UNITED POWER
INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

Annual Report

2007

Contents

Corporate Information

DIRECTORS

Executive Directors
Yeung Chi Hang *(Chairman)*
Ma Shuk Kam
Liu Yu Mo *(Chief Executive Officer)*
Chung Siu Wah
Yeung Kit Yu, Kitty
Au Edmond Wah
Chik To Pan

Independent Non-executive Directors
Chan Lai Mei
Lee Wai Loun
Lee Yuk Sang, Angus

AUDITORS

BDO McCabe Lo Limited
Certified Public Accountants

SOLICITORS

Jennifer Cheung & Co

COMPANY SECRETARY

Cheung Mei Ha, Jennifer

PRINCIPAL BANKERS

Hang Seng Bank Limited
Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Limited
Nanyang Commercial Bank Limited

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE

2810-11
28/F Shun Tak Centre
West Tower
200 Connaught Road Central
Hong Kong

PRINCIPAL REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Secretaries Limited
26/F Tesbury Centre,
28 Queen's Road East,
Hong Kong

Five Year Financial Summary

	2007	2006	2005	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Year ended 31 March					
Profit attributable to equity holders of the Company	**57,132**	45,492	23,242	11,946	6,682
Assets and liabilities					
At 31 March					
Total assets	**786,453**	853,216	249,834	233,091	179,322
Total liabilities	**(139,801)**	(247,196)	(27,731)	(24,650)	(8,702)
Total equity	**646,652**	606,020	222,103	208,441	170,620

Chairman's Statement

BUSINESS REVIEW AND OUTLOOK

Financial review

Consolidated results

The turnover of the Group for the year ended 31 March 2007 was about HK$202.1 million, representing a decrease of 4.3% as compared to that of last year. The decrease was mainly due to the wedding services operations. The Group achieved a profit of HK$50.8 million this year, an increase of 19.8% as compared to last year. The profit was mainly attributable to the gain of HK$81.5 million arising on the disposal of the hotel operations in Macau, rental income of HK$4 million from investment properties, and income of HK$2 million from Chiu Chow restaurant operations. However the wedding services business recorded a loss of about HK$33.9 million, HK$19 million of which related to an impairment loss of goodwill. The profit was further reduced by a loss of HK$6.1 million from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC, a loss of about HK$3.6 million from entertainment operations and a loss of HK$5.9 million from Japanese restaurant operations.

The directors have resolved not to recommend the payment of a final dividend for the year ended 31 March 2007 (2006: Nil) in order to reserve resources for development of the Group's business.

Review

Hotel operations

On 29 November 2006, the Group disposed of its 95% interests in Waldorf Holding Limited, which owns and operates a three star hotel known as Waldo Hotel in Macau, in view of the more intense competition in the hotel industry in Macau after several large scale casino hotels commenced operations in 2006. The Group realised a gain of HK$81.5 million from this disposal.

From 1 April 2006 to the date of disposal, the total revenue from hotel operations amounted to approximately HK$71.5 million. The hotel business recorded an operating profit of approximately HK$7 million.

Wedding services

The Group provides wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong. The business in Hong Kong was adversely affected by keen competition from local and Taiwan wedding services companies and the Group has to close its branch in Gold Coast, New Territories. During the year, the Group opened a branch in Grand Waldo Hotel, Macau. However due to its poor performance, the branch was closed on 31 March 2007.

The Group suffered loss of about HK$33.9 million in respect of wedding services business, HK$9 million of which related to operations, HK$19 million was an impairment loss of goodwill and HK$6 million was written off for the investment in the Macau and Gold Coast branches.

Chairman's Statement

Investment properties

The investment properties contributed steady rental income to the Group.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House is stable and contributed operating profit of HK$2 million to the Group. However the Japanese restaurant in Tsimshatsui in which the Group had a 80% interest had closed down as a result of continued loss. The Group recorded a loss of approximately HK$0.6 million for its restaurant operations.

Watch retail operations

The watch retail business is profitable and contributed operating profit of approximately HK$0.8 million to the Group.

Collection of fees for licensing of karaoke music products

During the year the Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC. The operation commenced in early 2007.

As this business is at the initial development stage, it incurred a loss of approximately HK$6.1 million.

Wine retail operations

A 51% owned subsidiary of the Company commenced wine retail business in Grand Waldo Hotel, Macau in June 2006. This business recorded a loss of approximately HK$0.8 million.

Entertainment operations

Reli-a-bo Entertainment Limited, a 60% owned subsidiary of the Company which carried on the business of talent management in the entertainment industry, was closed down due to continued loss.

Prospects

The Group will continue its current principal activities of provision of wedding services, property investment, restaurant operations, retail of watches and wine, collection of fees for licensing of karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK$646 million.

Currently the Group has 2 shops in Kowloon Tong and Tsimshatsui which provide wedding services. We implement cost control measures to ensure that the business will be back on track after closing down the loss making branches.

Chairman's Statement

We believe the new operation relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of the Group's business.

In May 2007, the Group completed the acquisition of Shenzhen Land Company Limited, which holds interest in Levels 1 to 3 of Yidong Building in Yuexiu District, Guangzhou, the PRC with a gross floor area of about 4,042.77 sq.m. for a term expiring on 31 January 2040. The Group plans to hold this property as investment property for steady rental income.

The Group is seeking new direction in respect of its entertainment business in Hong Kong. It plans to invest in production of films and television series in the PRC and has entered into a joint venture agreement with an independent PRC party with a view to explore the entertainment market in the PRC.

The management will look for suitable investment opportunities to expand the business of the Group, including hotel operations.

On behalf of the board
Yeung Chi Hang
Chairman

Hong Kong, 11 July 2007

Directors' Report

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 20 to the financial statements.

An analysis of the Group's performance for the year by business segment is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2007 are set out in the consolidated income statement on page 23.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2007.

FIXED ASSETS

Details of movements in fixed assets of the Group and the Company during the year are set out in notes 15 and 16 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 30 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 March 2007 are set out in note 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there was no restriction against such rights under the laws of Bermuda.

Directors' Report

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit schemes are set out in notes 3 (s) and 33 to the financial statements.

SHARE OPTION SCHEME

On 30 August 2002, the Company adopted a share option scheme (the "Scheme") as detailed in note 31 to the financial statements.

On 13 December 2005 the Company granted options under the Scheme to the directors detailed in the sub-section headed "Directors' interests in equity or debt securities" below.

DIRECTORS AND SENIOR MANAGEMENT

The directors during the year and up to date of this report are as follows:

Yeung Chi Hang *(Chairman)*
Ma Shuk Kam
Liu Yu Mo *(Chief Executive Officer)*
Chung Siu Wah
Yeung Kit Yu, Kitty
Au Edmond Wah
Chik To Pan
Chan Lai Mei
Lee Wai Loun
Lee Yuk Sang, Angus

In accordance with Bye-law 87(2) of the Company's Bye-laws, Messrs. Yeung Kit Yu, Kitty, Au Edmond Wah, Lee Wai Loun and Lee Yuk Sang, Angus shall retire by rotation. Being eligible, these directors have offered themselves for re-election.

Biographical details of directors and senior management

Chairman

Mr. Yeung Chi Hang ("Mr. Yeung"), aged 28, joined the Group in 2001. He was appointed as a director of the Company and the Chairman of the Board on 1 May 2002 and 26 April 2004 respectively. Mr. Yeung worked in property investment and wedding services companies in Hong Kong prior to joining the Group. He is the son of Madam Ma Shuk Kam and the brother of Ms. Yeung Kit Yu, Kitty, both executive directors of the Company. Mr. Yeung is responsible for the overall business development of the Group.

Directors' Report

Executive Directors

Madam Ma Shuk Kam ("Madam Ma"), aged 53, joined the Group in January, 2000 and was the Chairperson of the Board from 29 December, 2000 to 25 April, 2004. Madam Ma is a veteran property investor with diversified portfolio in Hong Kong and the People's Republic of China. She is the mother of Mr. Yeung and Ms. Yeung Kit Yu, Kitty (an executive director of the Company).

Mr. Liu Yu Mo, aged 48, was appointed as a director and the Chief Executive Officer of the Company on 29 December 2000 and 8 March 2005 respectively. Mr. Liu has over 19 years of experience in management, auditing and accounting. He is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Institute of Certified Public Accountants, and holds a master of business administration degree.

Mr. Chung Siu Wah, aged 50, was appointed as a director of the Company on 28 November 2001. He has been a solicitor practising in Hong Kong since 1989 and is a consultant of Messrs. Tony Kan and Company, Solicitors and Notaries.

Ms. Yeung Kit Yu, Kitty ("Ms. Yeung"), aged 26, obtained a bachelor's degree of Arts in Asian Studies from the University of British Columbia, Canada. Ms. Yeung is also an Assistant General Manager of Golden Island (Management) Limited ("GI Management"), a wholly owned subsidiary of the Company. She is the daughter of Madam Ma and the sister of Mr. Yeung.

Mr. Au Edmond Wah, aged 53, has been holding senior management positions in various companies in Hong Kong, China, Canada, Singapore and Macau for the past 27 years. He graduated from Hong Kong Polytechnic (now known as Hong Kong Polytechnic University) and is a fellow member of the Hong Kong Institute of Certified Public Accountants, and a member of both The Association of Chartered Certified Accountants and The Certified General Accountants Association of Canada. Mr. Au had been a director of various major subsidiaries of the Company from January 2000 to November 2000. He was appointed as an executive director of the Company on 10 September 2004.

Mr. Chik To Pan, aged 28, is in charge of business development of the Group's wedding services business. He is also the General Manager of GI Management. Before joining the Group in March 2004, he worked in restaurant and wedding services companies in Hong Kong.

Independent non-executive Directors

Ms. Chan Lai Mei, aged 43, is a director of One One CPA Limited (Certified Public Accountants (Practising)). She has over 17 years of experience in auditing, accounting, corporate governance, financial management and corporate finance activities. Ms. Chan graduated from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). She is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, Macau Society of Certified Practising Accountants and Taxation Institute of Hong Kong.

Mr. Lee Wai Loun, aged 72, is a managing director of Manlex International Co. Ltd., a trading company. He has over 23 years of experience in sales and management in trading and distribution of electronic components, integrated circuits and computer peripherals.

Mr. Lee Yuk Sang, Angus, aged 29, graduated from Kwantlen University College, Vancouver, Canada. Mr. Lee is a director of Everwin International Ind. Ltd. (a trading company) and Sun Mei Ngai Plastic Co. Ltd. (a manufacturing company). He has over 6 years of experience in sales, marketing, project and factory management and providing consulting services in trading of Christmas decoration goods and manufacturing of plastic goods.

The Company has received confirmations of independence from each of the independent non-executive directors in accordance with Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and considers them to be independent.

Senior management

Mr. Wong Hung Ting, aged 58, is a General Manager of Golden Island Catering Group Company Limited ("GI Catering"), a wholly owned subsidiary of the Company. He has over 38 years of experience in the catering field and has been with the Group for more than 20 years. Mr. Wong is in charge of the day-to-day operation of the Group's restaurant at Star House, Tsimshatsui, Kowloon.

Mr. Ng Muk Hing, aged 61, is the Chief Chef of GI Catering. He has over 37 years of experience in catering and has been with the Group for more than 20 years.

Ms. Lam Siu Pou, Betty, aged 44, joined GI Catering as a Chief Executive Officer in August 2005. She supervises the wedding service operations of both "Wonderful Arts Wedding Services" and "Cite Du Louvre". She has over 15 years' experience in sales, management and training in retail and hotel businesses.

Directors' service contracts

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' interest in contracts

Save as disclosed in the section headed "Connected transactions" below, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in equity or debt securities

As at 31 March 2007, the interests of the directors and chief executives of the Company in the share capital of the Company (other than the options mentioned below) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Ma Shuk Kam	1,423,550,686	Corporate *(Note)*	54.12
Yeung Chi Hang	1,423,550,686	Corporate *(Note)*	54.12
Yeung Kit Yu, Kitty	1,423,550,686	Corporate *(Note)*	54.12
Liu Yu Mo	48,000	Personal	0.004

Note: These shares are owned by World Possession Assets Limited ("World Possession"), which is beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares.

On 13 December 2005, options to subscribe for a total of 70,000,000 shares of HK$0.05 each of the Company were granted under the Scheme to executive directors of the Company at the exercise price of HK$0.2254 per share. The options may be exercised from the date of grant to 30 August 2012. No option was exercised during the year. Details of the options granted under the Scheme and which remained outstanding as at 31 March 2007 are as follows:

Name	No. of shares under outstanding options
Yeung Chi Hang	22,000,000
Ma Shuk Kam	22,000,000
Liu Yu Mo	1,000,000
Chung Siu Wah	1,000,000
Yeung Kit Yu, Kitty	22,000,000
Au Edmond Wah	1,000,000
Chik To Pan	1,000,000

Save as disclosed herein, as at 31 March 2007, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SUBSTANTIAL SHAREHOLDER

At 31 March 2007, the following substantial shareholder (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Number of shares	Nature of interest	Percentage of shareholding
World Possession	1,423,550,686	Beneficial owner	54.12

Save as disclosed herein, as at 31 March 2007, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's five largest customers accounted for less than 30% of its total turnover.

During the year, the Group's five largest suppliers accounted for less than 30% of its total purchases.

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

CONNECTED TRANSACTIONS

1. The Group entered into the following connected transaction not exempt under Rule 14A.31of the Listing Rules during the year ended 31 March 2007:

   On 14 July 2006, Well Allied Investments Limited ("Well Allied"), an indirect non-wholly owned subsidiary of the Company, and PLD International Co. Ltd. ("PLD") entered into an agreement (the "Agreement") pursuant to which Well Allied and PLD agreed to co-operate to realise the benefits of the following agreements entered by 中音傳播(深圳)有限公司 (China Music Video Broadcast (Shenzhen) Company Limited) ("China Music"), a wholly owned subsidiary of Well Allied, relating to licensing of copyright to karaoke music products to karaoke operators in the PRC (the "Co-operation Agreements"):

   (a) a copyright co-operation agreement with 中國音像集體管理協會 (China Music Video Collective Management Association) (in the course of formation) (the "Association") dated 8 May 2006;

   (b) a copyright business operation co-operation agreement with the Association and 北京天語同聲信息技術有限公司 (Song Labs, Limited) ("Song Labs") dated 8 May 2006; and

   (c) a co-operation agreement with Song Labs relating to market development and sharing of expenses and income dated 12 June 2006.

   PLD has entered into contracts with various licensors (the "Contracts") whereby PLD acquires the exclusive rights to, inter alia, grant licence to karaoke operators the rights to replicate and play audio-visual works for providing vocal accompaniment to customers (the "Licence Rights") and promotion of such works in karaoke operation premises in the PRC.

   In order to realise the benefits of the Co-operation Agreements, Well Allied and PLD agreed to the following arrangements in respect of the Co-operation Agreements pursuant to the Agreement:

   (a) Well Allied shall exclusively manage and develop the business of licensing to karaoke operators in the PRC the rights to, inter alia, replicate and play the audio-visual works pursuant to the Contracts on behalf of PLD;

   (b) as directed by Well Allied, PLD shall appoint China Music as its exclusive agent in the PRC under the Contracts responsible for sourcing licencees and collection of fees pursuant to the terms of the Co-operation Agreements;

   (c) PLD shall procure that all the Licence Rights be subject to the collective management of the Association through China Music on the terms and conditions of the Co-operation Agreements;

   (d) PLD shall do all things necessary to enable China Music to fulfil its obligations under the Co-operation Agreements;

(e) Well Allied shall procure China Music to duly fulfil its obligations under the Co-operation Agreements; and

(f) the operation fees (being portion of the licence fees to be paid by the karaoke operators in the PRC) to be received by China Music pursuant to the terms of the Co-operation Agreements in respect of the Licence Rights during the period from the completion date of the Agreement up to 30 April 2009 (both dates inclusive) shall be shared by PLD and Well Allied as to (i) up to HK$95 million to PLD; and (ii) the balance to Well Allied and China Music.

As guarantee for the payment of PLD's share of the operation fees, Well Allied has paid HK$95 million to PLD in cash.

2. The following continuing connected transactions not exempt under Rule14A.33 of the Listing Rules were entered into/subsisted during the year ended 31 March 2007:

(a) the following tenancy agreements were entered into between associates of Mr. Yeung, Madam Ma and Mr. Cheng Kwee ("Mr. Cheng"), a director of various companies which during the year were subsidiaries of the Company, as landlords and GI Catering as tenant:

1. Tenancy agreements dated 18 November 2005 and 30 November 2006 respectively relating to No. 135, Waterloo Road, Kowloon, Hong Kong

Landlord	Term	Monthly rent
West Global Investments Limited (an associate of Mr. Yeung, Madam Ma and Mr. Cheng)	1 December 2005 to 30 November 2006, renewed from 1 December 2006 to 30 November 2008 (with an option to renew for a further term of 1 year at the then prevailing market rent)	HK$180,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

2. Tenancy agreement dated 18 November 2005 relating to Workshop Space B on the 2nd Floor, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong

Landlord	Term	Monthly rent
Source Expand Development Limited (an associate of Mr. Yeung and Madam Ma)	1 January 2006 to 31 December 2007	HK$9,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

3. Tenancy agreements dated 13 January 2005 and 21 June 2006 respectively relating to Unit 2811 on the 28th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong

Landlord	Term	Monthly rent
High Brand Limited (an associate of Madam Ma and Mr. Cheng)	1 February 2005 to 30 June 2006, renewed from 1 July 2006 to 30 June 2008	HK$51,100 from 1 February 2005 to 30 June 2006, and HK$66,430 from 1 July 2006 to 30 June 2008 (both exclusive of rates, management fees and air-conditioning charges which are payable to independent third parties)

(b) the following tenancy agreements were entered into between Great China Limited, an associate of Mr. Yeung, as landlord and various subsidiaries of the Company as tenants:

1. Tenancy agreement dated 1 May 2006 relating to Shop Unit Nos.1F2 and 1F3 on the First Floor of Grand Waldo Hotel (the "Hotel"), Cotai, Macau

Tenant	Term	Monthly rent, management fee and air conditioning charges
Cite Du Louvre Limited	1 May 2006 to 31 March 2007	HK$143,782

2. Tenancy agreement dated 1 May 2006 (as amended on 21 June 2006) relating to Shop Unit No. 1F8A on the First Floor of the Hotel

Tenant	Term	Monthly rent, management fee and air conditioning charges
HMS Watches Company Limited	1 May 2006 to 30 April 2009	HK$19,228

3. Tenancy agreement dated 1 May 2006 relating to Shop Unit No. GF6 on the Ground Floor of the Hotel

Tenant	Term	Monthly rent, management fee and air conditioning charges
Le Caveau Limited	1 May 2006 to 30 April 2009	HK$49,938

(c) Waldo Hotel Limited ("WHL") and Waldo Entertainment Limited ("Waldo Entertainment") entered into a memorandum dated 25 August 2005 (as amended on 29 August 2005) (the "Memorandum") pursuant to which WHL provided services and/or facilities to a casino (the "Casino") operated by Galaxy Casino, S.A. and located in Waldo Hotel in Macau ("Waldo Hotel") and its customers.

WHL was a wholly owned subsidiary of Waldorf Holding Limited, which was a 95% owned subsidiary of the Company until its disposal on 29 November 2006.

Waldo Entertainment was a wholly owned subsidiary of Wealth Access Holdings Limited, a company in which Mr. Yeung has a 50% interest.

The services and/or facilities provided to the Casino pursuant to the Memorandum were:

(i) serving food and beverage and provision of cleansing services in the Casino;

(ii) provision of storage, ticketing and transportation services for the customers of the Casino; and

(iii) provision of additional or upgrade security services at non-casino areas of Waldo Hotel.

WHL further agreed to provide hotel accommodation service and food and beverage service to Waldo Entertainment.

Pursuant to the Memorandum, WHL:

(i) was reimbursed by Waldo Entertainment all costs/expenses incurred in the employment of the extra staff members for provision of the related services;

(ii) was reimbursed by Waldo Entertainment the cost for all sundries consumed or used by customers of the Casino;

(iii) charged Waldo Entertainment for providing hotel accommodation service and food and beverage service to Waldo Entertainment at prevailing prices offered by WHL to independent regular customers and on normal commercial terms; and

(iv) was responsible for all capital expenses and maintenance of such equipment for provision of the related services in the Casino.

The annual cap in respect of the reimbursement/payment by Waldo Entertainment to WHL for the related services for the year ended 31 March 2007 was HK$24 million.

The independent non-executive directors of the Company have reviewed the continuing connected transactions and confirm that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMOLUMENT POLICY

As at 31 March 2007, the Group had a total of 318 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

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

The Company had a share option scheme mentioned above for the employees and directors of the Group as incentive for them to contribute to the business and operation of the Group. The Group also provides in-house and external training courses for its staff to improve their skill and services.

FINANCIAL REVIEW

Liquidity and financial resources

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

As at 31 March 2007, the Group had no bank borrowings. The gearing ratio of the Group, based on total bank borrowings to shareholders' equity, was 0% (2006:23.5%) as at 31 March 2007.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the year. No financial instrument was used for hedging.

Charges

At 31 March 2007, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK$52 million (2006:HK$252 million) amounted to HK$156 million (2006:HK$622.7 million).

Directors' Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration paid by the Group to the directors of the Company and senior management of the Group for the year ended 31 March 2007 are set out in note 13 to the financial statements.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2007.

PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of its directors, not less than 25% of the issued share capital of the Company are held by the public.

AUDITORS

At the annual general meeting of the Company held on 25 August 2004, PricewaterhouseCoopers, the then auditors of the Company, did not seek re-appointment and BDO McCabe Lo & Company were appointed as auditors of the Company. On 1 August 2005, the practice of BDO McCabe Lo & Company was incorporated as BDO McCabe Lo Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO McCabe Lo Limited as auditors of the Company.

On behalf of the Board
Liu Yu Mo
Chief Executive Officer

Hong Kong, 11 July 2007

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in the year ended 31 March, 2007 except the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in the Model Code for securities transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules.

Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March, 2007.

BOARD OF DIRECTORS

The Company is governed by a board of directors (the "Board") which has the responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's activities with a view to develop its business and to enhance shareholder value.

The Board met 8 times during the year ended 31 March, 2007. Its composition and the attendance of individual directors at these board meetings were as follows:

Name	Number of meetings attended
Executive directors	
Yeung Chi Hang *(Chairman)*	6
Ma Shuk Kam	1
Liu Yu Mo *(Chief Executive Officer)*	8
Yeung Kit Yu, Kitty	2
Au Edmond Wah	6
Chung Siu Wah	5
Chik To Pan	8
Independent Non executive directors	
Chan Lai Mei	4
Lee Wai Loun	6
Lee Yuk Sang, Angus	6

Mr. Yeung Chi Hang, the Chairman of the Company, is the son of Madam Ma Shuk Kam and the brother of Ms. Yeung Kit Yu, Kitty, both executive directors.

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of Chairman and Chief Executive Officer of the Company are separated, with a clear division of responsibilities.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTORS

All the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings every 3 years in accordance with the Bye-laws of the Company.

REMUNERATION OF DIRECTORS

The Remuneration Committee has 3 members, comprising Messrs. Chan Lai Mei, Lee Wai Loun and Lee Yuk Sang, Angus, all independent non-executive directors. This Committee is chaired by Ms. Chan Lai Mei.

The terms of reference of the Remuneration Committee have been determined with reference to the Code.

The Remuneration Committee met twice during the year. The attendance of individual members at these meetings was as follows:

Name	Number of meetings attended
Chan Lai Mei	2
Lee Wai Loun	2
Lee Yuk Sang, Angus	1

The Remuneration Committee has reviewed and approved the levels of remuneration paid to executive directors and senior management of the Group.

NOMINATION OF DIRECTORS

Executive directors identify potential new directors and recommend to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment.

Potential new directors are selected on the basis of their qualifications, skills and experience which the directors consider will make a positive contribution to the performance of the Board.

During the year, no new director was appointed.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparing the financial statements of the Company. As at 31 March, 2007, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Independent Auditor's Report attached to the Company's financial statements for the year ended 31 March, 2007.

The Board has conducted a review of the effectiveness of the Group's internal control system covering all controls, including financial, operational and compliance and risk management controls. The result has been reported to the Audit Committee. Areas for improvement have been identified and appropriate measures taken.

AUDITORS' REMUNERATION

During the year ended 31 March, 2007, fees paid to the Company's external auditor for audit services totalled HK$873,900, compared with HK$730,000 in the previous year. For non-audit services, the fees paid amounted to HK$310,000, compared with HK$227,000 in the previous year. The significant non-audit service assignments covered by these fees include the following:

Nature of services	**Fee paid** *HK$*
Interim results review services	132,000
2007 final announcement review services	30,000
Reporting accountants' service for a major disposal transaction	148,000
	310,000

AUDIT COMMITTEE

The Audit Committee has 3 members, comprising Messrs. Chan Lai Mei, Lee Wai Loun and Lee Yuk Sang, Angus, all independent non-executive directors. The Chairman of this Committee is Ms. Chan Lai Mei.

The terms of reference of the Audit Committee follow the guidelines set out in the Code.

During the year, the Audit Committee had reviewed the Group's interim and annual results and internal control system.

The Audit Committee met twice during the year. The attendance of individual members at these meetings was as follows:

Name	**Number of meetings attended**
Chan Lai Mei	2
Lee Wai Loun	2
Lee Yuk Sang, Angus	1

Independent Auditor's Report

BDO McCabe Lo Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong
Telephone: (852) 2541 5041
Telefax: (852) 2815 0002

德豪嘉信會計師事務所有限公司

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傳真:(八五二)二八一五 ○○○二

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNITED POWER INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

We have audited the financial statements of United Power Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 89, which comprise the consolidated and the company balance sheets as at 31 March 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company and of the Group as at 31 March 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO McCabe Lo Limited
Certified Public Accountants

Tony Yuk Tung Chan
Practising Certificate Number P04654

Hong Kong, 11 July 2007

Consolidated Income Statement

For the year ended 31 March 2007

	Notes	2007 HK$	2006 HK$
Continuing operations			
Turnover	4	**202,150,157**	211,195,227
Cost of sales		**(96,669,711)**	(100,341,727)
Gross profit		**105,480,446**	110,853,500
Other revenue	4	**7,895,945**	4,541,799
Net operating expenses		**(151,999,844)**	(112,539,203)
Operating (loss)/profit		**(38,623,453)**	2,856,096
Increase in fair value of investment properties		**—**	4,500,000
Finance costs	8	**(176,119)**	(29,970)
(Loss)/profit before taxation		**(38,799,572)**	7,326,126
Taxation	9	**1,055,059**	(3,555,356)
(Loss)/profit for the year from continuing operations		**(37,744,513)**	3,770,770
Discontinued operations			
Profit for the year from discontinued operations	6	**88,525,876**	38,608,750
Profit for the year	6, 10	**50,781,363**	42,379,520
Attributable to:			
Equity holders of the Company		**57,132,114**	45,491,787
Minority interests		**(6,350,751)**	(3,112,267)
		50,781,363	42,379,520
Dividends	11	**Nil**	Nil
Earnings/(loss) per share	12		
From continuing operations			
Basic *(HK cents)*		**(1.18)**	0.39
Diluted *(HK cents)*		**N/A**	0.39
From discontinued operations			
Basic *(HK cents)*		**3.35**	2.05
Diluted *(HK cents)*		**3.28**	2.04
From continuing and discontinued operations			
Basic *(HK cents)*		**2.17**	2.44
Diluted *(HK cents)*		**2.13**	2.43

Consolidated Balance Sheet

As at 31 March 2007

	Notes	2007 HK$	2006 HK$
Non-current assets			
Goodwill	14	**—**	19,003,140
Property, plant and equipment	15	**105,594,731**	314,948,192
Investment properties	16	**100,500,000**	100,500,000
Interests in leasehold land for own use under operating leases	17	**—**	72,884,182
Deferred expenditure	19	**3,988,251**	—
Land premium	18	**—**	183,994,620
Interest in an associate	21	**—**	—
Held-to-maturity investments	22	**—**	—
Deferred tax asset	23	**5,616,256**	3,189,521
Total non-current assets		**215,699,238**	694,519,655
Current assets			
Inventories	24	**27,594,127**	22,944,562
Trade and other receivables	25	**59,731,426**	19,205,832
Interests in leasehold land for own use under operating leases	17	**—**	1,765,225
Deferred expenditure	19	**45,267,624**	—
Cash and cash equivalents	26	**438,160,876**	114,781,497
Total current assets		**570,754,053**	158,697,116
Current liabilities			
Trade and other payables	27	**55,717,421**	27,071,859
Amounts due to minority shareholders	28	**66,875,269**	35,480,374
Secured bank borrowings	29	**—**	28,122,176
Provision for taxation		**518,984**	324,708
Total current liabilities		**123,111,674**	90,999,117
Net current assets		**447,642,379**	67,697,999
Total assets less current liabilities		**663,341,617**	762,217,654
Non-current liabilities			
Secured bank borrowings	29	**—**	112,106,558
Provision for long service payments	33	**2,262,353**	2,307,157
Deferred tax liabilities	23	**14,427,686**	41,783,548
Total non-current liabilities		**16,690,039**	156,197,263
Net assets		**646,651,578**	606,020,391
Capital and reserves			
Share capital	30	**131,506,080**	131,506,080
Reserves		**524,437,444**	465,356,507
Total equity attributable to equity holders of the Company		**655,943,524**	596,862,587
Minority interests		**(9,291,946)**	9,157,804
Total equity	32	**646,651,578**	606,020,391

On behalf of the Board

Yeung Chi Hang
Chairman

Liu Yu Mo
Chief Executive Officer

Balance Sheet

As at 31 March 2007

	Notes	2007 HK$	2006 HK$
Non-current assets			
Investments in subsidiaries	*20*	**52,084,559**	52,084,060
Total non-current assets		**52,084,559**	52,084,060
Current assets			
Amounts due from subsidiaries	*20*	**401,549,586**	406,757,870
Trade and other receivables	*25*	**23,928**	23,928
Cash and cash equivalents	*26*	**148,964**	176,596
Total current assets		**401,722,478**	406,958,394
Current liabilities			
Trade and other payables	*27*	**1,150,990**	516,290
Amounts due to subsidiaries	*20*	**7,295,550**	7,295,518
Total current liabilities		**8,446,540**	7,811,808
Net current assets		**393,275,938**	399,146,586
Net assets		**445,360,497**	451,230,646
Capital and reserves			
Share capital	*30*	**131,506,080**	131,506,080
Reserves		**313,854,417**	319,724,566
Total equity	*32*	**445,360,497**	451,230,646

On behalf of the Board

Yeung Chi Hang
Chairman

Liu Yu Mo
Chief Executive Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2007

	Notes	2007 HK$	2006 HK$
Total equity at beginning of year		**606,020,391**	222,102,768
Net income recognised directly in equity:			
Surplus on revaluation of other properties revaluation reserve, net of deferred tax		**1,827,911**	1,815,536
Profit for the year:			
— attributable to equity shareholders of the Company		**57,132,114**	45,491,787
— minority interests		**(6,350,751)**	(3,112,267)
Profit for the year		**50,781,363**	42,379,520
Total recognised income and expense for the year		**52,609,274**	44,195,056
Movements in equity arising from capital transactions			
Issue of shares		**—**	76,711,880
Increase in share premium from issue of shares		**—**	246,806,222
		—	323,518,102
Employee share option benefits		**—**	3,934,394
Exchange reserve arising from subsidiary in the PRC		**120,912**	—
Minority interests		**(12,098,999)**	12,270,071
Total equity		**646,651,578**	606,020,391
Attributable to:			
Equity holders of the Company	*32*	**655,943,524**	596,862,587
Minority interests		**(9,291,946)**	9,157,804
		646,651,578	606,020,391

Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Notes	2007 HK$	2006 HK$
Operating activities			
Cash generated from operations	36	**23,526,833**	29,660,133
Interest paid		**(7,735,721)**	(3,384,886)
Interest received		**7,533,232**	3,273,315
Tax paid		**(1,282)**	—
Net cash generated from operating activities		**23,323,062**	29,548,562
Investing activities			
Disposal of subsidiaries, net of cash disposed of	35	**370,960,802**	—
Acquisition of subsidiaries, net of cash acquired	34	**—**	(251,000,802)
Acquisition of equity interest from minority interests		**—**	(29)
Purchases of property, plant and equipment		**(7,789,647)**	(7,387,263)
Deferred expenditure paid		**(50,000,000)**	—
Net cash generated from/(used in) investing activities		**313,171,155**	(258,388,094)
Financing activities			
Repayment of bank loans		**(64,509,764)**	(11,303,468)
Advances from minority shareholders		**51,394,895**	6,840,210
Capital contribution by minority shareholders		**31**	95,889
Proceeds from issue of shares		**—**	328,765,200
Share issue expenses		**—**	(5,247,098)
Net cash (used in)/generated from financing activities		**(13,114,838)**	319,150,733
Net increase in cash and cash equivalents		**323,379,379**	90,311,201
Cash and cash equivalents at the beginning of year		**114,781,497**	24,470,296
Cash and cash equivalents at the end of year	26	**438,160,876**	114,781,497

Notes to the Financial Statements

For the year ended 31 March 2007

1. GENERAL

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent and ultimate holding company is World Possession Assets Limited (incorporated in British Virgin Islands). The Company's registered office and principal place of business are at Clarendon House, Church Street, Hamilton HM 11, Bermuda and Room 2810-11, 28th Floor, Shun Tak Centre, West Tower, 200 Connaught Road Central, Hong Kong respectively.

The Company is engaged in investment holding. The principal activities of the subsidiaries are set out in note 20. During the year, the Group ceased its hotel operations via the disposal of interests in several subsidiaries as set out in note 35.

The financial statements are presented in Hong Kong dollars, which is the functional currency of the Group.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) In the current year, the Group has applied all the new and revised standards, amendments and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are relevant to its operation and effective for its accounting period beginning on 1 April 2006. The adoption of the new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

(b) Potential impact arising on the new accounting standards not yet effective

The Group has not yet applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new HKFRSs will have no material impact on the financial statements of the Group.

HKAS 1 Amendment	Capital Disclosures [4]
HKFRS 7	Financial Instrument: Disclosures [4]
HKFRS 8	Operating Segments [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HK(IFRIC) — Interpretation 8	Scope of HKFRS 2 [7]
HK(IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives [6]
HK(IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment [5]
HK(IFRIC) — Interpretation 11	Group and Treasury Share Transactions [3]
HK(IFRIC) — Interpretation 12	Service Concession Arrangements [2]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 January 2008.
3 Effective for annual periods beginning on or after 1 March 2007.
4 Effective for annual periods beginning on or after 1 January 2007.
5 Effective for annual periods beginning on or after 1 November 2006.
6 Effective for annual periods beginning on or after 1 June 2006.
7 Effective for annual periods beginning on or after 1 May 2006.

3. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations ("HKAS-INT") (hereinafter collectively referred to as the "new HKFRSs") issued by HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(b) Basis of preparation

The financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 40.

(c) Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company transactions and balances between group companies are therefore eliminated in full in preparing the consolidated financial statements.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at their proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation *(Continued)*

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss, if any.

(d) Associate

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are accounted for using the equity method except when the investment is classified as held for sale (in which case it is accounted for in accordance with HKFRS 5 Non-Current Assets Held for Sale and Discontinued Operations.) or when the investment is designated as at fair value through profit or loss upon initial recognition or is classified as held for trading (in which case it is accounted for under HKAS 39 Financial Instruments Recognition and Measurement) to whereby they are initially recognised in the consolidated balance sheet at cost and thereafter, they are accounted under the equity method their earnings values are adjusted for the Group's share of the post-acquisition change in the Group's share of the associates' net assets - except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and subject to impairment in the same way as goodwill arising on a business combination.

(e) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Assets that the Group controls and liabilities that it incurs in relation to jointly controlled operations are recognised in the Group's balance sheet on an accrual basis and classified according to the nature of the item. The Group's share of income that it earns from jointly controlled operations together with the expenses that it incurs are included in the Group's income statement when it is probable that economic benefits associated with the transaction will flow to/from the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

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

(g) Investment properties

Investment properties are properties held for long-term rental yields or for capital appreciation and not occupied by the Group. Investment properties are carried at fair value, representing open-market value determined annually by independent qualified valuer. Changes in fair value are recognised in the income statement.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment

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

The building component of the owner-occupied leasehold hotel property and other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated at rates sufficient to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives and residual value are reviewed, and adjusted if appropriate, at each balance sheet date. The useful lives are as follows:

Hotel property	
— Building	Over the term of the land lease
— Leasehold improvements, furniture and fixtures	2 — 10 years
Leasehold land	Over the term of the lease
Buildings	40 years
Leasehold improvements	2 — 5 years
Wardrobe	1 year
Furniture, fixtures and equipment	3 — 5 years
Motor vehicles	5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the year in which they are incurred.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Upon disposal of leasehold land and buildings, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the other properties revaluation reserve to retained earnings. Any gain or loss arising on derecognition of assets other than leasehold land and buildings is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the income statement.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(i) Interests in leasehold land held for own use under operating leases

Interests in leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

(j) Land premium

Land premium represents the fair value of land acquired less the fair value of land at inception of lease and is amortised over the period of the lease on a straight-line basis to the income statement.

(k) Deferred expenditure

Deferred expenditure represents prepayment to a co-operation venturer for its share of operating profits from the co-operation business to collect licence fees from karaoke operators in the People's Republic of China (the "PRC"). The deferred expenditure is initially recognised at cost. Subsequent to initial recognition, deferred expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for deferred expenditure is provided on a straight-line basis over the co-operation period.

(l) Impairment

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

- property, plant and equipment (other than properties carried at revalued amounts);
- interests in leasehold land held for own use under operating lease;
- investments in subsidiaries, associates and joint ventures; and
- deferred expenditure.

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value.

Cost, which comprises the purchase prices of inventories and direct expenses, is calculated using the first-in first-out method.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Financial instruments

(i) Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss: include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts. Gains or losses on investments held for trading or these financial assets are recognised in the income statement.

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

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

At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the income statement in the period in which they arise.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

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

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Held-to-maturity investments: These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets: Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement.

3. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(n) **Financial instruments** *(Continued)*

(i) ***Financial assets*** *(Continued)*

Any impairment losses on available-for-sale financial assets are recognised in the income statement on available-for-sale investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not be reversed in subsequent periods.

(ii) ***Financial liabilities***

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liabilities were incurred. The Group's accounting policy for each category is as follows:

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Financial instruments *(Continued)*

(ii) Financial liabilities (Continued)

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are recognised at amortised cost.

- Bank borrowings, certain preference shares and the debt element of convertible debt issued by the Group, which are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs and premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

(iii) Derecognition

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(iv) Equity instruments

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

(o) Income taxes

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Income taxes *(Continued)*

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Income taxes are recognised in the income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

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

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

Revenue from licence fee collection business is recognised on an accrual basis when it is probable that the economic benefits will flow to the Group.

Revenue from provision of wedding and entertainment services is recognised when contracts are signed.

Hotel room revenue is recognised when hotel rooms are occupied.

Revenue from goods sold is recognised when title of goods sold has passed to the purchaser, which is at the time of delivery.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Revenue recognition *(Continued)*

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

(r) Foreign currencies

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rate approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

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

3. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(r) **Foreign currencies** *(Continued)*

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

(s) **Employee benefits**

(i) Employee leave entitlements

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

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

(ii) Profit-sharing and bonus plans

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

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

(iii) Post-employment benefits

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(iii) Post-employment benefits *(Continued)*

The obligations for long service payments are assessed using the projected unit credit method, under which the provision for long service payment is charged to the income statement so as to spread the cost over the service lives of employees. The obligations are determined based on actuarial assumptions that are the Group's best estimates of the variables that will determine the ultimate cost of providing post-employment benefits. The provisions are calculated as the present values of the estimated future cash outflows for each employee using interest rates of high quality corporate bonds that have terms to maturity approximating the terms of the related liabilities, less the fair value of the Group's contributions to MPF for that employee. Plan assets are measured at fair values. Actuarial gains and losses are recognised over the average remaining service lives of employees.

The employees of the Group's subsidiary that operates in Macau are required to participate in a government-managed retirement benefit scheme. This subsidiary is required to contribute a fixed cost per employee to the government-managed retirement benefit scheme. The contributions are charged to the income statement as they become payable.

(t) Share based payments

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

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

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

(u) Leases

For leases where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(v) Borrowing costs

All borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

(w) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business.

Classification as a discontinued operation occurs upon disposal. When an operation is classified as discontinued, a single amount is presented on the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation;

— the post-tax gain or loss recognised on the disposal of the disposal group constituting the discontinued operation; and

— the excess of fair value of net assets acquired over cost of acquisition of the disposal group.

(x) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards different from those of other segments.

In accordance with its internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segment as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

Unallocated costs represent corporate income and expenses. Segment assets consist primarily of goodwill, property, plant and equipment, inventories and receivables, and exclude cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude accruals for corporate expenses and certain corporate borrowings. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

4. REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2007 *HK$*	2006 *HK$*
TURNOVER		
Continuing operations:		
Sales of food and beverages from restaurant operations	**39,253,682**	37,661,004
Gross rental income from investment properties	**5,403,700**	5,118,419
Provision of wedding services	**89,732,139**	97,284,421
Revenue from talent management and entertainment operations	**2,530,068**	2,638,713
Revenue from trading of watches and wine	**65,164,602**	68,492,670
Revenue from licence fee collection business	**65,966**	—
	202,150,157	211,195,227
Discontinued operations:		
Revenue from hotel operations		
— Rooms rental	**50,980,911**	35,947,466
— Food and beverages	**20,486,695**	19,628,697
	71,467,606	55,576,163
	273,617,763	266,771,390
OTHER REVENUE		
Continuing operations:		
Bank interest income	**7,533,232**	2,844,068
Others	**362,713**	1,697,731
	7,895,945	4,541,799
Discontinued operations:		
Bank interest income	**1,082,955**	429,247
Others	**1,326,176**	1,250,139
	2,409,131	1,679,386
	10,305,076	6,221,185
TOTAL REVENUE	**283,922,839**	272,992,575

5. BUSINESS AND GEOGRAPHICAL SEGMENT

Business segments

For management purposes, the Group is currently organised into six operating divisions — restaurant operations, property investment, wedding services business, entertainment business, retail operations and licence fee collection business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Restaurant operations	—	sales of food and beverages
Property investment	—	leasing investment properties
Wedding services business	—	provision of wedding services
Entertainment business	—	provision of talent management and entertainment business
Retail operations	—	trading of watches and wine
Others	—	collection of licence fee from karaoke operators in the PRC

The Group was also involved in hotel operations. That operations were discontinued in November 2006 *(see note 35)*.

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

Business segments *(Continued)*

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

	2007								
	Continuing operations							Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment operations *HK$*	Retail operations *HK$*	Licence fee collection business *HK$*	Sub-total *HK$*	Hotel operations *HK$*	Total *HK$*
Turnover	39,253,682	5,403,700	89,732,139	2,530,068	65,164,602	65,966	202,150,157	71,467,606	273,617,763
Segment results	(604,234)	4,004,121	(33,928,408)	(3,611,430)	(75,930)	(6,151,895)	(40,367,776)	5,993,836	(34,373,940)
Gain on disposal of hotel operations									81,504,515
Unallocated income									8,562,043
Unallocated costs									(5,965,032)
Profit before taxation									49,727,586
Taxation									1,053,777
Profit for the year									50,781,363
Segment assets	100,517,910	100,589,256	11,304,338	71,232	32,693,849	79,881,355	325,057,940	—	325,057,940
Unallocated assets									461,395,351
Total assets									786,453,291
Segment liabilities	(8,531,414)	(2,053,911)	(10,226,282)	(4,759,064)	(22,198,239)	(63,457,712)	(111,226,622)	—	(111,226,622)
Unallocated liabilities									(28,575,091)
Total liabilities									(139,801,713)
Capital expenditure — segment	108,970	—	5,532,836	—	1,710,170	191,358	7,543,334	237,313	7,780,647
— unallocated									9,000
									7,789,647
Depreciation — segment	2,729,833	—	2,370,072	80,177	503,622	9,881	5,693,585	24,024,398	29,717,983
— unallocated									3,320
									29,721,303
Impairment of goodwill	—	15,000	18,988,140	—	—	—	19,003,140	—	19,003,140
Amortisation of deferred expenditure	—	—	—	—	—	744,125	744,125	—	744,125
Amortisation of prepaid lease rentals (land)	—	—	—	—	—	—	—	864,827	864,827
Amortisation of land premium	—	—	—	—	—	—	—	2,102,957	2,102,957

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

Business segments *(Continued)*

	2006							
	Continuing operations						Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment operations *HK$*	Retail operations *HK$*	Sub-total *HK$*	Hotel operations *HK$*	Total *HK$*
Turnover	37,661,004	5,118,419	97,284,421	2,638,713	68,492,670	211,195,227	55,576,163	266,771,390
Segment results	1,551,809	7,967,180	5,882,315	(6,932,323)	1,896,837	10,365,818	8,163,628	18,529,446
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries								29,760,397
Unallocated income								4,621,678
Unallocated costs								(7,260,624)
Profit before taxation								45,650,897
Taxation								(3,271,377)
Profit for the year								42,379,520
Segment assets	103,400,990	100,653,345	28,330,596	1,811,388	19,845,116	254,041,435	481,139,357	735,180,792
Unallocated assets								118,035,979
Total assets								853,216,771
Segment liabilities	(8,222,689)	(1,957,500)	(7,773,462)	(4,870,237)	(10,507,251)	(33,331,139)	(171,299,845)	(204,630,984)
Unallocated liabilities								(42,565,396)
Total liabilities								(247,196,380)
Capital expenditure — segment	2,412,901	—	3,888,996	372,428	359,355	7,033,680	349,783	7,383,463
— unallocated								3,800
								7,387,263
Depreciation — segment	2,543,877	—	1,897,782	54,705	62,714	4,559,078	20,571,983	25,131,061
— unallocated								2,568
								25,133,629
Impairment of goodwill	920,493	—	—	449,628	—	1,370,121	—	1,370,121
Amortisation of prepaid lease rentals (land)	—	—	—	—	—	—	719,165	719,165
Amortisation of land premium	—	—	—	—	—	—	1,801,856	1,801,856

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

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

	2007						
	Hong Kong		**Macau**		**PRC**		
	Continuing operations *HK$*	**Discontinued operations** *HK$*	**Continuing operations** *HK$*	**Discontinued operations** *HK$*	**Continuing operations** *HK$*	**Discontinued operations** *HK$*	**Total** *HK$*
Sales revenue	**186,618,871**	**—**	**15,465,320**	**71,467,606**	**65,966**	**—**	**273,617,763**
Segment assets	**723,894,357**	**—**	**22,121,015**	**—**	**40,437,919**	**—**	**786,453,291**
Capital expenditure	**4,040,393**	**—**	**3,320,583**	**237,313**	**191,358**	**—**	**7,789,647**

	2006						
	Hong Kong		Macau		PRC		
	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Total *HK$*
Sales revenue	211,195,227	—	—	55,576,163	—	—	266,771,390
Segment assets	372,077,414	—	—	481,139,357	—	—	853,216,771
Capital expenditure	7,037,480	—	—	349,783	—	—	7,387,263

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2007 *HK$*	2006 *HK$*
Depreciation of property, plant and equipment	**29,721,303**	25,133,629
Cost of inventories recognised as an expense	**81,387,364**	86,250,312
Direct operating expenses from investment properties that generated rental income during the year	**170,205**	625,321
Property tax on rental income	**364,385**	452,445
Operating lease rentals in respect of land and buildings		
— Land and buildings	**20,927,622**	14,222,897
— Interests in leasehold land for own use under operating leases	**864,827**	719,165
Amortisation of land premium	**2,102,957**	1,801,856
Amortisation of deferred expenditure	**744,125**	—
Amortisation of pre-paid licence fee	**2,500,000**	—
Impairment loss of goodwill	**19,003,140**	1,370,121
Auditors' remuneration (recognised in net operating expenses)		
— Audit services	**873,900**	730,000
— Non-audit services *(note a)*	**310,000**	27,000

Note a: Auditors' remuneration for non-audit services for 2006 excluded an amount of HK$200,000 which was capitalised in cost of acquisition of Waldorf Holding Limited.

6. PROFIT FOR THE YEAR *(Continued)*

During the year, the Group disposed of its 95% interests in Waldorf Holding Limited ("Waldorf"), which operated a hotel in Macau. The sales, results, cash flows and net assets of Waldorf were as follows:

	2007 *HK$*	2006 *HK$*
Profit for the year from discontinued operations:		
Sales	**71,467,606**	55,576,163
Cost of sales	**(52,895,513)**	(41,060,210)
Gross profit	**18,572,093**	14,515,953
Other revenue	**2,409,131**	1,679,386
Net operating expenses	**(6,398,979)**	(4,276,049)
Operating profit	**14,582,245**	11,919,290
Finance costs	**(7,559,602)**	(3,354,916)
Profit before taxation	**7,022,643**	8,564,374
Taxation	**(1,282)**	283,979
Profit after taxation	**7,021,361**	8,848,353
Gain on disposal of hotel operations	**81,504,515**	—
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	**—**	29,760,397
	88,525,876	38,608,750
Cash flows from discontinued operations:		
Operating cash flows	**34,523,135**	21,770,348
Investing cash flows	**1,130,417**	(450,559)
Financing cash flows	**(63,406,574)**	(11,077,286)
Total cash flows	**(27,753,022)**	10,242,503

The carrying amounts of the assets and liabilities of Waldorf at the date of disposal were HK$471,163,759 and HK$223,698,655 respectively.

A profit of HK$81.5 million arose on the disposal of the Group's interests in Waldorf, being the net sale proceeds of disposal less the carrying amount of the Group's interests in the subsidiary's net assets and the shareholder's loan assigned. No tax charge or credit arose from the disposal.

7. STAFF COSTS

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Staff costs (including directors) comprise:						
Salaries and bonuses	**51,165,107**	49,529,978	**13,614,010**	9,430,284	**64,779,117**	58,960,262
Contribution to defined contribution pension plans	**2,817,429**	2,517,812	**462,718**	212,241	**3,280,147**	2,730,053
Share options granted to directors	**—**	3,934,394	**—**	—	**—**	3,934,394
Other post-employment benefits	**135,074**	162,115	**—**	—	**135,074**	162,115
Other short term monetary benefits	**1,449,338**	1,253,002	**1,551,834**	1,197,408	**3,001,172**	2,450,410
	55,566,948	57,397,301	**15,628,562**	10,839,933	**71,195,510**	68,237,234

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on						
— long-term bank loans	**18,300**	29,970	**7,559,602**	3,354,916	**7,577,902**	3,384,886
— other borrowings	**157,819**	—	**—**	—	**157,819**	—
	176,119	29,970	**7,559,602**	3,354,916	**7,735,721**	3,384,886

9. TAXATION

The amount of taxation in the income statement represents:

	Continuing operations		Discontinued operations		Total	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Hong Kong profits tax	**194,276**	324,708	**—**	—	**194,276**	324,708
Macau tax	**—**	—	**1,282**	—	**1,282**	—
	194,276	324,708	**1,282**	—	**195,558**	324,708
Deferred tax *(note 23)*	**(1,249,335)**	3,230,648	**—**	(283,979)	**(1,249,335)**	2,946,669
	(1,055,059)	3,555,356	**1,282**	(283,979)	**(1,053,777)**	3,271,377

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 17.5% on the estimated assessable profits for the year.

No provision for Hong Kong profits tax has been made for other subsidiaries within the Group as those subsidiaries have sufficient tax losses brought forward to offset against the estimated profits for the year on an individual basis.

The Macau statutory tax rate is set at 12% on the estimated assessable profits for the year.

No provision for PRC Enterprise Income Tax has been made as the Group has incurred a loss during the year.

9. TAXATION *(Continued)*

The tax expense for the year can be reconciled to the profit per the income statement as follows:

	2007	2006
	HK$	*HK$*
Profit before taxation		
— Continuing operations	**(38,799,572)**	7,326,126
— Discontinued operations	**88,527,158**	38,324,771
	49,727,586	45,650,897
Tax calculated at Hong Kong profits tax rate of 17.5% (2006: 17.5%)	**8,702,327**	7,988,907
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(4,868,994)**	(471,041)
Deferred tax not recognised	**2,000,950**	2,220,498
Tax effect of non-deductible expenses	**5,110,850**	1,480,171
Tax effect of non-taxable revenue	**(11,939,485)**	(7,947,874)
Others	**(59,425)**	716
Income tax expense	**(1,053,777)**	3,271,377

In addition to the amount charged to the income statement, deferred tax relating to the revaluation of the Group's certain leasehold land and buildings during the year has been charged directly to equity.

10. PROFIT FOR THE YEAR

Included in profit for the year is a loss of HK$5,870,149 (2006: loss of HK$5,544,218) that has been dealt with in the financial statements of the Company.

11. DIVIDENDS

The board of directors does not recommend the payment of interim or final dividend in respect of the year ended 31 March 2007 (2006: Nil).

12. EARNINGS/(LOSS) PER SHARE

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

	2007 HK$	2006 HK$
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Profit/(loss) for the year attributable to equity holders of the Company		
— from continuing operations	**(31,036,169)**	7,345,679
— from discontinued operations	**88,168,283**	38,146,108
— from continuing and discontinued operations	**57,132,114**	45,491,787
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,630,121,600**	1,863,903,527
Effect of dilutive potential ordinary shares:		
— Share options	**58,091,574**	5,581,227
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,688,213,174**	1,869,484,754

* *No diluted loss per share from continuing operations has been presented for the year ended 31 March 2007 as the conversion of the share options was anti-dilutive.*

13. DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Companies Ordinance, are as follows:

2007	**Fees** *HK$*	**Salaries and other benefits** *HK$*	**Discretionary bonuses** *HK$*	**Share options** *HK$*	**Retirement scheme contributions** *HK$*	**Total** *HK$*
Executive directors						
Yeung Chi Hang	**—**	**1,830,000**	**720,000**	**—**	**11,863**	**2,561,863**
Ma Shuk Kam	**—**	**—**	**—**	**—**	**—**	**—**
Liu Yu Mo	**—**	**1,700,000**	**330,000**	**—**	**11,863**	**2,041,863**
Chung Siu Wah	**96,000**	**—**	**—**	**—**	**4,800**	**100,800**
Yeung Kit Yu, Kitty	**—**	**426,400**	**32,800**	**—**	**11,863**	**471,063**
Au Edmond Wah	**96,000**	**—**	**—**	**—**	**4,800**	**100,800**
Chik To Pan	**—**	**660,000**	**30,000**	**—**	**11,863**	**701,863**
Independent non-executive directors						
Chan Lai Mei	**96,000**	**—**	**—**	**—**	**—**	**96,000**
Lee Wai Loun	**96,000**	**—**	**—**	**—**	**—**	**96,000**
Lee Yuk Sang, Angus	**96,000**	**—**	**—**	**—**	**—**	**96,000**
	480,000	**4,616,400**	**1,112,800**	**—**	**57,052**	**6,266,252**

2006	Fees *HK$*	Salaries and other benefits *HK$*	Discretionary bonuses *HK$*	Share options *HK$*	Retirement scheme contributions *HK$*	Total *HK$*
Executive directors						
Yeung Chi Hang	—	1,550,000	720,000	1,236,524	11,863	3,518,387
Ma Shuk Kam	—	—	—	1,236,524	—	1,236,524
Liu Yu Mo	—	1,425,000	330,000	56,205	11,863	1,823,068
Chung Siu Wah	88,000	—	—	56,206	4,400	148,606
Yeung Kit Yu, Kitty	—	426,400	32,800	1,236,524	13,160	1,708,884
Au Edmond Wah	88,000	—	—	56,206	3,995	148,201
Chik To Pan	—	390,000	30,000	56,205	11,880	488,085
Independent non-executive directors						
Chan Lai Mei	96,000	—	—	—	—	96,000
Lee Wai Loun	96,000	—	—	—	—	96,000
Lee Yuk Sang, Angus	96,000	—	—	—	—	96,000
	464,000	3,791,400	1,112,800	3,934,394	57,161	9,359,755

13. DIRECTORS AND SENIOR MANAGEMENT EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

No directors waived their emoluments in respect of the year ended 31 March 2007 (2006: HK$Nil).

The above emoluments include the value of share options granted to all executive directors under the Company's share option scheme as estimated at the date of grant. The details of these benefits-in-kind are disclosed in note 31.

(b) Five highest paid individuals

The five individuals whose emoluments, excluding share options, were the highest in the Group for the year include three directors (2006: two directors). The emoluments payable to the remaining two highest paid individuals during the year are as follows:

	2007	2006
	HK$	*HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	**1,228,521**	2,065,470
Retirement scheme contributions	**24,000**	36,000
	1,252,521	2,101,470

All the emoluments fell within the band between nil to HK$1,000,000.

(c) Share options

The value of share options granted to the directors under the share option scheme of the Company represents the fair value of these options charged to the income statement in 2006 in accordance with HKFRS 2.

14. GOODWILL AND IMPAIRMENT

	HK$
Cost:	
At 1 April 2005	20,075,566
Opening balance adjustment to eliminate accumulated amortisation	(1,087,426)
Additions via acquisition	1,385,121
At 31 March 2006 and 31 March 2007	20,373,261
Impairment	
At 1 April 2005	1,087,426
Eliminated against cost at 1 April 2005	(1,087,426)
Impairment loss	1,370,121
At 31 March 2006 and 1 April 2006	1,370,121
Impairment loss	19,003,140
At 31 March 2007	20,373,261
Carrying value	
At 31 March 2007	—
At 31 March 2006	19,003,140

Notes:

(a) With effect from 1 April 2005 the Group no longer amortises goodwill. In accordance with the transitional provisions set out in HKFRS 3, the accumulated amortisation of goodwill as at 1 April 2005 has been eliminated against the cost of goodwill as at that date.

(b) Goodwill includes an amount of HK$19,003,140 that arose from the acquisition of Golden Island Catering Group Company Limited and World Honour Investments Limited which are engaged in the operations of restaurant, wedding services business and property investment respectively. As these subsidiaries incurred significant operating losses since the date of acquisition and it is expected the recoverable amount will be less than the carrying amount of goodwill, full impairment losses on the goodwill have been provided during the year.

14. GOODWILL AND IMPAIRMENT *(Continued)*

Notes: (Continued)

(c) For the purpose of impairment testing, goodwill acquired through business combinations are allocated to the Group's various cash-generating units ("CGU") as follows:

	2007	2006
	HK$	*HK$*
Wedding services	**18,988,140**	18,988,140
Entertainment operations	**—**	449,627
Restaurant operations	**—**	920,494
Others	**15,000**	15,000
Total	**19,003,140**	20,373,261

In accordance with HKAS 36 "Impairment of assets", the Group completed its annual impairment test for goodwill to the Group's various CGU by comparing their recoverable amounts to their carrying amounts at the balance sheet date. The recoverable amount of a CGU is determined based on a value-in-use calculation. These calculations use cashflow projections based on financial forecasts covering a five-year period. The key assumptions used in the value-in-use calculation are based on the best estimates of discount rates and nil growth rate.

Impairment was provided as there was evidence of impairment on goodwill from wedding services business and other operations.

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel property in Macau								
Group	Building	Leasehold improvements	Furniture, fixtures and equipment	Leasehold land and buildings	Leasehold improvements	Wardrobe	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost or valuation									
At 1 April 2005	—	—	—	96,050,000	3,415,997	1,137,797	4,457,871	41,656	105,103,321
Surplus on revaluation	—	—	—	250,000	—	—	—	—	250,000
Additions	—	56,047	293,736	—	2,558,459	—	3,789,021	690,000	7,387,263
Additions via acquisition	129,162,972	63,220,046	31,888,827	—	234,112	—	121,385	5,129,587	229,756,929
At 1 April 2006	129,162,972	63,276,093	32,182,563	96,300,000	6,208,568	1,137,797	8,368,277	5,861,243	342,497,513
Surplus on revaluation	—	—	—	260,000	—	—	—	—	260,000
Additions	—	—	237,313	—	2,811,656	—	1,305,912	3,434,766	7,789,647
Disposal of subsidiaries	(129,162,972)	(62,835,689)	(32,391,468)	—	—	—	—	(4,433,434)	(228,823,563)
Written off	—	(440,404)	(28,408)	—	(2,182,341)	—	(3,643,806)	(944,709)	(7,239,668)
At 31 March 2007	—	—	—	96,560,000	6,837,883	1,137,797	6,030,383	3,917,866	114,483,929
Accumulated depreciation									
At 1 April 2005	—	—	—	—	1,246,305	1,137,797	1,940,584	41,656	4,366,342
Charge for the year	1,246,808	16,083,634	2,663,747	1,950,650	1,004,494	—	1,496,252	688,044	25,133,629
Surplus on revaluation	—	—	—	(1,950,650)	—	—	—	—	(1,950,650)
At 1 April 2006	1,246,808	16,083,634	2,663,747	—	2,250,799	1,137,797	3,436,836	729,700	27,549,321
Charge for the year	1,467,761	18,768,585	3,094,700	1,955,650	1,527,777	—	1,890,574	1,016,256	29,721,303
Surplus on revaluation	—	—	—	(1,955,650)	—	—	—	—	(1,955,650)
Disposal of subsidiaries	(2,714,569)	(34,852,219)	(5,748,418)	—	—	—	—	(935,059)	(44,250,265)
Written off	—	—	(10,029)	—	(428,618)	—	(1,364,529)	(372,335)	(2,175,511)
At 31 March 2007	—	—	—	—	3,349,958	1,137,797	3,962,881	438,562	8,889,198
Net book value									
At 31 March 2007	—	—	—	96,560,000	3,487,925	—	2,067,502	3,479,304	105,594,731
At 31 March 2006	127,916,164	47,192,459	29,518,816	96,300,000	3,957,769	—	4,931,441	5,131,543	314,948,192

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The analysis of the net book value or valuation of the above assets at 31 March 2007 is as follows:

	Hotel property in Macau *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Total *HK$*
At cost	**—**	**—**	**3,487,925**	**2,067,502**	**3,479,304**	**9,034,731**
At 2007 professional valuation	**—**	**96,560,000**	**—**	**—**	**—**	**96,560,000**
	—	**96,560,000**	**3,487,925**	**2,067,502**	**3,479,304**	**105,594,731**

The analysis of the net book value or valuation at of the above assets at 31 March 2006 is as follows:

	Hotel property in Macau *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Total *HK$*
At cost	204,627,439	—	3,957,769	4,931,441	5,131,543	218,648,192
At 2006 professional valuation	—	96,300,000	—	—	—	96,300,000
	204,627,439	96,300,000	3,957,769	4,931,441	5,131,543	314,948,192

The Group's leasehold land and buildings and hotel property are located in Hong Kong and Macau respectively and are analysed at their carrying values as follows:

	2007 *HK$*	2006 *HK$*
Properties located in Hong Kong		
Leases of over 50 years	**95,000,000**	95,000,000
Leases of between 10 to 50 years	**1,560,000**	1,300,000
	96,560,000	96,300,000
Property located in Macau		
Leases of between 10 to 50 years	**—**	204,627,439

The leasehold land and buildings were revalued at 31 March 2007 on the open market value basis by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers. A revaluation surplus of HK$1,827,911 was credited to other properties revaluation reserve, after net of applicable deferred income taxes of HK$387,739.

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The carrying amount of leasehold land and buildings of the Group would have been HK$19,362,515 (2006: HK$20,085,435) had they been stated at cost less accumulated depreciation.

At 31 March 2006, the Group pledged leasehold land and building with a carrying value of HK$95,000,000, the hotel property in Macau, two investment properties *(note 16)*, interests in leasehold land for own use under operating leases *(note 17)* and land premium *(note 18)* as security for the Group's banking facilities of HK$252,000,000.

During the 2007 financial year, certain of the pledged assets, comprising the hotel property, one of the investment properties, interests in leasehold land for own use under operating leases and land premium, were released upon the settlement of the bank borrowings on the disposal of Waldorf. The Group's banking facilities decreased simultaneously from HK$252,000,000 to HK$52,100,000.

At 31 March 2007, the Group pledged leasehold land and building with a carrying value of HK$95,000,000 and one investment property *(note 16)* as security for the Group's banking facilities of HK$52,100,000.

At 31 March 2007, the Group did not utilise any banking facilities (2006: HK$140,228,734 *(note 29)*).

16. INVESTMENT PROPERTIES

Group	**2007** *HK$*	2006 *HK$*
At beginning of year, at fair value	**100,500,000**	93,000,000
Additions via acquisition	**—**	3,000,000
Change in fair value	**—**	4,500,000
At end of year, at fair value	**100,500,000**	100,500,000

1. Investment properties were revalued at 31 March 2007 on an open market value basis by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers.

2. At 31 March 2007, one investment property with a carrying value of HK$61,000,000 (2006: two investment properties with total carrying value of HK$64,500,000) was pledged to secure the banking facilities granted to the Group.

3. Gross rental income from investment properties amounted to HK$5,403,700 (2006: HK$5,118,419).

4. The Group's investment properties are located in Hong Kong and are analysed at their carrying values as follows:

	2007 *HK$*	2006 *HK$*
Leases of over 50 years	**61,000,000**	61,000,000
Leases of between 10 to 50 years	**39,500,000**	39,500,000
	100,500,000	100,500,000

17. INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

Group	**Amount** *HK$*
Cost	
Acquired via acquisition and as at 31 March 2006	75,368,572
Written off on the disposal of subsidiaries	(75,368,572)
At 31 March 2007	—
Accumulated amortisation	
Amortisation for the year and as at 31 March 2006	719,165
Amortisation	864,827
Written off on the disposal of subsidiaries	(1,583,992)
At 31 March 2007	—
Carrying value	
At 31 March 2007	—
At 31 March 2006	74,649,407

The above land is held under medium-term lease and is located in Macau.

Analysis of the carrying value of interests in leasehold land held for own use under operating lease is as follows:

	2007 *HK$*	2006 *HK$*
Non-current portion	—	72,884,182
Current portion	—	1,765,225
	—	74,649,407

At 31 March 2006, the interests in leasehold land for own use under operating leases were pledged as part of the security for the Group's banking facilities *(note 15 and 29)*. In 2007, this pledge was released upon the settlement of the bank borrowings on the disposal of Waldorf.

18. LAND PREMIUM

Group

	Land premium *HK$*
Cost:	
Acquired via acquisition and as at 31 March 2006	185,796,476
Written off on the disposal of subsidiaries	(185,796,476)
At 31 March 2007	—
Accumulated amortisation	
Amortisation for the year and as at 31 March 2006	1,801,856
Amortisation	2,102,957
Written off on the disposal of subsidiaries	(3,904,813)
At 31 March 2007	—
Carrying value	
At 31 March 2007	—
At 31 March 2006	183,994,620

At 31 March 2006, the land premium was pledged as part of the security for the Group's banking facilities *(notes 15 and 29)*. In 2007, this pledge was released upon the settlement of the bank borrowings on the disposal of Waldorf.

19. DEFERRED EXPENDITURE

Group

	Advance on licence fee profit *HK$*
Cost	
As at 1 April 2005 and 31 March 2006	—
Amount paid during the year	50,000,000
As at 31 March 2007	50,000,000
Accumulated amortisation	
As at 1 April 2005 and 31 March 2006	—
Amortisation for the year	744,125
As at 31 March 2007	744,125
Carrying amount	
At 31 March 2007	49,255,875
At 31 March 2006	—

Shown in the financial statements as:

Deferred expenditure — current portion (to be amortised within one year)	45,267,624
Deferred expenditure — non-current portion	3,988,251
	49,255,875

During the year, Well Allied Investments Limited ("Well Allied"), an indirect non-wholly owned subsidiary of the Company, entered into a co-operation agreement with a copyright holder for the business of collecting licence fees from karaoke operators in the PRC for their use of licenced audio-visual works on behalf of the copyright holder. As a condition of the agreement, the Group agreed to advance the sum of HK$95 million to the copyright holder as its guaranteed share of the expected profit on the licence fees that will be earned. In accordance with the terms of the agreement, HK$50 million was paid on the completion date of the agreement ("Completion Date") and the remainder was paid 30 days after the Completion Date.

The agreement is effective for the period commencing on the Completion Date and end on 30 April 2009. Accordingly, the advance on licence fee profit is considered as a deferred expenditure and amortised over the term of the agreement.

Subsequent to the year end, the remaining HK$45 million was paid to the copyright holder in accordance with the agreement.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2007	2006
	HK$	*HK$*
Unlisted shares, at cost	**53,284,559**	53,284,060
Less: Impairment loss	**(1,200,000)**	(1,200,000)
	52,084,559	52,084,060
Amounts due from subsidiaries	**686,896,042**	692,104,326
Less: Impairment for bad and doubtful debts	**(285,346,456)**	(285,346,456)
	401,549,586	406,757,870
Amounts due to subsidiaries	**(7,295,550)**	(7,295,518)

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

The following is a list of the principal subsidiaries as at 31 March 2007:

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/share capital	Percentage of equity interest held 2007	2006
Held directly					
Athenian Investments Limited	The British Virgin Islands (the "BVI")	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Hong Kong	Investment holding in Hong Kong	100 ordinary shares of HK$100 each and 240,000 deferred shares of HK$100 each	**100**	100
Golden Island Catering Group Company Limited	Hong Kong	Restaurant operations and provision of wedding services in Hong Kong	2 ordinary shares of HK$1 each	**100**	100
Golden Island (Management) Limited	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$1 each	**100**	100

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/share capital	Percentage of equity interest held 2007	2006
Held directly (Continued)					
Worldaim Enterprises Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Well Prime International Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Winkler Profits Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Widelead Group Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Win Big Profits Limited	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	**100**	100
Welly Champ International Limited	BVI	Investment holding in Hong Kong	100 ordinary share of US$1 each	**60**	60
Held indirectly					
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$100 each	**100**	100
Reli-a-bo Entertainment Limited	Hong Kong	Talent management	1,000 ordinary shares of HK$1 each	**60**	60
Wellprecise Limited	Hong Kong	Restaurant operation in Hong Kong	100 ordinary shares of HK$1 each	**80**	80
Witty Ventures Limited	Hong Kong	Retail of watches	100 ordinary shares of HK$1 each	**51**	51
World Honour Investments Limited	Hong Kong	Property holding in Hong Kong	100 ordinary share of HK$1 each	**100**	100
Cite Du Louvre Limited	Macau	Provision of wedding services	Quota capital of MOP100,000	**100**	51
Le Caveau Limited	Macau	Retail of wines and beverage	Quota capital of MOP100,000	**51**	51

20. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation	Principal activities and place of operation	Particulars of issued/share capital	Percentage of equity interest held 2007	2006
Held indirectly (Continued)					
HMS Watches Company Limited	Macau	Retail of watches	Quota capital of MOP100,000	**51**	51
Well Allied Investments Limited	BVI	License fee collection business in PRC	100 ordinary share of HK$1 each	**30.6**	30.6
中音傳播(深圳)有限公司	PRC	License fee collection operations in PRC	Registered capital of HK$10,000,000	**30.6**	—

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

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

21. INTEREST IN AN ASSOCIATE

The principal associates are dormant and financial results of the principal associates are immaterial to the Group. Accordingly, no disclosure was made.

22. HELD-TO-MATURITY INVESTMENTS

	Group 2007 *HK$*	2006 *HK$*
Unlisted investment, at cost	**78,000,000**	78,000,000
Less: Impairment loss	**(78,000,000)**	(78,000,000)
	—	—

The investment was a convertible note (the "Note") of Opal Technologies Inc. ("Opal") for a principal amount of US$10 million. Opal was engaged in the manufacturing, trading and distribution of organic fertilisers and its shares were traded on the NASDAQ Bulletin Board in the United States of America. The Note was unsecured, interest bearing at 4% per annum payable quarterly in arrears.

22. HELD-TO-MATURITY INVESTMENTS *(Continued)*

The Note was convertible, in whole or in part, into fully paid shares of common stock of Opal (par value US$0.001) at US$0.20 per share (subject to adjustment) after 10 October 2000. The Group did not exercise the right to convert the Note into shares of Opal. The Note matured on 9 April 2003.

Trading of shares of Opal on NASDAQ Bulletin Board has been suspended since 23 May 2001 due to its failure to file audited financial statements for the year ended 31 December 2000 and subsequent financial years with the Securities and Exchange Commission of the United States of America. The directors were of the opinion that the recoverability of the Note was doubtful and a full provision on the Note was made in 2001.

Legal action was taken by the Group against Opal in 2002. The court adjudged that Opal had to pay the Group, inter alia, a sum of US$10,300,000 representing the principal and interest accrued on the Note up to 7 January 2002 (the "Judgement Debts").

On 19 January 2004, the Group entered into a deed of settlement (the "Settlement Deed") with Opal. Under the Settlement Deed, the Group agreed to accept Opal's payment of US$2,500,000 as full settlement of the Judgement Debts. The first instalment of the settlement of US$1,420,000 (HK$11,051,860) was received on 19 January 2004 in accordance with the terms of the Settlement Deed.

The second instalment of US$1,080,000 was scheduled to be received on 19 October 2004. However, Opal has requested a further extension and thus, the second instalment of the settlement is still outstanding. As the financial position of Opal was unknown, it would be difficult and costly to take legal action to enforce the payment immediately, and the Company agreed to grant the extension as requested by Opal. There is no fixed timetable for the repayment of the second instalment of the settlement.

23. DEFERRED TAXATION

Group

The movements on the net deferred tax liabilities during the year are as follows:

	Group	
	2007	2006
	HK$	*HK$*
At 1 April	**38,594,027**	6,046,469
Tax arising from acquisition of subsidiaries	**—**	29,215,775
Tax eliminated on disposal of subsidiaries	**(28,921,001)**	—
Tax (credited)/charged to income statement *(note 9)*	**(1,249,335)**	2,946,669
Tax charged to equity *(note 32)*	**387,739**	385,114
At 31 March	**8,811,430**	38,594,027

23. DEFERRED TAXATION *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 March 2007, the Group and the Company had estimated unutilised tax losses of HK$118,200,000 (2006: HK$129,300,000) and HK$6,100,000 (2006: HK$4,100,000) respectively. A deferred tax has been recognised in respect of HK$89,700,000 (2006: HK$80,900,000) of such losses. No deferred tax assets has been recognised in respect of the remaining tax losses due to unpredictability of future profit streams.

The unrecognised deferred tax mainly represented the deferred tax asset in respect of the unutilised tax losses.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred tax assets	**Accelerated accounting depreciation**		**Tax losses**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**167,309**	37,244	**14,152,000**	16,928,213	**14,319,309**	16,965,457
(Charged)/credited to income statement	**(202,874)**	130,065	**1,536,938**	(2,776,213)	**1,334,064**	(2,646,148)
At the end of the year	**(35,565)**	167,309	**15,688,938**	14,152,000	**15,653,373**	14,319,309

Deferred tax liabilities	**Property revaluation**		**Depreciation allowances**		**Total**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**14,528,929**	14,428,464	**38,384,407**	8,583,462	**52,913,336**	23,011,926
Acquisition of subsidiaries	**—**	—	**—**	29,215,775	**—**	29,215,775
Disposal of subsidiaries	**—**	—	**(28,921,001)**	—	**(28,921,001)**	—
Charged/(credited) to income statement	**—**	(284,649)	**84,729**	585,170	**84,729**	300,521
Charged to equity	**387,739**	385,114	**—**	—	**387,739**	385,114
At the end of the year	**14,916,668**	14,528,929	**9,548,135**	38,384,407	**24,464,803**	52,913,336

23. DEFERRED TAXATION *(Continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the Group's balance sheet:

	Group	
	2007	2006
	HK$	*HK$*
Deferred tax assets	**(5,616,256)**	(3,189,521)
Deferred tax liabilities	**14,427,686**	41,783,548
	8,811,430	38,594,027

24. INVENTORIES

	Group	
	2007	2006
	HK$	*HK$*
Food, beverages and wine	**4,023,988**	3,884,492
Watches	**23,570,139**	19,060,070
	27,594,127	22,944,562

25. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*
Amount due from related company	**—**	1,739,197	**—**	—
Trade receivables	**2,136,332**	11,179,321	**—**	—
Deposits, prepayments and other receivables	**57,595,094**	6,287,314	**23,928**	23,928
	59,731,426	19,205,832	**23,928**	23,928

The Group's general credit terms granted to its customers range from 30 to 60 days.

25. TRADE AND OTHER RECEIVABLES *(Continued)*

Amount due from related company of the Group disclosed pursuant to Section 161B of the Companies Ordinance are as follows:

Name of borrower

Waldo Entertainment Limited

Director who is related

Yeung Chi Hang

	Balance of the outstanding amount *HK$*
At 31 March 2007	—
At 1 April 2006	1,739,197
Maximum balance outstanding during the year	1,739,197

The amount due from related company is unsecured, interest free and has a credit term of 30 days. The Company and the related company have common director.

The directors consider that the carrying amount of trade and other receivables approximate their fair values.

At the balance sheet date, the ageing analysis of the trade receivables was as follows:

	Group	
	2007 *HK$*	2006 *HK$*
Within 30 days	**1,765,363**	10,317,015
31 to 60 days	**106,563**	337,729
Over 60 days	**264,406**	524,577
	2,136,332	11,179,321

25. TRADE AND OTHER RECEIVABLES *(Continued)*

Included in trade and other receivables in the consolidated balance sheet are the following significant amounts denominated in a currency other than the functional currency of the Group:

	2007	2006
	MOP	*MOP*
Macau Pataca	5,089,189	11,892,421
	RMB	*RMB*
Renminbi	30,001,231	—

26. CASH AND CASH EQUIVALENTS

	Group		**Company**	
	2007	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*
Cash at banks and in hand	**398,089,757**	30,475,537	**148,964**	176,596
Short-term bank deposits	**40,071,119**	84,305,960	**—**	—
	438,160,876	114,781,497	**148,964**	176,596

The effective interest rate of short-term bank deposits is 3.5% (2006: 3.5%). The deposits have a maturity of 7 days and are eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and cash equivalents in the consolidated balance sheet are the following significant amounts denominated in a currency other than the functional currency of the Group:

	2007	2006
	MOP	*MOP*
Macau Pataca	2,322,162	40,273,705
	RMB	*RMB*
Renminbi	6,782,896	—

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2007	2006	**2007**	2006
	HK$	*HK$*	***HK$***	*HK$*
Trade payables	**5,033,601**	7,121,305	**—**	—
Other payables and accruals	**21,095,162**	17,697,168	**1,150,990**	516,290
Deposits received	**29,588,658**	2,253,386	**—**	—
	55,717,421	27,071,859	**1,150,990**	516,290

At the balance sheet date, the ageing analysis of the trade creditors was as follows:

	2007	2006
	HK$	*HK$*
Within 30 days	**3,924,636**	5,939,181
31 to 60 days	**600,205**	738,134
61 to 90 days	**88**	14,420
Over 90 days	**508,672**	429,570
	5,033,601	7,121,305

Trade and other payables are expected to be settled within one year. The fair values of trade and other payables approximate their respective carrying amounts at the balance sheet date.

Included in trade and other payables in the consolidated balance sheet are the following amounts denominated in a currency other than the functional currency of the Group:

	2007	2006
	MOP	*MOP*
Macau Pataca	4,561,811	11,403,244
	RMB	*RMB*
Renminbi	32,711,723	—

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts due to minority shareholders are unsecured and repayable on demand.

An amount of HK$13,948,802 bears interest at prime rate quoted by Chiyu Banking Corporation.

29. SECURED BANK BORROWINGS

Group

Secured bank borrowings are repayable as follows:

	2007	2006
	HK$	*HK$*
Within one year	—	28,122,176
After one year but within two years	—	29,784,959
After two years but within five years	—	82,321,599
	—	140,228,734
Amount due within one year included in current liabilities	—	(28,122,176)
Amount due after one year	—	112,106,558

At 31 March 2006, the bank borrowings were secured by:

(i) the hotel property *(note 15)* in Macau, the interests in leasehold land for own use under operating leases *(note 17)* and land premium *(note 18)* with an aggregate carrying value of HK$463,271,466;

(ii) corporate guarantee by the Company in the amount of HK$230,000,000; and

(iii) one of the investment properties in Hong Kong with a carrying value of HK$3,500,000.

The directors consider that the carrying values of the bank borrowings as at 31 March 2006 approximate their fair values.

During the 2007 financial year, the bank borrowings were settled upon the disposal of Waldorf and the above securities were released.

Interest was charged on the bank borrowings at prime rate less 2% per annum during the period up to the settlement date (2006: at a range of prime rates less 1.5% to 2% per annum).

30. SHARE CAPITAL

	2007	**2007**	2006	2006
	Number of shares	***HK$***	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.05 each				
At 1 April	**3,800,000,000**	**190,000,000**	2,000,000,000	100,000,000
Increase in authorised ordinary shares	**—**	**—**	1,800,000,000	90,000,000
At 31 March	**3,800,000,000**	**190,000,000**	3,800,000,000	190,000,000
Issued and fully paid:				
At 1 April	**2,630,121,600**	**131,506,080**	1,095,884,000	54,794,200
New shares issued — placing	**—**	**—**	219,176,800	10,958,840
New shares issued	**—**	**—**	1,315,060,800	65,753,040
At 31 March	**2,630,121,600**	**131,506,080**	2,630,121,600	131,506,080

By a special resolution dated 3 October 2005, the authorised share capital of the Company was increased from HK$100 million divided into 2,000,000,000 ordinary shares of HK$0.05 each to HK$190 million by the creation of a further 1,800,000,000 shares of HK$0.05 each ranking pari passu in all respects with the existing shares of the Company.

On 25 May 2005, the Company issued 219,176,800 shares to its major shareholder pursuant to a top-up placing agreement entered into on 11 May 2005 at a placing price of HK$0.6 per share.

On 24 October 2005, the Company issued 1,315,060,800 shares at HK$0.15 per share pursuant to an open offer to its shareholders. The shares were issued to fund the acquisition of Waldorf and its subsidiaries, a group of companies principally engaged in the ownership and operation of a hotel in Macau.

31. SHARE OPTIONS

On 30 August 2002, the Company adopted a share option scheme (the "Scheme") for the purpose of attracting and retaining quality personnel and other persons who may contribute to the business and operation of the Group. Options may be granted without any initial payment to persons including directors, employees or consultants of the Group. Presently the maximum number of shares issuable under the Scheme is 109,588,400 shares (being 10% of the issued share capital of the Company at 30 August 2002). The maximum number of shares in respect of which options may be granted to any one person in any 12-month period is 1% of the issued share capital of the Company on the last date of such 12-month period unless with shareholders' approval. The option period shall not be more than 10 years from the date of grant of an option, and may include a minimum period an option must be held before it can be exercised. The exercise price is the highest of (i) the nominal value of one share of the Company; (ii) the closing price per share as stated in the daily quotation sheets of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant of the option; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of the grant of the option. The Scheme will remain in force until 29 August 2012.

On 13 December 2005, options to subscribed for a total of 70,000,000 shares of the Company were granted to the executive directors of the Company at the exercise price of HK$0.2254 per share. The options may be exercised from the date of grant to 30 August 2012.

No option was exercised during the year and thus the total number of shares under outstanding options as at 31 March 2007 was 70,000,000 (2006: 70,000,000).

The following information is relevant in the determination of the fair value of the outstanding options.

	2007
Option pricing model used	**Binomial lattice**
Weighted average share price at grant date	**HK$0.215**
Exercise price	**HK$0.2254**
Date of expiry	**30 August 2012**
Expected volatility	**80%**
Expected dividend growth rate	**0%**
Risk-free interest rate	**4.354%**

	2007 ***HK$***	2006 *HK$*
Option expense	**—**	3,934,394

32. CAPITAL AND RESERVES

(a) Group

	Share capital HK$	Share premium HK$	Contributed surplus HK$	Employee share-based compen-sation reserve HK$	Other properties revaluation reserve HK$	Foreign exchange reserve HK$	Accu-mulated losses HK$	Equity attributable to equity holders of the Company HK$	Minority interests HK$	Total equity HK$
2006										
At 1 April 2005	54,794,200	293,365,856	28,784,000	—	70,875,218	—	(225,716,506)	222,102,768	—	222,102,768
Issue of shares at premium	76,711,880	252,053,320	—	—	—	—	—	328,765,200	—	328,765,200
Share issue expenses	—	(5,247,098)	—	—	—	—	—	(5,247,098)	—	(5,247,098)
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	12,174,182	12,174,182
Capital contribution from minority interests	—	—	—	—	—	—	—	—	95,889	95,889
Surplus on revaluation	—	—	—	—	2,200,650	—	—	2,200,650	—	2,200,650
Revaluation — tax effect	—	—	—	—	(385,114)	—	—	(385,114)	—	(385,114)
Employee share option benefits	—	—	—	3,934,394	—	—	—	3,934,394	—	3,934,394
Profit for the year	—	—	—	—	—	—	45,491,787	45,491,787	(3,112,267)	42,379,520
At 31 March 2006	131,506,080	540,172,078	28,784,000	3,934,394	72,690,754	—	(180,224,719)	596,862,587	9,157,804	606,020,391

	Share capital *HK$*	**Share premium** *HK$*	**Contributed surplus** *HK$*	**Employee share-based compen-sation reserve** *HK$*	**Other properties revaluation reserve** *HK$*	**Foreign exchange reserve** *HK$*	**Accu-mulated losses** *HK$*	**Equity attributable to equity holders of the Company** *HK$*	**Minority interests** *HK$*	**Total equity** *HK$*
2007										
At 1 April 2006	**131,506,080**	**540,172,078**	**28,784,000**	**3,934,394**	**72,690,754**	**—**	**(180,224,719)**	**596,862,587**	**9,157,804**	**606,020,391**
Capital contribution from minority interests	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**31**	**31**
Translation reserve	**—**	**—**	**—**	**—**	**—**	**120,912**	**—**	**120,912**	**274,225**	**395,137**
Disposal of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(12,373,255)**	**(12,373,255)**
Surplus on revaluation	**—**	**—**	**—**	**—**	**2,215,650**	**—**	**—**	**2,215,650**	**—**	**2,215,650**
Revaluation — tax effect	**—**	**—**	**—**	**—**	**(387,739)**	**—**	**—**	**(387,739)**	**—**	**(387,739)**
Profit for the year	**—**	**—**	**—**	**—**	**—**	**—**	**57,132,114**	**57,132,114**	**(6,350,751)**	**50,781,363**
At 31 March 2007	**131,506,080**	**540,172,078**	**28,784,000**	**3,934,394**	**74,518,665**	**120,912**	**(123,092,605)**	**655,943,524**	**(9,291,946)**	**646,651,578**

32. CAPITAL AND RESERVES *(Continued)*

(b) Company

	Share capital *HK$*	Share premium *HK$*	Contributed surplus *HK$*	Employee share-based compensation reserves *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2005	54,794,200	293,365,856	28,784,000	—	(247,621,688)	129,322,368
Issue of shares at premium	76,711,880	252,053,320	—	—	—	328,765,200
Share issue expenses	—	(5,247,098)	—	—	—	(5,247,098)
Employee share option benefits	—	—	—	3,934,394	—	3,934,394
Loss for the year	—	—	—	—	(5,544,218)	(5,544,218)
At 31 March 2006	131,506,080	540,172,078	28,784,000	3,934,394	(253,165,906)	451,230,646
Loss for the year	—	—	—	—	(5,870,149)	(5,870,149)
At 31 March 2007	131,506,080	540,172,078	28,784,000	3,934,394	(259,036,055)	445,360,497

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders provided that the Company is able to pay its liabilities as they become due after distribution and the realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.

33. PROVISION FOR LONG SERVICE PAYMENTS

The Group has recorded provisions for long service payment obligations for employees who had completed the required number of years of service under Hong Kong's Employment Ordinance. The provisions are calculated based on the Group's best estimates using the projected unit credit method.

The amounts recognised in the balance sheet are as follows:

	Group	
	2007	2006
	HK$	*HK$*
Present value of funded obligations	**2,262,353**	2,307,157

The amounts recognised in the consolidated income statement are as follows:

	Group	
	2007	2006
	HK$	*HK$*
Current service cost	**1,049,236**	773,467
Interest cost	**252,726**	175,537
Net actuarial gains recognised during the year	**(470,030)**	(229,871)
	831,932	719,133

Movements in the provision for long service payments are as follows:

	Group	
	2007	2006
	HK$	*HK$*
At beginning of year	**2,307,157**	2,815,402
Total expense recognised in the income statement	**831,932**	719,933
Payments made during the year:		
— MPF contributions	**(831,932)**	(681,649)
— Long service payments	**(44,804)**	(546,529)
At end of year	**2,262,353**	2,307,157

33. PROVISION FOR LONG SERVICE PAYMENTS *(Continued)*

The principal actuarial assumptions used were as follows:

	Group	
	2007	2006
Discount rate	**5.5%**	4.4%
Expected rate of future salary increases	**1.2%**	1.2%

34. ACQUISITION OF SUBSIDIARIES IN THE PRIOR YEAR

In the 2006 financial year, the Group made a series of acquisitions, details of which are as follows:

(a) On 12 May 2005, the Company's wholly-owned subsidiary, Well Prime International Limited ("Well Prime"), subscribed for 600 ordinary shares in Reli-a-bo Entertainment Limited ("Reli-a-bo"), representing 60% equity interest in Reli-a-bo, for a consideration of HK$600. At the date of acquisition, Reli-a-bo had not commenced operations since incorporation but had incurred pre-operating costs. Reli-a-bo carries on the business of talent management in the entertainment industry.

(b) On 12 July 2005, the Company's wholly owned subsidiary, Winkler Profits Limited ("Winkler") subscribed for 51% of the issued shares of Witty Ventures Limited ("Witty") for a consideration of HK$51. Witty is engaged in the retail trading of watches.

The above businesses contributed revenues of HK$71,131,000 and a net loss of HK$5,715,000 for the year ended 31 March 2006.

A summary of the total net assets acquired and goodwill from the acquisitions mentioned in (a) to (b) above are as follows:

	HK$
Purchase consideration for shares acquired:	
— cash paid for the consideration	651
Purchase consideration for loan assumed	8,160,000
Fair value of net liabilities assumed (see below)	448,976
Fair value of loan	(8,160,000)
Goodwill	449,627

34. ACQUISITION OF SUBSIDIARIES IN THE PRIOR YEAR *(Continued)*

The total assets and liabilities arising from these acquisitions are as follows:

	Acquirees' carrying amounts *HK$*	**Fair value** *HK$*
Cash and cash equivalents	1,102,323	1,102,323
Property, plant and equipment	355,497	355,497
Inventories	14,541,420	14,541,420
Trade and other receivables	101,764	101,764
Trade and other payables	(49,120)	(49,120)
Payable to shareholders	(16,800,164)	(16,800,164)
Net liabilities assumed	(748,280)	(748,280)
Minority interests		299,304
Net liabilities		(448,976)
Purchase consideration settled in cash		8,160,651
Cash and cash equivalents in subsidiaries acquired		(1,102,323)
Cash outflow on acquisition		7,058,328

(c) On 3 and 6 June 2005, the Company's wholly owned subsidiary, Worldaim Enterprise Limited ("Worldaim"), subscribed for 51 shares in Wellprecise Limited ("Wellprecise"), representing 51% equity interest in Wellprecise, for a consideration of HK$51.

On 19 January 2006 and 20 March 2006, Worldaim further acquired a total of 29% equity interest in Wellprecise from a minority shareholder at a total consideration of HK$29. At the dates of acquisition, the fair value of 29% of the net liabilities assumed was HK$920,465, resulting in goodwill of HK$920,494.

(d) On 28 October 2005, the Company's wholly-owned subsidiary, Widelead Group Limited ("Widelead") acquired 95% of the registered capital of Waldorf, a group of companies principally engaged in the ownership and operation of a hotel in Macau SAR, for a total cash consideration of MOP191,442,400 (approximately HK$185,866,408) from two related companies, Wealth Access Holdings Limited ("Wealth Access") and Sunling Resources Limited. In addition, Widelead acquired the rights and benefits of unsecured interest-free loan of MOP90,557,600 (approximately HK$87,920,000) advanced by Wealth Access to Waldorf for a total cash consideration of MOP90,557,600. The Company and the related companies have common directors and beneficial shareholders.

34. ACQUISITION OF SUBSIDIARIES IN THE PRIOR YEAR *(Continued)*

A summary of the total net assets acquired and goodwill from this acquisition is as follows:

	HK$
Purchase consideration for shares:	
— Cash paid	185,866,408
— Direct costs relating to the acquisition	3,880,587
	189,746,995
Purchase consideration for loan assumed	87,920,000
Total purchase consideration	277,666,995
Fair value of net assets acquired — as shown below	(219,507,392)
Fair value of loan	(87,920,000)
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	(29,760,397)

The assets and liabilities arising from the acquisition are as follows:

	Acquirees' carrying amounts *HK$*	**Fair value** *HK$*
Cash and cash equivalents	33,724,521	33,724,521
Goodwill	15,000	15,000
Property, plant and equipment	172,136,225	229,401,432
Interests in leasehold land for own use under operating leases	75,368,572	75,368,572
Land premium	—	185,796,476
Investment properties	3,000,000	3,000,000
Inventories	2,309,674	2,309,674
Trade and other receivables	11,527,886	11,527,886
Trade and other payables	(21,415,171)	(21,415,171)
Payable to shareholders	(107,920,000)	(107,920,000)
Bank borrowings	(151,532,202)	(151,532,202)
Net deferred tax liabilities	—	(29,215,775)
Net assets	17,214,505	231,060,413
Minority interests		(11,553,021)
Net assets acquired		219,507,392
Purchase consideration settled in cash		277,666,995
Cash and cash equivalents in subsidiary acquired		(33,724,521)
Cash outflow on acquisition		243,942,474

Since the date of acquisition, the above business contributed revenues of HK$55,628,000 and a net profit of HK$9,252,000. Had the acquisition been completed on 1 April 2005, the total revenue and profit for the year ended 31 March 2006 would have been HK$132,439,000 and HK$22,151,000 respectively.

35. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of its subsidiaries, Waldorf and its subsidiaries (the "Waldorf Group") and discontinued the hotel operations. The net assets of the Waldorf Group at the date of disposal were as follows:

	2007	2006
	HK$	*HK$*
Investment — unlisted	**—**	100
Property, plant and equipment	**184,573,298**	209,179,232
Interests in leasehold land for own use under operating leases	**73,784,580**	74,649,407
Land premium	**181,891,663**	183,994,620
Inventories	**1,426,930**	1,825,904
Trade and other receivables	**13,469,270**	13,360,940
Cash and cash equivalents	**16,018,018**	43,771,041
Trade and other payables	**(11,138,684)**	(10,996,111)
Bank borrowings	**(75,718,970)**	(139,125,544)
Shareholders' loan	**(107,920,000)**	(107,920,000)
Deferred tax liabilities	**(28,921,001)**	(28,921,001)
	247,465,104	239,818,588
Minority interests	**(12,373,255)**	
Net assets disposed of	**235,091,849**	
Gain on disposal	**81,504,515**	
Shareholder's loan assigned	**87,920,000**	
Total consideration	**404,516,364**	
Satisfied by:		
Cash received	**386,978,820**	
Deferred consideration*	**17,537,544**	
	404,516,364	
Net cash inflow arising on disposal:		
Cash consideration	**386,978,820**	
Cash and cash equivalents disposed of	**(16,018,018)**	
	370,960,802	

* *The Group received the deferred consideration on 16 May 2007.*

36. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of profit for the year to net cash generated from operations:

	2007	2006
	HK$	*HK$*
Profit for the year	**50,781,363**	42,379,520
Income tax expense	**(1,053,777)**	3,271,377
Interest income	**(7,533,232)**	(3,273,315)
Gain on disposal of subsidiaries	**(81,504,515)**	—
Increase in fair value of investment properties	**—**	(4,500,000)
Impairment loss of goodwill	**19,003,140**	1,370,121
Amortisation of deferred expenditure	**744,125**	—
Amortisation of pre-paid licence fee	**2,500,000**	—
Operating lease rental in respect of interests in leasehold land for own use	**864,827**	719,165
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries	**—**	(29,760,397)
Amortisation of land premium	**2,102,957**	1,801,856
Share option expenses	**—**	3,934,394
Property, plant and equipment written off	**5,064,157**	—
Depreciation of property, plant and equipment	**29,721,303**	25,133,629
Interest expenses	**7,735,721**	3,384,886
Net exchange difference	**395,137**	—
Operating profit before working capital changes	**28,821,206**	44,461,236
Increase in inventories	**(6,076,495)**	(4,364,467)
Increase in trade and other receivables	**(28,957,320)**	(1,104,637)
Increase/(decrease) in trade and other payables	**39,784,246**	(8,823,754)
Payment for licence fee	**(10,000,000)**	—
Decrease in provision for long service payments	**(44,804)**	(508,245)
Net cash generated from operations	**23,526,833**	29,660,133

37. COMMITMENTS

(a) Operating lease commitments

At the balance sheet date, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of office premises, shops and warehouse premises as follows:

	Group	
	2007	2006
	HK$	*HK$*
Within one year	**12,411,560**	7,669,248
Within two to five years	**8,846,190**	4,249,565
	21,257,750	11,918,813

The Company did not have any commitments under operating leases at 31 March 2007 (2006: Nil).

(b) Operating lease rental receivables

At the balance sheet date, the Group's future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	Group	
	2007	2006
	HK$	*HK$*
Within one year	**2,982,000**	38,295,482
Within two to five years	**1,235,000**	69,107,161
Over five years	**—**	1,080,000
	4,217,000	108,482,643

The Company did not have any operating lease rental receivables at 31 March 2007 (2006: Nil).

(c) Capital commitments

The Group and the Company did not have any capital commitments at 31 March 2007 (2006: Nil).

38. RELATED PARTY TRANSACTIONS

Significant related party transactions during the year were:

		Group	
		2007	2006
	Notes	***HK$***	*HK$*
Acquisition of subsidiary from related companies	*(a)*	**—**	185,866,408
Hotel revenue, food and beverage revenues	*(b)*	**5,941,756**	1,573,130
Reimbursement of salaries and other allowances	*(b)*	**24,306,230**	7,897,061
Reimbursement of administrative expenses	*(b)*	**1,211,140**	392,332
Rental expenses to related companies	*(c)*	**3,019,170**	2,854,200
Service income from related company	*(d)*	**—**	1,327,285
Sponsorship income from related company	*(e)*	**150,000**	—

(a) On 28 October 2005, the Company's wholly-owned subsidiary, Widelead acquired 95% of the registered capital of Waldorf, the holding company of a group of companies principally engaged in the ownership and operation of a hotel in Macau, for a total cash consideration of MOP191,442,400 (approximately HK$185,866,408) from Wealth Access and Sunling Resources Limited, both related companies. In addition, Widelead acquired the rights and benefits of unsecured interest-free loans of MOP90,557,600 (approximately HK$87,920,000) advanced by Wealth Access to Waldorf for a total cash consideration of MOP90,557,600. The Company and the related companies have common directors and beneficial shareholders.

(b) One of the subsidiaries of the Group, Waldo Hotel Limited ("Waldo Hotel") entered into a memorandum dated 25 August 2005 (as amended on 29 August 2005) (the "Memorandum") with Waldo Entertainment Limited ("Waldo Entertainment") of which Yeung Chi Hang, a director of the Company, is a director and has beneficial interest. Waldo Entertainment is a service provider for a casino located in the hotel property of the Group. Pursuant to the Memorandum, Waldo Hotel agreed to provide certain services and facilities to the casino and its customers commencing from the date of the Memorandum up to 31 March 2008. Related services included serving of food and beverages, provision of cleaning services and hotel accommodation services to Waldo Entertainment. Hotel revenue, food and beverage revenue were charged to Waldo Entertainment and the transactions were carried out at terms by reference to market prices of similar transactions.

Salaries, other allowances and certain administrative expenses were reimbursed by Waldo Entertainment at cost in accordance with the terms of the Memorandum.

(c) Rental expenses were charged by related companies which are associates of two directors of the Company, Ma Shuk Kam and Yeung Chi Hang, and a director of certain subsidiaries, Cheng Kwee, based on the tenancy agreements signed between the parties. The transactions were carried out at terms by reference to market prices of similar transactions.

(d) Service income was charged to Great China Limited, an associate of Yeung Chi Hang and Cheng Kwee.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Sponsorship income was received from Grand Waldo Hotel Limited, an associate of Yeung Chi Hang, by Cite Du Louvre Limited, which is located in Macau for its grand opening.

(f) On 14 July 2006, Well Allied, an indirect non-wholly owned subsidiary of the Company, and PLD International Co. Ltd. ("PLD") entered into an agreement (the "Agreement") pursuant to which Well Allied and PLD agreed to co-operate to realise the benefits of the following agreements entered by 中音傳播(深圳)有限公司 (China Music Video Broadcast (Shenzhen) Company Limited) (a wholly owned subsidiary of Well Allied) relating to licensing of copyright to karaoke music products to karaoke operators in the PRC (the "Co-operation Agreements") :

(i) a copyright co-operation agreement with 中國音像集體管理協會(China Music Video Collective Management Association) (in the course of formation) (the "Association") dated 8 May 2006;

(ii) a copyright business operation co-operation agreement with the Association and 北京天語同聲信息技術有限公司 (Song Labs, Limited) ("Song Labs") dated 8 May 2006; and

(iii) a co-operation agreement with Song Labs relating to market development and sharing of expenses and income dated 12 June 2006.

PLD has entered into contracts with various licensors (the "Contracts") whereby PLD acquires the exclusive rights to, inter alia, grant licence to karaoke operators the rights to replicate and play audio-visual works for providing vocal accompaniment to customers (the "Licence Rights") and promotion of such works in karaoke operation premises in the PRC.

In order to realise the benefits of the Co-operation Agreements, Well Allied and PLD agreed to the following arrangements in respect of the Co-operation Agreements pursuant to the Agreement:

(i) Well Allied shall exclusively manage and develop the business of licensing to karaoke operators in the PRC the rights to, inter alia, replicate and play the Audio-visual works pursuant to the Contracts on behalf of PLD;

(ii) as directed by Well Allied, PLD shall appoint China Music as its exclusive agent in the PRC under the Contracts responsible for sourcing licencees and collection of fees pursuant to the terms of the Co-operation Agreements;

(iii) PLD shall procure that all the Licence Rights be subject to the collective management of the Association through China Music on the terms and conditions of the Co-operation Agreements;

(iv) PLD shall do all things necessary to enable China Music to fulfil its obligations under the Co-operation Agreements;

38. RELATED PARTY TRANSACTIONS *(Continued)*

(v) Well Allied shall procure China Music to duly fulfil its obligations under the Co-operation Agreements; and

(vi) the operation fees (being portion of the licence fees to be paid by the karaoke operators in the PRC) to be received by China Music pursuant to the terms of the Co-operation Agreements in respect of the Licence Rights during the period from the completion date of the Agreement up to 30 April 2009 (both dates inclusive) shall be shared by PLD and Well Allied as to (i) up to HK$95 million to PLD; and (ii) the balance to Well Allied and China Music.

As guarantee for the payment of PLD's share of the operation fees, Well Allied agrees to pay HK$95 million to PLD in cash.

39. FINANCIAL RISK MANAGEMENT

The Group is exposed through its operations to the certain financial risks. The directors analysed these risks and consider that appropriate management and controls are in place to mitigate these risks.

(a) Liquidity risk

The Group financial position is strong with cash and cash equivalents of HK$438 million and available banking facilities of HK$52 million. The Group maintains good business relationships with banks and has banking facilities for future business development. Therefore, the directors consider liquidity risk to be minimal.

(b) Credit Risk

Credit sales are limited to certain long-standing and reliable customers. There have been few incidents of bad debt write-offs in the Group's history. The directors consider credit risk to be minimal.

(c) Foreign currency risk

There is little foreign exchange risk because the Group's operations are located in Hong Kong, Macau and the PRC. As the Macau Pataca trades within a narrow band around Hong Kong dollars and the directors consider appropriate monitoring controls are in place to mitigate the foreign currency risk relating to the Renminbi, the directors consider foreign currency risk to be minimal.

(d) Cash flow and interest rate risk

Cash flow risk is limited as the Group is able to generate sufficient cash flows from operations to meet the cash requirements for its day-to-day operations.

Interest rate risk is the risk that the position of the Group may be adversely affected by the change in market interest rates. The Group has no bank borrowings and is not exposed to interest rate risk.

Therefore, the directors consider the Group's exposure to cash flow and interest rate risk to be minimal.

40. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions and judgments used in preparing the financial statements that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Distinction between owner-managed properties and investment properties

The Group determines whether a property qualifies as investment property. The hotel property comprises a portion that is held to earn rental income and a portion held for use in the production or supply of goods and services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether the ancillary services are so significant that a property does not qualify as investment property.

(b) Fair value of investment properties and land and buildings

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

The fair value of the hotel property at the date of acquisition is determined by independent valuers on an open market for existing use basis. The apportionment between the value of land and building of the hotel property is determined by making an assessment of the net replacement cost of the building as at the date of valuation and deducting this from the valuation of the property.

(c) Useful lives of property, plant and equipment

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

(d) Impairment test of goodwill

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

40. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(e) Share option

The fair value of share option granted is estimated by independent professional valuers based on various assumptions on volatility, life of options, dividends paid out rate and annual risk-free rate which generally represent the best estimate of the fair value of the share option at date of grant.

(f) Provision for long service payments

The obligations for long service payments are assessed using the projected unit credit method. The provisions are calculated as the present values of the estimated future cash outflows for each employee. To estimate the future cash flows, management uses the best estimates for suitable discount rates and expected rates of future salary increases.

41. POST BALANCE SHEET EVENTS

(a) On 13 April 2007, Wise Mark Group Limited ("Wise Mark"), a wholly owned subsidiary of the Company, entered into an agreement with Mr. Yeung Chi Hang (the Chairman of the Company) and Madam Ma Shuk Kam (an executive director of the Company) (the "Vendors") whereby Wise Mark agreed to purchase from the Vendors the entire issue share capital of Shenzhen Land Company Limited ("Shenzhen Land") for a total consideration of HK$31,565,901.

(b) On 13 April 2007, Golden Islands (Management) Limited ("GI Management"), a wholly owned subsidiary of the Company, entered into an agreement with Well Harvest Enterprises Limited (the "Assignor"), a company wholly owned by Madam Ma Shuk Kam, whereby GI Management agreed to acquire from the Assignor all the benefits of an interest free unsecured loan of HK$16,434,099 advanced to Shenzhen Land for a consideration of HK$16,434,099.

(c) In June 2007, the Company issued 22 million shares to each of Messrs. Yeung Chi Hang, Ma Shuk Kam and Yeung Kit Yu, Kitty and 1 million shares to each of Messrs. Liu Yu Mo, Chung Siu Wah and Chik To Pan on their exercise of options at the price of HK$0.2254 per share.

(d) On 18 June 2007, 中音傳播(深圳)有限公司, an indirect non-wholly owned subsidiary of the Company, entered into a joint operation co-operation agreement with 北京天語同聲信息技術有限公司 (Song Labs., Ltd.) and 北京中文發數字科技有限公司 (Beijing CD Digital Technology Co., Ltd.) relating to charge of license fee for copyright to contents of karaoke music products on an on-demand basis implemented through the national management service system for contents of karaoke music to be established by 文化部文化市場發展中心 (Culture Market Development Centre of the Culture Division) as appointed by 文化部 (Culture Division) in the PRC for a term of 10 years for the business of licensing of copyright to karaoke music products to karaoke operators in the PRC (except Taiwan, Hong Kong and Macau).

41. POST BALANCE SHEET EVENTS *(Continued)*

(e) On 4 July 2007 Well Allied, an indirect non-wholly owned subsidiary of the Company, entered into a loan agreement for the advance of a loan of HK$9 million to PLD at the interest rate of 8% per annum and repayable within 1 year from the date of the loan agreement. Well Allied is a 51% subsidiary of Welly Champ International Limited, which is a 60% owned subsidiary of the Company. The balance of 49% interest in Well Allied is owned by Tak Full Group Limited ("Tak Full"). 55% of the issued share capital of Tak Full is owned by Messrs. Lee Tien-Yung, Li Deh-Sheng and Philip Lu Yueh-Wei, who also own the entire issued share capital of PLD.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 11 July 2007.

Schedule of Investment Properties

For the year ended 31 March 2007

Description	Type	Lease term
Shop 9 and 10 on Ground Floor, the whole of 1st and 2nd Floors, Tung Ning Building, Nos. 125-126 Connaught Road Central, Nos. 2, 2A-2D Hillier Street, Nos. 249-251 Des Voeux Road Central Sheung Wan, Hong Kong	Commercial	Long-term
3rd and 4th Floors including flat roof, BCC Building, Nos. 25-31 Carnarvon Road, Tsim Sha Tsui, Kowloon	Commercial	Medium-term
Unit no. 3001 on 3rd Floor of the Podium of Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong	Commercial	Medium-term