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CULTURE LANDMARK INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

The board of directors of Culture Landmark Investment Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2013.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2013

		Six months ended 30 September 2013 (Unaudited) HK\$	2012 (Unaudited) Restated (note 1) HK\$
	<i>Notes</i>		
Continuing Operations			
Turnover	2	91,842,492	92,596,421
Other income and gains		6,129,466	8,515,062
Costs of inventories		(1,389,627)	(833,734)
Depreciation of property, plant and equipment		(10,487,348)	(10,073,599)
Amortisation		(11,818,953)	(16,601,088)
Impairment losses		(6,231,750)	(9,125,509)
Operating lease payments		(10,553,347)	(9,648,783)
Operating sublease payments		(12,402,907)	(13,272,139)
Staff costs		(32,476,801)	(19,669,204)
Other operating expenses		(62,158,352)	(60,447,818)
Gain on disposal of subsidiaries, net		—	4,438,457
Share of losses of associates	9	(1,984,600)	(1,001,212)
Share of losses of joint ventures	1	—	(4,631,669)
Finance costs		(7,849,317)	(9,013,184)
Loss before income tax expense	3	(59,381,044)	(48,767,999)
Income tax expense	5	(94,818)	(1,028,283)
Loss for the period from continuing operations		(59,475,862)	(49,796,282)

		Six months ended 30 September	
		2013	2012
		(Unaudited)	(Unaudited)
			Restated
			(note 1)
	Notes	HK\$	HK\$
Discontinued Operation			
Loss for the period from discontinued operation	4	(11,055,441)	(34,652,868)
Gain on disposal of subsidiaries, net	17	79,446,079	—
Profit/(loss) for the period from discontinued operation		68,390,638	(34,652,868)
Profit/(loss) for the period		8,914,776	(84,449,150)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Available-for-sale investments, change in fair value	10	27,154,430	(9,125,509)
Available-for-sale investments, reclassify from equity to profit or loss	10	320,800	9,125,509
Exchange differences arising on translation of foreign operations		24,692,395	(11,976,808)
Release of foreign exchange reserve upon disposal of subsidiaries	17	(59,156,406)	—
Other comprehensive income for the period, net of tax		(6,988,781)	(11,976,808)
Total comprehensive income for the period		1,925,995	(96,425,958)
Profit/(loss) for the period attributable to:			
Owners of the Company		14,183,858	(77,594,230)
Non-controlling interests		(5,269,082)	(6,854,920)
		8,914,776	(84,449,150)
Total comprehensive income for the period attributable to:			
Owners of the Company		7,329,188	(89,371,342)
Non-controlling interests		(5,403,193)	(7,054,616)
		1,925,995	(96,425,958)
		HK cents	HK cents
			(Restated)
Loss per share from continuing operations			
Basic	6	(9.16)	(7.52)
Diluted		(9.16)	(7.52)
Earnings/(loss) per share from discontinued operation			
Basic	6	11.53	(5.44)
Diluted		11.53	(5.44)
Earnings/(loss) per share from continuing and discontinued operations			
Basic	6	2.37	(12.96)
Diluted		2.37	(12.96)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

		30 September 2013 (Unaudited)	31 March 2013 (Audited)	1 April 2012 (Audited) Restated (note 1)
	Notes	HK\$	HK\$	HK\$
Assets				
Non-current assets				
Property, plant and equipment	8	162,164,506	168,792,296	159,847,706
Investment properties		6,199,271	—	82,873,000
Payments for leasehold land held for own use under operating leases		—	185,742,412	200,840,319
Goodwill		97,738,930	97,738,930	156,830,935
Intangible assets		126,610,228	136,695,872	134,228,952
Interests in associates	9	61,149,784	63,134,384	—
Interests in joint ventures	1	—	—	24,213,968
Available-for-sale investments	10	205,894,933	176,857,942	184,637,923
Deferred expenditure		—	3,190,298	4,563,214
Total non-current assets		659,757,652	832,152,134	948,036,017
Current assets				
Inventories		27,666,715	32,125,422	23,995,115
Convertible notes receivable		4,449,740	4,449,740	—
Trade and other receivables	11	257,654,286	151,442,587	207,719,579
Deferred expenditure		8,760,153	9,825,808	11,710,428
Amounts due from non-controlling shareholders		137,365	825,280	4,000
Amounts due from related parties	20(d)	10,461,813	2,953,533	17,538,001
Amount due from an associate		7,833	7,833	—
Cash and bank balances		241,721,373	187,756,090	181,628,925
		550,859,278	389,386,293	442,596,048
Assets classified as held for sale	12	1,056,248	1,083,609	102,075,776
Total current assets		551,915,526	390,469,902	544,671,824
Total assets		1,211,673,178	1,222,622,036	1,492,707,841

		30 September 2013 (Unaudited)	31 March 2013 (Audited)	1 April 2012 (Audited) Restated (note 1)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Liabilities				
Current liabilities				
Trade and other payables	13	104,842,816	98,605,883	108,382,716
Amounts due to non-controlling shareholders		96,161,185	105,877,403	102,494,172
Amounts due to related parties		39,757,479	37,900,742	50,517,012
Bank borrowings	14	113,890,045	102,901,297	100,883,650
Other borrowings	15	48,483,344	46,507,925	19,000,000
Convertible bonds		—	—	74,477,355
Current tax liabilities		5,268,229	5,607,650	12,193,237
		408,403,098	397,400,900	467,948,142
Liabilities associated with assets classified as held for sale	12	485,538	545,486	448,581
Total current liabilities		408,888,636	397,946,386	468,396,723
Net current assets/(liabilities)		143,026,890	(7,476,484)	76,275,101
Total assets less current liabilities		802,784,542	824,675,650	1,024,311,118
Non-current liabilities				
Bank borrowings		—	—	10,855,768
Provision for long service payments		42,373	42,373	224,689
Deferred tax liabilities		34,111,106	52,232,416	66,898,115
Total non-current liabilities		34,153,479	52,274,789	77,978,572
Total liabilities		443,042,115	450,221,175	546,375,295
NET ASSETS		768,631,063	772,400,861	946,332,546
Capital and reserves attributable to owners of the Company				
Share capital		29,938,352	29,938,352	598,767,047
Reserves		736,805,907	736,865,368	289,672,251
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets/disposal group classified as held for sale		—	—	25,130,925
Non-controlling interests		766,744,259	766,803,720	913,570,223
TOTAL EQUITY		768,631,063	772,400,861	946,332,546

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	Share capital HK\$	Share premium HK\$	Other reserves HK\$	Contributed surplus HK\$	Employee share-based compensation reserve HK\$	Other properties revaluation reserve HK\$	Foreign exchange reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Equity attributable to owners of the Company HK\$	Non- controlling interests HK\$	Total equity HK\$
At 1 April 2013 (Audited)	29,938,352	2,024,217,103	(87,976,712)	28,784,000	5,698,000	5,723,830	94,204,651	—	(1,333,785,504)	766,803,720	5,597,141	772,400,861
Profit/(loss) for the period	—	—	—	—	—	—	—	—	14,183,858	14,183,858	(5,269,082)	8,914,776
Available-for-sale investments, change in fair value (note 10)	—	—	—	—	—	—	—	27,154,430	—	27,154,430	—	27,154,430
Available-for-sale investments, reclassify from equity to profit or loss (note 10)	—	—	—	—	—	—	—	320,800	—	320,800	—	320,800
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	24,826,506	—	—	24,826,506	(134,111)	24,692,395
Release of foreign exchange reserve upon disposal of subsidiaries (note 17)	—	—	—	—	—	—	(59,156,406)	—	—	(59,156,406)	—	(59,156,406)
Total comprehensive income for the period	—	—	—	—	—	—	(34,329,900)	27,475,230	14,183,858	7,329,188	(5,403,193)	1,925,995
Share options forfeited (note 16)	—	—	—	—	(5,698,000)	—	—	—	5,698,000	—	—	—
Acquisition of additional interests in a subsidiary	—	—	(7,388,649)	—	—	—	—	—	—	(7,388,649)	2,595,392	(4,793,257)
Disposal of interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	(902,536)	(902,536)
At 30 September 2013 (Unaudited)	<u>29,938,352</u>	<u>2,024,217,103</u>	<u>(95,365,361)</u>	<u>28,784,000</u>	<u>—</u>	<u>5,723,830</u>	<u>59,874,751</u>	<u>27,475,230</u>	<u>(1,313,903,646)</u>	<u>766,744,259</u>	<u>1,886,804</u>	<u>768,631,063</u>

	Share capital HK\$	Share premium HK\$	Other reserves HK\$	Contributed surplus HK\$	Employee share-based compensation reserve HK\$	Other properties revaluation reserve HK\$	Convertible bonds reserve HK\$	Foreign exchange reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Equity attributable to owners of the Company HK\$	Non- controlling interests HK\$	Total equity HK\$
At 1 April 2012 (Audited)	598,767,047	2,024,217,103	(2,370,305)	28,784,000	5,453,278	29,007,507	3,813,559	79,061,440	—	(1,853,163,406)	913,570,223	32,762,323	946,332,546
Loss for the period	—	—	—	—	—	—	—	—	—	(77,594,230)	(77,594,230)	(6,854,920)	(84,449,150)
Available-for-sale investments, change in fair value	—	—	—	—	—	—	—	—	(9,125,509)	—	(9,125,509)	—	(9,125,509)
Available-for-sale investments, reclassify from equity to profit or loss	—	—	—	—	—	—	—	—	9,125,509	—	9,125,509	—	9,125,509
Exchange differences arising on translation of foreign operations	—	—	—	—	—	—	—	(11,777,112)	—	—	(11,777,112)	(199,696)	(11,976,808)
Total comprehensive income for the period	—	—	—	—	—	—	—	(11,777,112)	—	(77,594,230)	(89,371,342)	(7,054,616)	(96,425,958)
Equity-settled share-based transactions	—	—	—	—	244,722	—	—	—	—	—	244,722	—	244,722
Redemption of convertible bonds	—	—	—	—	—	—	(1,742,037)	—	—	—	(1,742,037)	—	(1,742,037)
Release of reserve	—	—	—	—	—	—	(2,071,522)	—	—	2,071,522	—	—	—
Acquisition of additional interests in a subsidiary	—	—	(5,918,615)	—	—	—	—	—	—	—	(5,918,615)	1,478,681	(4,439,934)
Disposal of interests in a subsidiary	—	—	—	—	—	—	—	—	—	—	—	(35,947,062)	(35,947,062)
At 30 September 2012 (Unaudited)	598,767,047	2,024,217,103	(8,288,920)	28,784,000	5,698,000	29,007,507	—	67,284,328	—	(1,928,686,114)	816,782,951	(8,760,674)	808,022,277

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 (Unaudited) HK\$	2012 (Unaudited) Restated HK\$
Net cash used in operating activities	(9,984,620)	(70,577,138)
Net cash generated from/(used in) investing activities	41,230,379	(23,935,930)
Net cash used in financing activities	<u>(1,810,882)</u>	<u>(4,957,722)</u>
Net increase/(decrease) in cash and cash equivalents	29,434,877	(99,470,790)
Effect of foreign exchange rate changes	9,828,369	(7,761,663)
Cash and cash equivalents at beginning of period	<u>146,994,834</u>	<u>182,656,714</u>
Cash and cash equivalents at end of period	<u><u>186,258,080</u></u>	<u><u>75,424,261</u></u>
Cash and cash equivalents presented under:		
Cash and cash equivalents included in cash and bank balances	185,251,428	74,412,602
Cash and cash equivalents included in assets classified as held for sale	<u>1,006,652</u>	<u>1,011,659</u>
	<u><u>186,258,080</u></u>	<u><u>75,424,261</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

The unaudited condensed consolidated financial statements do not include all the information and disclosure required in the Group’s annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2013.

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group’s condensed consolidated financial statements:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 1	Government Loan
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Transition Guidance

Other than as noted below, the accounting policies and method of computation used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (the “CODM”) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the amounts of segment liabilities are regularly provided to the CODM.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The Group’s presentation of other comprehensive income in these financial statements have been modified accordingly.

The amendments also clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41-44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of “de facto” control where an investor can control an investee while holding less than 50% of the investee’s voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining

whether it has control over an investee. The adoption of the standard does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 April 2013.

HKFRS 11 — Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31.

Prior to 1 April 2013, the Group's interests in jointly controlled entities were proportionately consolidated.

The Group has adopted HKFRS 11, 'Joint arrangements', on 1 April 2013. This resulted in the Group changing its accounting policy for its interests in joint arrangements. The Group also adopted HKFRS 10, 'Consolidated financial statements', HKFRS 12, 'Disclosure of interests in other entities', and consequential amendments to HKAS 28, 'Investments in associates and joint ventures' and HKAS 27, 'Separate financial statements', at the same time.

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

The Group has applied the new policy for interests in joint ventures retrospectively in accordance with the transition provisions of HKFRS 11. The Group recognised its investment in joint ventures at the beginning of the earliest period presented (1 April 2012), as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated by the Group. This is the deemed cost of the Group's investments in joint ventures for applying equity accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 April 2012. There is no impact on the Group's net assets for the periods presented.

Since the Group obtained control over joint ventures on 11 January 2013 as details in 2013 annual report, these jointly ventures have become subsidiaries of the Group and the adoption of HKFRS 11 has no effect on the unaudited condensed consolidated financial statements in current period presented.

The tables below show the effect from the change of accounting policy on the consolidated statement of financial position as of 1 April 2012, the unaudited condensed consolidated statement of comprehensive income and the unaudited condensed consolidated statement of cash flows for the six months ended 30 September 2012. There was no effect on the earnings per share.

Impact on consolidated statement of financial position

Increase/(decrease)

1 April 2012
HK\$

Assets

Non-current assets

Interests in joint ventures	24,213,968
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Total non-current assets	24,213,968
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Current assets

Trade and other receivables	(3,230,158)
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Cash and bank balances	(59,664,818)
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Total current assets	(62,894,976)
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Total assets	(38,681,008)
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Liabilities

Current liabilities

Trade and other payables	(41,255,816)
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Current tax liabilities	(5,457)
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Total current liabilities	(41,261,273)
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Non-current liabilities

Deferred tax liabilities	2,580,265
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Total liabilities	(38,681,008)
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Impact on consolidated statement of comprehensive income

Increase/(decrease)

Six months
ended
30 September
2012
(Unaudited)
HK\$

Turnover	(3,915,415)
Other income and gains	(132,068)
Other operating expenses	(4,260,016)
Staff costs	(4,405,263)
Share of losses of joint ventures	4,631,669
Loss before income tax expense	13,873
Income tax expense	(13,873)

Loss for the period

—

Impact on consolidated statement of cash flows

Increase/(decrease)

Six months
ended
30 September
2012
(Unaudited)
HK\$

Net cash used in operating activities	(11,468,014)
Net cash used in investing activities	188,902
Net cash used in financing activities	—
Effect of foreign exchange rate change	—
Cash and cash equivalents at beginning of period	(59,664,818)
Cash and cash equivalents at end of period	(70,943,930)

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the unaudited condensed consolidated financial statements as a result of adopting HKFRS 12.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 “Financial Instruments: Disclosures”. HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. Some of the disclosures are specifically required for financial instruments in interim financial statements. These disclosures have been provided in note 21.

The following revised standards, amendments and interpretations which are relevant to the Group have been issued, but are not effective for the financial year beginning on 1 April 2013 and have not been early adopted:

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKFRS 10, HKFRS 11 and HKAS 27 (2011)	Investment Entities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets ¹
HK(IFRIC) — Interpretation 21	Levies ¹
Amendments to HKAS 19 (2011)	Employee Benefits ²
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HKFRS 9	Financial Instruments ³

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 on or after 1 January 2015

The Group has already commenced an assessment of the impact of the new standards, amendments to standards and interpretations to existing standards but is not yet in a position to state whether these new standards, amendments to standards or interpretations to existing standards would have a significant impact on the Group’s result of operations and financial position.

2. SEGMENT INFORMATION

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

Principal activities are as follows:

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

The Group was also involved in the hotel operations business. During the period ended 30 September 2013, the Group ceased the hotel operations business as detailed in note 4.

Segment information is presented below:

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

	Six months ended 30 September 2013 (Unaudited)									
	Continuing operations								Discontinued operation	
	Licence fee collection business HK\$	Exhibition-related business HK\$	Property sub-leasing business HK\$	Entertainment business HK\$	Property development and investment HK\$	Food and beverages HK\$	Inter-segment elimination HK\$	Sub-total HK\$	Hotel operations HK\$	Total HK\$
Reportable segment revenue										
External sales	28,380,528	26,195,278	35,313,720	490,756	—	1,462,210	—	91,842,492	12,489,056	104,331,548
Inter-segment sales	—	—	—	—	—	253,393	(253,393)	—	—	—
	<u>28,380,528</u>	<u>26,195,278</u>	<u>35,313,720</u>	<u>490,756</u>	<u>—</u>	<u>1,715,603</u>	<u>(253,393)</u>	<u>91,842,492</u>	<u>12,489,056</u>	<u>104,331,548</u>
Reportable segment (loss)/profit before income tax expense	<u>(16,619,160)</u>	<u>(1,479,246)</u>	<u>(1,764,297)</u>	<u>(2,176,354)</u>	<u>(530,535)</u>	<u>(2,149,092)</u>	<u>—</u>	<u>(24,718,684)</u>	<u>68,390,638</u>	<u>43,671,954</u>
Other segment information										
Interest income	15	27,892	—	52	—	48	—	28,007	—	28,007
Interest expenses	33,250	—	6,070,176	40,000	—	—	—	6,143,426	—	6,143,426
Depreciation of property, plant and equipment	1,250,737	342,424	7,139,317	103,375	—	1,220	—	8,837,073	139,124	8,976,197
Amortisation of payments for leasehold land held for own use under operating leases	—	—	—	—	—	—	—	—	1,205,395	1,205,395
Amortisation of intangible assets	5,973,879	1,589,121	—	—	—	—	—	7,563,000	—	7,563,000
Amortisation of deferred expenditure	4,255,953	—	—	—	—	—	—	4,255,953	—	4,255,953
Impairment loss on property, plant and equipment	—	—	5,910,950	—	—	—	—	5,910,950	—	5,910,950
Share of losses of associates	—	—	—	1,984,600	—	—	—	1,984,600	—	1,984,600
Gain on disposal of subsidiaries	—	—	—	—	—	—	—	—	79,446,079	79,446,079
Reportable segment assets (As at 30 September 2013)	<u>358,106,160</u>	<u>82,528,876</u>	<u>323,517,964</u>	<u>83,057,077</u>	<u>116,248,241</u>	<u>33,461,543</u>	<u>—</u>	<u>996,919,861</u>	<u>—</u>	<u>996,919,861</u>
Reportable segment liabilities (As at 30 September 2013)	<u>179,995,658</u>	<u>37,505,866</u>	<u>213,409,283</u>	<u>6,342,844</u>	<u>—</u>	<u>87,238</u>	<u>—</u>	<u>437,340,889</u>	<u>—</u>	<u>437,340,889</u>

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

Six months ended 30 September 2012 (Unaudited) (Restated)

	Continuing operations							Discontinued operation		
	Licence fee collection business HK\$	Exhibition-related business HK\$	Property sub-leasing business HK\$	Entertainment business HK\$	Property development and investment HK\$	Food and beverages HK\$	Inter-segment elimination HK\$	Sub-total HK\$	Hotel operations HK\$	Total HK\$
Reportable segment revenue										
External sales	11,469,986	26,570,287	39,320,999	11,069,887	2,745,978	1,419,284	—	92,596,421	29,907,286	122,503,707
Inter-segment sales	—	—	—	—	—	192,551	(192,551)	—	—	—
	<u>11,469,986</u>	<u>26,570,287</u>	<u>39,320,999</u>	<u>11,069,887</u>	<u>2,745,978</u>	<u>1,611,835</u>	<u>(192,551)</u>	<u>92,596,421</u>	<u>29,907,286</u>	<u>122,503,707</u>
Reportable segment (loss)/profit before income tax expense	<u>(18,773,669)</u>	<u>332,537</u>	<u>7,805,630</u>	<u>703,869</u>	<u>5,684,249</u>	<u>(282,468)</u>	<u>—</u>	<u>(4,529,852)</u>	<u>(34,652,868)</u>	<u>(39,182,720)</u>
Other segment information										
Interest income	33,977	25,934	—	65	87	40	—	60,103	—	60,103
Interest expenses	33,251	—	4,882,698	111,217	—	—	—	5,027,166	—	5,027,166
Depreciation of property, plant and equipment	1,268,720	182,309	6,243,622	107,556	—	—	—	7,802,207	10,666,699	18,468,906
Amortisation of payments for leasehold land held for own use under operating leases	—	—	—	—	—	—	—	—	1,947,722	1,947,722
Amortisation of intangible assets	5,849,123	1,589,120	—	—	—	—	—	7,438,243	—	7,438,243
Amortisation of deferred expenditure	9,162,845	—	—	—	—	—	—	9,162,845	—	9,162,845
Impairment loss on property, plant and equipment	—	—	—	—	—	—	—	—	915,983	915,983
Impairment loss on payments for leasehold land held for own use under operating leases	—	—	—	—	—	—	—	—	14,181,210	14,181,210
Gain on disposal of subsidiaries	—	—	—	4,438,457	—	—	—	4,438,457	—	4,438,457
Share of losses of associates	—	—	—	1,001,212	—	—	—	1,001,212	—	1,001,212
Share of losses of joint ventures	<u>4,631,669</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,631,669</u>	<u>—</u>	<u>4,631,669</u>
Reportable segment assets (As at 31 March 2013)	<u>360,943,759</u>	<u>70,548,822</u>	<u>311,300,987</u>	<u>85,039,699</u>	<u>—</u>	<u>38,850,018</u>	<u>—</u>	<u>866,683,285</u>	<u>185,277,606</u>	<u>1,051,960,891</u>
Reportable segment liabilities (As at 31 March 2013)	<u>161,699,328</u>	<u>24,701,794</u>	<u>199,911,414</u>	<u>6,464,748</u>	<u>—</u>	<u>1,359,027</u>	<u>—</u>	<u>394,136,311</u>	<u>53,033,308</u>	<u>447,169,619</u>

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

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

	Six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
		Restated
	HK\$	HK\$
Reportable segment loss before income tax expense from continuing operations	(24,718,684)	(4,529,852)
Unallocated interest income and other income	553,298	1,836,965
Unallocated impairment loss on available-for-sale investments	(320,800)	(9,125,509)
Unallocated finance costs	(1,705,891)	(3,986,018)
Unallocated staff costs	(10,182,325)	(8,471,368)
Unallocated rent, rate and management fee	(6,379,506)	(5,163,252)
Unallocated depreciation	(1,650,275)	(2,271,392)
Unallocated head office and corporate expenses	(14,976,861)	(17,057,573)
Loss before income tax expense from continuing operations	<u>(59,381,044)</u>	<u>(48,767,999)</u>
Assets		
	30 September	31 March
	2013	2013
	(Unaudited)	(Audited)
	HK\$	HK\$
Reportable segment assets	996,919,861	1,051,960,891
Available-for-sale investments	102,473,187	75,318,757
Cash and cash equivalents	93,539,371	44,474,997
Property, plant and equipments	10,218,957	12,329,623
Loan receivable	—	22,500,000
Unallocated head office and corporate assets	8,521,802	16,037,768
Total assets	<u>1,211,673,178</u>	<u>1,222,622,036</u>
Liabilities		
	30 September	31 March
	2013	2013
	(Unaudited)	(Audited)
	HK\$	HK\$
Reportable segment liabilities	437,340,889	447,169,619
Unallocated head office and corporate liabilities	5,701,226	3,051,556
Total liabilities	<u>443,042,115</u>	<u>450,221,175</u>

3. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
		Restated
	HK\$	HK\$
Crediting		
Bank interest income	95,980	125,671
Loan interest income	485,325	1,771,205
Gain on disposal of investment properties (included in other income and gains)	<u>—</u>	<u>5,770,688</u>
Charging		
Staff costs (<i>note a</i>)	32,476,801	19,669,204
Amortisation on		
— intangible assets	7,563,000	7,438,243
— deferred expenditure	<u>4,255,953</u>	<u>9,162,845</u>
Impairment loss on		
— property, plant and equipment (<i>note b</i>)	5,910,950	—
— available-for-sale investments	<u>320,800</u>	<u>9,125,509</u>
Equity-settled share-based compensation	<u>—</u>	<u>244,722</u>

note a: The increase in staff costs was mainly attributable to the staff costs from certain subsidiaries of the Group which were previously accounted for as joint ventures. For detailed list of joint ventures, please refer to the Company's 2013 annual report, note 24 to the financial statements.

note b: An impairment loss on property, plant and equipment used in the property sub-leasing business was made as one of the sub-leasing projects has been terminated and no more future economic benefits can be generated.

4. DISCONTINUED OPERATION

During the six months ended 30 September 2013, the Group ceased the hotel operations business in order to align the Group's business strategy and to focus on the continuing businesses (see note 17 for details).

The turnover and results of the hotel operations business for the period from 1 April 2013 to 22 July 2013 (date of completion of disposal) and for the six months ended 30 September 2012 are as follows:

	Period from 1 April 2013 to 22 July 2013 (date of disposal) (Unaudited) HK\$	Six months ended 30 September 2012 (Unaudited) HK\$
Turnover	12,489,056	29,907,286
Costs of inventories	(3,890,305)	(9,978,882)
Depreciation on property, plant and equipment	(139,124)	(10,666,699)
Amortisation of payments for leasehold land held for own use under operating leases	(1,205,395)	(1,947,722)
Impairment loss of property, plant and equipment	—	(915,983)
Impairment loss on payments for leasehold land held for own use under operating leases	—	(14,181,210)
Staff costs	(8,332,135)	(13,540,100)
Other operating expenses	(9,977,538)	(13,329,558)
Loss before income tax expense	(11,055,441)	(34,652,868)
Income tax expense	—	—
Loss for the period from discontinued operation	<u>(11,055,441)</u>	<u>(34,652,868)</u>

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

5. INCOME TAX EXPENSE

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

Six months ended 30 September					
Continuing operations		Discontinued operation		Total	
2013	2012	2013	2012	2013	2012
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Restated		Restated		Restated
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Current tax — Hong Kong profits tax	—	—	—	—	—
Current tax — The PRC Enterprise Income Tax	2,368,699	43,944	—	2,368,699	43,944
Deferred tax	(2,273,881)	984,339	—	(2,273,881)	984,339
	<u>94,818</u>	<u>1,028,283</u>	<u>—</u>	<u>94,818</u>	<u>1,028,283</u>

For the six months ended 30 September 2013 and 30 September 2012, no provision for Hong Kong profits tax has been made as the Hong Kong subsidiaries have no assessable profits in Hong Kong.

For the six months ended 30 September 2013 and 2012, the PRC subsidiaries and jointly controlled entities are subject to the PRC Enterprise Income Tax at 25%.

6. EARNINGS/(LOSS) PER SHARE

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

Six months ended 30 September (Unaudited)	
2013	2012
HK\$	HK\$
Profit/(loss) for the purpose of basic and diluted loss per share	
Profit/(loss) for the period attributable to owners of the Company	
— from continuing operations	(54,870,106) (45,020,534)
— from discontinued operation	69,053,964 (32,573,696)
— from continuing and discontinued operations	<u>14,183,858</u> <u>(77,594,230)</u>
Number of shares	
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>598,767,047</u> <u>598,767,047</u>

Note:

There are no dilutive effects on the share options granted as they are anti-dilutive. Share options that were not dilutive may affect earnings per share in future periods.

7. DIVIDENDS

No dividend was paid or proposed during the period (2012: Nil), nor has any dividend been proposed since the end of reporting period (2012: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2013, the Group acquired property, plant and equipment at cost of HK\$5,413,662 (2012: HK\$11,553,726).

9. INTERESTS IN ASSOCIATES

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Share of net assets of the associates	35,760,460	37,745,060
Goodwill	52,529,798	52,529,798
Impairment loss recognised	(27,140,474)	(27,140,474)
	<u>61,149,784</u>	<u>63,134,384</u>

The summarised financial information in respect of the Group's associates is set out below:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Total assets	129,604,367	133,689,779
Total liabilities	(45,394,172)	(49,423,586)
Net assets	<u>84,210,195</u>	<u>84,266,193</u>
Group's share of net assets of associates	<u>35,760,460</u>	<u>37,745,060</u>

	Six months ended 30 September 2013 (Unaudited) HK\$	2012 (Unaudited) HK\$
Total revenue	3,999,194	5,908,550
Total expenses	(8,318,236)	(8,087,467)
Net losses	<u>(4,319,042)</u>	<u>(2,178,917)</u>
Group's share of losses of associates	<u>(1,984,600)</u>	<u>(1,001,212)</u>

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Listed securities in Hong Kong, at fair value (<i>note (a)</i>)	102,473,187	75,318,757
Contingent consideration in relation to acquisition of subsidiaries (<i>note (b)</i>)	<u>103,421,746</u>	<u>101,539,185</u>
	<u>205,894,933</u>	<u>176,857,942</u>

- (a) Available-for-sale investments at 30 September 2013 represented 6.58% and 0.1% equity interests in Cosmopolitan International Holdings Limited (“Cosmopolitan”) and Brockman Mining Limited (“Brockman”) held by the Group respectively. Both companies are listed on the Main Board of the Stock Exchange. As at 30 September 2013, the carrying amounts of available-for-sale investments in Cosmopolitan and Brockman were HK\$99,778,467 (31 March 2013: HK\$72,303,237) and HK\$2,694,720 (31 March 2013: HK\$3,015,520) respectively. For the six months ended 30 September 2013, fair value gains on the available-for-sale investments of the Group amounted to HK\$27,475,230 was recognised in other comprehensive income and fair value losses on the available-for-sale investments of the Group amounted to HK\$320,800 was recognised in other comprehensive income and immediately reclassified to the profit or loss as the directors considered the decline in fair value constituted objective evidence of impairment.

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

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

The contingent consideration related to acquisition of subsidiaries was valued at 31 March 2013 on option pricing model basis by Savills Valuation and Professional Services Limited (“Savills”), an independent professional valuer, and the directors are of the opinion that the fair value at 30 September 2013 was not significantly different from the one measured at 31 March 2013.

11. TRADE AND OTHER RECEIVABLES

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) Restated HK\$
Trade debtors (<i>note (a)</i>)	48,761,496	53,904,932
Deposits, prepayments and other receivables (<i>note (b)</i>)	208,892,790	75,037,655
Loan receivables (<i>note (c)</i>)	—	22,500,000
	<u>257,654,286</u>	<u>151,442,587</u>

Notes:

- (a) Included in trade and other receivables are trade debtors with the following ageing analysis based on invoice date as of the end of each reporting period:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Within 90 days	30,661,590	34,477,494
91 days to 365 days	192,108	1,828,399
More than 365 days	17,907,798	17,599,039
	<u>48,761,496</u>	<u>53,904,932</u>

Note: The balances relate to number of customers that have good track record with the Group. In particular, included in the amount with more than 365 days was an amount of HK\$17,900,659 (31 March 2013: HK\$17,574,816) in connection with the provision of karaoke music product copyright licence fees settlement and collection services. Based on past experience, management estimated that the outstanding balances could be fully recovered.

- (b) Included in the amount was prepayment of HK\$110,000,000 in relation to 2 sets of memorandum of understanding as detailed in note 22(a).
- (c) It represented advances to an independent third party. The loan was secured by 50,000,000 ordinary shares of Brockman. The loan bears an effective interest rate of 8% per annum and shall be repayable on 25 November 2013. The full amount of loan was repaid on 8 July 2013.

12. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

The Group is currently under negotiation with a non-controlling shareholder to dispose of its 60% equity interests of Chance Music Limited, a subsidiary of the Group accounted for under the entertainment segment, at a cash consideration of HK\$15,000,000. Time required for the completion of the disposal is longer than originally expected by the directors, as extended time is needed for the non-controlling shareholder to arrange finance to satisfy the consideration. The directors of the Company anticipate that the disposal will be completed within twelve months from the end of reporting period. The following major classes of assets and liabilities relating to this subsidiary have been classified as held for sale in the condensed consolidated statement of financial position.

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Property, plant and equipment	31,346	31,346
Trade and other receivables	18,250	48,511
Cash and cash equivalents	1,006,652	1,003,752
Assets classified as held for sale	<u>1,056,248</u>	<u>1,083,609</u>
Trade and other payables	<u>485,538</u>	<u>545,486</u>
Liabilities associated with assets classified as held for sale	<u>485,538</u>	<u>545,486</u>

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$17,192,029 (31 March 2013: HK\$15,468,504). The ageing analysis of trade payables at the end of each reporting period is as follows:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) Restated HK\$
Current or within 30 days	2,205,682	5,835,543
31 to 60 days	7,295,343	1,421,808
61 to 90 days	3,719,003	1,953,243
Over 90 days	3,972,001	6,257,910
	<u>17,192,029</u>	<u>15,468,504</u>

14. BANK BORROWINGS

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Secured:		
Bank borrowings	<u>113,890,045</u>	<u>102,901,297</u>

Note:

Personal and corporate guarantees were given to banks for certain bank loans by Mr. Yang Lei, a director of certain subsidiaries of the Company, and a related company, which is beneficially owned by Mr. Yang Lei and his spouse. Further, personal assets of Mr. Yang Lei have been pledged to secure the bank loans. The interest rate is 7.20%-17.64% per annum (31 March 2013: 6.72%-17.64% per annum).

15. OTHER BORROWINGS

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Promissory notes, unsecured (<i>note (a)</i>)	35,870,936	34,125,098
Other loan, unsecured (<i>note (b)</i>)	<u>12,612,408</u>	<u>12,382,827</u>
	<u>48,483,344</u>	<u>46,507,925</u>

- (a) On 30 January 2013, the Company issued promissory notes with an aggregate principal amount of HK\$37,190,500 and fair value of HK\$33,510,000. The promissory notes were unsecured, non-interest bearing and due on 29 January 2014.

Movement of promissory notes is as follows:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Carrying amount at beginning of period/year	34,125,098	—
Issue of promissory notes	—	33,510,000
Imputed interest expenses	<u>1,745,838</u>	<u>615,098</u>
Carrying amount at end of period/year	<u>35,870,936</u>	<u>34,125,098</u>

- (b) On 1 February 2013, the Group entered into an agreement with an independent third party to borrow a loan of RMB10,000,000 (equivalent to approximately HK\$12,382,827). The loan will mature on 31 January 2014. The effective interest rate is 10% per annum.

16. SHARE OPTIONS

No option was granted and exercised under the Share Option Scheme during the six months ended 30 September 2012 and 2013.

During the six months ended 30 September 2013, options for 1,750,000 shares had been forfeited (six months ended 30 September 2012: nil). The value of the lapsed options of HK\$5,698,000 (six months ended 30 September 2012: nil) was released directly to accumulated losses.

17. DISPOSAL OF SUBSIDIARIES

As disclosed in the announcement of the Company dated 19 April 2013, the Company as vendor and an independent third party as purchaser (“Purchaser”) entered into a disposal agreement, pursuant to which the Company agreed to disposed of and the Purchaser agreed to acquire the entire issued share capital of and shareholders’ loan due from Wellrich Investments Limited (“Wellrich”) at the consideration of RMB150,000,000 (equivalent to approximately HK\$187,915,000) (“Consideration”), subject to adjustments.

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

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

	(Unaudited) HK\$
Net liabilities disposed of	(109,454,871)
Shareholder’s loan receivable disposed of	261,574,814
Reclassification of cumulative exchange differences from foreign exchange reserve to profit or loss	(59,156,406)
Gain on disposal of subsidiaries	<u>79,446,079</u>
Total consideration satisfied by:	
Cash	<u><u>172,409,616</u></u>
Net cash inflow arising from disposal	<u><u>170,856,217</u></u>

18. LEASE COMMITMENTS

Operating leases — lessee

The Group has leased certain properties under operating leases. The leases for properties usually run for an initial period of one to sixteen years (31 March 2013: one to sixteen years). Lease payments are usually negotiated to reflect market rentals. None of the leases includes contingent rentals.

The total of future minimum lease payments are due as follows:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Not later than one year	36,611,089	40,905,372
Later than one year and not later than five years	104,611,397	96,737,944
More than five years	168,901,151	145,723,762
	<u>310,123,637</u>	<u>283,367,078</u>

Operating leases — lessor

The Group has sub-leased of properties under operating leases. The leases for properties usually run for one to five years (31 March 2013: one to five years). Lease payments are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

The total of future minimum sublease payments expected to be received under non-cancellable operating subleases are as follows:

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Not later than one year	72,234,222	74,536,183
Later than one year and not later than five years	133,653,643	147,865,967
More than five years	44,647,690	42,574,082
	<u>250,535,555</u>	<u>264,976,232</u>

19. CAPITAL COMMITMENTS

	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Commitment for construction contracts and acquisition of plant and equipment:		
Contracted for but not provided	<u>7,188,204</u>	<u>6,850,269</u>

20. RELATED PARTY TRANSACTIONS

Save as those disclosed elsewhere in the unaudited condensed consolidated financial statements, significant related party transactions during the period are as follows:

		Six months ended 30 September 2013 (Unaudited) HK\$	2012 (Unaudited) HK\$
	<i>Notes</i>		
Rental income from related companies	(a)	—	522,093
Facility sharing income from an associate	(b)	2,220,103	754,034
Interest expenses to non-controlling shareholders	(c)	402,690	400,100
Renovation fee paid to a related party	(d)	9,837,360	—
Compensation of key management personnel	(e)	<u>5,376,700</u>	<u>5,499,900</u>

- (a) Rental income was received from related companies which have a common director or controlled by a common director, with the Group's subsidiary.
- (b) Facility sharing income was received from an associate pursuant to the facility sharing agreement dated 30 April 2012 entered into between Golden Island Catering Group Company Limited and China Media and Films Holding Limited.
- (c) During the period under review, an interest payment of HK\$402,690 was made to non-controlling shareholders in respect of certain loans advanced to subsidiaries in the aggregate principal amount of HK\$7,194,770 (2012: HK\$10,317,308). Pursuant to the terms and conditions contained in the loan agreements, the Group shall pay to the non-controlling shareholders interests on the loans at a rate between 5% to 8% per annum (2012: 5% to 8% per annum).
- (d) During the period under review, the Group entered into a renovation contract with a related party pursuant to which an amount of RMB7,800,000 (equivalent to HK\$9,837,360) was prepaid to a related party which has a common director with one of the Group's subsidiaries. As at the date of this announcement, the renovation is still in progress.

(e) Compensation of key management personnel

The remunerations of directors and other members of key management personnel during the period were as follows:

	Six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Short-term benefits	5,356,700	5,478,900
Post-employment benefits	20,000	21,000
	<u>5,376,700</u>	<u>5,499,900</u>

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Unaudited			
	30 September 2013			
Available-for-sale financial assets	Level 1	Level 2	Level 3	Total
	HK\$	HK\$	HK\$	HK\$
Listed securities in Hong Kong, at fair value	102,473,187	—	—	102,473,187
Convertible notes receivable	—	4,449,740	—	4,449,740
Contingent consideration in relation to acquisition of subsidiaries	—	—	103,421,746	103,421,746
	<u>102,473,187</u>	<u>4,449,740</u>	<u>103,421,746</u>	<u>210,344,673</u>

Available-for-sale financial assets	Audited 31 March 2013			Total HK\$
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	
Listed securities in Hong Kong, at fair value	75,318,757	—	—	75,318,757
Convertible notes receivable	—	4,449,740	—	4,449,740
Contingent consideration in relation to acquisition of subsidiaries	—	—	101,539,185	101,539,185
	<u>75,318,757</u>	<u>4,449,740</u>	<u>101,539,185</u>	<u>181,307,682</u>

The contingent consideration of RMB82,000,000 (equivalent to HK\$103,421,746 as at 30 September 2013 and HK\$101,539,185 as at 31 March 2013) related to acquisition of subsidiaries was valued at 31 March 2013 and 2012 on option pricing model basis by Savills and the fair value as at 30 September 2013 is not significantly different from the fair value measured at 31 March 2013.

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

	Equity Securities	
	30 September 2013 (Unaudited) HK\$	31 March 2013 (Audited) HK\$
Carrying amount at beginning of the period/year	101,539,185	98,747,593
Exchange differences	1,882,561	2,791,592
Carrying amount at end of the period/year	<u>103,421,746</u>	<u>101,539,185</u>

22. EVENTS AFTER REPORTING PERIOD

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

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

validity period of the MOU I be extended for a further period of 120 days, from 11 December 2013 to 10 April 2014 and all the other terms of the MOU I shall remain valid and shall not be affected in any respect.

On 1 August 2013, Bliss Zone Limited, an independent third party, and the Company entered into a conditional sale and purchase agreement as contemplated under MOU II, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited (“Longisland Tourism”) for a consideration of HK\$400,000,000, of which HK\$150,000,000 was settled by cash and the remaining balance was settled by the issue of convertible bonds. The payment amounting to HK\$80,000,000 was paid during the period. The transaction was approved by the shareholders of the Company on 7 November 2013.

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

- (b) On 23 September 2013, the Company entered into 3 sets of memorandum of understanding (“JV MOU, Xuzhou MOU and Suzhou MOU”) with various parties regarding (i) the proposed establishment of a joint venture company with its principal business in management of property development projects for the Company and other independent third parties and (ii) the proposed acquisitions of the issued share capital and shareholder’s loan of a company which directly or indirectly holds interests in the Xuzhou project and the share capital of a company which directly or indirectly holds interests in the Suzhou project.

JV MOU, Xuzhou MOU and Suzhou MOU are not legally binding and are subject to formal agreements in relation thereto being entered into.

On 23 October 2013, the Company and other signing parties to JV MOU, Xuzhou MOU and Suzhou MOU entered into letters of extension respectively, pursuant to which the Company and other signing parties agreed to extend the time limit for signing formal agreement respectively from 30 days to 90 days (“Extension”). Save and except the Extension, all other terms and conditions contained in the MOUs remain unchanged.

Details of the JV MOU, Xuzhou MOU and Suzhou MOU were more particularly set out in the announcements of the Company dated 23 September 2013 and 23 October 2013.

- (c) On 10 September 2013, China Media and Films Holdings Limited (“CMF”) and New Asia Media Development Limited (“New Asia”), the holder of the convertible bonds with an outstanding principal amount of HK\$6,200,000 issued by CMF, entered into the second deed of amendments (“Deed of Amendments”) to further extend the maturity date of the convertible bonds for a term of 2 years from 24 September 2013 to 24 September 2015. Subject to the fulfilment of conditions as set out in the Deed of Amendments, the proposed amendment would become effective on 24 September 2013 and New Asia can exercise the conversion rights attaching to the convertible bonds on or before 24 September 2015.

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

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

- (d) On 18 October 2013, Golden Island Catering Group Company Limited (“Golden Island”), a wholly-owned subsidiary of the Company, as tenant and China Resources Property Management Limited (“CR Property”), a connected person of the Company, as landlord entered into an offer letter, pursuant to which CR Property agreed to lease to Golden Island office premises at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong for a term of three years commencing on 16 November 2013 and expiring on 15 November 2016 (both dates inclusive). The formal tenancy agreement was signed on 15 November 2013.

Details of terms of the offer letter were more particularly set out in the announcement of the Company dated 18 October 2013.

- (e) On 22 October 2013, Nanjing Yinkun Investment Corporation* (南京垠坤投資實業有限公司) (“Vendor”), an indirect non wholly-owned subsidiary of the Company, entered into the a sale and purchase agreement with Nanjing Shanhaijing Agricultural Technology Development Company Limited* (南京山海經農業科技發展有限公司) (“Purchaser”), an independent third party, pursuant to which the Vendor agreed to dispose of and the Purchaser agreed to acquire RMB5,100,000 of the contributed capital (the “Sale Capital”) of Nanjing Yinkun Asset Management Company Limited* (南京垠坤通產資產經營管理有限公司) (the “Target Company”), an indirect non wholly-owned subsidiary of the Company, for a consideration of RMB5,500,000 (approximately HK\$6,930,000) which shall be satisfied by cash. The Sale Capital represents 51% of total contributed capital of the Target Company. The transaction has not been completed at the date of this announcement issued.

Details of the transaction were more particularly set out in the announcement of the Company dated 22 October 2013.

BUSINESS REVIEW AND PROSPECTS

Consolidated results

The turnover and profit of the Group for the six months ended 30 September 2013 were approximately HK\$91.8 million and HK\$8.9 million respectively as compared to the turnover of HK\$92.6 million and loss of HK\$84.4 million recorded in the comparable period of the immediately preceding financial year. During the period under review, the Group recorded a gain of HK\$79.4 million on the disposal of Dynasty Hotel. The gain recorded from the disposal is significantly higher than the figure as disclosed in the announcement and circular of the Company dated 19 April 2013 and 6 June 2013 respectively due to (i) a drop in the net book value of Zhaoqing Star-Lake Club as a result of its unsatisfactory performance during the period from 1 January 2013 (being the date on which the estimated gain on disposal was based) to 22 July 2013 (being the date of completion of the disposal) and (ii) the exchange rate translation adjustments arising upon disposal.

Licence fee collection business

The Group engages in the collection of licence fees for karaoke musical works from karaoke operators in the PRC.

The Group also engages in the provision of copyright licence fees settlement and collection services for karaoke music products and videos in the PRC, and the provision of intellectual property enforcement services in respect of karaoke music products in the PRC in return for service fees to be collected from karaoke box.

For the period under review, the business recorded a turnover of HK\$28.3 million and a loss of HK\$16.6 million. The loss was mainly attributable to the amortisation of intangible assets and deferred expenditure to copyright holders during the period.

The directors are confident of the business potential in the intellectual property enforcement services and the collection of copyright fees for content distribution of karaoke music products in the PRC. The directors are of the view that the licence fee collection business will improve and generate positive cash inflow to the Group.

Property development and investment

Due to the adjustment of investment strategies, the Group disposed of all investment properties in Hong Kong and the PRC over the past few reporting periods. These disposals brought in positive cashflow and allowed the Group to reallocate its financial resources in property development market in the PRC. During the period under review, the Group entered into 4 Sets of Memorandum of Understanding in relation to the real property investment projects. Among all, the Company entered into a formal sale and purchase agreement with Bliss Zone Limited (“BZL”) on 1 August 2013 to acquire the entire issued share capital of Longisland Tourism Investment & Development

Limited (“長島旅遊投資發展有限公司”) and its subsidiaries (the “Longisland Group”) for a total consideration of HK\$400 million (of which HK\$150 million was settled by cash and the remaining balance was settled by the issue of convertible bonds to BZL or its nominee upon completion). The transaction was approved by the Company’s shareholders on 7 November 2013. Longisland Group holds a land development project located in 西安市滻灞生態區 (Chanba Ecological District of Xi’an City, the PRC*) (“Xi’an Project”) with a total land area of approximately 105,498 square metres and a planned aboveground floor areas of approximately 267,663 square metres. The Xi’an project, which includes both commercial and residential constructions. The Xi’an Project currently in a stage of early development and is undergoing the application process for construction.

The directors are optimistic with the future outlook of property development market in the PRC and will continue to explore attractive investment opportunity to strengthen the Group’s business in property development market.

Property sub-leasing business

On 27 May 2011, the Company entered into an agreement with HaoRan Cultural Development Limited (the “HaoRan Vendor”) pursuant to which the Company agreed to acquire from HaoRan Vendor the entire issued capital of BoRen Cultural Development Limited (“BoRen”). Particulars of the transaction were announced on 27 May 2011. During the period under review, the sub-leasing business recorded a turnover and a loss of approximately HK\$35.3 million and HK\$1.8 million respectively.

BoRen holds indirect interests in a group of companies which principally engages in sub-leasing of properties and facilities in Nanjing. The Company will receive compensation from HaoRan Vendor and the guarantor under the agreement should the total profit for three financial years ending 31 December 2016 be less than RMB75 million. The compensation is payable only if the Company shall advance loans in the total principal amount of not less than RMB50 million to Elite-China Cultural Development Limited or any of its subsidiaries (“Elite Group”) for each of the three financial years.

The Company has not so far made any advance to Elite Group under the agreement as the Company is contemplating various investment opportunities. The Board considers it more beneficial to defer its obligation in order to spare its resources to such other investment opportunities which may offer better prospects and return. On 30 September 2013, the Company entered into the third supplemental agreement with HaoRan Vendor and the guarantor to defer the guaranteed period. Accordingly, the Company is required to make the first advance to Elite-Group on or before 30 September 2014.

Entertainment operations

Baron Productions and Artiste Management Company Limited, a 51% owned subsidiary of the Company, engages in the provision of services relating to production, and artist management in the entertainment industry. During the period under review, it incurred a loss of approximately HK\$0.3 million.

Chance Music Limited (“CML”), a 60%-owned subsidiary of the Company, engages in entertainment and other related business. CML owns intellectual property rights in song lyrics. During the period under review, a profit of approximately HK\$30,000 was recorded. Pursuant to an agreement dated 24 October 2007, the Group is no longer under obligation to make further contributions to the non-controlling shareholder of CML and the said shareholder is required to buy back 60% interest in CML from the Group for a consideration of HK\$15 million subject to terms and conditions contained in the agreement. In May 2012, the Group received a deposit of HK\$1,000,000 from the non-controlling shareholder as part of the share buy-back payment. It is expected that the share-buy back exercise will be completed in the near future.

As at the period ended 30 September 2013, the Group holds 45.95% interest in China Media and Films Holdings Limited (“CMF”), a company listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (“Stock Exchange”). CMF and its subsidiaries are principally engaged in artist management, film distribution and production. During the period under review, the share of loss of associate was approximately HK\$2 million.

The directors believe that its entertainment business will further develop and these investments would gradually yield income to the Group.

Exhibition-related business

China Resources Advertising & Exhibition Company Limited and its subsidiaries (the “CRA Group”) are principally engaged in exhibition-related business. The CRA Group has acted as an organiser and contractor for exhibitions and meeting events held in Hong Kong. It has developed over 20-year relationship with the Hong Kong Trade Development Council (“HKTDC”) and has become one of the major agents organising trade fairs for Mainland China groups whilst most of which were co-organised by the HKTDC. The client base is primarily the PRC based including numerous sub-councils of the China Council for the Promotion of International Trade in the PRC. The CRA Group also operated an art gallery in Hong Kong. The directors believe that the art gallery would enhance the image and the variety of the Group’s exhibition-related business segment. Overall, the exhibition-related business contributed a turnover of approximately HK\$26.2 million to the Group, including a turnover of HK\$18 million generated from a function named “the Fashion Week” co-organised by the HKTDC. This business recorded a net loss of approximately HK\$1.5 million after taking into account the amortisation of intangible assets of HK\$1.6 million. The directors are optimistic that the exhibition business will gradually improve and continue to contribute positive cashflow to the Group in the foreseeable future.

Food and beverages

The Group operates Golden Island Bird’s Nest (Chiu Chau) Restaurant at Jaffe Road, Hong Kong and a wine bar and restaurant known as 珠海市紫御軒酒業有限公司 (Zhuhai Ziyuxuan Wine Company Limited*) in Zhuhai, the PRC. Owing to high operating costs and keen competition in the industry, it is within the directors’ expectation that the operation of the restaurant shall remain challenging. For the six months period ended 30 September 2013, this business contributed a turnover of HK\$1.5 million and incurred a loss of HK\$2.1 million.

Hotel operation

Owing to keen competition in the hotel industry, the Company entered into an agreement with an independent third party to dispose of the entire issued share capital of Wellrich Investments Limited (the “Wellrich Disposal”) which indirectly holds Star-Lake Club and Dynasty Hotel, for a consideration of RMB150 million on 19 April 2013. The Wellrich Disposal was approved by shareholders of the Company on 25 June 2013 and completed on 22 July 2013. The gain on Wellrich disposal was about HK\$79.4 million and the Group ceased its hotel operation following the completion in July 2013.

PROSPECTS

During the period under review, the Group disposed of the Star-Lake Club and Dynasty Hotel in Zhaoqing which brought in positive cash flow and allowed the Group to reallocate its financial resources in other investment opportunities which may generate a better return, for instance, the Xi'an Project. The directors are optimistic about the real property market in the PRC and will continue to explore other potential investment opportunities so as to broaden the business horizons of the Company.

The directors are confident of the business potential in the entertainment business and intellectual property enforcement services and collection of copyright fees in the PRC. The overall licence fee collection business will gradually yield income to the Group.

The Group's financial position is strong with a net asset value of HK\$768 million. The management will continue to look for suitable investment opportunities for the Group.

FINANCIAL REVIEW

Liquidity and financial resources

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

As at 30 September 2013, the Group had borrowings of about HK\$162 million (31 March 2013: HK\$149 million). The gearing ratio of the Group was 21.1% (31 March 2013: 19.5%). Such ratio was calculated with reference to the total borrowings (being the sum of bank borrowings, other borrowings and the convertible bonds) over the Company's shareholders' equity.

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

Charges

As at 30 September 2013, Mr. Yang Lei (a director of certain subsidiaries of the Company) and a company beneficially owned by Mr. Yang Lei and his spouse respectively provided guarantee for certain loans of the Group. Certain assets of Mr. Yang Lei were also pledged to secure bank loans of the Group.

As at 30 September 2013, the Company provided guarantee to Golden Island Catering Group Company Limited, a wholly owned subsidiary of the Company for corporate credit cards limit up to HK\$2,000,000.

Save as disclosed above, the Group did not have any charges on assets as at 30 September 2013.

EMOLUMENT POLICY

As at 30 September 2013, the Group had a total of 498 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

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

The Company has adopted a share option scheme ("Share Option Scheme") for the directors and employees of the Group as reward and incentive for their dedicated and continuous contribution to the business and operation of the Group. The Group also provides external training courses for its staff to improve their skills and services.

DISCLOSURE OF INTERESTS

As at 30 September 2013, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name	Nature of interest	Number of shares as at 30 September 2013	Percentage of shareholding
Cheng Yang	<i>(Note 1)</i>	89,349,000	14.92

Notes:

1. 89,300,000 shares are owned by Mr. Cheng Yang personally and 49,000 shares were owned by his wife.

Save as disclosed herein, as at 30 September 2013, none of the directors or chief executive of the Company had any interest or short position 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) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2013, other than the interests of a director and chief executive of the Company disclosed in the paragraph headed “Disclosure of Interests” above, according to the register of interests required to be kept by the Company under section 336 of the SFO, the following persons had interests in the shares or underlying shares of the Company:

Name	Nature of Interest	Number of shares as at 30 September 2013	Percentage of shareholding
China Resources (Holdings) Company Limited	Interest of controlled corporation	66,666,666	11.13
China Resources Co., Limited	Interest of controlled corporation	66,666,666	11.13
China Resources National Corporation	Interest of controlled corporation	66,666,666	11.13
Commotra Company Limited	Beneficial interest	66,666,666	11.13
CRC Bluesky Limited	Interest of controlled corporation	66,666,666	11.13
Lo Yuk Sui (“Mr. Lo”)	Interest of controlled corporation (<i>Note 1</i>)	55,095,600	9.20
Secure Way Technology Limited (“Secure Way”)	Interest of controlled corporation (<i>Note 1</i>)	55,095,600	9.20
Net Community Limited (“Net Community”)	Interest of controlled corporation (<i>Note 2</i>)	55,095,600	9.20
Century Digital Holdings Limited (“Century Digital”)	Interest of controlled corporation (<i>Note 3</i>)	55,095,600	9.20

Name	Nature of Interest	Number of shares as at 30 September 2013	Percentage of shareholding
Grand Modern Investments Limited (“Grand Modern”)	Interest of controlled corporation (<i>Note 4</i>)	55,095,600	9.20
Century City International Holdings Limited (“Century City International”)	Interest of controlled corporation (<i>Note 5</i>)	55,095,600	9.20
Century City BVI Holdings Limited (“Century City BVI”)	Interest of controlled corporation (<i>Note 6</i>)	55,095,600	9.20
Paliburg Holdings Limited (“Paliburg Holdings”)	Interest of controlled corporation (<i>Note 7</i>)	55,095,600	9.20
Paliburg Development BVI Holdings Limited (“Paliburg Development BVI”)	Interest of controlled corporation (<i>Note 8</i>)	55,095,600	9.20
Regal Hotels International Holdings Limited (“Regal Hotels International”)	Interest of controlled corporation (<i>Note 9</i>)	46,095,600	7.70
Regal International (BVI) Holdings Limited (“Regal International (BVI)”)	Interest of controlled corporation (<i>Note 10</i>)	46,095,600	7.70

1. Secure Way is wholly and beneficially owned by Mr. Lo.
2. Net Community is wholly and beneficially owned by Secure Way.
3. Century Digital is wholly and beneficially owned by Net Community.
4. Grand Modern is wholly and beneficially owned by Century Digital.
5. Grand Modern owns 50.79% interest in Century City International, a company listed on the Main Board of the Stock Exchange.
6. Century City BVI is wholly and beneficially owned by Century City International.
7. Century City BVI owns 62.21% interest in Paliburg Holdings.

8. Paliburg Development BVI is wholly owned and beneficially owned by Paliburg Holdings.
9. Paliburg Development BVI owns 55.59% interest in Regal Hotels International.
10. Regal International BVI is wholly and beneficially owned by Regal Hotels International.

Save as disclosed above, as at 30 September 2013, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

Under the Share Option Scheme, the directors may grant options to eligible persons, including directors and employees of the Group, to subscribe for shares of the Company.

As at 30 September 2013, there was no outstanding option granted under the Share Option Scheme and there were 1,750,000 share option lapsed during the reporting period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the code provisions in the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2013 save and except the following deviations:

(a) Division of responsibilities between the chairman and chief executive officer

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company have been performed by Mr. Cheng Yang, who is also an executive director. The Board is of the view that the non-segregation would not result in considerable concentration of power in one person and has the advantage of strong and consistent leadership which is conducive to making and implementing decisions quickly and consistently. The Board will review the effectiveness of this arrangement from time to time and consider appointing an individual as the chief executive officer of the Company when it thinks appropriate.

(b) Term of appointment of non-executive directors

Under the CG Code provision A.4.1, all non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors are not appointed for a specific term but are subject to retirement from office by rotation in accordance with the provisions of the Company’s Bye-laws. At each annual general meeting,

one-third of the directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such arrangement is sufficient to meet the underlying objective of CG Code.

(c) Attendance of general meetings by directors

Under the CG Code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Three directors attended an annual general meeting on 25 September 2013, two directors attended a special general meeting on 6 June 2013 and other directors were unable to attend these general meetings due to personal reasons.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of its securities during the six months ended 30 September 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors (“Code of Conduct”) on terms no less than the required standard of dealings as set out in the Model Code. Having made specific enquiries of all Directors, the Company’s Directors confirmed that they had complied with the required standards of dealings and the Code of Conduct adopted by the Company.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 September 2013.

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

Hong Kong, 28 November 2013

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Yang (the Chairman), Ms. Lei Lei and Mr. Li Weipeng; and the independent non-executive directors are Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung.

* *for identification only*