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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto before you decide to invest in our Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in our Offer Shares are set out in the section headed “Risk Factors” on page 41 of this prospectus. You should read that section carefully before you decide to invest in our Offer Shares.*

### OVERVIEW

We are a leading culture and art enterprise in China with diversified business operations. We have successfully established leading market positions, premium brand names and strong competitiveness through three business segments, namely, art business and auction segment, performance and theatre management segment and cinema investment and management segment. According to ARTRON, in terms of aggregate art auction turnover, we were the largest art auctioneer in China (including Hong Kong) in 2010, 2011 and 2012 and the six months ended June 30, 2013. As of October 31, 2013, we were one of the largest theatre management companies in China, in terms of the number of theatres in operations. Since 2008, we have been awarded as one of the “Top 30 National Culture Enterprises” by *Guangming Daily* (光明日報) and *Economic Daily* (經濟日報) for five consecutive times. In 2011, we were ranked as one of the “Top Ten Most Influential National Culture Industry Base” by the Ministry of Culture.

Through years of efforts, we have successfully established an extensive business network across China and with global reach, which allows us to deliver a diverse range of culture and art products and services to customers in different income groups in a cost efficient and timely manner. Capitalizing on our profound knowledge of local market, economies of scale and extensive management experience in managing diversified business segments, we believe we are well-positioned to benefit from the rapid growth of the culture and art industries in China.

For the years ended December 31, 2010, 2011 and 2012 and the ten months ended October 31, 2013, our revenue amounted to approximately RMB1,216.1 million, RMB1,758.2 million, RMB1,649.9 million and RMB1,455.6 million, respectively. For the years ended December 31, 2010, 2011 and 2012 and the ten months ended October 31, 2013, our net profit amounted to approximately RMB371.6 million, RMB583.1 million, RMB386.3 million and RMB308.2 million, respectively.

In June 2013, due to PRC regulatory restriction imposed on foreign investment in China’s cinema circuit companies, we disposed of and transferred our 51% equity interest in Poly Wanhe Cinema Circuit to our Controlling Shareholder (the “*Disposal*”). For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, revenue of Poly Wanhe Cinema Circuit amounted to approximately RMB68.1 million, RMB107.1 million, RMB149.1 million and RMB107.2 million, respectively. For the years ended December 31,

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2010, 2011 and 2012 and the six months ended June 30, 2013, the net profit of Poly Wanhe Cinema Circuit amounted to approximately RMB3.2 million, RMB0.9 million, RMB3.5 million and RMB2.8 million, respectively. For more details, please see the paragraph headed “Impact of disposal of Poly Wanhe Cinema Circuit” in this section. As a result of the Disposal, we no longer engage in the cinema circuit business. For more details, please see the sections headed “Our History and Reorganization” and “Connected Transactions”.

### **OUR OPERATIONS**

#### **Art Business and Auction Segment**

We primarily conduct three operations under this business segment. In managing our auction operation, we function as an agent by accepting artworks on consignment, stimulating market demand through professional marketing techniques and matching sellers (or consignors) to buyers (or bidders) through art auctions or private sales. For art business operation, we purchase artworks which we believe are undervalued or have appreciation potential through art auctions or private sales and resell them when appropriate to make profit. For art investment consultation and other services, we act as an investment advisor to provide advisory services on authentication, valuation, purchase and sales of artworks, primarily serving financial institutions, enterprises and individuals with demands for artwork investment or financing.

#### **Performance and Theatre Management Segment**

In managing our performance and theatre management segment, we provide comprehensive services covering key areas of theatre management and operation, including day-to-day management of theatres, arrangement of performances, lease of theatres and theatre construction consultation services. Under this segment, we derive revenue primarily from the theatre box office income from arranging and organizing a variety of performances, theatre management fees paid by theatre owners and theatre rental charged to third parties for renting theatres to organize various events or performances. As of October 31, 2013, we managed 31 high-end theatres each with over 1,000 seating capacity in 29 cities across China. In addition, as of October 31, 2013, we had four theatres under construction where we have already entered into theatre management agreements with the relevant owners.

#### **Cinema Investment and Management Segment**

In managing our cinema investment and management segment, we invested, developed and operated cinemas, procuring film prints for screening primarily through Poly Wanhe Cinema Circuit. During Track Record Period, we derived revenue primarily through cinema box office income from self-operated cinemas and circuit income from franchised cinemas. As of October 31, 2013, we had 17 cinemas in nine cities in China including three cinemas pending for commercial operations. In addition, as of October 31, 2013, we entered into leasing agreements or MOUs in respect of another 25 cinemas across China.

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Prior to June 2013, we owned 51% of the equity interest of Poly Wanhe Cinema Circuit, through which we operated cinema circuit business. We disposed all of our equity interests in Poly Wanhe Cinema Circuit to our Controlling Shareholder in June 2013. For details, please see the sections headed “Our History and Reorganization”, “Relationship with our Controlling Shareholder” and “Connected Transactions”.

### **SALES, MARKETING AND CUSTOMERS**

#### **Art Business and Auction Segment**

We rely on our extensive business network, professional and quality services and large and diverse client bases to source high quality artworks, attract more clients to participate in our auction events and capture more opportunities to provide advisory services for artwork investment and financing. To promote market interests in our auctions, we utilize different marketing measures and various marketing platforms. Besides holding preview exhibition or client meetings, producing and distributing auction catalogues, we also market artworks on internet or through social media platforms. In recent years, we commenced on-line auctions for certain types of artworks to meet clients’ demand for more convenient auction experience.

We endeavor to expand our client base, focusing on developing and maintaining long-term relationship with premium clients, including well-known domestic and overseas collectors or families, as well as clients with strong financial capacity. We focus on developing our presence in oversea countries and regions where we can find large number of high-value Chinese artworks, such as the United States, Japan and Europe. As of October 31, 2013, we had subsidiaries and representative offices in overseas, including Hong Kong, the U.S., Japan and Taiwan. In line with development of our capacity of sourcing artworks in global market, we commenced organizing art auctions in Hong Kong in the autumn of 2012 through Poly Auction Hong Kong.

#### **Performance and Theatre Management Segment**

As a result of our premium brand name, proven track record and well-recognized capacity in providing theatre management services, we, from time to time, receive invitations from local government authorities to manage and operate new theatres. We purchase and arrange performances, or design overall marketing plans for our original repertoires through our Performance Operating Centre of Poly Theatre Management. Poly Theatre Management then allocates and distributes performance resources to each of our directly managed theatres. On the other hand, tailored to meet local market preferences and demand, local theatre management companies prepare detailed marketing and advertising plans and determine ticket price for each performance based on factors such as estimated attendance, annual agenda and local competition.

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The strategic layout of our theatre network enables us to bring the performances to audiences situated in a large area within a short period of time in a cost-efficient way, so that we could arrange the agenda to maximize return and market influence. Our theatre network also attracts international and domestic elite performance troupes and agencies seeking for business opportunities with us, which in turn improves our market influence and bargaining power.

### **Cinema Investment and Management Segment**

We generally work with Poly Wanhe Cinema Circuit to participate in marketing activities of the entire cinema circuit. Poly Wanhe Cinema Circuit provides publicity materials of relevant movies and prepares the overall plan for marketing activities. As a cinema operator, we can determine the agenda for movies to be screened in each cinema and adjust ticket prices for each time slot based on market interest, our movie screening facilities and competition in local market in order to maximize our cinema box office income and improve our profitability. In addition, we established a city-wide membership program among the six self-operated cinemas in Beijing, which we believe has helped to improve customers' loyalty.

### **Customers**

In managing our art business and auction segment, our customers include sellers and buyers who consign or purchase artworks in the auctions organized by us, buyers to whom we sell artworks as principal under our art business operation and trustees of artwork trust plans to whom we provide investment advisory service under investment consultation and other services. In managing our performance and theatre management segment, our customers include theatre owners and audiences to whom we sell tickets to view performances. In managing our cinema investment and management segment, our customers include viewers to whom we sell tickets to watch movies.

### **Suppliers**

In managing our art business and auction segment, our suppliers mainly include sellers from whom we purchase artworks as principal, landlords providing venues for preview exhibition and suppliers from whom we purchase printing and delivery services for auction catalogues. In managing our performance and theatre management segment, our suppliers mainly include performance troupes and agents from whom we purchase performances. In managing our cinema investment and management segment, our suppliers mainly include cinema circuits from whom we get film prints for screening, landlords from whom we lease commercial properties to develop cinemas and suppliers who sell movie screening equipment and other ancillary materials to us.

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### OUR COMPETITIVE STRENGTHS

- We are a leading diversified culture and art enterprise in China with strong brand names and competitiveness.
- We are well-positioned to benefit from the rapid growth of the culture and art industries in China.
- We have built an integrated business model with synergies among operations within art business and auction segment.
- We have an extensive domestic business network with global reach and enjoy economies of scale.
- We provide diversified services tailored to a large and high quality client base, and maintain long-term relationships with our key clients.
- Our diversified operations bring us multiple sources of revenue and effectively reduce our exposure to risks associated with operating in a single business segment.
- We have an experienced and visionary management team with support from dedicated professional employees.
- We have prudent risk management and internal controls.

### OUR STRATEGIES

We intend to improve the market influence and reputation of our brand “Poly Culture” and enhance our position and competitiveness as a leading culture and art enterprise in China with diversified operations. We believe the measures below, building on our competitive strengths, will allow us to further increase our market share, brand reputation, profitability and achieve sustainable growth.

- Maintaining our leading position in China’s artwork market through strengthening our domestic and overseas artwork sourcing channels and client relationship.
- Expanding our cinema and theatre networks.
- Enhancing our ability to develop culture products and increasing utilization of advanced technologies to improve customer services.
- Acquiring assets or business that can create synergies with existing operations.
- Attracting, motivating and retaining qualified employees to strengthen our competitiveness.

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### KEY FINANCIAL AND OPERATING DATA

You should read this subsection in conjunction with our consolidated financial information for the three years ended December 31, 2012 and the ten months ended October 31, 2013, included in the Accountants' Reports set out in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS.

The following table sets forth selected items from our consolidated income statements:

	Year ended December 31,						Ten months ended October 31,			
	2010		2011		2012		2012		2013	
	Amount	%	Amount	%	Amount	%	(unaudited)		Amount	%
	(RMB in millions, except for percentages)									
Revenue . . . . .	1,216.1	100.0	1,758.2	100.0	1,649.9	100.0	1,241.0	100.0	1,455.6	100.0
Cost of sales . . . . .	(554.5)	(45.6)	(714.9)	(40.7)	(838.1)	(50.8)	(578.1)	(46.6)	(763.8)	(52.5)
<b>Gross profit . . . . .</b>	<b>661.6</b>	<b>54.4</b>	<b>1,043.3</b>	<b>59.3</b>	<b>811.8</b>	<b>49.2</b>	<b>662.9</b>	<b>53.4</b>	<b>691.8</b>	<b>47.5</b>
Other revenue . . . . .	13.1	1.1	9.9	0.6	43.2	2.6	17.4	1.4	11.8	0.8
Other net gain/(loss) . . . . .	5.7	0.5	(5.0)	(0.3)	(1.1)	(0.1)	(1.2)	(0.1)	6.0	0.4
Selling and distribution expenses . . . . .	(98.3)	(8.1)	(128.5)	(7.3)	(156.6)	(9.5)	(113.0)	(9.1)	(144.8)	(9.9)
Administrative expenses . . . . .	(101.2)	(8.3)	(138.5)	(7.8)	(180.2)	(10.9)	(139.5)	(11.2)	(158.2)	(10.8)
<b>Profit from operations . . . . .</b>	<b>480.9</b>	<b>39.6</b>	<b>781.2</b>	<b>44.5</b>	<b>517.1</b>	<b>31.3</b>	<b>426.6</b>	<b>34.4</b>	<b>406.6</b>	<b>28.0</b>
Finance income . . . . .	49.2	4.0	39.3	2.2	24.8	1.5	19.7	1.6	15.6	1.1
Finance costs . . . . .	(36.4)	(3.0)	(38.8)	(2.2)	(26.8)	(1.6)	(22.3)	(1.8)	(15.5)	(1.1)
Share of losses of an associate . . . . .	(0.5)	(0.0)	-	-	-	-	-	-	-	-
<b>Profit before taxation . . . . .</b>	<b>493.2</b>	<b>40.6</b>	<b>781.7</b>	<b>44.5</b>	<b>515.1</b>	<b>31.2</b>	<b>424.0</b>	<b>34.2</b>	<b>406.7</b>	<b>28.0</b>
Income tax . . . . .	(121.6)	(10.0)	(198.6)	(11.3)	(128.8)	(7.8)	(107.3)	(8.6)	(98.5)	(6.8)
<b>Profit for the year/period . . . . .</b>	<b>371.6</b>	<b>30.6</b>	<b>583.1</b>	<b>33.2</b>	<b>386.3</b>	<b>23.4</b>	<b>316.7</b>	<b>25.6</b>	<b>308.2</b>	<b>21.2</b>
<b>Profit attributable to:</b>										
Equity shareholders of the Company . . . . .	223.5	18.4	344.6	19.6	242.2	14.7	190.4	15.4	174.1	12.0
Non-controlling interests <sup>(1)</sup> . . . . .	148.1	12.2	238.5	13.6	144.1	8.7	126.3	10.2	134.1	9.2
<b>Profit for the year/period . . . . .</b>	<b>371.6</b>	<b>30.6</b>	<b>583.1</b>	<b>33.2</b>	<b>386.3</b>	<b>23.4</b>	<b>316.7</b>	<b>25.6</b>	<b>308.2</b>	<b>21.2</b>

Note:

- (1) Profit attributable to non-controlling interests represents the profit attributable to minority shareholders of various non-wholly owned subsidiaries of our Company across each of our business segments. Please see "Our History and Reorganization – Corporate Structure". For details of our non-wholly owned subsidiaries, please see Note 12 of Appendix I to this prospectus. The changes in our profit attributable to non-controlling interests were mainly caused by changes in our total profit, the aggregate number of non-wholly owned subsidiaries we had and our equity interests in the relevant subsidiaries for the relevant periods. For detailed discussions on changes of our profit attributable to non-controlling interests during the Track Record Period, please also see the section headed "Financial Information – Results of Operations".

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The following tables set out the details of our revenue, gross profit and reportable segment profit by business segments and our gross profit margin and reportable segment profit margin for the periods indicated.

	Year ended December 31,						Ten months ended October 31,			
	2010		2011		2012		2012		2013	
	(unaudited)									
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
(RMB in millions, except for percentages)										
<b>Revenue</b>										
Art business and auction . . . . .	680.3	55.9	1,087.2	61.8	792.7	48.1	603.2	48.6	636.7	43.7
Performance and theatre management . . . . .	390.0	32.1	486.4	27.7	607.6	36.8	452.6	36.5	580.5	39.9
Cinema investment and management <sup>(1)</sup> . . . . .	145.1	11.9	183.2	10.4	249.6	15.1	185.2	14.9	238.4	16.4
Others <sup>(2)</sup> . . . . .	0.7	0.1	1.4	0.1	0.0	0.0	0.0	0.0	–	–
<b>Total</b> . . . . .	<b>1,216.1</b>	<b>100.0</b>	<b>1,758.2</b>	<b>100.0</b>	<b>1,649.9</b>	<b>100.0</b>	<b>1,241.0</b>	<b>100.0</b>	<b>1,455.6</b>	<b>100.0</b>
<b>Gross Profit</b>										
Art business and auction . . . . .	499.6	75.4	838.0	80.3	569.5	70.2	471.3	71.1	469.6	67.9
Performance and theatre management . . . . .	134.0	20.3	167.6	16.1	203.8	25.1	167.1	25.2	198.4	28.7
Cinema investment and management <sup>(1)</sup> . . . . .	27.6	4.2	36.3	3.5	38.5	4.7	24.5	3.7	23.8	3.4
Others <sup>(2)</sup> . . . . .	0.4	0.1	1.4	0.1	0.0	0.0	0.0	0.0	–	–
<b>Total</b> . . . . .	<b>661.6</b>	<b>100.0</b>	<b>1,043.3</b>	<b>100.0</b>	<b>811.8</b>	<b>100.0</b>	<b>662.9</b>	<b>100.0</b>	<b>691.8</b>	<b>100.0</b>
<b>Reportable Segment Profit</b>										
Art business and auction . . . . .	445.8	89.5	759.8	93.9	469.0	87.0	391.5	85.8	359.7	79.1
Performance and theatre management . . . . .	29.4	5.9	26.5	3.3	35.3	6.5	46.1	10.1	60.2	13.2
Cinema investment and management . . . . .	23.1	4.6	22.5	2.8	34.9	6.5	18.5	4.1	34.6	7.7
<b>Total<sup>(3)</sup></b> . . . . .	<b>498.3</b>	<b>100.0</b>	<b>808.8</b>	<b>100.0</b>	<b>539.2</b>	<b>100.0</b>	<b>456.1</b>	<b>100.0</b>	<b>454.5</b>	<b>100.0</b>
(unaudited)										
<b>Gross Profit Margin (%)</b>										
Art business and auction . . . . .	73.4		77.1		71.8		78.1		73.8	
Performance and theatre management . . . . .	34.4		34.5		33.5		36.9		34.2	
Cinema investment and management . . . . .	19.0		19.8		15.4		13.2		10.0	
<b>Total</b> . . . . .	<b>54.4</b>		<b>59.3</b>		<b>49.2</b>		<b>53.4</b>		<b>47.5</b>	
<b>Reportable Segment Profit Margin (%)</b>										
Art business and auction . . . . .	65.5		69.9		59.2		64.9		56.5	
Performance and theatre management . . . . .	7.5		5.4		5.8		10.2		10.4	
Cinema investment and management . . . . .	15.9		12.3		14.0		10.0		14.5	
<b>Total</b> . . . . .	<b>41.0</b>		<b>46.0</b>		<b>32.7</b>		<b>36.8</b>		<b>31.2</b>	

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*Notes:*

- (1) Prior to June 2013, we owned 51% of the equity interest of Poly Wanhe Cinema Circuit, through which, we operated cinema circuit business. According to the cinema circuit agreement, franchised cinemas shall distribute a portion of their net box office income to the Poly Wanhe Cinema Circuit, after deducting a 3.3% tax and a 5% special movie fund levy from their gross cinema box office income. The Poly Wanhe Cinema Circuit shall further distribute the amount it received from its franchised cinemas with movie producers and distributors according to respective agreements. We disposed all of our equity interest in Poly Wanhe Cinema Circuit in June 2013. For details, please see the sections headed “Our History and Reorganization”, “Relationship with our Controlling Shareholder” and “Connected Transactions”.
- (2) Others mainly comprise revenue or profits unallocated to the three business segments, including those generated by our headquarters during the Track Record Period.
- (3) Please see Appendix I for reconciliations of reportable segment revenue and profit to our consolidated revenue and consolidated profit before taxation, respectively.

### Key Financial Information for Segments

	Year ended December 31,						Ten months ended October 31,			
	2010		2011		2012		2012		2013	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
	(unaudited)									
	(RMB in millions, except for percentage)									
<b>Revenue</b>										
<b>Art business and auction</b>										
Auction <sup>(1)</sup>	546.5	44.9	897.9	51.1	619.9	37.6	523.2	42.2	586.3	40.3
Art business	133.8	11.0	185.4	10.5	107.3	6.5	73.4	5.9	39.2	2.7
Art investment consultation and other services <sup>(2)</sup>	–	–	3.9	0.2	65.5	4.0	6.6	0.5	11.2	0.7
<b>Subtotal</b>	<b>680.3</b>	<b>55.9</b>	<b>1,087.2</b>	<b>61.8</b>	<b>792.7</b>	<b>48.1</b>	<b>603.2</b>	<b>48.6</b>	<b>636.7</b>	<b>43.7</b>
<b>Performance and theatre management</b>										
Theatre box office income	131.5	10.8	143.0	8.1	200.2	12.1	139.1	11.2	200.6	13.8
Theatre management fees	177.5	14.6	239.5	13.6	295.7	17.9	231.4	18.6	287.7	19.8
Theatre rental	61.6	5.1	78.1	4.4	86.8	5.3	62.2	5.0	68.8	4.7
Others <sup>(3)</sup>	19.4	1.6	25.8	1.6	24.9	1.5	19.9	1.7	23.4	1.6
<b>Subtotal</b>	<b>390.0</b>	<b>32.1</b>	<b>486.4</b>	<b>27.7</b>	<b>607.6</b>	<b>36.8</b>	<b>452.6</b>	<b>36.5</b>	<b>580.5</b>	<b>39.9</b>
<b>Cinema investment and management</b>										
Cinema box office income from self-operated cinemas <sup>(4)</sup>	81.2	6.7	101.0	5.7	135.6	8.2	104.8	8.4	142.5	9.8
Circuit income from franchised cinemas <sup>(5)</sup>	50.0	4.1	62.2	3.5	88.5	5.4	63.4	5.1	69.6	4.8
Others <sup>(6)</sup>	13.9	1.1	20.0	1.2	25.5	1.5	17.0	1.4	26.3	1.8
<b>Subtotal</b>	<b>145.1</b>	<b>11.9</b>	<b>183.2</b>	<b>10.4</b>	<b>249.6</b>	<b>15.1</b>	<b>185.2</b>	<b>14.9</b>	<b>238.4</b>	<b>16.4</b>
<b>Others<sup>(7)</sup></b>	<b>0.7</b>	<b>0.1</b>	<b>1.4</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>1,216.1</b>	<b>100.0</b>	<b>1,758.2</b>	<b>100.0</b>	<b>1,649.9</b>	<b>100.0</b>	<b>1,241.0</b>	<b>100.0</b>	<b>1,455.6</b>	<b>100.0</b>



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### Notes:

- (1) Including commissions derived through Poly Auction Guangdong from auction services for items other than artworks, such as real estate, equipment and office facilities, which amounted to approximately RMB10.9 million, RMB3.8 million, RMB3.0 million and RMB4.9 million, respectively, during the Track Record Period.
- (2) In 2012, we provided consulting services through our subsidiary, Poly Auction Guangdong to two independent third party customers regarding their acquisitions of other companies' equities, which generated revenue of RMB56.4 million. Poly Auction Guangdong provided the above mentioned services through its wholly-owned subsidiary, Guangdong Poly Asset Management Co., Ltd. (廣東保利資產管理有限公司), who holds valid permits and licenses to conduct the relevant services in China.
- (3) Primarily includes income generated from theatre construction consultation services.
- (4) Cinema box office income from self-operated cinema represented the amount equals to gross cinema box office income after deduction of 3.3% tax. During the Track Record Period, we shall share a portion of net cinema box office income – being the gross cinema box office income net of the 3.3% tax and 5% special movie fund levy – generated from our self-operated cinemas to Poly Wanhe Cinema Circuit according to relevant cinema circuit agreements. Poly Wanhe Cinema Circuit shall further distribute the amount it received with movie producers and distributors. During the Track Record Period, the portion of net cinema box office income paid by our self-operated cinemas to Poly Wanhe Cinema Circuit amounted to RMB17.5 million, RMB44.6 million, RMB60.4 million and RMB63.2 million, respectively. For details, please see the subsection headed “– Cinema Investment and Management Segment – Pricing”.
- (5) Circuit income from franchised cinema represented the share of net cinema box office income – being the gross cinema box office income net of the 3.3% tax and 5% special movie fund levy – generated from franchise cinemas, which were collected by Poly Wanhe Cinema Circuit according to relevant cinema circuit agreements it entered into with the relevant franchised cinemas. Poly Wanhe Cinema Circuit shall further distribute the amount it received from franchise cinemas with movie producers and distributors. For details, please see the subsection headed “– Cinema Investment and Management Segment – Pricing”.
- (6) It represented revenue generated from providing a variety of auxiliary goods or services such as selling derivative products and souvenirs of movies and advertisement services.
- (7) Others mainly comprises revenue unallocated to the three business segments, including those generated by our headquarters during the Track Record Period.

### Key Financial Ratios

	As of/Year ended December 31,			As of/Ten months ended October 31,
	2010	2011	2012	2013
Gross margin <sup>(1)</sup>	54.4%	59.3%	49.2%	47.5%
Net profit margin <sup>(2)</sup>	30.6%	33.2%	23.4%	21.2%
Return on equity <sup>(3)</sup>	61.1%	54.6%	26.2%	N/A
Return on assets <sup>(4)</sup>	23.0%	23.3%	13.4%	N/A
Current ratio <sup>(5)</sup>	1.4	1.6	1.7	1.7
Quick ratio <sup>(6)</sup>	1.2	1.3	1.3	1.2
Gearing ratio <sup>(7)</sup>	103.9%	52.6%	21.3%	26.9%
Net debt to equity ratio <sup>(8)</sup>	31.9%	Net cash	Net cash	Net cash
Interest coverage <sup>(9)</sup>	14.5	20.8	19.2	25.1

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## SUMMARY

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*Notes:*

- (1) The calculation of gross margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%.
- (2) The calculation of net profit margin is calculated by dividing net profit by revenue and multiplying the resulting value by 100%.
- (3) The calculation of return on equity is calculated by dividing profit attributable to equity holders by average of the beginning and ending equity attributable to equity Shareholders and multiplying the resulting value by 100%.
- (4) The calculation of return on assets is calculated by dividing net profit by average of the beginning and ending total assets and multiplying the resulting value by 100%.
- (5) The calculation of current ratio is calculated by dividing total current assets by total current liabilities.
- (6) The calculation of quick ratio is calculated by dividing current assets net of inventories by current liabilities.
- (7) The calculation of gearing ratio is calculated by dividing total interest-bearing debt by total equity and multiplying the resulting value by 100%.
- (8) The calculation of the net debt to equity ratio is calculated by dividing total interest-bearing debt net of cash and cash equivalents and bank deposits with original maturities over three months by total equity and multiplying the resulting value by 100%. “Net cash” status indicates that the Company had more cash and cash equivalents and bank deposits with original maturities over three months than interest-bearing debt at respective dates.
- (9) The calculation of the interest coverage is calculated by dividing profit before interest and tax by interest costs.

### **INVENTORY MANAGEMENT**

Our inventory mainly consists of artworks we purchased for the purpose of resale, including, (i) antiques and artwork; (ii) Chinese calligraphy and painting; and (iii) oil painting and sculptures. Although all items held in inventory are available for immediate sale, the timing of eventual sale is difficult to predict due to the high value and unique nature of each item, as well as the ever changing trend of the global art market. We conduct stocktaking and valuation on the artworks in the inventory every quarter with assistance from our internal experts. Each year, we engage independent third parties to conduct the stocktaking and valuation of our artwork in our inventory. During the Track Record Period, we have not made provisions to our inventory. Please see the section headed “Business – Inventory Management”.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

We attach great importance to internal control and risk management system, through which we identify, evaluate and manage various risks inherent to our business operations. Our Board of Directors supervise the overall operations of our internal control system supported by Audit Committee and Art Committee. We also established an artwork investment committee comprising 72 internal or external experts as of October 31, 2013, who are able to provide professional advice on authentication and valuation of different types of artworks in

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## SUMMARY

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accordance with our internal procedures, so that our management could make well-informed and sound decisions. We have established a set of internal control and risk managing rules regulating our daily operations of different business segments, as a result of which, we have successfully restricted our exposure to various risks inherent to our operations. For details, please see the section headed “Business – Internal Control and Risk Management”. Please also see the section headed “Risk Factors – Our businesses and prospects may be materially and adversely affected if our risk management and internal controls are ineffective in preventing business-related risks”.

### IMPACT OF DISPOSAL OF POLY WANHE CINEMA CIRCUIT

In June 2013, due to PRC regulatory restriction on foreign investment into China’s cinema circuit companies, we disposed of and transferred 51% equity interest in Poly Wanhe Cinema Circuit to our Controlling Shareholder (the “Disposal”).

We recognized and consolidated the financial results of Poly Wanhe Cinema Circuit in our cinema investment and management business segment for the Track Record Period. We recognized gain from the disposal of subsidiaries of RMB5.8 million for the ten months ended October 31, 2013 as a result of the Disposal. The following table sets forth revenue and net profit of Poly Wanhe Cinema Circuit for the periods indicated:

	Years ended December 31,			Six months ended June 30,
	2010	2011	2012	2013
	(RMB in millions)			
Revenue . . . . .	68.1	107.1	149.1	107.2
Net Profit . . . . .	3.2	0.9	3.5	2.8

After the Disposal, we no longer engage in the cinema circuit business, as a result of which, we will no longer receive revenue or incur costs in relation to franchised cinemas. For more details, please see the sections headed “Our History and Reorganization”, “Connected Transactions” and “Financial Information – Impact of Disposal of Poly Wanhe Cinema Circuit”.

### RECENT DEVELOPMENTS

In October 2013, we held the 2013 Autumn Auction in Hong Kong, which resulted in a total art auction turnover of HK\$989.1 million. In addition, the 2013 Autumn Auction held by Poly Auction Beijing resulted in a total art auction turnover of RMB2,868.8 million. According to ARTRON, in terms of aggregate art auction turnover, we were the largest art auctioneer in China (including Hong Kong) in 2013. The Company expects that the revenue for the year ended December 31, 2013 will be no less than that for the year ended December 31, 2012.

Changsha Xiyngmen cinema and Weihai Conference Center Grand Theatre has commenced operations after October 31, 2013.

As of December 31, 2013, the latest practicable date for our indebtedness statement, we had total bank credit facilities of approximately RMB1,940.0 million, of which approximately RMB1,732.0 million was unutilized and unrestricted.

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The Directors confirm that since October 31, 2013 (being the date to which the latest audited consolidated financial information of our Group were made up) and up to the date of the prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group and there is no event which would materially affect the information shown in our consolidated financial statements included in the Accountant's Report set forth in Appendix I to this prospectus.

### PROFIT ESTIMATE FOR THE YEAR ENDED DECEMBER 31, 2013

Estimated consolidated profit attributable to equity shareholders of the Company <sup>(1, 2 and 3)</sup>	Not less than RMB271 million (approximately HK\$344 million)
Unaudited pro forma estimated earnings per Share <sup>(3)</sup>	Not less than RMB1.14 (approximately HK\$1.45)

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*Notes:*

- (1) The basis on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated consolidated net profit attributable to equity shareholders of the Company for the year ended December 31, 2013 is based on the actual consolidated results of the Group for the ten months ended October 31, 2013 and our estimate of the consolidated results of the Group for the two months ended December 31, 2013.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is arrived at by dividing the estimated consolidated profit attributable to equity shareholders of the Company for the year ended December 31, 2013 assuming a total of 235,710,000 Shares in issue during the entire year assuming the Global Offering has been completed on January 1, 2013 without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.
- (3) The estimated consolidated profit attributable to equity shareholders of the Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong Dollars at the exchange rate of RMB0.7862 to HK\$1.0000 (set by the PBOC for foreign exchange transactions prevailing on January 30, 2014). No representation is made that HK\$ amounts have been, could have been or may be converted to RMB, or vice versa, at that rate or at all.

### USE OF PROCEEDS

The net proceeds from the Global Offering (after deducting underwriting fees and estimated total expenses paid and payable by us in connection thereto) are estimated to be approximately HK\$2,083.4 million before any exercise of the Over-allotment Option, assuming an Offer Price of HK\$30.60 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$28.20 to HK\$33.00 per Offer Share. In line with our business strategy, we intend to use the net proceeds from Global Offering for the following purposes and in the amounts set out below:

- Approximately 50% of the net proceeds, or approximately HK\$1,041.7 million – to be used to develop our art business and auction segment, including expanding our global client network in major countries to promote artwork sourcing and sales, developing our artist dealer business through the establishment of an art gallery chain and expanding the scale of our art business;
- Approximately 25% of the net proceeds, or approximately HK\$520.9 million – to be used to develop our cinema investment and management segment, including expanding our cinema pipeline projects, investment and operation, such as cinema rental, equipment procurement, and cinema opening preparation, etc.;

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## SUMMARY

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- Approximately 15% of the net proceeds, or approximately HK\$312.5 million – to be used to develop our performance and theatre management segment, including expanding our directly managed theatre network with broadening geographic coverage in China, and investing in original repertoire projects; and
- Approximately 10% of the net proceeds, or approximately HK\$208.3 million – to be used to supplement working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Global Offering, assuming that the Over-allotment Option is not exercised, will increase to approximately HK\$2,249.0 million or decrease to approximately HK\$1,917.7 million, respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with the licensed banks and/or financial institutions. Please see the section headed “Future Plans and Use of Proceeds”.

### OFFER STATISTICS

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised.

	<b>Based on an Offer Price of HK\$28.20 per Share</b>	<b>Based on an Offer Price of HK\$33.00 per Share</b>
Market capitalization <sup>(1)</sup> . . . . .	HK\$6,647.0 million	HK\$7,778.4 million
Unaudited pro forma adjusted net tangible assets per Share <sup>(2)</sup> . . . . .	HK\$13.81	HK\$15.22

*Notes:*

- (1) The calculation of market capitalization is based on 235,710,000 Shares expected to be issued and outstanding following the Global Offering.
- (2) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the section entitled “Financial Information – Unaudited Pro Forma Adjusted Net Tangible Assets” of this prospectus and on the basis of 235,710,000 Shares in issue at the respective Offer Prices of HK\$28.20 per Share and HK\$33.00 per Share.

### LISTING EXPENSES

The total amount of listing expenses, commissions together with SFC transaction levy and Stock Exchange trading fee that will be borne by us in connection with the Global Offering is estimated to be approximately RMB63.2 million (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and without taking into account any discretionary incentive fees, where applicable), of which approximately RMB44.4 million is expected to be capitalized after the Listing. The remaining listing expenses in the amount of approximately RMB18.8 million is expected to be charged to our income statement.

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### **DIVIDEND POLICY**

Prior to Listing, our Board of Directors has the authority in determining whether to declare dividend for any year and, if it decides to declare a dividend, how much dividend to declare. During the Track Record Period we declared a dividend distribution of RMB156.8 million to our existing shareholders, which will be funded by our internal resources and was recognized as a liability as of the Latest Practicable Date. We intend to pay this dividend in April 2014. Our Directors resolved that accumulated earnings of RMB235.3 million generated by our subsidiaries in China up to March 31, 2013 will be retained. After the Listing, the payment of dividends will be made to our existing and new shareholders at the discretion of our Directors and will depend upon our future operations and earnings, acquisitions, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. We are not allowed to distribute profits to our Shareholders until we have made up our losses, where applicable, and made appropriations to our statutory and general reserves. In addition, our Controlling Shareholders will be able to influence our dividend policy. For more details, please see the section headed “Risk Factors – Dividends distributed in the past may not be indicative of our dividend policy in the future”.

We currently intend to retain most, if not all, of our available funds and future earnings to operate and expand our business. The Board will review the dividend policy on an annual basis. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future. The amounts of dividends that we have declared and made in the past should not be taken as indications of the dividends, if any, that we may pay in the future.

### **RISK FACTORS**

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We believe a few of the more significant risks relating to our business are as follows:

- The uncertainties in the global economy, in particular China’s economy, may have adverse effect on our business.
- Our past results are not indicative of our future performance, and fluctuations in market demand for culture products may cause significant turbulence in our results of operations.
- Our results of operations are subject to seasonal fluctuations.
- Unexpected changes in applicable PRC taxes and tariff or the implementation measures or policies currently adopted by relevant PRC government authorities may materially and adversely affect our results of operations.
- The sanctions imposed on Poly Tech may have an adverse effect on our reputation.
- The quality and quantity of artworks that are available for auction, collection or resale are influenced by various uncertainties, which may cause sharp fluctuations in our financial condition and results of operations.

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## SUMMARY

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- There is no assurance that we will fully recover consignor advances or prepayments of auctioned artwork, which may have a material and adverse effect on our business, financial condition and results of operations.
- Upon expiration of artwork financing trust plans, we may be liable to pay the trustee the difference between the total monetary assets under the trust and the aggregate amount of the principal of trust and other expected gains and expenses, which may in turn have a material and adverse effect on our results of operations.
- If we are unable to renew relevant theatre management agreements with the theatre owners, our business, financial position and results of operations may be materially and adversely affected.
- We operate in highly regulated industries. We may not be able to obtain or renew major licenses, permits and approvals required for our operations. The suspension or termination of any of our licenses, permits or approvals may have a negative impact on our business.

The risks mentioned above are not the only significant risks that may affect our operations. As different investors may have different interpretations and standards for determining materiality of risk, you are cautioned that you should carefully read the “Risk Factors” section in its entirety starting from page 41 of this prospectus.