lot is equal to 3 per cent. of the rateable value for the time being of the Lot.		

Notes:

1. The registered owner of Factory Units A and B on 3rd Floor, Factory Units A and B on 4th Floor and their respective portion of Flat Roof and Car Parking Space Nos. 1, 15, 16 and 18 on the Ground Floor is Capital Asset Management Limited (formerly known as Cheong Ming Properties Limited), a wholly-owned subsidiary of the Company.
2. The registered owner of Car Parking Space Nos. 7, 8, 12 and 17 is Cheong Ming Press Factory Limited, a wholly-owned subsidiary of the Company.
3. The property is subject to a Deed of Mutual Covenant dated 11 May 1973 and registered in Tsuen Wan Land Registry by Memorial No. 102605 on 24 May 1973.
4. Factory Units A and B on 3rd Floor, Factory Unit B on 4th Floor and Car Parking Space Nos. 15 and 16 on Ground Floor of the property are subject to the following encumbrances:
 - (i) a further charge and mortgage in favour of The Chartered Bank “The Bank” with a consideration of part of \$960,000 and registered in Tsuen Wan Land Registry by Memorial No. 103797 on 6 July 1973;
 - (ii) a further charge in favour of The Chartered Bank “The Bank” to grant general banking facilities to the extent of part of \$500,000 and registered in Tsuen Wan Land Registry by Memorial No. 178317 on 6 July 1979;
 - (iii) a further charge in favour of The Chartered Bank “The Bank” to grant general banking facilities to the extent of part of \$1,000,000 and registered in Tsuen Wan Land Registry by Memorial No. 182150 on 16 October 1979;
 - (iv) a further charge in favour of The Chartered Bank “The Bank” to grant general banking facilities to the extent of part of \$1,200,000 and registered in Tsuen Wan Land Registry by Memorial No. 201441 on 16 October 1980;
 - (v) a further charge in favour of The Chartered Bank “The Bank” to grant general banking facilities to the extent of part of \$750,000 and registered in Tsuen Wan Land Registry by Memorial No. 205924 on 8 December 1980;
 - (vi) a further charge in favour of The Chartered Bank “The Bank” to grant general banking facilities to the extent of part of \$400,000 and registered in Tsuen Wan Land Registry by Memorial No. 216344 on 28 April 1981; and
 - (vii) all monies further charge to increase the banking facilities in favour of Standard Chartered Bank (Formerly known as The Chartered Bank) dated 15 November 1994 and registered in Tsuen Wan Land Registry by Memorial No. 980921 on 19 November 1994.
5. Car Parking Space No. 12 on Ground Floor of the property is subject to a mortgage to securing general banking facilities in favour of Standard Chartered Bank with a consideration of all money dated 30 December 1994 and registered in Tsuen Wan Land Registry by Memorial No. 988695 on 21 January 1995.
6. According to the information provided, Units A and B on the 3rd floor, Units A and B on the 4th floor and Car Park Nos. 1, 15, 16 and 18 are subject to an inter-company lease. We are given to understand that the total saleable area of the premises are approximately 23,107 sq. ft. and the premises are leased for a term of 2 years commencing from 22 May 2013 until 21 May 2015 with a total monthly rental of HK\$150,000 (inclusive of rates, government rent and management fees). According to HKIS Standards, any real property occupied by a company under an inter-company leasing arrangement within a group account should be valued as owner-occupied real property. Thus, in our valuation, we have considered this portion of the property as owner-occupied and valued on the assumption of sale with vacant possession.
7. As advised by the Company, as at 31 March 2014, Capital Asset Management Limited is an indirect wholly-owned subsidiary of the Company. Upon Asset Reorganisation Completion, Capital Asset Management Limited will become a wholly-owned subsidiary of Elite Arch which is a wholly-owned subsidiary of Brilliant Stage Holdings Limited.

Group III – Property held for investment by the Group in the PRC and valued on market value basis

Property	Description and tenure	Particulars of occupancy	Amount of valuation in its existing state attributable to the Group as at 31 March 2014
3. Portions of Level 1, whole of Levels 2, 4 and 5 of Factory F and an Unit on Level 1 of the 9-storey building erected on Lot Nos. 1915070300281 and 1915070300282 Dasha Administration District Dalingshan Town Dongguan City Guangdong Province The PRC 523821	The property comprises portions of Level 1, whole of Levels 2, 4 and 5 of a 5-storey factory and an unit on Level 1 of a 9-storey building having a total floor area of approximately 7,160 sq.m. which were completed in between 2001 to 2005. The property is situated in the factory complex mentioned in Property No. 1 above. The property is subject to two various land use rights for a term till 24 October 2046 and for a term till 5 March 2048 respectively for industrial usage. <i>(See Note 1 below).</i>	As inspected and confirmed by the Instructing Party and the appointed personnel of the Company, as at the Valuation Date, the property was subject to 2 various tenancies for a term till 31 December 2014 and 31 December 2015 respectively. <i>(See Notes 5 to 6 below).</i>	HK\$13,536,000 (100% interest)

Notes:

1. The right to possess the land is held by the State and the rights to use the land have been granted by the State to Dongguan Cheong Ming Printing Co. Limited (東莞昌明印刷有限公司), a wholly-owned subsidiary of the Company and hereinafter referred to as “Cheong Ming Printing” by the following ways, they are:
 - (i) A parcel of land having a site area of approximately 12,636.00 sq.m.

Pursuant to a Contract for the Grant of State-owned Land Use Rights known as Dong Guo Tu Chu Yang He (1996) Di 0079 Hao (東國土出讓合(1996)第0079號) dated 26 October 1996 made between the State Land Administration Bureau of Dongguan City and Cheong Ming Printing, the latter party has been granted the land use rights of a parcel of land having a site area of 13,332 sq.m. for a term of 50 years for industrial usage.

Pursuant to a State-owned Land Use Rights Certificate known as Dong Fu Guo Yong (1996) Di Te 342 Hao (東府國用(1996)第特342號) dated 29 November 2013, Cheong Ming Printing has been granted the land use rights of the property having a site area of 12,636.00 sq.m. for a term till 24 October 2046 for industrial usage.
 - (ii) A parcel of land having a site area of approximately 12,490.00 sq.m.

Pursuant to a Contract for the Grant of State-owned Land Use Rights known as Dong Guo Tu Chu Yang He (1997) Di Fa 048 Hao (東國土出讓合(1997)第罰048號) dated 6 March 1998 made between the State Land Administration Bureau of Dongguan City and Cheong Ming Printing, the latter party has been granted the land use rights of a parcel of land having a site area of 12,490 sq.m. for a term of 50 years for industrial usage.

Pursuant to a State-owned Land Use Rights Certificate known as Dong Fu Guo Yong (1998) Di Te 88 Hao (東府國用(1998)第特88號) dated 29 November 2013, Cheong Ming Printing has been granted the land use rights having a site area of 12,490 sq.m. for a term till 5 March 2048 for industrial usage.

2. Pursuant to a Realty Title Certificates known as Yue Fang Di Zheng Zi Di C1994507 Hao (粵房地證字第C1994507號) issued by the People's Government of Guangdong Province and dated 3 December 2003. The legally interested party in the building having a total gross floor area of approximately 13,792.24 sq.m. is Cheong Ming Printing for a term till March 2048 for industrial purpose. We are given to understand that the respective Realty Title Certificate is corresponding to Factory F of the property.
3. According to the information provided by the appointed personnel of the Company, a 9-storey composite building having a gross floor area of approximately 7,179 sq.m. (in which the property form part) was erected on the land in Note 1(i) above and was completed in about 2005 and application for the Realty Title Certificate was in progress as at the Valuation Date. As advised by the Company, based on their enquires with local authorities, the general timing for such application is around 2-3 months. It is expected to obtain the Realty Title Certificate by end of July 2014.
4. As advised by the Company, as at 31 March 2014, Cheong Ming Printing is a direct wholly-owned subsidiary of Cheong Ming Press Factory Limited. Upon Asset Reorganisation Completion (as defined in this circular), Cheong Ming Press Factory Limited will become a wholly-owned subsidiary of Talent Shine Global Limited which will be a wholly-owned subsidiary of Brilliant Stage Holdings Limited.
5. According to a tenancy agreement dated 1 October 2013, an unit on Level 1 of the 9-storey building having an area of 320 sq.m. was leased out for a fixed term of 2 years and 3 months commencing from 1 October 2013 to 31 December 2015, and a term of 1 year commencing from 1 January 2016 to 31 December 2016, which subject to early termination by giving 2 months notice by either party, at a monthly rental of RMB5,000.
6. According to an agreement dated 1 January 2014 and made between Cheong Ming Printing and 東莞市鈺瑩包裝材料有限公司 (translated as Dongguan Yuying Packaging and Material Co. Limited and hereinafter referred to as "Dongguan Yuying"), portions of Levels 1, 2, 4 and 5 of Workshop F having a total area of approximately 6,840 sq.m. were leased to Dounguan Yuying for a term of 1 year from 1 January 2014 to 31 December 2014 at a monthly rental of RMB54,720.
7. According to the legal opinion dated 26 May 2014 and prepared by the Company's PRC legal adviser, Hills & Co., the following opinions are noted:
 - (i) Cheong Ming Printing has paid all the relevant land premium and is the legally interested party in the land and buildings of the property as mentioned in Notes 1 and 2 above;
 - (ii) Cheong Ming Printing has the rights to occupy, assign, lease or mortgage the property as mentioned in Notes 1 and 2 above;
 - (iii) for the portion of the property as mentioned in Note 3 above, Cheong Ming Printing has obtained Construction Completion Certificate and is in the process of applying for the Realty Title Certificate. There is no major legal impediment in the application. The actual time to obtain such certificate depends on the requirements of the relevant government authority. After the issuance of the Realty Title Certificate, Cheong Ming Printing will have the rights to assign, lease or mortgage this portion; and
 - (iv) the whole property is free from any mortgage.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of the Directors or chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of SFO); or (b) which were required, pursuant to section 352 of SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

Long Positions in the Shares

Name of director	Number of Shares held				Approximate percentage of issued share capital of the Company
	Personal interests (held as beneficial owner)	Family interests	Other interests	Total interests	
Mr. Brian Lui	5,468,750	–	323,487,286 (Note 1)	328,956,036	51.78%
Mr. SC Lui	3,906,250	–	323,487,286 (Note 1)	327,393,536	51.53%
Mr. Victor Lui	3,906,250	1,562,500 (Note 2)	323,487,286 (Note 1)	328,956,036	51.78%

Notes:

- These Shares are owned by Harmony Link, a company incorporated in the British Virgin Islands. Approximately 48.4% of the issued share capital of Harmony Link is held by The Lui Family Company Limited as trustee of The Lui Unit Trust. All units (except 1 unit which is owned by Mr. Brian Lui) of The Lui Unit Trust are held by Trident Trust Company (B.V.I.) Limited as trustee of a discretionary trust, the discretionary objects of which include Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui. In addition, Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui further own approximately as to 24.13%, 12.88% and 14.59% of the issued share capital of Harmony Link respectively.
- These shares are owned by Madam Ng. Mr. Victor Lui is deemed to be interested in all the Shares held by Madam Ng under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives and their associates had or were deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executives were taken or deemed to have under such provisions of SFO); or (b) which were required, pursuant to section 352 of SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

(ii) Substantial Shareholder's interests and short positions in the Shares

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the interests and short positions of the persons (other than the Directors and the chief executive of the Company) or corporations in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital of the Company
Mr. Lui Chi	Founder of a discretionary trust	323,487,286 (Note 1)	50.91%
Madam Ng Sze Mui	Founder of a discretionary trust	323,487,286 (Note 1)	50.91%
Madam Ng	Beneficial owner and interest of spouse	328,956,036 (Note 2)	51.78%
Harmony Link	Beneficial owner	323,487,286	50.91%
The Lui Family Company Limited	Trustee	323,487,286 (Note 3)	50.91%
Trident Trust Company (B.V.I.) Limited	Trustee	323,487,286 (Note 3)	50.91%
Offeror	Beneficial owner	338,331,036 (Note 4)	53.25%
Mr. Lin	Interest of controlled corporation	338,331,036 (Note 4)	53.25%
Madam Su	Interest of controlled corporation	338,331,036 (Note 4)	53.25%

Notes:

1. These Shares are held by Harmony Link. Mr. Lui Chi and his spouse, Madam Ng Sze Mui, are founders of the discretionary trust mentioned in Note 1 to the section headed “2. Disclosure of interest – (i) Interests of the Directors or Chief executive of the Company” above.
2. Interests in these Shares include interests in 1,562,500 shares held by Madam Ng personally and interests in 327,393,536 shares held by her spouse, Mr. Victor Lui as disclosed in the section headed “2. Disclosure of interest – (i) Interests of the Directors or chief executive of the Company” above.
3. These shares are held by Harmony Link. Please refer to Note 1 to the section headed “2. Disclosure of interest – (i) Interests of the Directors or chief executive of the Company” above.
4. These Shares represent the Shares that the Offeror has agreed to acquire pursuant to the Share Sale Agreement. The Offeror is owned as to 70% by Mr. Lin and as to 30% by Madam Su. Mr. Lin and Madam Su are therefore deemed to be interested in these Shares under the SFO.
5. Mr. Brian Lui, Mr. SC Lui and Mr. Victor Lui are directors of Harmony Link and The Lui Family Company Limited respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, no other person (other than the Directors and the chief executive of the Company) had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

3. DIRECTORS’ INTERESTS

(i) Interests in contract or arrangement

Save for the Asset Reorganisation Agreement and the Tenancy Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

(ii) Interests in assets

Save for the Brilliant Stage Shares to be acquired by Harmony Link under the Asset Reorganisation, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2013, being the date to which the latest published audited financial statements of the Company were made up.

(iii) Interests in competing business

As at the Latest Practicable Date, none of the Directors and their respective associates had any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. EXPERTS AND CONSENTS

The followings are the qualification of the experts who have given opinions or advice contained in this circular:

Name	Qualification
Veda	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO
BDO Limited (“BDO”)	Certified Public Accountants
LCH (Asia-Pacific) Surveyors Limited (“LCH”)	Professional Surveyor
Hills & Co.	Legal advisers of the Company as to PRC laws

Each of Veda, BDO, LCH and Hills & Co. has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice or report, as the case may be, and reference to its name in the form and context in which they are respectively included.

As at the Latest Practicable Date, all of the experts above were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 March 2013 (the date to which the latest published audited financial statements of the Company were made up).

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date and are or may be material:

- (i) the Fullpower Loan Agreement;
- (ii) the Asset Reorganisation Agreement; and
- (iii) the agreement dated 30 April 2014 entered into between Peace Broad and Mr. Lo Ming Chi, Charles in relation to the disposal of the Fullpower Loan at a cash consideration of HK\$24.5 million.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong from 9:00 a.m. to 6:00 p.m. on any Business Day from the date of this circular up to and including the closing date of the SGM:

- (i) the memorandum of association and bye-laws of the Company valid as at the Latest Practicable Date;
- (ii) the annual reports of the Company for each of the three years ended 31 March 2011, 2012 and 2013 and the interim report of the Company for the six months ended 30 September 2013;
- (iii) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 27 of this circular;
- (iv) the letter of advice from Veda to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 28 to 54 of this circular;
- (v) the accountant's report on the Brilliant Stage Group from BDO, the text of which is set out in Appendix II to this circular;
- (vi) the accountant's report on the unaudited pro forma financial information of the Remaining Group from BDO, the text of which is set out in Appendix III to this circular;
- (vii) the property valuation report from LCH, the text of which is set out in Appendix IV to this circular;
- (viii) the PRC legal opinion issued by Hills & Co. as referred in the valuation report set out in Appendix IV to this circular;
- (ix) the written consents referred to in the paragraph headed "Experts and consents" of this appendix;
- (x) the material contracts (including the Asset Reorganisation Agreement) referred to in the paragraph headed "Material contracts" in this appendix; and
- (xi) this circular.

9. MISCELLANEOUS

- (i) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its head office and principal place of business in Hong Kong is at 4th Floor, Mai Sik Industrial Building, 1-11 Kwai Ting Road, Kwai Chung, New Territories, Hong Kong;
- (ii) The Company's branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (iii) The company secretary of the Company is Mr. Tsang Chin Pang, who is a member of the Hong Kong Institute of Certified Public Accountants; and
- (iv) In the event of any inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text of the same.

NOTICE OF SGM



CHEONG MING INVESTMENTS LIMITED

昌明投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1196)

NOTICE IS HEREBY GIVEN that a special general meeting of Cheong Ming Investments Limited (the “**Company**”) will be held at 10:00 a.m. on Wednesday, 11 June 2014 at Ching Room, 4/F, Sheraton Hong Kong Hotel and Towers, 20 Nathan Road, Tsim Sha Tsui, Hong Kong for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:** (a) the entire sum standing to the credit of the share premium account of the Company in the amount of approximately HK\$107.4 million be cancelled with effect from 5:00 p.m. Hong Kong time on the day this resolution is passed and the credit arising from the cancellation of the above sum be applied to fund part of the Special Distribution (as defined in ordinary resolution No. 3 of the notice convening the meeting of which this resolution forms part) or, if completion under the Asset Reorganisation Agreement (as defined in ordinary resolution No. 2 of the notice convening the meeting of which this resolution forms part) does not take place, be transferred to the contributed surplus account of the Company to be used in any manner permitted by the laws of Bermuda and the bye-laws of the Company (“**Share Premium Reduction**”); and (b) the directors of the Company be and are hereby authorised to sign, execute, deliver, and do all such documents, deeds, acts, matters and things, as he may in his opinion or discretion consider reasonable, necessary, desirable or expedient to give effect to or to implement this resolution.”
2. “**THAT:** (a) the disposal by the Company of the entire issued share capital of Brilliant Stage Holdings Limited (the “**Asset Reorganisation**”) at a consideration of HK\$180 million to Harmony Link Corporation (“**Harmony Link**”) pursuant to the conditional agreement dated 27 February 2014 between the Company and Harmony Link (the “**Asset Reorganisation Agreement**”, a copy of which has been produced to the meeting and marked “A” and signed by the chairman of the meeting for identification purposes) and all transactions contemplated under the Asset Reorganisation Agreement be and are hereby approved; and (b) the directors of the Company be and are hereby authorised to sign, execute, deliver, and do all such documents, deeds, acts, matters and things, as he may in his opinion or discretion consider reasonable, necessary, desirable or expedient to give effect to the Asset Reorganisation and the Asset Reorganisation Agreement and the implementation of all transactions contemplated thereby and thereunder and to agree to such variation, amendment or waiver as are, in the opinion of the directors of the Company, in the interest of the Company.”

NOTICE OF SGM

3. “**THAT** subject to (i) the Share Premium Reduction (as defined in ordinary resolution No. 1 of the notice convening the meeting of which this resolution forms part) taking effect, (ii) the completion of the Asset Reorganisation Agreement (as defined in ordinary resolution No. 2 of the notice convening the meeting of which this resolution forms part) and (iii) compliance by the Company with the relevant procedures and requirements under Bermuda law to effect the Share Premium Reduction and the Special Distribution (as defined below): (a) the declaration and payment of a special dividend of HK\$0.50 per ordinary share of the Company (“**Special Distribution**”) be made to the shareholders of the Company whose names appear on the Company’s register of members at the close of business on Wednesday, 18 June 2014 (or such other record date fixed by the board of directors of the Company for determining the entitlements to the Special Distribution) be and is hereby approved; and (b) the directors and officers of the Company be and are hereby authorised to sign, execute, deliver, and do all such documents, deeds, acts, matters and things, as he may in his opinion or discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the payment of the Special Distribution.”

By Order of the Board
Cheong Ming Investments Limited
Lui Shing Ming, Brian
Chairman

Hong Kong, 26 May 2014

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
4th Floor
Mai Sik Industrial Building
1-11 Kwai Ting Road
Kwai Chung
New Territories
Hong Kong

Notes:

1. A member entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the special general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, the form of proxy must be deposited together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, at the office of the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time for holding the special general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the special general meeting or any adjournment thereof should he so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting either personally or by proxy in respect of such share as if he/she were solely entitled to vote; but if more than one of such joint holders be present at the meeting in person or by proxy, then the one of such holders whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

NOTICE OF SGM

As at the date of this notice, the executive directors of the Company are Mr. Lui Shing Ming, Brian (Chairman), Mr. Lui Shing Cheong (Managing Director) and Mr. Lui Shing Chung, Victor; and the independent non-executive directors of the Company are Dr. Lam Chun Kong, Mr. Lo Wing Man and Dr. Ng Lai Man, Carmen.