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## **CULTURE LANDMARK INVESTMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 674)**

### **ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **FINAL RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”) of Culture Landmark Investment Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) announces the consolidated results of the Group for the year ended 31 March 2016 with comparative figures for the previous year as follows:

#### **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 March 2016*

	<i>Notes</i>	<b>2016</b> <i>HK\$</i>	2015 <i>HK\$</i>
Revenue	3	<b>111,977,069</b>	141,378,969
Other income and gains		<b>20,925,310</b>	7,321,418
Costs of inventories		<b>(1,938,038)</b>	(9,152,937)
Depreciation on property, plant and equipment		<b>(15,969,512)</b>	(13,298,088)
Amortisation	4	<b>(443,892)</b>	(23,994,665)
Impairment losses	4	<b>(62,576,817)</b>	(336,346,196)
Operating lease payments		<b>(41,615,998)</b>	(45,917,744)
Staff costs		<b>(47,065,372)</b>	(52,682,825)
Other operating expenses		<b>(92,800,467)</b>	(135,588,290)
Share of (losses)/profits of associates		<b>(167,356)</b>	616,346
Finance costs		<b>(3,371,646)</b>	(4,313,268)
Loss before income tax (expense)/credit	4	<b>(133,046,719)</b>	(471,977,280)
Income tax (expense)/credit	5	<b>(765,325)</b>	21,417,725
<b>Loss for the year</b>		<b><u>(133,812,044)</u></b>	<b><u>(450,559,555)</u></b>

	<i>Notes</i>	<b>2016</b> <b>HK\$</b>	2015 <i>HK\$</i>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gain on revaluation of properties		575,037	654,096
Tax expense related to changes on revaluation of properties		(94,881)	(107,925)
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences arising on translating foreign operations		(5,054,461)	(6,203,495)
Available-for-sale investments, change in fair value		11,089,281	(177,984,369)
Available-for-sale investments, reclassify from equity to profit or loss		—	147,964,021
Release of foreign exchange reserve upon disposal of subsidiaries		(231,378)	(471,831)
Release of foreign exchange reserve upon impairment loss on available-for-sale investments		—	(4,775,996)
Reclassification adjustment for realisation upon disposal of available-for-sale investments		<u>(14,266,465)</u>	<u>2,681,793</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>(7,982,867)</u>	<u>(38,243,706)</u>
<b>Total comprehensive income for the year</b>		<u>(141,794,911)</u>	<u>(488,803,261)</u>
<b>Loss for the year attributable to:</b>			
Owners of the Company	7	(131,334,493)	(445,229,478)
Non-controlling interests		<u>(2,477,551)</u>	<u>(5,330,077)</u>
		<u>(133,812,044)</u>	<u>(450,559,555)</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		(139,472,414)	(481,783,516)
Non-controlling interests		<u>(2,322,497)</u>	<u>(7,019,745)</u>
		<u>(141,794,911)</u>	<u>(488,803,261)</u>
<b>Loss per share</b>			
Basic (HK cents)	7	(18.28)	(70.06)
Diluted (HK cents)		<u>(18.28)</u>	<u>(70.06)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Notes	31 March 2016 HK\$	31 March 2015 HK\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		100,521,045	127,346,754
Investment properties		6,246,653	6,326,550
Intangible assets		905,845	1,022,728
Interests in associates		38,754,055	—
Available-for-sale investments	9	43,087,358	21,268,209
Deferred tax assets		—	1,640,340
		<u>189,514,956</u>	<u>157,604,581</u>
<b>Current assets</b>			
Inventories		32,556,941	31,450,492
Trade and other receivables	10	73,317,428	197,466,828
Amounts due from non-controlling shareholders		14,049	4,049
Amounts due from related parties		3,707,915	261,828
Amount due from an associate		5,320,302	—
Cash and bank balances		103,035,471	109,558,313
		<u>217,952,106</u>	<u>338,741,510</u>
<b>Total assets</b>		<u>407,467,062</u>	<u>496,346,091</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade, bills and other payables	11	128,606,060	92,253,338
Amounts due to non-controlling shareholders		53,594,160	53,594,160
Amounts due to related parties		27,051,879	43,894,302
Bank borrowings		50,702,070	33,922,913
Deferred income		480,048	504,993
Current tax liabilities		2,808,177	2,278,096
		<u>263,242,394</u>	<u>226,447,802</u>
<b>Net current (liabilities)/assets</b>		<u>(45,290,288)</u>	<u>112,293,708</u>
<b>Total assets less current liabilities</b>		<u>144,224,668</u>	<u>269,898,289</u>

	<b>31 March</b>	31 March
	<b>2016</b>	2015
<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Non-current liabilities</b>		
Bank borrowings	<b>18,001,800</b>	26,385,890
Provision for long service payments	<b>42,373</b>	42,373
Deferred income	<b>3,063,101</b>	3,727,265
Deferred tax liabilities	<b>6,645,278</b>	—
	<u>27,752,552</u>	<u>30,155,528</u>
<b>Total non-current liabilities</b>	<b>27,752,552</b>	30,155,528
<b>Total liabilities</b>	<b>290,994,946</b>	256,603,330
<b>NET ASSETS</b>	<b>116,472,116</b>	239,742,761
<b>Capital and reserves attributable to owners of the Company</b>		
Share capital	<b>35,925,952</b>	35,925,952
Reserves	<b>82,505,179</b>	221,977,593
	<u>118,431,131</u>	257,903,545
<b>Non-controlling interests</b>	<b>(1,959,015)</b>	(18,160,784)
<b>TOTAL EQUITY</b>	<b>116,472,116</b>	239,742,761

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

### (b) Basis of measurement

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

### (c) Functional and presentation currency

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

## 2. ADOPTION OF NEW OR REVISED HKFRSs AND AMENDED LISTING RULES

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

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

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

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

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

### 3. SEGMENT REPORTING

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

Principal activities are as follows:

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

Segment information is presented below:

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

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



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

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

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

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

*Loss before income tax (expense)/credit*

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

*Note:*

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

*Assets*

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

## *Liabilities*

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

### (c) **Geographical information**

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

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

	2016			
	Hong Kong <i>HK\$</i>	The PRC <i>HK\$</i>	Korea <i>HK\$</i>	Total <i>HK\$</i>
Revenue ( <i>note</i> )	150,702	111,656,588	169,779	111,977,069
Non-current assets other than financial instruments and deferred tax assets	<u>14,896,200</u>	<u>122,629,353</u>	<u>8,902,045</u>	<u>146,427,598</u>
	2015			
	Hong Kong <i>HK\$</i>	The PRC <i>HK\$</i>	Korea <i>HK\$</i>	Total <i>HK\$</i>
Revenue ( <i>note</i> )	691,188	140,157,155	530,626	141,378,969
Non-current assets other than financial instruments and deferred tax assets	<u>15,950,804</u>	<u>108,852,524</u>	<u>9,892,704</u>	<u>134,696,032</u>

*Note:*

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

#### 4. LOSS BEFORE INCOME TAX (EXPENSE)/CREDIT

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

	<b>2016</b>	2015
	<i>HK\$</i>	<i>HK\$</i>
Amortisation on:		
— intangible assets	<b>443,892</b>	15,361,839
— deferred expenditure	—	8,632,826
	<b>443,892</b>	23,994,665
Fair value loss on investment properties	<b>79,897</b>	—
Losses on disposal of subsidiaries, net	<b>2,574,197</b>	16,030,080
Loss on disposal of associates	—	2,912,809
Loss on disposal of convertible loan notes	—	1,051,473
Loss on disposal of available-for-sale investments	—	1,630,320
Impairment losses on:		
— available-for-sale investments	—	147,964,021
— trade and other receivables ( <i>note 10</i> )	<b>41,274,307</b>	1,736,337
— goodwill ( <i>note 8</i> )	<b>20,023,466</b>	96,019,091
— intangible assets	<b>285,882</b>	88,358,247
— deferred expenditure	—	2,268,500
— property, plant and equipment	<b>993,162</b>	—
	<b>62,576,817</b>	336,346,196
Written down of inventories to net realisable value	<b>193,260</b>	—
Auditor's remuneration	<b>1,788,000</b>	2,090,000

## 5. INCOME TAX (EXPENSE)/CREDIT

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

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

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

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

## 6. DIVIDENDS

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

## 7. LOSS PER SHARE

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

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

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

## 8. GOODWILL AND IMPAIRMENT

	Provision of intellectual property enforcement services <i>(note (a))</i> HK\$	Property sub-leasing business <i>(note (b))</i> HK\$	Sludge and sewage treatment business <i>(note (c))</i> HK\$	Total HK\$
<b>Cost</b>				
At 1 April 2014, 31 March 2015 and 1 April 2015	79,427,363	16,591,728	—	96,019,091
Acquisition <i>(note 12)</i>	<u>—</u>	<u>—</u>	<u>20,023,466</u>	<u>20,023,466</u>
At 31 March 2016	<u>79,427,363</u>	<u>16,591,728</u>	<u>20,023,466</u>	<u>116,042,557</u>
<b>Impairment</b>				
At 1 April 2014	—	—	—	—
Impairment loss	<u>(79,427,363)</u>	<u>(16,591,728)</u>	<u>—</u>	<u>(96,019,091)</u>
At 31 March 2015 and 1 April 2015	(79,427,363)	(16,591,728)	—	(96,019,091)
Impairment loss <i>(note 12)</i>	<u>—</u>	<u>—</u>	<u>(20,023,466)</u>	<u>(20,023,466)</u>
At 31 March 2016	<u>(79,427,363)</u>	<u>(16,591,728)</u>	<u>(20,023,466)</u>	<u>(116,042,557)</u>
<b>Carrying value</b>				
At 31 March 2016	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 March 2015	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>



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

- (a) The recoverable amount of the CGU in relation to provision of intellectual property enforcement services was zero and determined from value-in-use calculation based on cash flow projections covering from 2015 to 2022, which is the period whereby an exclusive right has been granted to the Group by the MVCMA Association to provide intellectual property enforcement services. Discount rate of 15.5% per annum is used in the calculation which was provided by APAC Asset Valuation and Consulting Limited (“APAC”) for the year ended 31 March 2015. The key assumption have been determined by the Group’s management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK\$79,427,363 was fully impaired and impairment loss on intangible assets of HK\$68,494,242 were provided. It was because the revenue generated from the CGU has dropped. The Directors considered that the customer, the karaoke venue operators, were affected by the reduction in expenditures in entertainment and recreation activities in the PRC and the industry would experience no growth in future.
- (b) On 8 July 2011, the Group acquired the entire issued share capital of BoRen Cultural Development Limited (“BoRen”) which is engaged in sub-leasing of properties and facilities in Nanjing, the PRC. The estimated recoverable amount was HK\$103,015,144 and determined from value-in-use calculation. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 5% revenue growth rate per annum. Discount rate of 10% per annum was used in the calculation which was provided by APAC in 2015 with reference to similar companies. The key assumptions have been determined by the Group’s management based on past performance and its expectations for the industry development. During the year ended 31 March 2015, the goodwill of HK\$16,591,728 was fully impaired, it was mainly due to keen competition in property market and adverse economic environment in the PRC, and significant investments in renovation of leasehold improvements for sustaining the growth in future.
- (c) On 5 August 2015, the Group completed the acquisition of 51% equity interest of Suzhou Great Research & Industrialization Co., Ltd.\* (蘇州格瑞特環保科技產業發展有限公司) (“Great Research”) and its subsidiaries (the “Great Group”) at an aggregated consideration of RMB31,435,514 (equivalent to HK\$39,303,823). The Great Group is principally engaged in the operation of sludge and sewage treatment plants in the PRC. The estimated recoverable amount was zero and determined from value-in-use calculation based on cash flow projections covering a five-year period. Discount rate of 17.6% per annum is used in the calculation which was provided by Vigers Appraisal & Consulting Limited (“Vigers”) for the year ended 31 March 2016. The key assumption is have been determined by the Group’s management based on past performance and its expectations for the industry development.

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

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

## 9. AVAILABLE-FOR-SALE INVESTMENTS

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

### Notes:

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

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

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

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

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

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

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

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

## 10. TRADE AND OTHER RECEIVABLES

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

*Notes:*

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

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

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

	2016 <i>HK\$</i>	2015 <i>HK\$</i>
At 1 April	—	10,496,203
Impairment loss recognised	40,409,960	—
Bad debts written off	—	(10,496,203)
	<u>40,409,960</u>	<u>—</u>
At 31 March	<u>40,409,960</u>	<u>—</u>

The Group recognised impairment loss on individual assessment based on the group accounting policy.

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

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

	<b>2016</b>	2015
	<b>HK\$</b>	HK\$
At 1 April	—	—
Impairment loss recognised	<b>864,347</b>	1,736,337
Bad debts written off	—	(1,736,337)
	<u>—</u>	<u>(1,736,337)</u>
At 31 March	<b><u>864,347</u></b>	<u>—</u>

The Group recognised impairment loss based on the group accounting policy.

- (c) Loan receivables presented:

	<b>2016</b>	2015
	<b>HK\$</b>	HK\$
— Loan to independent third parties	<b><u>28,369,700</u></b>	<u>27,722,772</u>

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

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

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

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

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

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

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

## 11. TRADE, BILLS AND OTHER PAYABLES

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

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

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

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

## 12. ACQUISITION OF SUBSIDIARIES

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

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

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

	<i>HK\$</i>
Fair values of assets and liabilities acquired:	
Intangible assets	627,109
Property, plant and equipment	3,252,790
Interests in associates	39,293,270
Inventories	197,217
Other receivables and prepayments	283,522
Amounts due from related parties	250,060
Amounts due from associates	5,542,757
Cash and cash equivalents	5,078,123
Trade payables	(841,158)
Other payables and accruals	(8,393,443)
Deferred tax liabilities	(7,485,625)
	<u>37,804,622</u>
Non-controlling interests	<u>(18,524,265)</u>
Net assets acquired	19,280,357
Goodwill	<u>20,023,466</u>
Total consideration	<u><u>39,303,823</u></u>
Total consideration satisfied by:	
Cash	<u><u>39,303,823</u></u>
Net cash outflow arising on acquisition:	
Cash consideration paid	(39,303,823)
Cash and cash equivalents acquired	<u>5,078,123</u>
	<u><u>(34,225,700)</u></u>

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

The goodwill of approximately HK\$20,023,466 was impaired during the year ended 31 March 2016. (note 8)

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

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

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

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

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

### 13. EVENTS AFTER THE REPORTING PERIOD

- (a) Reference is made to the announcements of the Company dated 17 May 2006 and 19 December 2006 in relation to, amongst others, (i) a copyright co-operation agreement dated 8 May 2006 entered into between China Music Video Broadcast (Shenzhen) Company Limited\* (中音傳播(深圳)有限公司) (“**China Music**”), an indirect non-wholly owned subsidiary of the Company, and the MVCM Association; (ii) a copyright business operation cooperation agreement dated 8 May 2006 entered into between China Music, Song Labs Co, Ltd\* (北京天語同聲信息技術有限公司) (“**Song Labs**”), an indirect wholly-owned subsidiary of the Company, and the MVCM Association; and (iii) any supplemental agreements entered into thereafter (collectively referred to as the “**Copyright Co-operation Agreements**”).

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



and distribute and pay certain portion of such license fees to China Music and Song Labs on a weekly basis as operating fees (the “**Operating Fees**”).

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

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

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

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

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



## **BUSINESS REVIEW AND OUTLOOK**

### **Financial Review**

#### *Consolidated results*

For the year ended 31 March 2016, the Group recorded revenue of approximately HK\$112.0 million compared to approximately HK\$141.4 million for the last financial year, representing a decrease of about 20.8%, and loss of approximately HK\$133.8 million compared to approximately HK\$450.6 million for the last financial year, representing a decrease of about 70.3%. The Group recognised the impairment losses on trade and other receivables and goodwill of approximately HK\$61.3 million for the year ended 31 March 2016 and still made a significant decrease in the loss for the year ended 31 March 2016 because of the absence of (i) the loss on disposal of Hua Rong Sheng Shi Holding Limited (“**Hua Rong**”) of approximately HK\$16.0 million; (ii) the amortisation on intangible assets and deferred expenditure of approximately HK\$24.0 million; and (iii) the impairment loss on available-for sale investments, goodwill and intangible assets of approximately HK\$332.3 million, which were recognised in the last financial year.

### **Business Review**

During the year ended 31 March 2016, the Group’s reportable business segments principally consist of (i) licence fee collection and provision of intellectual property enforcement services business; (ii) exhibition-related business; (iii) property sub-leasing business; (iv) property development and investment; (v) sludge and sewage treatment; (vi) entertainment business; and (vii) food and beverages business.

During the year ended 31 March 2016, the Group recognised a gain on disposal of available-for-sale investments of approximately HK\$14.3 million as a result of the disposal of 135,836,474 ordinary shares of Cosmopolitan International Holdings Limited (Stock Code: 120), a company incorporated in Cayman Islands with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange.

With a money lenders licence granted previously, the Group has also conducted money lending business in Hong Kong on a small scale and made relatively small profits from this sector.

#### *Licence fee collection and provision of intellectual property enforcement services business*

On 8 May 2006, (i) China Music, an indirect non-wholly owned subsidiary of the Company, and MVCMA Association entered into a copyright co-operation agreement; and (ii) China Music, Song Labs, an indirect wholly-owned subsidiary of the Company, and the MVCMA Association entered into a copyright business operation co-operation agreement (together with their supplemental agreements, the “**Copyright Co-operation Agreements**”). Pursuant to the Copyright Co-operation Agreements, the MVCMA Association, China Music and Song Labs have set up a market operation team in the PRC to manage and operate the business of the licences of copyright to karaoke music products

in the PRC, and China Music and Song Labs are entitled to certain portion of the licence fees in the PRC. Under the Copyright Co-operation Agreements, the MVCAM Association takes the role as the sole market manager and China Music and Song Labs together take the role as the sole market operator. Pursuant to the Copyright Co-operation Agreements, the MVCAM Association is required to collect the licence fees from the karaoke operators and distribute and pay certain portion of such licence fees to China Music and Song Labs on a weekly basis as Operating Fees.

On 1 June 2016, China Music and Song Labs have initiated the Litigation against MVCAM Association in the PRC court claiming for:

- (a) the payment of (i) outstanding Operating Fees of approximately RMB34,000,000 (equivalent to approximately HK\$40,800,000) by MVCAM Association to China Music and Song Labs pursuant to the Copyright Co-operation Agreements which represents the outstanding Operating Fees up to the second quarter of 2015 (the “**Outstanding Operating Fees**”); and (ii) the default interest of approximately RMB2,000,000 (equivalent to approximately HK\$2,400,000), if calculated up to 31 May 2016;
- (b) a declaration that the unilateral termination of one of the Copyright Co-operation Agreements by MVCAM Association was invalid and that MVCAM Association should continue to perform its obligations under the Copyright Co-operation Agreements; and
- (c) the costs of the Litigation to be borne by MVCAM Association.

As at the date of this announcement, it is uncertain as to whether the Group can fully recover the Outstanding Operating Fees from MVCAM Association. Accordingly, the Board is of the view that the non-payment of the Outstanding Operating Fees may have adverse impact on the interests of the Group’s license fee collection and provision of intellectual property enforcement services business and hence the Group’s overall revenue and gross profit for the year ended 31 March 2016. In view of such uncertainties, an impairment loss of trade receivables of approximately RMB30,700,000 (equivalent to approximately HK\$37,700,000) was made for the year ended 31 March 2016 and the recognition of the revenue from the Operating Fees for the period after the second quarter of 2015 is pending, and subject to, the result of the Litigation.

On 1 June 2016, 北京市朝陽區人民法院 (The People’s Court of Chaoyang, Beijing\*) notified China Music and Song Labs that the application for the Litigation has been accepted. The Litigation is still on a preliminary stage and the Company’s PRC legal counsel is currently taking all necessary steps to protect the Company’s interests. For details in relation to the Litigation, please also refer to the Company’s announcements dated 12 November 2015, 23 May 2016 and 2 June 2016.

For the year ended 31 March 2016, this business segment recorded revenue of approximately HK\$12.8 million compared to approximately HK\$39.7 million for the last financial year, representing a decrease of about 67.8%, which was mainly attributable to the disposal of Hua Rong completed in August 2014 and the Litigation.

For the year ended 31 March 2016, this business segment recorded loss of approximately HK\$36.5 million compared to approximately HK\$182.4 million for the last financial year, representing a decrease of about 80.0%, which was mainly due to the absence of the non-recurring items including (i) the loss on disposal of Hua Rong of approximately HK\$16.0 million; (ii) the amortisation on intangible assets and deferred expenditure of approximately HK\$20.7 million; and (iii) the impairment loss on goodwill and intangible assets of approximately HK\$147.9 million.

### *Exhibition-related business*

China Resources Advertising & Exhibition Company Limited, a direct wholly-owned subsidiary of the Company (together with its subsidiaries, the “**CRA Group**”) is principally engaged in exhibition-related business. The CRA Group has acted as an organizer and contractor for exhibitions and meeting events held in Hong Kong. It has developed over 20 years of relationship with the Hong Kong Trade Development Council (“**HKTDC**”) and has become one of the major agents organising trade fairs for PRC groups whilst most of which were co-organised with the HKTDC. The clients of the CRA Group are primarily PRC based including numerous sub-councils of the China Council for the Promotion of International Trade in the PRC. For the year ended 31 March 2016, this business segment recorded revenue of approximately HK\$54.6 million compared to approximately HK\$66.7 million for the last financial year, representing a decrease of about 18.1%, and loss of approximately HK\$2.5 million compared to approximately HK\$25.7 million for the last financial year, representing a decrease of about 90.3%. The drop in revenue was mainly as a result of the slowing economies in the PRC and the decrease in the loss was mainly due to the absence of (i) the amortisation on intangible assets of approximately HK\$3.2 million; and (ii) the impairment loss on intangible assets of approximately HK\$19.9 million, which were non-recurring items.

### *Property sub-leasing business*

On 27 May 2011, the Company (as the purchaser) entered into an agreement (as amended and supplemented by supplemental agreements dated 20 December 2011, 31 December 2012, 30 September 2013 and 30 September 2014) (collectively referred to as the “**BoRen Agreement**”) with HaoRan Cultural Development Limited (the “**BoRen Vendor**”) pursuant to which the Company agreed to acquire from BoRen Vendor the entire issued capital of BoRen Cultural Development Limited (“**BoRen**”). BoRen holds direct interests in Elite-China Cultural Development Limited and its subsidiaries (the “**Elite Group**”), being a group of companies which principally engage in sub-leasing of properties and facilities in Nanjing. Pursuant to the BoRen Agreement, it was originally agreed that the Company shall provide a loan in the total principal amount of not less than RMB50.0 million to the Elite Group for each of the years on or before 30 September 2015, 30 September 2016 and 30 September 2017, respectively (the “**Original Loan**”) and in consideration of the provision of the Original Loan, the BoRen Vendor shall provide a profit guarantee in favour of the Company whereby the BoRen Vendor guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite Group for the three financial years ending 31 December 2017 shall not be less than RMB75.0 million (the “**Profit Guarantee**”). On 29 September 2015, the Company, the BoRen Vendor and the guarantor to the BoRen Vendor entered into the fifth supplemental

agreement (the “**Fifth Supplemental Agreement**”), pursuant to which the parties agreed to further amend certain terms of the BoRen Agreement. Pursuant to the Fifth Supplemental Agreement, the parties mutually agreed to reduce the amount of the Original Loan from an aggregate of RMB150.0 million to RMB10.0 million (the “**New Loan**”) for the purpose of minimizing the Company’s credit risk and investment risk, after taking into consideration of the current market condition and change of development plan of the properties of BoRen and its subsidiaries. In consideration of the BoRen Vendor agreeing to reduce the size of the Original Loan, the Company has agreed to accept certain share pledges in favour of the Company as security for the New Loan, in place of the Profit Guarantee. Pursuant to the Fifth Supplemental Agreement, the New Loan will be provided by the Company to Elite Group within 30 days upon signing of the Fifth Supplemental Agreement (i.e. 28 October 2015), subject to certain conditions precedent being fulfilled and/or waived. As certain conditions precedent were not fulfilled or waived within 30 days upon signing of the Fifth Supplemental Agreement (i.e. 28 October 2015) and no extension has been agreed between the parties, the Company’s obligation to provide the New Loan has lapsed accordingly. Upon the lapse of the Fifth Supplemental Agreement, neither party shall have any further obligations nor liabilities towards the other nor any claims against the other in connection with the BoRen Agreement (save for antecedent breaches, if applicable). For details in relation to the BoRen Agreement and the Fifth Supplemental Agreement, please also refer to the Company’s announcements dated 27 May 2011, 6 July 2012, 11 July 2012, 31 December 2012, 30 September 2013, 30 September 2014, 29 September 2015 and 28 October 2015.

For the year ended 31 March 2016, this business segment recorded revenue of approximately HK\$44.2 million compared to approximately HK\$33.6 million for the last financial year, representing an increase of about 31.5%, and recorded a profit of approximately HK\$4.4 million as compared to loss of approximately HK\$122.3 million for the last financial year, which was mainly due to the absence of the non-recurring items including the impairment loss on goodwill and available-for-sale investments of approximately HK\$115.3 million.

### ***Property development and investment***

In 2013, the Company entered into an acquisition agreement (as amended and supplemented by supplemental agreements dated 30 July 2014 and 28 October 2014) (collectively referred to as the “**Acquisition Agreement**”) with Bliss Zone Limited (“**BZL**”) to acquire the entire issued share capital of Longisland Tourism Investment & Development Limited (長島旅遊投資發展有限公司) for a total consideration of HK\$400.0 million. The transaction was approved by the Company’s shareholders on 7 November 2013.

Pursuant to the terms of the Acquisition Agreement, the completion of the Acquisition Agreement is conditional upon fulfilment and/or waiver (as the case maybe) of the conditions precedent set out in the Acquisition Agreement on or before 30 April 2015. On 30 April 2015, the conditions precedent to the Acquisition Agreement were not fulfilled and/or waived (as the case maybe) and no extension of the time was agreed by the parties to the Acquisition Agreement, the Acquisition Agreement had lapsed and ceased to have any effect and neither party thereto had any rights or obligations towards

each other thereunder, save for liabilities for any antecedent breaches thereof and BZL was required to rebate the earnest money, the partial payment and any settled residual payment to the Company. The total payment amounting to HK\$80.0 million was fully refunded during the year ended 31 March 2016.

On 21 December 2013, the Company entered into the tripartite framework agreement with the People's Government of Sheshan and Beijing International Trust Company Limited in relation to the development of certain projects in Sheshan (the "**Tripartite Framework Agreement**"). Details of the Tripartite Framework Agreement are disclosed in the Company's announcement dated 23 December 2013. Such development has yet to be commenced as at the date of this announcement since the Company and the other parties to the Tripartite Framework Agreement are still assessing the feasibility of those projects.

### ***Sludge and sewage treatment***

In August 2015, the Group completed the acquisition of 51% equity interests of the Great Group, the financial results of the Great Group has been consolidated to the financial statements of the Group since the completion of the acquisition. For further details in relation to the acquisition of the Great Group, please refer to the Company's announcement dated 7 July 2015.

The Great Group uses BOO (Build-Own-Operate) project model to provide sludge treatment services in the PRC. As at 31 March 2016, the relevant project company, an associated company of Great Research, has commenced operation of a sludge treatment facility in Henan. For the year ended 31 March 2016, the share of losses of associates were approximately HK\$0.2 million.

Further, the Great Group also intends to take on certain projects to provide sewage treatment services in the PRC with BOT (Build-Operate-Transfer) as its main project model in the future.

During the year ended 31 March 2016, the goodwill of approximately HK\$20.0 million was fully impaired and impairment loss on intangible assets of approximately HK\$0.3 million were provided as the Great Group had no revenue generated and the growth will be depended on the new projects to be carried out in the future.

### **Liquidity and financial resources**

As at 31 March 2016, the Group had bank borrowings of approximately HK\$68.7 million (2015: HK\$60.3 million). The gearing ratio of the Group as at 31 March 2016 was 58.0% compared with 23.4% as at 31 March 2015. Such ratio was calculated with reference to the bank borrowings over the Company's equity attributable to owners of the Company. As at 31 March 2016, the Group had net current liabilities of approximately HK\$45.3 million (2015: net current assets of approximately HK\$112.3 million). The current ratio of the Group as at 31 March 2016 was 0.8 compared with 1.5 as at 31 March 2015.



The maturity profile of the Group's bank borrowings is set out as follows:

	<b>2016</b>	2015
	<b><i>HK\$ Million</i></b>	<i>HK\$ Million</i>
Repayable:		
Within one year	<b>50.7</b>	33.9
After one year but within two years	<b>18.0</b>	6.3
After two years but within five years	—	20.1
	<u>68.7</u>	<u>60.3</u>

The carrying amounts of all the Group's bank loans were denominated in RMB except for certain loan balances with an aggregate amount of HK\$30.0 million as at 31 March 2016 which were denominated in Hong Kong dollar. All of the Group's bank loans were charged at fixed interest rates except for loan balance of approximately RMB18.0 million as at 31 March 2016 which was charged at floating interest rate. The bank loans carry interest rates at 2.81% to 7% per annum.

The revenue of the Group, being mostly denominated in Renminbi and Hong Kong dollar, matches the currency requirement of the Group's expenses while other foreign currencies were immaterial. During the year ended 31 March 2016, no financial instrument was entered into by the Group used for hedging purpose. The Group was not exposed to any exchange rate risk or any related hedges.

On 16 May 2016, the Company announced its proposal to raise not less than approximately HK\$107.8 million and not more than approximately HK\$111.6 million before expenses by issuing not less than 359,259,523 offer shares and not more than 371,833,632 offer shares at the subscription price of HK\$0.30 per offer share on the basis of one offer share for every two existing shares. The open offer will allow the Group to facilitate business expansion and enhance its general working capital.

### **Charges**

As at 31 March 2016, certain bank deposits of the Group in the aggregate amount of RMB30.0 million and HK\$2.3 million were pledged to secure the banking and credit facilities of the Group respectively. Also, Nanjing Creative Eastern 8 Zone Technology Co. Ltd\* (南京創意東八區科技有限責任公司), an indirect non-wholly owned subsidiary of the Company has pledged deposits of RMB6.4 million to a bank as security for bills payables of RMB6.4 million.

As at 31 March 2016, certain bank loans of the Group in the total amount of RMB32.3 million were secured by personal and corporate guarantees provided by Mr. Yang Lei (a director of certain subsidiaries of the Company), his spouse and a company beneficially owned by Mr. Yang Lei and his spouse (the “**Related Company**”) and certain assets of Mr. Yang Lei, his spouse, a related party and the Related Company. At 31 March 2016, Nanjing Yinkun Investment Corporation\*, an indirect non-wholly owned subsidiary of the Company, provided the guarantee in respect of a loan facility for the principal amount of up to RMB35.0 million provided to an independent third party from a financial institution in the PRC. The estimated fair value of the financial guarantee is HK\$0 which was arrived on the basis of valuation carried out by APAC for the year ended 31 March 2016. For further details, please refer to the announcement of the Company dated 14 June 2016.

Save as disclosed above, the Group did not have any charges on assets as at 31 March 2016.

### **Contingent liabilities**

As at 31 March 2016, the Group had no material contingent liabilities.

### **Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets**

Save as the acquisition of the Great Group as disclosed in note 12 to the financial statements of the Company, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2016.

There was no plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

### **Emolument policy**

As at 31 March 2016, the Group employed a total number of 131 employees. The remuneration of the employees of the Group amounted to approximately HK\$47.1 million for the year ended 31 March 2016 (31 March 2015: HK\$52.7 million). The Group remunerates its employees based on their performance, experience and prevailing industry practices. The emoluments of the Directors and senior management of the Company are decided by the remuneration committee of the Company, having regard to the Company’s operating results, individual performance and comparable market statistics.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to Directors and employees based on the Group’s operating results and their performance.

Further, the Company has also adopted a share option scheme for the primary purpose of providing incentives or rewards to any Director, employee and other eligible participant who made significant contribution to the Group. The Group also provides external training courses to its staff to improve their skills and services on an ongoing basis.

## **Outlook**

Looking ahead, the Directors expect the business environment to remain challenging. The Group will continue to closely monitor and review its existing business from time to time and adopt timely and appropriate measures to improve the business operation and financial position of the Group. At the same time, the Group will also continuously explore and look for opportunities to diversify the business of the Group and to enhance shareholder value.

In view of macro-economic environment (which the Directors believed were not optimistic), there may be an increasing demand in money lending business and third party financing services. The Group intends to further develop its money lending business. The Board believes that the money lending business will provide the Group an opportunity to broaden revenue sources and obtain stable interest income for the Group. The Group is optimistic that the money lending business will have positive impact on the Group. In order to help to achieve these goals, on 16 May 2016, the Company announced the proposed open offer that will raise capital to facilitate the business expansion in money lending business and enhance the general working capital of the Group. For details in relation to the open offer, please refer to the section headed “Liquidity and financial resources” of this announcement.

On 8 June 2015, the Group entered into an acquisition agreement to acquire certain subscribed capital contribution of Lianshun at a consideration equivalent to HK\$32.0 million in RMB, which is expected to provide the Group a favourable investment opportunity in the fast-growing unconventional oil/gas industry. The acquisition was completed in August 2015.

On 7 July 2015, the Group entered into an acquisition agreement to acquire 51% equity interests of Great Research, the Great Group is expected to be a multipurpose eco-industrial base for the Group. The acquisition was completed in August 2015.

## **FINAL DIVIDEND**

The Directors do not recommend any payment of final dividend for the year ended 31 March 2016 (2015: nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor its subsidiaries purchased, sold or redeemed the Company’s listed securities during the year ended 31 March 2016.



## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

## **CODE OF CORPORATE GOVERNANCE**

Throughout the year ended 31 March 2016, the Company has complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules, save for the deviation of code provision A.4.1 of the CG Code below:

Under the code provision A.4.1 of the CG Code, all non-executive Directors should be appointed for a specific term, subject to re-election. Whilst the non-executive Directors are not appointed for a specific term, the term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Bye-laws. At each annual general meeting of the Company, 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 so that each Director shall be subject to retirement at least once every three years. As such, the Company considers that such provision is sufficient to meet the underlying objectives of CG Code.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the year ended 31 March 2016, each of them has complied with the required standards as set out in the Model Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") has reviewed with the management of the Group on the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters.

The annual results of the Company for the year ended 31 March 2016 have been reviewed by the Audit Committee.

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

Hong Kong, 27 June 2016

*As at the date of this announcement, the executive Directors are Mr. Cheng Yang (the Chairman), Mr. Tsoi Tung (Chief Executive Officer), Ms. Lei Lei and Mr. Huang Ranfei; and the independent non-executive Directors are Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung.*

\* *For identification only*