UNITED POWER INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 674

ANNUAL REPORT 2010

Contents

Corporate Information

DIRECTORS

Chairman
Cheng Yang

Executive Directors
Cheng Yang *(Chief Executive Officer)*
Liu Yu Mo
Au Edmond Wah

Independent Non-executive Directors
Chan Lai Mei
Tong Jingguo
Lee Yuk Sang, Angus

AUDITOR

BDO Limited
Certified Public Accountants

SOLICITORS

Jennifer Cheung & Co

COMPANY SECRETARY

Cheung Mei Ha, Jennifer

PRINCIPAL BANKERS

Hang Seng Bank Limited
Barclays Bank PLC
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

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

Five Year Financial Summary

	2010	2009	2008	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Year ended 31 March					
(Loss)/profit attributable to owners of the Company	**(1,153,701)**	(190,773)	31,902	57,132	45,492
Assets and liabilities					
At 31 March					
Total assets	**1,286,376**	1,014,551	1,229,867	786,453	853,216
Total liabilities	**(248,780)**	(220,461)	(263,861)	(139,801)	(247,196)
Total equity	**1,037,596**	794,090	966,006	646,652	606,020

BUSINESS REVIEW AND OUTLOOK

Financial review

Consolidated results

The turnover of the Group from continuing operations for the year ended 31 March 2010 was about HK$198.8 million, representing a decrease of about 8% as compared to that of last year. The decrease was contributed by an a decrease of about HK$22 million in the turnover of wedding services, a decrease of about HK$8 million in hotel operations, and a decrease of about HK$7.9 million in entertainment business. However there was an increase of about HK$5.2 million in property investment, an increase of about HK$5.1 million in restaurant business and an increase of about HK$10.3 million in licence fee collection business. The Group incurred a loss of about HK$1,159 million this year. The loss was mainly due to the impairment loss of about HK$1,034.8 million in respect of goodwill arising from the acquisition of Hua Rong Sheng Shi Holding Limited (which holds a wholly owned subsidiary and jointly controlled entities, Tian He Culture Holding Co. Ltd and its subsidiaries) (together the "HR Group"). Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and delay in rollout of service. The loss also increased as a result of an amortisation of about HK$15.9 million in respect of intangible assets arising from the acquisition. The Group also record an impairment loss on payments for leasehold land held for own use under operating lease and property, plant and equipment of Dynasty Hotel of about HK$85.9 million, the impairment loss on goodwill on an entertainment business of about HK$5 million, an amortisation on deferred expenditures of about HK$30.8 million, and loss in hotel operations and wedding services. Such loss was partially offset by income from investment properties, restaurant operations and entertainment business.

Review

Hotel operations

The Group owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK$109.2 million, which was mainly due to impairment loss on property, plant and equipment of approximately HK$14.6 million, the impairment loss for payment for leasehold land held for own use under operating leases of about HK$71.3 million and depreciation of about HK$23.8 million.

Wedding services

The Group provides wedding services under the trade name of "Cite Du Louvre" in Hong Kong. The business suffered loss of about HK$6.1 million as it was adversely affected by keen competition from local and Taiwan wedding services companies and the economic downturn in Hong Kong. The Group closed its "Wonderful Arts Wedding Services" shops during the year.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial districts of Guangzhou, the PRC has been leased for ten years from 9 October 2008. Turnover grew this year due to rental received from the investment property at Guangzhou and increase in rental of the investment property at Carnarvon Road, Kowloon. The business contributed a profit of about HK$47.2 million to the Group. The increase in profit was mainly due to the increase in fair value gain on investment properties of about HK$41.5 million.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House is stable and profitable. It contributed operating profit of about HK$6.2 million to the Group.

Entertainment operations

A wholly-owned subsidiary of the Company, Win Sea Group Limited, entered into an agreement on 12 September 2009 for the disposal of 60% of the equity interest in 北京金英馬國際文化交流有限公司 (Beijing Jinyingma International Cultural Exchange Company Limited) for a consideration of RMB25,982,472 (about HK$29,083,532) in cash. The purchaser is 北京金英馬影視文化有限責任公司 (Beijing Jinyingma Film and Television Culture Company Limited). The cash consideration was received in March 2010. There is a gain before tax of about HK$4.7 million arising on the disposal.

Win Sea Group Limited also entered into an agreement on 12 September 2009 for the disposal of the copyright in a television series《關中義事》to 北京嘉蘭影視文化藝術有限責任公司 for a consideration of RMB20,000,000 (about HK$22,696,323) in cash. The cash consideration was received on 18 September 2009.

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK$0.8 million.

Chance Music Limited, a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, incurred a loss of about HK$0.2 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements with owners of intellectual property rights of music products relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

The Group acquired in April 2009 the HR Group, which is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. The acquisition of the HR Group is expected to enable the Group to quickly scale up and become a platform to consolidate operations for collection of copyright fees in respect of karaoke music products in the PRC.

For the year, the business recorded a turnover of HK$20.3 million and a loss of HK$1,095.9 million. The loss was mainly due to the impairment loss of about HK$1,034.8 million in respect of goodwill arising from the acquisition of the HR Group. Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and delay in rollout of service, and also an amortisation of about HK$15.9 million in respect of intangible assets arising from the acquisition. The loss was further increased by an amortisation of deferred expenditure of about HK$30.8 million.

The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC is gradually yielding income to the Group.

Prospects

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC for content distribution is gradually yielding income to the Group. After its initial set up period, the operations of the HR Group have started to yield income, and income from these operations is expected to grow. The directors believe the operations 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.

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, collection of copyright fees for karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK$1,037.6 million.

The management will look for suitable investment opportunities to expand the business of the Group.

Directors' Report

The directors would like to present their annual report together with the audited financial statements for the year ended 31 March 2010.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 22 to the financial statements.

An analysis of the Group's performance for the year by operating 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 2010 are set out in the consolidated statement of comprehensive income on page 21.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2010.

Fixed Assets

Details of movements in fixed assets of the Group and the Company during the year are set out in notes 17, 18, 19 and 21 to the financial statements.

Share Capital

Details of the share capital of the Company are set out in note 34 to the financial statements.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 24 and note 35 to the financial statements respectively.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 March 2010 are set out in note 35 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.

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 4(s) and 32 to the financial statements.

Share Option Scheme

On 30 August 2002, the Company adopted a share option scheme (the "Scheme"). Details of the Scheme are disclosed in note 37 to the financial statements. No option was granted, exercised, cancelled or lapsed during the year.

Directors and Senior Management

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

Cheng Yang *(Chairman and Chief Executive Offer)* (appointed on 30 April 2010)
Ma Shuk Kam (resigned on 18 June 2010)
Yeung Chi Hang (resigned on 18 June 2010)
Liu Yu Mo *(Chief Financial Officer)*
Au Edmond Wah
Chan Lai Mei
Lee Wai Loun (resigned on 18 June 2010)
Lee Yuk Sang, Angus
Tong Jingguo (appointed on 18 June 2010)

In accordance with Bye-law 87(2) of the Company's Bye-laws, Mr. Liu Yu Mo, Mr. Au Edmond Wah and Ms. Chan Lai Mei shall retire by rotation. In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Cheng Yang and Mr. Tong Jingguo shall retire at the coming annual general meeting of the Company. Being eligible, these directors have offered themselves for re-election.

Directors and Senior Management *(Continued)*

Biographical details of directors and senior management

Chairman

Mr. Cheng Yang, aged 46, is an executive director of the Company appointed on 30 April 2010, and was appointed as the Chairman and the Chief Executive Officer of the Company on 18 June 2010. He has been a director of Genius Star International Limited, a subsidiary of the Company since 25 June 2007. Mr. Cheng has more than 10 years of experience in entertainment and media business. He is the founder and a director of Cheng Films and Video Production Limited (a company incorporated in Hong Kong), which produces and distributes films and television drama series in Greater China. He is also a director of Xinya Media Private Limited, a Singapore-based media asset management company, and its wholly owned subsidiary, Xinya Satellite TV Private Limited, a television broadcaster licensed in Singapore which programs and manages the Xinya Satellite Television Channel and broadcasts the Channel to audience in Asia and the US.

Executive Directors

Mr. Liu Yu Mo, aged 51, was appointed as a director and the Chief Executive Officer of the Company on 29 December 2000 and 8 March 2005 respectively. On 24 January 2008, he resigned as the Chief Executive Officer of the Company and was appointed the Chief Financial Officer of the Company. Mr. Liu has over 24 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 degree of business administration.

Mr. Au Edmond Wah, aged 56, has been holding senior management positions in various companies in Hong Kong, China, Canada, Singapore and Macau for the past 30 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.

Independent non-executive Directors

Ms. Chan Lai Mei, aged 46, is a director of One One CPA Limited (Certified Public Accountants (Practising)). She has over 20 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.

Directors and Senior Management *(Continued)*

Biographical details of directors and senior management *(Continued)*

Independent non-executive Directors *(Continued)*

Mr. Lee Yuk Sang, Angus, aged 32, 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 9 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.

Mr. Tong Jingguo, aged 38, holds a Bachelor Degree of Engineering and a Master Degree of Business Administration from Shanghai Jiaotong University. He is a part-time professor of the School of Management, Xian Jiaotong University. He had been an independent non-executive director of Zhejiang Hisun Pharmaceutical Co., Ltd. (which shares are listed on the Shanghai Stock Exchange) from March 2008 to March 2010. During the period from October 2002 to March 2004, he was the President of Zhuhai Gaoling Information Technology Co., Ltd. In 2004, Mr. Tong found Shenzhen Huajing Management Consulting Co., Ltd.

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 (the "Listing Rules"), and considers them to be independent.

Senior management

Mr. Chik To Pan, aged 31, is the General Manager of Golden Island (Management) Limited ("GI Management"), a wholly owned subsidiary of the Company, in charge of business development of the Group's wedding services business. Before joining the Group in March 2004, he worked in restaurant and wedding services companies in Hong Kong.

Ms. Yeung Kit Yu, Kitty ("Ms. Yeung"), aged 29, is an Assistant General Manager of GI Management. She obtained a bachelor's degree of Arts in Asian Studies from the University of British Columbia, Canada. Ms. Yeung is the daughter of Madam Ma Shuk Kam ("Madam Ma") (a former director) and the sister of Mr. Yeung Chi Hang ("Mr. Yeung") (a former director).

Mr. Wong Hung Ting, aged 61, is a General Manager of Golden Island Catering Group Company Limited ("GI Catering"), a wholly owned subsidiary of the Company. He has over 40 years of experience in the catering field and has been with the Group for more than 32 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 64, is the Chief Chef of GI Catering. He has over 39 years of experience in catering and has been with the Group for more than 32 years.

Directors and Senior Management *(Continued)*

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 2010, the interests of the directors and chief executives of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange 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	243,306,686	*(Note 1)*	2.45
Yeung Chi Hang	5,715,143,751	*(Note 2)*	57.60
Liu Yu Mo	1,048,000	Personal	0.01
Au Edmond Wah	1,000,000	Personal *(Note 3)*	0.01

Notes:

1. 221,306,686 shares were owned by World Possession Assets Limited ("World Possession"), which was beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares, and 22,000,000 shares were owned by Madam Ma personally.

2. 221,306,686 shares were owned by World Possession, which was beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares, and 5,493,837,065 shares were owned by Mr. Yeung personally.

3. This relates to the options granted to Mr. Au Edmond Wah to subscribe for 1,000,000 shares of HK$0.05 each of the Company at the exercise price of HK$0.2254 per share from 13 December 2005 to 30 August 2012.

Save as disclosed herein, as at 31 March 2010, 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 2010, other than the interests of a director and chief executive of the Company disclosed in the paragraph headed "Directors' interests in equity or debt securities" above, 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 4% of its total turnover.

During the year, the Group's five largest suppliers accounted for less than 25% 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 had not entered into any connected transactions not exempt under Rule 14A.31 of the Listing Rules during the year ended 31 March 2010.

2. The following tenancy agreements between associates of Madam Ma and/or Mr. Yeung as landlords and GI Catering as tenant were entered into/subsisted during the year ended 31 March 2010:

   (a) Tenancy agreements dated 1 January 2008 and 18 January 2010 respectively 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 Madam Ma and Mr. Yeung)	1 January 2008 to 31 December 2009, renewed from 1 January 2010 to 31 December 2011	HK$19,000 until 31 December 2009 and thereafter HK$17,300 (both exclusive of rates, management fees and government rent which are payable to independent third parties)

Connected Transactions *(Continued)*

2. The following tenancy agreements between associates of Madam Ma and/or Mr. Yeung as landlords and GI Catering as tenant were entered into/subsisted during the year ended 31 March 2010: *(Continued)*

(b) Tenancy agreement dated 26 June 2008 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)	1 July 2008 to 30 June 2010	HK$114,975 (exclusive of rates, management fees and government rent which are payable to independent third parties)

(c) Tenancy agreement dated 1 December 2008 relating to No. 135, Waterloo Road, Kowloon, Hong Kong

Landlord	Term	Monthly rent
West Global Investments Limited (an associate of Madam Ma and Mr. Yeung)	1 December 2008 to 30 November 2010 (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)

The tenancy agreements mentioned in (b) and (c) above constitute continuing connected transactions not exempt under Rule 14A.33 of the Listing Rules.

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.

Connected Transactions *(Continued)*

The board of directors of the Company would state that BDO Limited, the auditor of the Company, has confirmed the matters stated in Rule 14A.38 of the Listing Rules relating to the continuing connected transactions.

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

Save as disclosed above, there is no contract of significance between the Group and a controlling shareholder of the Company (as defined in the Listing Rules) or any of its subsidiaries, including for the provision of services to the Group.

Emolument Policy

As at 31 March 2010, the Group had a total of 1,092 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 staff 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 2010, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2009: 0%) as at 31 March 2010.

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. The Group was not exposed to any exchange rate risk or any related hedges.

Charges

At 31 March 2010, 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$53 million (2009: HK$53 million) amounted to HK$225 million (2009: HK$171 million).

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 2010 are set out in notes 11 and 40(c) 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 2010.

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.

Auditor

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board
Cheng Yang
Chairman

Hong Kong, 26 July 2010

Corporate Governance Practices

The Company is committed to maintaining high standard 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 2010 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 once every three years 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 2010.

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 9 times during the year ended 31 March 2010. Its composition as at 31 March 2010 and the attendance of individual directors at these board meetings were follows:

Name	**Number of meetings attended**
Non-executive chairperson	
Ma Shuk Kam (resigned on 18 June 2010)	2
Executive directors	
Yeung Chi Hang *(Chief Executive Officer)* (resigned on 18 June 2010)	9
Liu Yu Mo *(Chief Financial Officer)*	9
Au Edmond Wah	9
Independent Non-executive directors	
Chan Lai Mei	4
Lee Wai Loun (resigned on 18 June 2010)	4
Lee Yuk Sang, Angus	4

Madam Ma Shuk Kam is the mother of Mr. Yeung Chi Hang.

Chairperson and Chief Executive Officer

During the year ended 31 March 2010, the roles of the Chairperson and Chief Executive Officer of the Company were separated, with a clear division of responsibilities. The Chairperson was 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. The Chief Executive Officer was responsible for the day-to-day management of the Group's business.

Subsequent to the end of the year, Mr. Cheng Yang ("Mr. Cheng") was appointed the Chairman and the Chief Executive Officer of the Company on 18 June 2010. Mr. Cheng takes up both roles of Chairman and Chief Executive Officer of the Company temporarily to fill the vacancies resulted from the resignation of Madam Ma Shuk Kam and Mr. Yeung Chi Hang. Mr. Cheng intends to give up his position as Chief Executive Officer when the Company has identified a qualified candidate to assume that role. He will continue to serve as the Chairman of the Company.

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 three years in accordance with the Bye-laws of the Company.

Remuneration of directors

The Remuneration Committee has 3 members, comprising Ms. Chan Lai Mei ("Ms. Chan"), Mr. Lee Wai Loun ("Mr. Lee") and Mr. Lee Yuk Sang, Angus (all independent non-executive directors) during the year ended 31 March 2010. This Committee is chaired by Ms. Chan. Subsequent to the end of the year, Mr. Lee resigned and Mr. Tong Jingguo was appointed a member of this Committee on 18 June 2010.

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

The Remuneration Committee met 2 times during the year. All members attended these meeting.

The Remuneration Committee has reviewed and approved the Group's remuneration policy and 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.

Nomination of directors *(Continued)*

During the year, no new director had been appointed. Subsequent to the end of the year, Mr. Cheng was appointed on 30 April 2010 as an executive director and Mr. Tong Jingguo was appointed on 18 June 2010 as an independent non-executive director.

Accountability and audit

The directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2010, 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 Report of the Auditors attached to the Company's Financial Statements for the year ended 31 March 2010.

The Board has conducted a review of the effectiveness of the Group's internal control system covering all controls, including financial, operational and compliance controls and risk management functions. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. 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 2010, fees paid to the Company's external auditor for audit services totalled HK$1,900,000, compared with HK$1,569,000 in the previous year. For non-audit services, the fees paid amounted to HK$320,000, compared with HK$1,523,000 in the previous year.

Audit Committee

The Audit Committee has 3 members, comprising Ms. Chan, Mr. Lee and Mr. Lee Yuk Sang, Angus (all independent non-executive directors) during the year ended 31 March 2010. The Chairperson of this Committee is Ms. Chan. Subsequent to the end of the year Mr. Lee resigned and Mr. Tong Jingguo was appointed a member of this Committee on 18 June 2010.

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, internal control system.

The Audit Committee met 2 times in the year. All members attended these meeting.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF UNITED POWER INVESTMENT LIMITED
(友力投資(控股)有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of United Power Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 21 to 103, which comprise the consolidated and company statements of financial position as at 31 March 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents 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.

Auditor's Responsibility *(Continued)*

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.

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 consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the Group's loss 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 Limited
Certified Public Accountants

Alfred Lee
Practising Certificate Number P04960

Hong Kong, 26 July 2010

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	**2010 HK$**	2009 HK$
Continuing operations			
Turnover	6	**198,823,668**	216,463,492
Other income and gains	7	**16,425,312**	5,512,648
Amortisation	8	**(51,900,434)**	(64,979,148)
Costs of inventories		**(48,363,426)**	(44,653,275)
Depreciation on property, plant and equipment		**(33,482,338)**	(26,997,020)
Other operating expenses		**(63,365,491)**	(73,865,788)
Impairment loss	8	**(1,131,069,860)**	(145,642,686)
Operating lease payments		**(10,396,100)**	(15,952,345)
Staff costs	10	**(93,199,488)**	(68,477,342)
Fair value gain/(loss) on investment properties	18	**41,519,000**	(3,743,000)
Finance costs	12	**(15,568)**	—
Loss before income tax expense	8	**(1,175,024,725)**	(222,334,464)
Income tax credit	13	**15,778,654**	24,160,201
Loss for the year from continuing operations		**(1,159,246,071)**	(198,174,263)
Discontinued operations			
Profit for the year from discontinued operations	9	**—**	1,682,682
Loss for the year		**(1,159,246,071)**	(196,491,581)
Other comprehensive income			
Exchange differences on translating foreign operations		**(5,928,148)**	13,947,911
Gain/(deficit) on revaluation of properties		**42,619,830**	(7,537,974)
Tax (expense)/credit related to changes on revaluation of properties		**(7,032,272)**	1,258,645
Other comprehensive income for the year, net of tax		**29,659,410**	7,668,582
Total comprehensive income for the year		**(1,129,586,661)**	(188,822,999)
Loss attributable to:			
Owners of the Company		**(1,153,700,747)**	(190,772,881)
Minority interests		**(5,545,324)**	(5,718,700)
		(1,159,246,071)	(196,491,581)
Total comprehensive income attributable to:			
Owners of the Company		**(1,124,060,383)**	(184,798,943)
Minority interests		**(5,526,278)**	(4,024,056)
		(1,129,586,661)	(188,822,999)
(Loss)/earnings per share	16		
From continuing operations			
Basic (HK cents)		**(12.53)**	(5.64)
Diluted (HK cents)		**(12.53)**	(5.64)
From discontinued operations			
Basic (HK cents)		**—**	0.03
Diluted (HK cents)		**—**	0.03
From continuing and discontinued operations			
Basic (HK cents)		**(12.53)**	(5.61)
Diluted (HK cents)		**(12.53)**	(5.61)

Consolidated Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$	2009 HK$
Assets			
Non-current assets			
Property, plant and equipment	17	**219,237,766**	194,699,327
Investment properties	18	**203,418,000**	176,899,000
Payments for leasehold land held for own use under operating leases	19	**207,312,219**	290,625,600
Goodwill	20	**121,815,830**	—
Intangible assets	21	**111,667,878**	—
Interest in an associate	23	**—**	—
Deferred expenditure	25	**2,789,383**	6,987,783
Deferred tax assets	33	**3,409,658**	3,458,132
Total non-current assets		**869,650,734**	672,669,842
Current assets			
Inventories	26	**7,184,224**	8,352,532
Trade and other receivables	27	**53,643,350**	61,093,968
Deferred expenditure	25	**26,370,596**	17,079,137
Film and movie rights		**—**	36,813,416
Tax prepayment		**48,386**	171,407
Cash and cash equivalents		**325,733,132**	218,370,788
		412,979,688	341,881,248
Asset classified as held for sale	36	**3,745,500**	—
Total current assets		**416,725,188**	341,881,248
Total assets		**1,286,375,922**	1,014,551,090
Liabilities			
Current liabilities			
Trade and other payables	28	**64,435,994**	54,396,113
Amounts due to minority shareholders	29	**99,901,150**	102,073,016
Current tax liabilities		**2,860,325**	74,138
Total current liabilities		**167,197,469**	156,543,267
Net current assets		**249,527,719**	185,337,981
Total assets less current liabilities		**1,119,178,453**	858,007,823
Non-current liabilities			
Provision for long service payments	32	**1,856,254**	2,159,770
Deferred tax liabilities	33	**79,726,564**	61,757,729
Total non-current liabilities		**81,582,818**	63,917,499
Total liabilities		**248,780,287**	220,460,766
NET ASSETS		**1,037,595,635**	794,090,324
Capital and reserves attributable to owners of the Company			
Share capital	34	**496,091,570**	169,911,570
Reserves		**534,332,964**	597,363,228
		1,030,424,534	767,274,798
Minority interests		**7,171,101**	26,815,526
TOTAL EQUITY		**1,037,595,635**	794,090,324

On behalf of the Board

Cheng Yang
Chairman

Liu Yu Mo
Chief Financial Officer

Statement of Financial Position

As at 31 March 2010

	Notes	2010 HK$	2009 HK$
Assets			
Non-current assets			
Interests in subsidiaries	22	**404,666,095**	214,395,806
Current assets			
Amounts due from subsidiaries	22	**496,140,602**	573,664,858
Other receivables	27	**26,141**	13,694,145
Cash and cash equivalents		**130,701,031**	205,269
Total current assets		**626,867,774**	587,564,272
Total assets		**1,031,533,869**	801,960,078
Liabilities			
Current liabilities			
Other payables	28	**634,325**	13,067,081
Amounts due to subsidiaries	22	**118,400,764**	139,539,142
Total current liabilities		**119,035,089**	152,606,223
Net current assets		**507,832,685**	434,958,049
Total assets less current liabilities		**912,498,780**	649,353,855
NET ASSETS		**912,498,780**	649,353,855
Capital and reserves attributable to owners of the Company			
Share capital	34	**496,091,570**	169,911,570
Reserves	35	**416,407,210**	479,442,285
TOTAL EQUITY		**912,498,780**	649,353,855

On behalf of the Board

Cheng Yang
Chairman

Liu Yu Mo
Chief Financial Officer

Consolidated Statement of Changes In Equity

For the year ended 31 March 2010

	Share capital	Share premium	Other reserves	Contributed surplus	Employee share-based compensation reserve	Other properties revaluation reserve	Foreign exchange reserve	Accumulated losses	Equity attributable to owners of the Company	Minority interests	Total equity
	(note 34)	*(note 35)*	*(note 35)*	*(note 35)*	*(note 35)*	*(note 35)*	*(note 35)*	*(note 35)*			
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2008	169,911,570	723,939,216	(2,370,305)	28,784,000	56,206	90,001,447	31,564,245	(91,191,021)	950,695,358	15,310,677	966,006,035
Total comprehensive income	–	–	–	–	–	(6,279,329)	12,253,267	(190,772,881)	(184,798,943)	(4,024,056)	(188,822,999)
Waiver of amount due to a minority shareholder upon cessation of business	–	–	–	–	–	–	–	1,378,383	1,378,383	–	1,378,383
Disposal of subsidiaries *(note 39(b))*	–	–	–	–	–	–	–	–	–	(2,444,697)	(2,444,697)
Capital contribution from minority interests	–	–	–	–	–	–	–	–	–	17,973,602	17,973,602
	–	–	–	–	–	(6,279,329)	12,253,267	(189,394,498)	(183,420,560)	11,504,849	(171,915,711)
At 31 March 2009 and 1 April 2009	169,911,570	723,939,216	(2,370,305)	28,784,000	56,206	83,722,118	43,817,512	(280,585,519)	767,274,798	26,815,526	794,090,324
Total comprehensive income	–	–	–	–	–	35,587,558	(5,947,194)	(1,153,700,747)	(1,124,060,383)	(5,526,278)	(1,129,586,661)
Disposal of a subsidiary *(note 39(a))*	–	–	–	–	–	–	–	–	–	(16,283,563)	(16,283,563)
Issuance of ordinary shares *(note 34(a)(ii))*	228,409,091	685,227,273	–	–	–	–	–	–	913,636,364	–	913,636,364
Placement of ordinary shares *(note 34(a)(iii))*	26,180,000	162,316,000	–	–	–	–	–	–	188,496,000	–	188,496,000
Share issue expenses	–	(5,449,625)	–	–	–	–	–	–	(5,449,625)	–	(5,449,625)
Issue of convertible preference shares and conversion into ordinary shares *(notes 34(a)(ii) and 34(a)(iv))*	71,590,909	214,772,727	–	–	–	–	–	–	286,363,636	–	286,363,636
Waiver of amounts due to minority shareholders upon cessation of business of subsidiaries	–	–	–	–	–	–	–	4,163,744	4,163,744	2,165,836	6,329,580
Deregistration of subsidiaries	–	–	–	–	–	–	–	–	–	(420)	(420)
	326,180,000	1,056,866,375	–	–	–	35,587,558	(5,947,194)	(1,149,537,003)	263,149,736	(19,644,425)	243,505,311
At 31 March 2010	496,091,570	1,780,805,591	(2,370,305)	28,784,000	56,206	119,309,676	37,870,318	(1,430,122,522)	1,030,424,534	7,171,101	1,037,595,635

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	2010 HK$	2009 HK$
Cash flows from operating activities			
Net cash used in operations	41	**(25,599,926)**	(10,927,666)
Interest paid		**—**	(119,630)
Interest received		**2,252,082**	3,309,480
Tax paid		**109,722**	(1,408,269)
Net cash used in operating activities		**(23,238,122)**	(9,146,085)
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed of	39	**29,008,649**	8,626,893
Acquisition of subsidiaries, net of cash acquired	38	**(46,407,729)**	—
Contingent consideration paid for acquisition of a subsidiary in prior year	20	**(5,000,000)**	(5,000,000)
Other loan to a third party		**—**	(1,068,600)
Proceeds from disposal of property, plant and equipment		**905,904**	2,700,000
Purchase of property, plant and equipment		**(20,003,641)**	(19,099,120)
Proceeds from disposal of film and movie rights		**21,561,200**	—
Deferred expenditure paid		**(35,878,600)**	(29,411,943)
Net cash used in investing activities		**(55,814,217)**	(43,252,770)
Cash flows from financing activities			
Interest paid		**(15,568)**	—
Advances from minority shareholders		**4,157,714**	3,416,842
Capital contribution by minority shareholders		**—**	14,249,628
Proceeds from placement of ordinary shares		**188,496,000**	—
Share issue expenses		**(5,449,625)**	—
Net cash generated from financing activities		**187,188,521**	17,666,470
Net increase/(decrease) in cash and cash equivalents		**108,136,182**	(34,732,385)
Cash and cash equivalents at the beginning of year		**218,370,788**	252,170,278
Effect of exchange rate changes on cash and cash equivalents		**(773,838)**	932,895
Cash and cash equivalents at the end of year		**325,733,132**	218,370,788
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**325,733,132**	156,534,990
Short term deposits		**—**	61,835,798
		325,733,132	218,370,788

1. General

United Power Investment Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office and principal place of business are at Clarendon House, Church Street, Hamilton HM 11, Bermuda and Room 2810-11, 28/F., 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 22.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) The Company and its subsidiaries (collectively referred to as the "Group") have adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Interpretation 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for the following changes. All relevant changes in accounting policies and disclosures have been made in accordance with the provisions of the respective standards. The statements of financial position, previously known as balance sheets, at 1 April 2008 have not been presented as there were no changes to the originally published statements.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(a) *(Continued)*

HKAS 1 (Revised), Presentation of Financial Statements

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transactions with non-owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity".

HKFRS 8, Operating Segments

HKFRS 8 replaces HKAS 14 "Segment Reporting", and requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

(b) Potential impact arising on HKFRSs not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's operations, have been issued but are not yet effective and have not been early adopted by the Group:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010 [3]
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions [4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKFRS 3 (Revised)	Business Combinations [1]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [5]
HKAS 24 (Revised)	Related Party Disclosures [6]
HKFRS 9	Financial Instruments [7]

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(b) Potential impact arising on HKFRSs not yet effective *(Continued)*

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. It also requires an entity to attribute the share of profit or loss to non-controlling interests (previously known as minority interests) even if it results in the non-controlling interests having a deficit balance.

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met. If the information necessary to apply the amendment retrospectively is not available, the Group will recognise the related asset and liability at their fair values on the date of adoption and recognise the difference in retained earnings.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Basis of Preparation

(a) Statement of compliance

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

(b) Basis of measurement

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

Non-current asset or disposal group classified as held for sale is stated at the lower of its carrying amount and fair value less costs to sell.

(c) Functional and presentation currency

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

4. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies are 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 the minority's 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 statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

Minority interests represent the portion of profit or loss and net assets of subsidiaries attributable to equity interests that are not owned directly or indirectly through subsidiaries by the Company. Minority interests are presented in the consolidated statement of financial position 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 face of the consolidated statement of comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between minority interests and the owners of the Company.

4. Significant Accounting Policies *(Continued)*

(a) 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.

The Group applies a policy of treating transactions with minority interests, without change in control, as transactions with owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recognised in equity.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in 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.

4. Significant Accounting Policies *(Continued)*

(c) Associates *(Continued)*

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 the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) 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.

Jointly controlled operations

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

The Group signed several agreements with 北京天語同聲信息技術有限公司 (Song Labs Limited, "Song Labs") to set up a jointly controlled operation in the People's Republic of China (the "PRC") for the collection of music licence fee from karaoke operators as detailed in note 40(b).

Jointly controlled entities using proportionate consolidation method

Interests in jointly controlled entities are included in the financial statements using proportionate consolidation. The Group's share of each of the jointly controlled entity's assets, liabilities, income and expenses are combined line-by-line with similar items of the Group. Any premium paid for an interest in a jointly controlled entity above the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities is dealt with under the Group's accounting policy on goodwill.

Profits and losses arising on transactions between the Group and jointly controlled entities are recognised only to the extent of unrelated investors' interests in the entity. The investor's share in the jointly controlled entity's profits and losses resulting from these transactions is eliminated against the asset or liability of the joint venture arising on the transactions.

4. Significant Accounting Policies *(Continued)*

(e) 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 a separate asset with any impairment in carrying value being recognised in profit or loss.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

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 in profit or loss and is not reversed in subsequent periods.

(f) Property, plant and equipment

Leasehold land and buildings, other than hotel property, are stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. 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, the land portion 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 land and buildings and adjustment is made where they consider that there has been a material change. Increases in value arising on revaluation are recognised in other comprehensive income and accumulated in equity under other properties revaluation reserve. Decreases in value arising on revaluation are first offset against increases on earlier valuations in respect of the same property and are thereafter recognised in profit or loss. Any subsequent increases are recognised in profit or loss up to the amount previously charged and thereafter to the other properties revaluation reserve.

4. Significant Accounting Policies *(Continued)*

(f) Property, plant and equipment *(Continued)*

Upon disposal of leasehold land and buildings, the relevant portion of the other properties revaluation reserve realised in respect of previous valuations is released from the other properties revaluation reserve to retained earnings.

The hotel property and other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Hotel buildings in the PRC	5 years
Leasehold land and buildings	40 years
Leasehold improvements	2 — 5 years
Wardrobe	1 year
Furniture, fixtures and equipment	3 — 5 years
Motor vehicles	3 — 5 years
Yacht	10 years

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

The gain or loss arising from disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. Significant Accounting Policies *(Continued)*

(g) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

Karaoke content management service system ("Karaoke CMS")	8 years
Licence fee collection right	8 years
Golf club membership	Indefinite
Website	3 years

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount 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.

When 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.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (note 4(u)).

4. Significant Accounting Policies *(Continued)*

(h) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation and not occupied by the Group or held for sale in the ordinary course of business. Investment properties are stated at fair value. Changes in fair value are recognised in profit or loss.

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

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

(j) Film and movie rights

Films and movies invested by the Group are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation of released films and movies is calculated at rates sufficient to write off the total cost of production in relation to expected revenues. Unreleased films and movies are valued at cost less provision for impairment losses.

(k) Deferred expenditure

Deferred expenditure represents non-refundable prepayment to co-operation venturers for their share of operating profits from the co-operation business to collect licence fees from karaoke operators in 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) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on straight-line basis over the lease term.

4. Significant Accounting Policies *(Continued)*

(l) Leasing *(Continued)*

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(m) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

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), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. Significant Accounting Policies *(Continued)*

(m) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

For loans and receivables

An impairment loss is recognised in profit or loss 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. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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.

(iii) Financial liabilities

Financial liabilities include trade and other payables, borrowings and other monetary liabilities, are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in the consolidated statement of comprehensive income.

Gains or losses recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

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

4. Significant Accounting Policies *(Continued)*

(m) Financial instruments *(Continued)*

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when 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.

(n) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

4. Significant Accounting Policies *(Continued)*

(o) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost 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 necessary to make the sale.

(p) 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 provision of wedding services is recognised when contracts are signed and relevant services are rendered.

Revenue from entertainment services is recognised when services are rendered.

Revenue from musical works is recognised when the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the customers.

Revenue from film production is recognised on a straight-line basis over the contract period.

Revenue from licence fee collection business is recognised when services are performed.

Hotel room revenue is recognised when hotel rooms are occupied.

Revenue from sale of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

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

Compensation for infringement of music licence is recognised when the right to receive the compensation is established and it is probable that the Group will receive the compensation.

4. Significant Accounting Policies *(Continued)*

(q) 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 end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and 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 end of reporting period.

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

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(r) Foreign currency

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (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 end of reporting period. 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 settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which cases, the exchange differences are also recognised in other comprehensive income.

4. Significant Accounting Policies *(Continued)*

(r) Foreign currency *(Continued)*

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 are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in the profit or loss of group entities' separate or individual 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 other comprehensive income and accumulated in equity under foreign exchange reserve.

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 reclassified to the profit or loss as part of the profit or loss on disposal.

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 end of reporting period. Exchange differences arising are recognised in other comprehensive income and accumulated in 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 end of reporting period.

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.

4. Significant Accounting Policies *(Continued)*

(s) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(iv) 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 recognised in profit or loss 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.

The obligations for long service payments are assessed using the projected unit credit method, under which the provision for long service payment is recognised in profit or loss 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 Scheme 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 subsidiaries that operates in Macau and in the PRC are required to participate in a government-managed retirement benefit schemes. These subsidiaries are required to contribute a fixed cost per employee to the government-managed retirement benefit schemes. The contributions are charged to profit or loss as they become payable.

4. Significant Accounting Policies *(Continued)*

(t) Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is recognised in profit or loss 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 the end of each reporting period 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 recognised in profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit or loss 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 cash settled share based payments, a liability is recognised at the fair value of the goods or services received.

(u) Impairment of other assets

At the end of each reporting period, 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;
- intangible assets;
- payments for leasehold land held for own use under operating leases;
- investments in subsidiaries, associates and joint ventures, except for those classified as held for sale;
- film and movie rights; and
- deferred expenditure.

If the recoverable amount (i.e. the greater of the fair value less costs to sell 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 other HKFRS.

4. Significant Accounting Policies *(Continued)*

(u) Impairment of other assets *(Continued)*

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.

(v) 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.

5. Segment Reporting

Management determines operating segments based on the reports regularly reviewed by the chief operating decision maker, which is the board of directors, in assessing performance and allocating resources. The chief operating decision marker considers the business primarily on the basis of the types of services supplied by the Group. The Group is currently organised into six operating divisions – restaurant operations, property investment, wedding services, entertainment business, licence fee collection business and hotel operations.

Principal activities are as follows:

Restaurant operations	—	sale of food and beverages
Property investment	—	leasing of investment properties
Wedding services	—	provision of wedding services
Entertainment business	—	provision of talent management and entertainment business
License fee collection business	—	collection of licence fee from karaoke operators in the PRC
Hotel operations	—	ownership, operation and management of hotel

The Group was also involved in retail operations of watches and wines. The retail business of wines ceased in August 2008 and the retail business of watches was disposed of as detailed in note 9.

5. Segment Reporting *(Continued)*

Segment information is presented below:

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

	2010							
	Restaurant operations HK$	Property investment HK$	Wedding services HK$	Entertainment business HK$	License fee collection business HK$	Hotel operations HK$	Eliminations HK$	Total HK$
Reportable segment revenue								
External sales	42,346,672	11,628,283	47,466,299	4,440,412	20,339,822	72,602,180	–	198,823,668
Inter-segment sales	–	5,905,000	–	50,000	–	–	(5,955,000)	–
	42,346,672	17,533,283	47,466,299	4,490,412	20,339,822	72,602,180	(5,955,000)	198,823,668
Reportable segment profit/(loss) before income tax expense	6,168,021	47,278,680	(6,118,294)	2,410,358	(1,095,852,256)	(109,234,950)	–	(1,155,348,441)
Other segment information								
Interest income	241	14,435	1,005	21,520	1,876,352	110,376	–	2,023,929
Interest expenses	–	–	–	–	15,568	–	–	15,568
Impairment loss on goodwill	–	–	–	5,000,000	1,034,838,611	–	–	1,039,838,611
Impairment loss on intangible assets	–	–	–	–	132,341	–	–	132,341
Impairment loss on payments for leasehold land held for own use under operating leases	–	–	–	–	–	71,281,145	–	71,281,145
Impairment loss on an amount due from a related company	–	–	–	–	5,000,000	–	–	5,000,000
Impairment loss on property, plant and equipments	–	–	–	–	–	14,575,409	–	14,575,409
Amortisation of deferred expenditure	–	–	–	–	30,785,541	–	–	30,785,541
Amortisation of payments for leasehold land held for own use under operating leases	–	–	–	–	–	5,256,422	–	5,256,422
Amortisation of intangible assets	–	–	–	–	15,858,471	–	–	15,858,471
Depreciation	2,892,954	291,892	3,623,049	1,364,826	1,487,645	23,821,972	–	33,482,338
Fair value gain on investment properties	–	41,519,000	–	–	–	–	–	41,519,000
Gain on disposal of a subsidiary	–	–	–	4,658,187	–	–	–	4,658,187
Gain on disposal of film and movie rights	–	–	–	4,241,200	–	–	–	4,241,200
Reportable segment assets	141,078,231	210,350,863	45,847,626	3,831,219	365,404,764	273,116,376	–	1,039,629,079
Expenditure for reportable segment non-current assets	226,224	–	12,889,241	29,960	838,813	6,019,403	–	20,003,641
Reportable segment liabilities	(5,768,481)	(40,752,884)	(3,662,469)	(4,698,987)	(144,263,595)	(39,349,826)	–	(238,496,242)

5. Segment Reporting *(Continued)*

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

	2009									
	Continuing operations								Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	License fee collection business *HK$*	Hotel operations *HK$*	Eliminations *HK$*	Sub-total *HK$*	Retail operations *HK$*	Total *HK$*
Reportable segment revenue										
External sales	37,291,518	6,953,930	69,088,848	12,401,477	9,995,039	80,732,680	–	216,463,492	77,038,577	293,502,069
Inter-segment sales	–	5,360,000	–	–	–	–	(5,360,000)	–	–	–
	37,291,518	12,313,930	69,088,848	12,401,477	9,995,039	80,732,680	(5,360,000)	216,463,492	77,038,577	293,502,069
Reportable segment profit/(loss) before income tax expense	188,409	5,566,286	(4,741,727)	(8,420,069)	(73,796,985)	(123,592,138)	–	(204,796,224)	1,682,682	(203,113,542)
Other segment information										
Interest income	317	100,813	13,586	39,054	1,548,967	–	–	1,702,737	5,158	1,707,895
Interest expenses	–	–	–	–	–	–	–	–	119,630	119,630
Impairment loss on goodwill	–	–	–	5,560,000	–	–	–	5,560,000	–	5,560,000
Impairment loss on payments for leasehold land held for own use under operating leases	–	–	–	–	–	109,614,786	–	109,614,786	–	109,614,786
Impairment loss on an amount due from a related company	–	–	–	–	21,200,000	–	–	21,200,000	–	21,200,000
Amortisation of deferred expenditure	–	–	–	–	54,333,274	–	–	54,333,274	–	54,333,274
Amortisation of payments for leasehold land held for own use under operating leases	–	–	–	–	–	7,145,874	–	7,145,874	–	7,145,874
Depreciation	2,640,343	339,892	1,956,246	1,490,067	171,278	20,367,852	–	26,965,678	284,199	27,249,877
Fair value loss on investment properties	–	(3,743,000)	–	–	–	–	–	(3,743,000)	–	(3,743,000)
Reportable segment assets	112,320,613	206,634,112	15,640,215	64,506,108	76,998,514	385,168,676	–	861,268,238	–	861,268,238
Expenditure for reportable segment non-current assets	243,008	–	4,535,996	13,888,236	740,664	3,693,990	–	23,101,894	28,000	23,129,894
Reportable segment liabilities	(7,762,762)	(26,232,086)	(5,384,382)	(8,992,515)	(94,249,741)	(60,175,419)	–	(202,796,905)	–	(202,796,905)

5. Segment Reporting *(Continued)*

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

	2010	2009
	HK$	*HK$*
Reportable segment loss before income tax expense	**(1,155,348,441)**	(203,113,542)
Unallocated interest income	**228,153**	1,601,585
Unallocated head office and corporate expenses	**(19,904,437)**	(19,139,825)
Elimination of profit from discontinued operations	**—**	(1,682,682)
Loss before income tax expense from continuing operations	**(1,175,024,725)**	(222,334,464)

Assets

	2010	2009
	HK$	*HK$*
Reportable segment assets	**1,039,629,079**	861,268,238
Cash and cash equivalents	**245,378,927**	137,790,259
Unallocated head office and corporate assets	**1,367,916**	15,492,593
Total assets	**1,286,375,922**	1,014,551,090

Liabilities

	2010	2009
	HK$	*HK$*
Reportable segment liabilities	**238,496,242**	202,796,905
Unallocated head office and corporate liabilities	**10,284,045**	17,663,861
Total liabilities	**248,780,287**	220,460,766

5. Segment Reporting *(Continued)*

(c) Geographical information

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

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

	2010							
	Hong Kong		**Macau**		**PRC**		**Total**	
	Continuing operations ***HK$***	**Discontinued operations** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operations** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operations** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operations** ***HK$***
Turnover	**101,172,804**	**—**	**—**	**—**	**97,650,864**	**—**	**198,823,668**	**—**
Non-current assets other than financial instruments and deferred tax assets	**378,026,569**	**—**	**—**	**—**	**488,214,507**	**—**	**866,241,076**	**—**

	2009							
	Hong Kong		Macau		PRC		Total	
	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*
Turnover	121,455,378	75,103,374	—	1,935,203	95,008,114	—	216,463,492	77,038,577
Non-current assets other than financial instruments and deferred tax assets	295,025,346	—	—	—	374,186,364	—	669,211,710	—

6. Turnover

Analysis of the Group's revenue for the year is as follows:

	Group	
	2010	2009
	HK$	*HK$*
Continuing operations:		
Sale of food and beverages from restaurant operations	**42,346,672**	37,291,518
Gross rental income from investment properties	**11,628,283**	6,953,930
Revenue from provision of wedding services	**47,466,299**	69,088,848
Revenue from talent management and entertainment business	**4,440,412**	12,401,477
Revenue from licence fee collection business	**20,339,822**	9,995,039
Revenue from hotel operations		
Room rental	**20,360,914**	22,852,031
Food and beverages	**52,241,266**	57,880,649
	198,823,668	216,463,492
Discontinued operations:		
Revenue from trading of watches and wine *(note 9)*	**—**	77,038,577
	198,823,668	293,502,069

7. Other Income and Gains

	Group	
	2010	2009
	HK$	*HK$*
Continuing operations:		
Bank interest income	**1,440,582**	1,774,921
Loan interest income	**811,500**	1,529,401
Overprovision of social securities for staff in the PRC	**—**	1,372,440
Gain on disposal of property, plant and equipment	**50,000**	—
Gain on disposal of film and movie right	**4,241,200**	—
Gain on disposal of a subsidiary *(note 39(a))*	**4,658,187**	—
Compensation received for infringement of music licence	**3,662,053**	—
Others	**1,561,790**	835,886
	16,425,312	5,512,648
Discontinued operations:		
Bank interest income	**—**	5,158
Others	**—**	55,278
	—	60,436
	16,425,312	5,573,084

8. Loss before Income Tax Expense

Loss before income tax expense from continuing operations is arrived at after charging/(crediting):

	Group	
	2010	2009
	HK$	*HK$*
Gain on disposal of property, plant and equipment	**(50,000)**	(762,578)
Amortisation on		
— payments for leasehold land held for own use under operating leases	**5,256,422**	7,145,874
— intangible assets	**15,858,471**	—
— deferred expenditure	**30,785,541**	54,333,274
— films and movies costs	**—**	3,500,000
	51,900,434	64,979,148
Direct operating expenses from investment properties that generated rental income during the year	**1,463,347**	206,215
Impairment loss on		
— property, plant and equipment	**14,575,409**	9,267,900
— payments for leasehold land held for own use under operating leases	**71,281,145**	109,614,786
— goodwill	**1,039,838,611**	5,560,000
— intangible assets	**132,341**	—
— asset classified as held for sale	**242,354**	—
— an amount due from a related company	**5,000,000**	21,200,000
	1,131,069,860	145,642,686
Auditor's remuneration	**2,220,000**	1,889,000

9. Discontinued Operations

The retail operations of wine was discontinued subsequent to the closure of retail outlet in Macau in August 2008. The retail operation of watches also ceased upon the disposal of interests in subsidiaries, Witty Ventures Limited and HMS Watches Company Limited (collectively referred to as the "WV Group"). On 30 September 2008, the Group signed an agreement with the minority shareholder of the WV Group to dispose of the Group's 51% interests in the WV Group and the benefit of loans of HK$5,941,241 advanced to the WV Group at a total consideration of HK$9,870,982. The disposal was completed on 10 November 2008.

The turnover and results of the retail operations of wine up to the date of disposal and watches are as follows:

	2009 *HK$*
Turnover	77,038,577
Cost of sales	(71,351,094)
Gross profit	5,687,483
Other income and gains	60,436
Net operating expenses	(5,330,865)
Finance costs	(119,630)
Profit before income tax expense	297,424
Income tax expense	—
Profit after income tax expense	297,424
Gain on disposal of subsidiaries	1,385,258
Profit for the year from discontinued operations	1,682,682
Attributable to:	
Owners of the Company	854,880
Minority interests	827,802
	1,682,682

9. Discontinued Operations *(Continued)*

	2009
	HK$
Cash flows from discontinued operations	
Operating cash flows	12,775,608
Investing cash flows	(28,840)
Financing cash flows	(15,889,136)
Total cash outflow	(3,142,368)

The carrying amounts of the assets and liabilities of the WV Group at the date of disposal are disclosed in note 39(b).

10. Staff Costs

	Group					
	Continuing operations		**Discontinued operations**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Staff costs (including directors) comprise:						
Salaries and bonuses	**84,992,309**	62,249,022	**—**	1,260,233	**84,992,309**	63,509,255
Contribution to defined contribution pension plans	**5,488,126**	3,963,872	**—**	743	**5,488,126**	3,964,615
Other short-term monetary benefits	**2,556,759**	2,264,448	**—**	36,249	**2,556,759**	2,300,697
Provision for long service payments	**162,294**	—	**—**	—	**162,294**	—
	93,199,488	68,477,342	**—**	1,297,225	**93,199,488**	69,774,567

11. Directors' and Employees' Emoluments

Directors' emoluments

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

	Group				
	Fees	Salaries and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
2010	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Non-executive chairperson					
Ma Shuk Kam	—	—	—	—	—
Executive directors					
Yeung Chi Hang	—	2,210,000	1,020,000	12,000	3,242,000
Liu Yu Mo	—	2,080,000	480,000	12,000	2,572,000
Au Edmond Wah	—	2,600,000	600,000	12,000	3,212,000
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
	288,000	6,890,000	2,100,000	36,000	9,314,000

11. Directors' and Employees' Emoluments *(Continued)*

Directors' emoluments *(Continued)*

	Group				
	Fees	Salaries and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
2009	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Non-executive chairperson					
Ma Shuk Kam	—	—	—	—	—
Executive directors					
Yeung Chi Hang	—	2,080,000	960,000	11,863	3,051,863
Liu Yu Mo	—	1,950,000	450,000	11,863	2,411,863
Au Edmond Wah	—	2,470,000	570,000	11,863	3,051,863
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
	288,000	6,500,000	1,980,000	35,589	8,803,589

No directors waived their emoluments in respect of the year ended 31 March 2010 (2009: Nil).

Discretionary bonuses were granted base on the performance of individual directors and were approved by the Company's remuneration committee.

11. Directors' and Employees' Emoluments *(Continued)*

Directors' emoluments *(Continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2009: three) were directors of the Company whose emoluments are included in the above.

The emolument of the remaining two (2009: two) highest paid individuals was as follows:

	Group	
	2010	2009
	HK$	*HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	**2,520,974**	1,958,021
Retirement scheme contributions	**12,000**	23,863
	2,532,974	1,981,884

Their emoluments were within the following bands:

	Group	
	2010	2009
	No. of employees	*No. of employee*
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**2**	1

12. Finance Costs

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on other borrowings	**15,568**	—	**—**	119,630	**15,568**	119,630

13. Income Tax Credit

The amount of income tax credit in the consolidated statement of comprehensive income represents:

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	**81,424**	32,471	**—**	—	**81,424**	32,471
— under/(over) provision in respect of prior years	**3,252**	(133,469)	**—**	—	**3,252**	(133,469)
	84,676	(100,998)	**—**	—	**84,676**	(100,998)
Current tax — PRC Enterprise Income Tax						
— tax for the year	**2,785,194**	74,138	**—**	—	**2,785,194**	74,138
— over provision in respect of prior years	**(144,522)**	—	**—**	—	**(144,522)**	—
	2,640,672	74,138	**—**	—	**2,640,672**	74,138
Deferred tax *(note 33)*						
— current year	**(18,504,002)**	(24,454,836)	**—**	—	**(18,504,002)**	(24,454,836)
— attributable to changes in tax rate	**—**	321,495	**—**	—	**—**	321,495
	(18,504,002)	(24,133,341)	**—**	—	**(18,504,002)**	(24,133,341)
	(15,778,654)	(24,160,201)	**—**	—	**(15,778,654)**	(24,160,201)

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% (2009: 16.5%) 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.

PRC subsidiaries and jointly controlled entities are subject to PRC Enterprise Income Tax at rates ranging from 20% to 25% (2009: 18% to 25%).

13. Income Tax Credit *(Continued)*

The Tenth National People's congress enacted a new Enterprise Income Tax Law ("EIT Law") on 16 March 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The new tax law became effective on 1 January 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment, shall have five years from the time when the EIT Law takes effect to transition progressively to the legally prescribed tax rate. During this period, an enterprise that previously enjoyed the 15% enterprises income tax rate shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012; an enterprise that previously enjoyed the 24% tax rate shall be subject to the 25% tax rate starting the year 2008.

The income tax credit for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2010	2009
	HK$	*HK$*
(Loss)/profit before income tax expense		
Continuing operations	**(1,175,024,725)**	(222,334,464)
Discontinued operations	**—**	297,424
	(1,175,024,725)	(222,037,040)
Tax credit calculated at Hong Kong profits tax rate of 16.5% (2009: 16.5%)	**(193,879,080)**	(36,636,112)
Effect of different tax rates of subsidiaries and jointly controlled entities operating in other jurisdictions	**(8,017,631)**	(10,861,205)
Tax effect of non-deductible expenses	**178,233,490**	5,250,343
Tax effect of non-taxable revenue	**(1,689,991)**	(68,133)
Tax effect of tax losses not recognised	**9,762,055**	18,595,216
Utilisation of tax losses previously not recognised	**(46,227)**	(628,336)
Effect on opening deferred tax balances resulting from changes in applicable tax rate	**—**	321,495
Over provision in respect of prior years	**(141,270)**	(133,469)
Income tax credit	**(15,778,654)**	(24,160,201)

14. Loss Attributable to Shareholders

Loss attributable to shareholders includes an amount of HK$3,311,526 (2009: HK$9,026,621) which has been dealt with in the financial statements of the Company.

15. Dividends

No dividend was paid or proposed in respect of the year ended 31 March 2010, nor has any dividend been proposed since the end of reporting period (2009: Nil).

16. (Loss)/earnings per Share

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

	2010	2009
	HK$	*HK$*
(Loss)/earnings for the purpose of basic and diluted (loss)/ earnings per share		
(Loss)/profit for the year attributable to equity holders of the Company		
— from continuing operations	**(1,153,700,747)**	(191,627,761)
— from discontinued operations	**—**	854,880
— from continuing and discontinued operations	**(1,153,700,747)**	(190,772,881)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**9,205,863,820**	3,398,231,392
Effect of dilutive potential ordinary shares:		
— Share options *(note)*	**—**	—
— Convertible preferences shares *(note)*	**—**	—
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**9,205,863,820**	3,398,231,392

Note: There are no dilutive effects in respect of the share options granted and convertible preferences share issued as they are anti-dilutive.

17. Property, Plant and Equipment

Group	Hotel buildings in the PRC HK$	Leasehold land and buildings HK$	Leasehold improvements HK$	Wardrobe HK$	Furniture, fixtures and equipment HK$	Motor vehicles HK$	Yacht HK$	Total HK$
Cost or valuation								
At 1 April 2008	21,306,000	113,000,000	32,885,108	1,137,797	56,353,303	7,670,302	—	232,352,510
Deficit on revaluation	—	(10,000,000)	—	—	—	—	—	(10,000,000)
Additions	—	3,796,863	11,547,087	—	3,678,679	4,107,265	—	23,129,894
Disposals	—	—	(1,602,711)	—	(940,096)	(3,186,210)	—	(5,729,017)
Disposal of subsidiaries *(note 39(b))*	—	—	(443,192)	—	(292,260)	—	—	(735,452)
Exchange differences	3,622,228	—	1,363,141	—	1,899,235	136,261	—	7,020,865
At 31 March and 1 April 2009	24,928,228	106,796,863	43,749,433	1,137,797	60,698,861	8,727,618	—	246,038,800
Surplus on revaluation	—	40,000,000	—	—	—	—	—	40,000,000
Additions	—	—	6,341,441	—	1,960,643	4,901,557	6,800,000	20,003,641
Transfer from investment properties *(note 18)*	—	15,000,000	—	—	—	—	—	15,000,000
Acquired through business combination *(note 38)*	—	—	615,034	—	1,224,268	1,864,121	—	3,703,423
Disposals	—	—	(10,590,301)	—	(11,011,844)	(777,052)	—	(22,379,197)
Disposal of a subsidiary *(note 39(a))*	—	(3,771,077)	—	—	(859,215)	(2,660,659)	—	(7,290,951)
Exchange differences	(1,606,633)	(25,786)	(651,690)	—	(861,689)	(93,818)	—	(3,239,616)
At 31 March 2010	23,321,595	158,000,000	39,463,917	1,137,797	51,151,024	11,961,767	6,800,000	291,836,100
Accumulated depreciation and impairment								
At 31 March and 1 April 2008	1,053,136	—	6,314,593	1,137,797	8,083,791	1,279,045	—	17,868,362
Charge for the year	4,050,573	2,461,845	7,922,441	—	11,130,083	1,716,277	—	27,281,219
Eliminated on revaluation	—	(2,462,026)	—	—	—	—	—	(2,462,026)
Impairment loss	—	—	7,369,904	—	1,897,996	—	—	9,267,900
Eliminated on disposals	—	—	(943,276)	—	(554,917)	(1,354,139)	—	(2,852,332)
Disposal of subsidiaries *(note 39(b))*	—	—	(214,897)	—	(191,713)	—	—	(406,610)
Exchange differences	791,144	181	852,452	—	932,334	66,849	—	2,642,960
At 31 March and 1 April 2009	5,894,853	—	21,301,217	1,137,797	21,297,574	1,708,032	—	51,339,473
Charge for the year	4,136,329	2,619,830	10,077,902	—	13,139,836	3,055,108	453,333	33,482,338
Eliminated on revaluation	—	(2,619,830)	—	—	—	—	—	(2,619,830)
Impairment loss	3,497,918	—	5,320,771	—	5,756,720	—	—	14,575,409
Eliminated on disposals	—	—	(10,290,035)	—	(10,456,206)	(777,052)	—	(21,523,293)
Disposal of a subsidiary *(note 39(a))*	—	—	—	—	(583,676)	(763,460)	—	(1,347,136)
Exchange differences	(380,638)	—	(437,612)	—	(456,806)	(33,571)	—	(1,308,627)
At 31 March 2010	13,148,462	—	25,972,243	1,137,797	28,697,442	3,189,057	453,333	72,598,334
Net book value								
At 31 March 2010	10,173,133	158,000,000	13,491,674	—	22,453,582	8,772,710	6,346,667	219,237,766
At 31 March 2009	19,033,375	106,796,863	22,448,216	—	39,401,287	7,019,586	—	194,699,327

17. Property, Plant and Equipment *(Continued)*

The analysis of the net book value or valuation of the above assets at 31 March 2010 is as follows:

	Hotel buildings in the PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
At cost	10,173,133	—	13,491,674	22,453,582	8,772,710	6,346,667	61,237,766
At 2010 professional valuation	—	158,000,000	—	—	—	—	158,000,000
	10,173,133	158,000,000	13,491,674	22,453,582	8,772,710	6,346,667	219,237,766

The analysis of the net book value or valuation of the above assets at 31 March 2009 is as follows:

	Hotel buildings in the PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
At cost	19,033,375	—	22,448,216	39,401,287	7,019,586	—	87,902,464
At 2009 professional valuation	—	106,796,863	—	—	—	—	106,796,863
	19,033,375	106,796,863	22,448,216	39,401,287	7,019,586	—	194,699,327

17. Property, Plant and Equipment *(Continued)*

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

	2010	2009
	HK$	*HK$*
Properties located in Hong Kong		
Leases of over 50 years	**154,000,000**	100,000,000
Leases of between 10 to 50 years	**4,000,000**	3,000,000
	158,000,000	103,000,000
Properties located in the PRC		
Leases of over 50 years	**10,173,133**	22,830,238

An impairment loss of HK$14,575,409 (2009: Nil) was recognised for property, plant and equipment used in the hotel situated in the PRC. The impairment loss was made due to keen competition in hotel business which resulted in weak performance for the current year and uncertainty arose for subsequent years. The impairment loss was determined with reference to a valuation provided by Savills Valuation and Professional Services Limited, an independent professional valuer. The valuation was arrived at by considering the capitalised net earnings to be derived from the hotel operations.

The leasehold land and buildings were revalued at 31 March 2010 on the open market value basis by Savills Valuation and Professional Services Limited, an independent professional valuer. A net revaluation surplus of HK$35,587,558 (2009: net revaluation deficit of HK$6,279,329) was credited (2009: debited) to other properties revaluation reserve, being net of applicable deferred tax expense of HK$7,032,272 (2009: deferred tax credit of HK$1,258,645).

The carrying amount of leasehold land and buildings of the Group would have been HK$24,113,404 (2009: HK$19,974,613) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

At 31 March 2010, the Group pledged leasehold land and buildings with carrying value of HK$130,000,000 (2009: HK$100,000,000) as security of the Group's banking facilities.

At 31 March 2010, the Group did not utilise any banking facilities (2009: Nil).

18. Investment Properties

Group

	2010	2009
	HK$	*HK$*
At beginning of year	**176,899,000**	180,642,000
Transfer to property, plant and equipment *(note (d))*	**(15,000,000)**	—
Change in fair value	**41,519,000**	(3,743,000)
At end of year	**203,418,000**	176,899,000

(a) Investment properties were revalued at 31 March 2010 on the open market value basis by Savills Valuation and Professional Services Limited, an independent professional valuer.

(b) At 31 March 2010, one investment property with carrying value of HK$95,000,000 (2009: HK$71,000,000) was pledged to secure the banking facilities granted to the Group.

(c) Gross rental income from investment properties amounted to HK$11,628,283 (2009: HK$6,953,930).

(d) During the year, certain investment properties were used for the Group's wedding business and such properties were reclassified to leasehold land and buildings *(note 17)* at the date of change in use.

(e) The Group's investment properties are analysed at their carrying values as follows:

	2010	2009
	HK$	*HK$*
Investment properties located in Hong Kong		
Leases of over 50 years	**95,000,000**	71,000,000
Leases of between 10 to 50 years	**44,200,000**	43,000,000
	139,200,000	114,000,000
Investment properties located in the PRC		
Leases of between 10 to 50 years	**64,218,000**	62,899,000

19. Payments for Leasehold Land Held for Own Use Under Operating Leases

Group

	HK$
At 1 April 2008	398,799,949
Charge for the year	(7,145,874)
Impairment loss	(109,614,786)
Exchange differences	8,586,311
At 31 March and 1 April 2009	290,625,600
Transfer to asset classified as held for sale *(note 36)*	(3,987,854)
Charge for the year	(5,256,422)
Impairment loss	(71,281,145)
Exchange differences	(2,787,960)
At 31 March 2010	207,312,219

The above land is held under long-term lease and is located in the PRC.

Note:

The impairment of HK$71,281,145 (2009: HK$109,614,786) was recognised in respect of a parcel of land currently used for hotel operations. Management believes that the current use of the land as hotel operations would be the most beneficial to the Group as the redevelopment opportunity is currently uncertain despite the fact the hotel business competition is keen. The recoverable amount of land is determined using the same basis as explained in note 17 on the hotel operations.

20. Goodwill and Impairment

Group	Licence fee collection business	Wedding services	Entertainment business	Restaurant operations	Others	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 1 April 2008	—	18,988,140	5,287,287	920,494	15,000	25,210,921
Addition	—	—	5,000,000	—	—	5,000,000
At 31 March and 1 April 2009	—	18,988,140	10,287,287	920,494	15,000	30,210,921
Addition *(note)*	—	—	5,000,000	—	—	5,000,000
Arising from business combinations *(note 38)*	1,156,654,441	—	—	—	—	1,156,654,441
At 31 March 2010	1,156,654,441	18,988,140	15,287,287	920,494	15,000	1,191,865,362
Impairment						
At 1 April 2008	—	18988140	4,727,287	920,494	15,000	24,650,921
Impairment loss	—	—	5,560,000	—	—	5,560,000
At 31 March and 1 April 2009	—	18,988,140	10,287,287	920,494	15,000	30,210,921
Impairment loss	1,034,838,611	—	5,000,000	—	—	1,039,838,611
At 31 March 2010	1,034,838,611	18,988,140	15,287,287	920,494	15,000	1,070,049,532
Carrying value						
At 31 March 2010	121,815,830	—	—	—	—	121,815,830
At 31 March 2009	—	—	—	—	—	—

Note:

On 31 October 2007, the Group acquired 60% of the issued share capital of Chance Music Limited at a consideration of HK$5,000,000. Pursuant to the agreement, the Group has committed to make further payments of HK$5,000,000 per year for the period from 1 November 2008 to 31 October 2013 to the vendor if the turnover of Chance Music Limited cannot reach the specified amounts as stated in the agreement.

During the year ended 31 March 2010, the Group paid HK$5,000,000 (2009: HK$5,000,000) to the vendor in accordance with the agreement, which result in additional goodwill of HK$5,000,000 (2009: HK$5,000,000).

For the years ended 31 March 2010 and 2009, impairment was provided on goodwill from licence fee collection business and entertainment business as cashflow forecasts indicate that there will be net cash outflows from each of the respective cash-generating units ("CGUs").

20. Goodwill and Impairment *(Continued)*

The recoverable amounts of goodwill in connection with the entertainment business and licence fee collection business have been determined from value-in-use calculation based on cash flow projections covering a five — (31 March 2009: five-) and eight — (31 March 2009: n/a) year period respectively.

The cash flow projections for the entertainment business are based on a discount rate of 8.5% (2009: 8.5%) and at zero growth rate.

The key assumptions used for cash flow projections for the licence fee collection business are as follows:

	2011	2012	2013	2014	2015
Growth rate	78%	100%	154%	56%	67%
Discount rate	18%	18%	18%	18%	18%

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2%.

The Group has also performed sensitivity analysis calculations on the future cash flows adopted in the cash flow projections. Sensitivity analysis is based on a 10% decline in future cash flows because changes up to this magnitude are reasonably possible. If the actual present value of future cash flows was 10% lower than the anticipated present value, the carrying amount of goodwill in connection with the licence fee collection business would be subject to further impairment of HK$22,642,000.

In considering the impairment loss in connection with the licence fee collection business, substantial increase in market price of the consideration shares issued for the acquisition on the date of completion over their issue price and delay in rollout of service are also taken into account.

21. Intangible Assets

As disclosed in note 38, the Group acquired the following intangible assets as part of a business combination. The intangible assets are held by jointly controlled entities of the acquire, which have been accounted for using proportionate consolidation. Accordingly, the following represents the Group's proportionate share of the intangible assets.

Group

	Karaoke CMS *(note a)* *HK$*	**Licence fee collection right** *(note b)* *HK$*	**Golf club membership** *(note c)* *HK$*	**Website** *(note d)* *HK$*	**Total** *HK$*
Cost					
At 1 April 2009	—	—	—	—	—
Acquired through business combination *(note 38)*	6,859,042	120,210,480	515,700	146,230	127,731,452
Exchange differences	(65,837)	—	(4,950)	(1,404)	(72,191)
At 31 March 2010	6,793,205	120,210,480	510,750	144,826	127,659,261
Accumulated amortisation and impairment					
At 1 April 2009	—	—	—	—	—
Amortisation for the year	819,676	15,026,310	—	12,485	15,858,471
Impairment loss	—	—	—	132,341	132,341
Exchange differences	571	—	—	—	571
At 31 March 2010	820,247	15,026,310	—	144,826	15,991,383
Net book value					
At 31 March 2010	5,972,958	105,184,170	510,750	—	111,667,878
At 31 March 2009	—	—	—	—	—

(a) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management service system in the PRC for a term of 10 years from 15 July 2007. The recoverable amount of the exclusive right for using Karaoke CMS is its fair value less cost to sell. As the system was developed in-house and is not commercially available, the fair value was based on the estimated cost to reproduce or construct the intangible asset at current price, after taking into account of costs of disposal. At the end of reporting period, management of the Group determines that there was no impairment of Karaoke CMS since the recoverable amount of Karaoke CMS exceeds its carrying amount.

21. Intangible Assets

(b) Licence fee collection right represents the exclusive right to provide copyright licence fees settlement and collection services in respect of the karaoke music products and videos managed and administered by the China Audio-Video Association, China Audio-Video Copyright Association and Karaoke Copyright Operation Centre of China Audio-Video Association for a period of 10 years from 27 December 2007. The recoverable amount of licence fee collection right has been determined by the value-in-use calculation, which was also used for the impairment testing of goodwill in connection with the licence fee collection business. Details of such value-in-use calculations are disclosed in note 20. At the end of the reporting period, management of the Group determines that there was no impairment of the licence fee collection right as the recoverable amount of the licence fee collection right exceeds its carrying amount.

(c) Golf club membership has an indefinite useful life. For the purpose of impairment testing on the golf club membership, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is referenced to the second-hand market price of the golf club membership less estimated cost of disposal. At the end of the reporting period, management of the Group determines that there was no impairment of the golf club membership since the recoverable amount of the golf club membership exceeds its carrying amount.

(d) Website has a useful life of three years. Management of the Group has decided to terminate the use of website and therefore the carrying value of the website is fully impaired.

22. Interests in Subsidiaries

	Company	
	2010	2009
	HK$	*HK$*
Unlisted shares, at cost	**1,528,591,328**	220,570,458
Less: Impairment loss	**(1,123,925,233)**	(6,174,652)
	404,666,095	214,395,806
Amounts due from subsidiaries	**775,879,879**	797,325,227
Less: Impairment loss	**(279,739,277)**	(223,660,369)
	496,140,602	573,664,858
Amounts due to subsidiaries	**(118,400,764)**	(139,539,142)

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

22. Interests in Subsidiaries *(Continued)*

The following is a list of the principal subsidiaries as at 31 March 2010.

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/ capital held	Percentage of ownership interests held directly	indirectly
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	100 ordinary shares of HK$100 each and 240,000 deferred shares of HK$100 each	100	—
Golden Island Catering Group Company Limited	Limited liability company	Hong Kong	Restaurant operations and provision of wedding services in Hong Kong	2 ordinary shares of HK$1 each	100	—
Golden Island (Management) Limited	Limited liability company	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$1 each	100	—
Hua Rong Sheng Shi Holdings Limited	Limited liability company	The British Virgin Islands ("BVI")	Investment holding in Hong Kong	100 ordinary shares of US$1	100	—
Welly Champ International Limited	Limited liability company	BVI	Investment holding in Hong Kong	222.5 ordinary shares of US$1 each	83.06	
Wholly Gain Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	

22. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/ capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Win Castle Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Fame Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Wise Mark Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Wave High International Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Sea Group Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	100	—
Wellrich Investments Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—
Baron Productions and Artiste Management Company Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51
Chance Music Limited	Limited liability company	Hong Kong	Music production in Hong Kong	6,000 ordinary shares of HK$1 each	—	60
Golden Capital Entertainment Company Limited	Limited liability company	BVI	Investment holding in Hong Kong	10 ordinary shares of US$1 each	—	100

22. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/ capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Golden Capital Entertainment Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	—	100
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$100 each	—	100
Shenzhen Land Company Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	10,000 ordinary shares of HK$1 each	—	100
Solid Sound Productions Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51
Well Allied Investments Limited	Limited liability company	BVI	Investment holding in Hong Kong	159.567 ordinary shares of US$1 each	—	55.5
World Honour Investments Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	100 ordinary shares of HK$1 each	—	100
中音傳播(深圳)有限公司	Foreign enterprise	PRC	Karaoke license fee collection business in the PRC	HK$15,900,000	—	54.8
肇慶星湖俱樂部	Sino-foreign equity joint venture	PRC	Hotel operation in the PRC	RMB101,425,044	—	94

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 issued any debt securities outstanding at the end of the year (2009: none).

23. Interest in an Associate

The principal associate is dormant and financial results of the principal associate are immaterial to the Group. Accordingly, no further disclosures were made.

24. Interests in Jointly Controlled Entities

As disclosed in note 38, during the year the Group acquired certain subsidiaries and jointly controlled entities. The jointly controlled entities are accounted for by proportionate consolidation.

The following amounts have been recognised in the consolidated statement of financial position and consolidated statement of comprehensive income relating to these jointly controlled entities.

	2010	2009
	HK$	*HK$*
Non-current assets	**116,389,546**	—
Current assets	**61,874,373**	—
Current liabilities	**(26,017,704)**	—
Non-current liabilities	**(26,296,042)**	—
Net assets	**125,950,173**	—
Income	**11,979,494**	—
Expenses	**(34,291,408)**	—
Loss before income tax expense	**(22,311,914)**	—
Income tax credit	**4,637,458**	—
Loss after income tax expense	**(17,674,456)**	—

The following jointly controlled entities do not have any contingent liabilities and capital commitments of at the end of reporting period.

24. Interests in Jointly Controlled Entities *(Continued)*

Details of jointly controlled entities are as follows:

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
天合文化集團有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC through nationwide Karaoke CMS and investment holding	50%
福建天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
浙江天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
安徽天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
北京天合新紀元文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%

24. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
天津天合新紀元文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%
山東天合世紀文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
北京天合傳媒網絡有限公司	Corporation	PRC	Website operation	50%
湖南天合世嘉文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%
上海天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
遼寧天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	28%
湖北天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%

24. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
河南天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
海南天合傳美文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
重慶天合世紀文化傳媒有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
黑龍江天合世紀文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	38%
四川天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.1%
山西天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	23%

24. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
雲南天合世紀文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	18%
吉林天合世嘉文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
貴州天合陽光文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
陝西天合陽光文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
寧夏天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
江蘇天合新紀元文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%

24. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
河南天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.1%
廣州天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
新疆天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
廣西天合世紀文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
甘肅天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
青海天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%

24. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Place of operation and principal activity	Percentage of ownership interest
內蒙古天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
河北天人合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%

25. Deferred Expenditure

Group

	HK$
Cost	
At 1 April 2008 *(note a)*	95,000,000
Amount paid during the year *(note b)*	29,411,943
At 31 March and 1 April 2009	124,411,943
Amount paid during the year *(note b)*	35,878,600
At 31 March 2010	160,290,543
Accumulated amortisation	
At 1 April 2008	46,011,749
Amortisation for the year	54,333,274
At 31 March and 1 April 2009	100,345,023
Amortisation for the year	30,785,541
At 31 March 2010	131,130,564
Carrying amount	
At 31 March 2010	29,159,979
At 31 March 2009	24,066,920

25. Deferred Expenditure *(Continued)*

	2010	2009
	HK$	*HK$*
Shown in the financial statements as:		
Deferred expenditure — current portion		
(to be amortised within one year)	**26,370,596**	17,079,137
Deferred expenditure — non-current portion	**2,789,383**	6,987,783
	29,159,979	24,066,920

Notes:

(a) During the year ended 31 March 2007, Well Allied Investments Limited ("Well Allied"), an indirect non-wholly owned subsidiary of the Company, entered into a cooperation agreement with a copyright holder for the business of collecting license fees from karaoke operators in the PRC for their use of licensed audio-visual works on behalf of the copyright holder. Please refer to note 40(b) for details.

(b) During the year, the Group entered into cooperation agreements with various copyright holders for the business of collecting license fees from karaoke operators in the PRC for their use of licensed audio-visual works on behalf of the copyright holders.

As a condition of the agreements, the Group advanced the sum of HK$35.9 million (2009: HK$29.4 million) to the copyright holders as their guaranteed share of the expected profit on license fees that will be earned.

The Group has also committed to make further payments to the copyright holders as their guaranteed share of the expected profit on license fees as follows:

	2010	2009
	HK$	*HK$*
Year ended 31 March 2010	**—**	18,400,000
Year ended 31 March 2011	**30,076,000**	18,600,000
Year ended 31 March 2012	**4,576,000**	—

26. Inventories

	Group	
	2010	2009
	HK$	*HK$*
Food, beverages, wine and low value consumables	**7,184,224**	8,352,532

27. Trade and Other Receivables

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Amount due from a related company *(note a)*	**26,200,000**	26,200,000	**—**	—
Impairment loss	**(26,200,000)**	(21,200,000)	**—**	—
	—	5,000,000	**—**	—
Trade debtors *(note b)*	**21,512,073**	17,407,628	**—**	—
Deposits, prepayments and other receivables	**31,961,027**	35,935,940	**26,141**	13,694,145
Other loan *(note c)*	**170,250**	2,750,400	**—**	—
	53,643,350	61,093,968	**26,141**	13,694,145

Notes:

(a) Amount due from a related company of the Group (before impairment loss) disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	Balance of the outstanding amount, before impairment *HK$*
At 31 March 2010	26,200,000
At 1 April 2009	26,200,000
Maximum balance outstanding during the year	26,200,000

Pursuant to a loan agreement dated 4 July 2007 between (i) Well Allied, a subsidiary of the Company; and (ii) PLD International Company Limited ("PLD"), Well Allied agreed to advance 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. On 9 May 2008, Well Allied entered into another loan agreement with PLD and agreed to advance another loan of HK$17.2 million to PLD at the interest rate of 5.25% per annum and repayable within 1 year from the date of loan agreement.

Two directors of Well Allied, Mr. Lee Tien-Yung and Mr. Philip Lu Yueh-Wei, have beneficial interests in PLD. As both of the loans were past due at 31 March 2009, impairment loss of HK$5,000,000 (2009: HK$21,200,000) was recognised for the year.

27. Trade and Other Receivables *(Continued)*

Notes: (Continued)

(b) Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of reporting period.

	2010	2009
	HK$	*HK$*
Current *(Note i)*	**9,537,592**	8,985,081
Less than 1 month past due	**5,963,935**	4,624,273
1 to 3 months past due	**5,932,046**	3,035,694
More than 12 months past due	**78,500**	762,580
Amount past due at the end of reporting period but not impaired *(Note ii)*	**11,974,481**	8,422,547
	21,512,073	17,407,628

Notes:

(i) The balances that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(ii) The balances that were past due but not impaired relate to a number of customers that have good track record with the Group. Based on past experience, management estimated that the carrying amounts could be fully recovered.

(c) Other loan is unsecured, interest-free and repayable on demand.

28. Trade and Other Payables

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Trade creditors	**30,207,177**	7,915,944	**—**	—
Other payables and accruals	**25,125,520**	34,746,019	**634,325**	13,067,081
Deposits received	**9,103,297**	11,734,150	**—**	—
	64,435,994	54,396,113	**634,325**	13,067,081

28. Trade and Other Payables *(Continued)*

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

	Group	
	2010	2009
	HK$	*HK$*
Current or within 30 days	**10,546,361**	6,110,827
31 to 60 days	**6,594,101**	571,153
61 to 90 days	**8,009,899**	601,380
Over 90 days	**5,056,816**	632,584
	30,207,177	7,915,944

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

29. Amounts due to Minority Shareholders

At 31 March 2010, except for the amount of HK$875,000 which borne interest at 5% per annum, the amounts due to minority shareholders were unsecured, interest-free and repayable on demand.

At 31 March 2009, the amounts due to minority shareholders were unsecured, interest-free and repayable on demand.

30. Financial Risk Management

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices described below.

30. Financial Risk Management *(Continued)*

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the management. The policy for each of the above risks is described in more detail below.

(a) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group exposes to credit risk from loans and receivables. The Group has adopted a credit policy to monitor and mitigate credit risk arising from trade debtors. Credit limit is regularly reviewed and approved by head of credit control. The Group assesses credit risk based on customers' past due records, trading history, financial conditions or credit ratings. The Group and the Company is not exposed to concentration of credit risk.

The maximum exposure to credit risk on loans and receivables are the carrying amount of these assets.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(b) Liquidity risk

The Group's objective is to ensure there are adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an ongoing basis. In addition, banking facilities have been put in place for contingency purposes.

The contractual maturities of financial liabilities are shown as below:

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
In less than one year	**164,380,894**	156,469,129	**119,035,089**	152,606,223

30. Financial Risk Management *(Continued)*

(c) Interest rate risk

Interest rate risk is the risk the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of change in market interest rates relates primarily to the Group's cash and bank balance and interest bearing loan with floating interest rate.

Interest rate profile

The following table details interest rates analysis that management of the Company evaluates their interest rate risk.

	Group				Company			
	2010		2009		2010		2009	
	Effective interest rate *(%)*	*HK$*	Effective interest rate *(%)*	*HK$*	Effective interest rate *(%)*	*HK$*	Effective interest rate *(%)*	*HK$*
Financial assets								
Floating rate financial assets	1%	325,733,132	1%	218,370,788	1%	130,701,031	1%	205,269
Fixed rate financial assets	–	–	6%	5,000,000	–	–	–	–
Financial liabilities								
Floating rate financial liabilities	–	–	–	–	–	–	–	–
Fixed rate financial liabilities	5%	875,000	–	–	–	–	–	–

Sensitivity analysis

The following table indicates the approximate change in the profit after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect on results after tax on the next accounting period until next end of reporting period, management of the Company assumes that the change in interest rate had occurred at the end of reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2010 and 2009.

30. Financial Risk Management *(Continued)*

(c) Interest rate risk *(Continued)*

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Increase by 100 basis points	**3,257,331**	2,183,708	**1,307,010**	2,053
Decrease by 100 basis points	**(3,257,331)**	(2,183,708)	**(1,307,010)**	(2,053)

(d) Currency risk

The Group mainly operates in Hong Kong and the PRC with most of the transactions settled in their respective functional currencies in which the subsidiaries operate. Therefore the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

31. Financial Instruments — Carrying Amount and Fair Value

The directors of the Company considered that the carrying amounts of financial assets and financial liabilities approximate to their fair values.

32. Provision for Long Service Payments

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

Movement in provision for long service payments is as follows:

	Group	
	2010	2009
	HK$	*HK$*
At the beginning of year	**2,159,770**	2,159,770
Amounts charged to profit or loss	**162,294**	—
Amounts paid	**(465,810)**	—
At the end of year	**1,856,254**	2,159,770

32. Provision for Long Service Payments *(Continued)*

The principal assumptions used in the estimation of long service payments are as follows:

	Group	
	2010	2009
Discount rate	**8.5%**	5.25%
Expected rate of future salary increases	**1.2%**	1.2%

33. Deferred Tax

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

	Group	
	2010	2009
	HK$	*HK$*
At 1 April	**58,299,597**	83,742,384
Tax arising from acquisition of subsidiaries *(note 38)*	**29,455,644**	—
Tax credited to profit or loss *(note 13)*	**(18,504,002)**	(24,454,836)
Tax charged/(credited) to equity	**7,032,272**	(1,258,645)
Effect on opening deferred tax balances resulting from changes in applicable tax rate *(note 13)*	**—**	321,495
Exchange differences	**33,395**	(50,801)
At 31 March	**76,316,906**	58,299,597

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 2010, the Group had estimated unutilised tax losses of HK$152,980,000 (2009: HK$247,239,000). A deferred tax has been recognised in respect of HK$51,731,000 (2009: HK$57,900,000) of such losses. It is mainly attributable to the future benefit of tax losses arising from the property investment segment which the availability of future taxable profits against which the assets can be utilised is certain at the end of the reporting period. 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 assets in respect of the unutilised tax losses.

In addition to the amount charged/credited to the profit or loss, deferred tax relating to the revaluation of the Group's certain leasehold land and buildings during the year has been charged/credited directly to equity.

33. Deferred Tax *(Continued)*

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

Deferred tax assets	Group					
	Accelerated accounting depreciation		Tax losses		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**(18,897)**	77,439	**9,825,539**	15,086,764	**9,806,642**	15,164,203
Acquisition of subsidiaries	**—**	—	**596,976**	—	**596,976**	—
Charged to profit or loss	**—**	(91,912)	**(387,596)**	(4,578,189)	**(387,596)**	(4,670,101)
Effect of changes in tax rate	**—**	(4,424)	**—**	(733,837)	**—**	(738,261)
Exchange differences	**—**	—	**(33,395)**	50,801	**(33,395)**	50,801
At the end of the year	**(18,897)**	(18,897)	**10,001,524**	9,825,539	**9,982,627**	9,806,642

Deferred tax liabilities	Group							
	Property revaluation		Accelerated accounting depreciation		Intangible asset		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**16,942,250**	18,200,895	**51,163,989**	80,705,692	**—**	—	**68,106,239**	98,906,587
Acquisition of subsidiaries	**—**	—	**—**	—	**30,052,620**	—	**30,052,620**	—
(Credited)/charged to profit or loss	**(21,464,138)**	—	**6,329,118**	(29,124,937)	**(3,756,578)**	—	**(18,891,598)**	(29,124,937)
Charged/(credited) to equity	**7,032,272**	(1,258,645)	**—**	—	**—**	—	**7,032,272**	(1,258,645)
Effect of changes in tax rate	**—**	—	**—**	(416,766)	**—**	—	**—**	(416,766)
At the end of the year	**2,510,384**	16,942,250	**57,493,107**	51,163,989	**26,296,042**	—	**86,299,533**	68,106,239

33. Deferred Tax *(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 income tax levied by same taxation authority on the same taxable entity. The following amounts, determined after appropriate offsetting, are shown in the Group's consolidated statement of financial position:

	Group	
	2010	2009
	HK$	*HK$*
Deferred tax assets	**(3,409,658)**	(3,458,132)
Deferred tax liabilities	**79,726,564**	61,757,729
	76,316,906	58,299,597

Company

At 31 March 2010, the Company had estimated unutilised tax losses of HK$13,325,000 (2009: HK$12,600,000). No deferred tax assets have been recognised in respect of the tax losses due to unpredictability of future profit streams.

34. Share Capital

(a) Authorised and issued share capital

	2010		2009	
	Number of shares	***HK$***	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.05 each				
At beginning of year	**18,568,181,818**	**928,409,091**	10,000,000,000	500,000,000
Increase in authorised ordinary shares *(note (i))*	**—**	**—**	8,568,181,818	428,409,091
At end of the year	**18,568,181,818**	**928,409,091**	18,568,181,818	928,409,091
Convertible preference shares of HK$0.05 each				
At the beginning of year	**1,431,818,182**	**71,590,909**	—	—
Increase in authorised convertible preference shares *(note (i))*	**—**	**—**	1,431,818,182	71,590,909
At the end of year	**1,431,818,182**	**71,590,909**	1,431,818,182	71,590,909
Total	**20,000,000,000**	**1,000,000,000**	20,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At beginning of year	**3,398,231,392**	**169,911,570**	3,398,231,392	169,911,570
New shares issued for acquisition of subsidiaries *(note (ii))*	**4,568,181,818**	**228,409,091**	—	—
Placement of shares *(note (iii))*	**523,600,000**	**26,180,000**	—	—
Conversion of convertible preference shares *(note (iv))*	**1,431,818,182**	**71,590,909**	—	—
At end of the year	**9,921,831,392**	**496,091,570**	3,398,231,392	169,911,570
Convertible preference shares of HK$0.05 each				
At the beginning of year	**—**	**—**	—	—
New shares issued for acquisition of subsidiaries *(note (ii))*	**1,431,818,182**	**71,590,909**	—	—
Conversion during the year *(note (iv))*	**(1,431,818,182)**	**(71,590,909)**	—	—
At the end of year	**—**	**—**	—	—
Total	**9,921,831,392**	**496,091,570**	3,398,231,392	169,911,570

34. Share Capital *(Continued)*

(a) Authorised and issued share capital *(Continued)*

Notes:

(i) By an ordinary resolution dated 23 March 2009, the authorised share capital of the Company was increased from HK$500,000,000 divided into 10,000,000,000 ordinary shares of HK$0.05 each to HK$1,000,000,000 by the creation of 1,431,818,182 convertible preference shares and 8,568,181,818 ordinary shares of HK$0.05 each. The new ordinary shares shall carry equal rights and ranking pari passu in all respects with the existing ordinary shares of the Company.

The rights of the convertible preference shares are summarised below:

Conversion Ratio:	Each convertible preference share carries the right to convert into one ordinary share (subject to adjustment only in the event of an alternation to the nominal value of the ordinary shares as a result of consolidation or subdivision of the shares and not otherwise).
Dividends:	Holders of convertible preference shares ("Holders") are not entitled to any dividend payment.
Conversion:	Holders shall have the right to convert, in whole or in part, from the date of issue each convertible preference share into one ordinary share provided that the public float of the shares shall not be less than 25% (or any specific percentage as required by the Listing Rules) immediately following the exercise of such conversion right.
Voting Rights:	Holders shall be entitled to receive notices of and attend any shareholders' meetings but shall not be entitled to vote at any shareholders' meeting by reason only of being holders of convertible preference shares save where the resolutions in question relate to the dissolution or winding up of the Company or variation or abrogation of the rights attaching to the convertible preference shares in which cases the holders of the convertible preference shares shall have the same voting rights as those attaching to the ordinary shares on an as-converted basis.
Ranking:	Rank in priority to the ordinary shares as to a return of capital on a winding up or otherwise. The converted shares shall rank pari passu in all respect with all other ordinary shares in issue upon liquidation or dissolution of the Company.

(ii) On 6 April 2009, 4,568,181,818 ordinary shares and 1,431,818,182 convertible preference shares were issued as part of the consideration for the Group's acquisition of the entire equity interests in Hua Rong Sheng Shi Holding Limited (see note 38).

(iii) On 13 August 2009, 523,600,000 ordinary shares of HK$0.05 each were issued at an issue price of HK$0.36 each, raising net proceeds of approximately HK$183 million for additional working capital for the operation of the Group.

(iv) On 9 June 2009, 431,818,182 ordinary shares of HK$0.05 each were issued as a result of the conversion of 431,818,182 convertible preference shares.

On 14 August 2009, 1,000,000,000 ordinary shares of HK$0.05 each were issued as a result of the conversion of 1,000,000,000 convertible preference shares.

34. Share Capital *(Continued)*

(b) Capital management policy

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves.

35. Reserves

Company

	Share premium *HK$*	Contributed surplus *HK$*	Employee share-based compensation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2008	723,939,216	28,784,000	56,206	(264,310,516)	488,468,906
Loss for the year	—	—	—	(9,026,621)	(9,026,621)
At 31 March 2009 and 1 April 2009	723,939,216	28,784,000	56,206	(273,337,137)	479,442,285
Issuance of ordinary shares	685,227,273	—	—	—	685,227,273
Placement of ordinary shares	162,316,000	—	—	—	162,316,000
Share issue expenses	(5,449,625)	—	—	—	(5,449,625)
Issue of convertible preference shares and conversion into ordinary shares	214,772,727	—	—	—	214,772,727
Loss for the year	—	—	—	(1,119,901,450)	(1,119,901,450)
At 31 March 2010	1,780,805,591	28,784,000	56,206	(1,393,238,587)	416,407,210

35. Reserves *(Continued)*

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Description and purpose
Company	
Share premium	Amount subscribed for share capital in excess of nominal value.
Contributed surplus	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 meet its obligations after distribution and the net realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Accumulated losses	Cumulative net losses recognised in the consolidated statement of comprehensive income.
Group	
Other reserves	Amount represents the excess from consideration over the relevant share acquired of the carrying value of net assets of the subsidiaries.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment property) (see note 17). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of foreign operations into Hong Kong dollars.

36. Asset Classified as Held for Sale

On 18 May 2010, the Group entered into a sale and purchase agreement with an independent third party for the disposal of leasehold land held for own use under operating lease at a consideration of RMB3,300,000 (approximately HK$3,745,500).

The proceeds from the disposal were less than the net carrying amount of the leasehold land and accordingly, an impairment loss of HK$242,354 was recognised during the year.

37. 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 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 subscribe 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 options were exercised during the year (2009: Nil) and thus the total number of shares under outstanding options as at 31 March 2010 was 1,000,000 (2009: 1,000,000).

The following information is relevant in the determination of the fair value of HK$3,934,394 of the options granted at date of issue.

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%

38. Acquisition during the Year

On 13 February 2009, the Group entered into an agreement with Mr. Yeung Chi Hang, then an executive director of the Company, and Mr. Chu Ying Man, an independent third party, to acquire the entire equity interests of Hua Rong Sheng Shi Holdings Limited, its subsidiary and jointly controlled entities (collectively referred to as the "HR Group") and all loans due to Mr. Yeung and Mr. Chu by the HR Group for a total gross consideration of HK$750,000,000 to be satisfied by the issuance of 4,568,181,818 ordinary shares, 1,431,818,182 convertible preference shares and cash of HK$90,000,000 .

On 6 April 2009, the Group completed the acquisition of the entire equity interests in the HR Group and the loans due to the vendors (totaling about HK$82,863,845 at the date of completion) for a total gross consideration of HK$1,290,000,000 (as adjusted for the fair value of shares issued at the date of completion).

The fair value of the ordinary shares issued was determined by reference to their quoted market price of HK$0.20 at the date of completion to the transaction. The fair value of the convertible preference shares issued was also determined by reference to the quoted market price of the Company's ordinary share at the date of completion as the convertible preference shares can be converted into ordinary shares on 1 for 1 basis subject to certain conditions.

The HR Group is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. Details of the transaction were disclosed in the Company's circular dated 6 March 2009.

The goodwill arising on the acquisition of the HR Group is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the licence fee collection business and other services. The economic benefits from these factors are not recognised separately from goodwill as they cannot be identified or distinguished from the business as a whole.

38. Acquisition during the Year *(Continued)*

The net assets acquired in the transaction, and the excess of the Group's cost over its interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, are as follows:

	The HR Group		
	Acquiree's carrying amount at acquisition *HK$*	**Fair value adjustment** *HK$*	**Fair value at acquisition** *HK$*
Fair value of net assets acquired			
Property, plant and equipment	3,703,423	—	3,703,423
Intangible assets	7,520,972	120,210,480	127,731,452
Deferred tax assets/(liabilities)	596,976	(30,052,620)	(29,455,644)
Cash and cash equivalents	57,404,044	—	57,404,044
Trade and other receivables	2,108,816	—	2,108,816
Amount due from the Group	22,793,323	—	22,793,323
Trade and other payables	(12,991,581)	—	(12,991,581)
Amounts due to the former shareholders	(22,793,323)	—	(22,793,323)
Amount due to shareholders	(82,863,845)	—	(82,863,845)
Amounts due to related companies	(1,343,178)	—	(1,343,178)
Net (liabilities)/assets acquired	(25,864,373)	90,157,860	64,293,487
Goodwill *(note 20)*			1,156,654,441
Total consideration			1,220,947,928
Satisfied by:			
Cash			90,000,000
Issue of 4,568,181,818 ordinary shares			913,636,364
Issue of 1,431,818,182 convertible preference shares			286,363,636
Costs associated with the acquisition			13,811,773
			1,303,811,773
Assignment of shareholders' loans to the Group			(82,863,845)
			1,220,947,928
Net cash outflow arising on acquisition			
Cash consideration paid			90,000,000
Costs associated with the acquisition			13,811,773
Cash and cash equivalents acquired			(57,404,044)
			46,407,729

This transaction has been accounted for using the purchase method of accounting. The HR Group contributed HK$10,921,863 to the Group's turnover and HK$943,598,021 to the Group's loss before income tax expense for the period between the date of acquisition and the end of reporting period. If the acquisition had been completed on 1 April 2009, there will be no significant changes to the Group's turnover and loss for the year as the acquisition of the HR Group was completed at the beginning of the year. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

39. Disposal of Subsidiaries

(a) On 12 September 2009, the Group entered into an agreement with a minority owner of 北京金英馬國際文化交流有限公司(“金英馬”)for the disposal of its entire equity interests of 金英馬 at a consideration of RMB25,982,472 (equivalent to HK$29,083,532) as detailed in the Company's announcement dated 14 September 2009. The transaction was completed on 3 December 2009. The net assets of 金英馬 at the date of disposal and at 31 March 2009 are as follows:

	Date of disposal	2009
	HK$	*HK$*
Carrying amount of net assets disposed of		
Property, plant and equipment	5,943,815	6,554,687
Film and movie rights	21,061,908	20,993,416
Other receivables	13,628,302	2,114,600
Cash and cash equivalents	74,883	12,102,626
Minority interests	(16,283,563)	(16,706,132)
	24,425,345	25,059,197
Gain on disposal of a subsidiary	4,658,187	
Total consideration	29,083,532	
Satisfied by:		
Cash	29,083,532	
Net cash inflow arising on disposal:		
Cash consideration	29,083,532	
Cash and bank balances disposed of	(74,883)	
	29,008,649	

39. Disposal of Subsidiaries *(Continued)*

(b) As referred to in note 9, on 10 November 2008, the Group disposed of the WV Group which is engaged in the retail operation of watches. The net assets of the WV Group at the date of disposal and at 31 March 2008 are as follows:

	Date of disposal *HK$*	2008 *HK$*
Carrying amount of net assets disposed of		
Property, plant and equipment	328,842	1,009,221
Inventories	26,655,995	26,773,293
Trade and other receivables	653,929	6,859,430
Cash and cash equivalents	1,244,089	2,602,881
Amounts due to the Group	(5,941,241)	(15,916,728)
Amounts due to minority shareholders	(17,343,639)	(17,039,264)
Trade and other payables	(99,769)	(480,019)
Current tax liabilities	(509,026)	(509,026)
Minority interests	(2,444,697)	(1,616,896)
	2,544,483	1,682,892
Gain on disposal of subsidiaries	1,385,258	
Total consideration	3,929,741	
Satisfied by:		
Cash	9,870,982	
Waiver of the amounts due to the Group	(5,941,241)	
	3,929,741	
Net cash inflow arising on disposal:		
Cash consideration	9,870,982	
Cash and bank balances disposed of	(1,244,089)	
	8,626,893	

40. Related Party Transactions

Significant related party transactions during the year are:

		Group	
		2010	2009
	Notes	***HK$***	*HK$*
Rental expenses to related companies	*(a)*	**3,762,600**	3,928,395
Interest income from a related company	*27(a)*	**811,500**	1,529,401

(a) Rental expenses were charged by related companies which are associates of two then directors of the Company, Ms. Ma Shuk Kam and Mr. Yeung Chi Hang, based on the tenancy agreements signed between the parties. These transactions are continuing connected transactions, in respect of which the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(b) On 14 July 2006, Well Allied and PLD entered into an agreement (the "Agreement") pursuant to which Well Allied and PLD agreed to co-operate to realise the benefits of the 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"):

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

(ii) A copyright business operation co-operation agreement with the Association and 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 date 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.

Pursuant to the Agreement, Well Allied shall exclusively manage and develop the business of licensing to karaoke operators in the PRC. Further, China Music shall act as PLD's exclusive agent in the PRC under the Contracts responsible for sourcing licenses and collection of fees pursuant to the terms of the Co-operation Agreements.

40. Related Party Transactions *(Continued)*

(b) *(Continued)*

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.

It constituted a connected transaction as defined in Chapter 14A of the Listing Rules and was announced by the Company on 20 July 2006, in respect of which disclosure requirements have been complied with.

During the years ended 31 March 2010 and 31 March 2009, no operation fees have been distributed by China Music to PLD.

(c) Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	2010	2009
	HK$	*HK$*
Short-term benefits	**11,472,721**	11,680,257
Post-employment benefits	**72,000**	71,452
	11,544,721	11,751,709

(d) Loans to a related company are detailed in note 27(a).

41. Note to the Consolidated Statement of Cash Flows

Reconciliation of loss for the year to net cash used in operations:

	2010 **HK$**	2009 HK$
Loss before income tax expense		
Continuing operations	**(1,175,024,725)**	(222,334,464)
Discontinued operations	**—**	297,424
Interest income	**(2,252,082)**	(3,309,480)
Interest expenses	**15,568**	119,630
Overprovision of social securities for staff in the PRC	**—**	(1,372,440)
Impairment loss on goodwill	**1,039,838,611**	5,560,000
Impairment loss on property, plant and equipment	**14,575,409**	9,267,900
Impairment loss on payments for leasehold land held for own use under operating leases	**71,281,145**	109,614,786
Impairment loss on an amount due from a related company	**5,000,000**	21,200,000
(Gain)/loss on disposal of property, plant and equipment	**(50,000)**	176,685
Impairment loss on asset classified as held for sale	**242,354**	—
Gain on disposal of a subsidiary	**(4,658,187)**	—
Gain on disposal of film and movie rights	**(4,241,200)**	—
Gain on deregistration of subsidiaries	**(420)**	—
Amortisation of deferred expenditure	**30,785,541**	54,333,274
Amortisation of films and movies costs	**—**	3,500,000
Fair value (gain)/loss on investment properties	**(41,519,000)**	3,743,000
Amortisation of payments for leasehold land held for own use under operating leases	**5,256,422**	7,145,874
Amortisation of intangible assets	**15,858,471**	—
Impairment loss on intangible assets	**132,341**	—
Depreciation of property, plant and equipment	**33,482,338**	27,281,219
Provision for long service payments	**162,294**	—
Operating (loss)/profit before working capital changes	**(11,115,120)**	15,223,408
Decrease in inventories	**1,121,290**	1,028,545
Increase in trade and other receivables	**(11,074,153)**	(20,925,991)
Decrease in film and movie rights	**—**	1,744,811
Decrease in trade and other payables	**(4,066,133)**	(7,998,439)
Decrease in provision for long service payments	**(465,810)**	—
Net cash used in operations	**(25,599,926)**	(10,927,666)

Significant non-cash transactions are as follows:

	2010 **HK$**	2009 HK$
Financing activities		
Contribution of property, plant and equipment by a minority shareholder	**—**	3,723,974
Waiver of amount due to minority shareholders upon cessation of business of subsidiaries	**6,329,580**	1,378,383
	6,329,580	5,102,357

42. Leases

Operating leases — lessee

The Group leases certain properties under operating leases. The lease for properties usually run for an initial period of one to five years. Lease payments are usually negotiated to reflect market rentals. None of the leases includes contingent rentals.

The lease payments recognised as an expense are as follows:

	Group	
	2010	2009
	HK$	*HK$*
Minimum lease payments	**10,396,100**	15,952,345

The total future minimum lease payments are due as follows:

	Group	
	2010	2009
	HK$	*HK$*
Not later than one year	**3,843,958**	8,598,284
Later than one year and not later than five years	**980,885**	2,075,625
More than five years	**77,991**	—
	4,902,834	10,673,909

Operating leases — lessor

The Group leases out its investment properties under operating leases. The leases for investment properties usually run for one to five years. Lease payments are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

The minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2010	2009
	HK$	*HK$*
Not later than one year	**15,057,034**	11,780,146
Later than one year and not later than five years	**24,300,385**	4,995,609
More than five years	**28,310,643**	—
	67,668,062	16,775,755

43. Capital Commitments

	Group		Company	
	2010	2009	**2010**	2009
	HK$	*HK$*	***HK$***	*HK$*
Commitments for the acquisition of plant and equipment:				
Contracted for but not provided	**—**	6,894,175	**—**	—

Details of other commitments are set out in note 25(b) to the financial statements.

44. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates 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 used in preparing the financial statements that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Fair value of investment properties and leasehold land and buildings

The fair value of the investment properties and leasehold land and buildings are determined by independent valuers on an open market value for existing use basis. In making their judgment, consideration has been given to assumptions that are mainly based on market conditions existing at the end of reporting period, 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.

(b) 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.

(c) 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 units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

44. Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(Continued)*

(d) Impairment loss on intangible assets

Determining whether an intangible asset is impaired requires an estimation of the future cash flow and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(e) Impairment loss on loans and receivables

The policy for impairment of loans and receivables of the Group is based on the evaluation of collectibility and ageing analysis of the loans and receivables and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these loans and receivables, including the current creditworthiness of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

(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.

(g) Deferred expenditure

The carrying amounts of deferred expenditure are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions.

45. Events after the Reporting Period

(a) On 30 April 2010, Mr. Cheng Yang was appointed as an executive director of the Company. Details are disclosed in the Company's announcement dated 30 April 2010.

(b) On 18 June 2010, Mr. Yeung Chi Hang, Madam Ma Shuk Kam and Mr. Lee Wai Loun resigned as executive director, non-executive director and independent non-executive director of the Company respectively. Mr. Tong Jingguo was appointed as an independent non-executive director of the Company. Details are disclosed in the Company's announcement dated 18 June 2010.

(c) On 19 July 2010, the Company entered into an agreement ("Proposed Supplementary Agreement") with the original vendor of Wellrich Investments Limited, a subsidiary of the Company acquired on 28 November 2007, for the purpose of deleting certain provisions in the original agreement principally relating to the intended development of hotel property interests and repurchase clause. Details are disclosed in the Company's announcement dated 19 July 2010 and circular dated 26 July, 2010. The Proposed Supplementary Agreement is subject to the approval by the independent shareholders of the Company.

(d) On 26 July 2010, the board of directors of the Company proposed special resolutions at the annual general meeting of the Company for change of the English name of the Company from "United Power Investment Limited" to "Culture Landmark Investment Limited" and adoption of "文化地標投資有限公司" as the secondary name of the Company to reflect the future principal business of the Group.

46. Comparative Figures

Following the adoption of new/revised HKFRSs as explained in note 2(a) to the financial statements, certain comparative figures have been adjusted or presented for the first time for consistent presentation. In addition, the Company presents the analysis of expenses on the consolidated statement of comprehensive income using a classification based on their nature, and comparative figures have been reclassified for consistent presentation. The directors consider that the revised presentation provides more relevant information to the users of the financial statements and have no effect on the financial position and performance of the Group.

47. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 26 July 2010.

Schedule of Investment Properties

For the year ended 31 March 2010

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 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, Sheung Wan, Hong Kong	Commercial	Medium-term
Level 1 to 3 of Yidong Building, Nos 301, 303, Huanshizhong Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC.	Commercial	Medium-term