



**UNITED POWER
INVESTMENT LIMITED**

(Incorporated in Bermuda with limited liability)
Stock Code : 674

Interim Report

2007/08

The directors of United Power Investment Limited (the “Company”) are pleased to present the Interim Report and unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2007. The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the six months ended 30 September 2007, and the consolidated balance sheet as at 30 September 2007 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 6 to 20 of this report.

BUSINESS REVIEW AND PROSPECTS

Consolidated results

The turnover of the Group for the six months ended 30 September 2007 was about HK\$116 million, representing an increase of about 15.8% compared to same period last year. However, the increase was mainly due to contribution from the retail trading of watches business in Hong Kong. Such increase was partially offset by decrease in turnover of the wedding service business and retail trading of watch business in Macau. Profit attributable to shareholders of HK\$2.7 million for the period was recorded as compared to HK\$0.4 million in the previous period. The increase in profit was mainly due to increase in profit from restaurant, interest income, increase in fair value of investment properties of the newly acquired properties in Guangzhou and closure of continued loss business of Japanese restaurant and Reli-a-bo entertainment business. Such increase was partially offset by an amortisation of deferred expenditure of the business of collection of fees for licensing of karaoke music products in the PRC, loss in wedding services business and wine retail business in Macau.

Restaurant operations

The business of the Chiu Chau restaurant in Star House, Tsimshatsui is stable and profitable. The directors consider that given the improving economic situation in Hong Kong, such restaurant will continue to contribute profit to the Group.

Investment properties

The investment properties had contributed steady rental income to the Group during the period, and are expected to continue to do so for the latter part of the current financial year. In May 2007, the Group acquired properties located at the commercial district in Guangzhou, PRC for HK\$48 million. The properties will be used to operate restaurant and entertainment business.

Wedding services operations

The Group's wedding services business is operated under the trade names of "Cite Du Louvre 羅浮宮婚紗影城" and "Wonderful Arts Wedding Services 新天地婚紗攝影" in Hong Kong. The business in Hong Kong was still adversely affected by keen competition from local and Taiwan wedding services companies. The business had incurred loss during the period.

Entertainment operations

In July 2007, the Group established a 60% subsidiary, 北京金英馬國際文化交流有限公司, in Peking, the PRC for its movie and TV film production business. In September 2007, the Group entered into two agreements relating to TV film production. Subject to the agreements becoming unconditional and completion taking place, the total investment will be approximately RMB26 million.

In September 2007, the Group acquired 51% interest in Baron Production and Artiste Management Company Limited which is engaged in providing services relating to production and artist management in the entertainment industry. It increased a loss of HK\$0.1 million.

In September 2007, the Group set up a wholly-owned subsidiary, Golden Capital Multimedia (Shenzhen) Co. Ltd in Shenzhen, PRC for entertainment and related business.

Watch retail operations

The Hong Kong watch retail business contributed profits of approximately HK\$0.7 million, but was offset by the loss in the Macau operation. The business recorded a profit of approximately HK\$0.25 million.

Collection of fees for licensing of karaoke music products

During last year, the Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC. It incurred a loss of approximately HK\$29 million. The loss was mainly due to an amortisation of deferred expenditure of approximately HK\$23 million for fee collection for these business.

Wine retail operations

This business recorded a loss of approximately HK\$0.29 million.

FINANCIAL REVIEW

The Group's financial position is strong with net asset value of about HK\$646.6 million. The management will look for suitable business opportunities.

EMOLUMENT POLICY

As at 30 September 2007, the Group had a total of 277 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

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

The Company had a share option scheme 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.

Disclosure of interests

As at 30 September 2007, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Ma Shuk Kam	1,423,550,686	Corporate (<i>Note</i>)	52.74
	22,000,000	Personal	0.82
Yeung Chi Hang	1,423,550,686	Corporate (<i>Note</i>)	52.74
	22,000,000	Personal	0.82
Yeung Kit Yu, Kitty	1,423,550,686	Corporate (<i>Note</i>)	52.74
	22,000,000	Personal	0.82
Liu Yu Mo	1,048,000	Personal	0.04
Chung Siu Wah	1,000,000	Personal	0.04
Chik To Pan	1,000,000	Personal	0.04

Note: These shares are owned by World Possession Assets Limited, which is beneficially owned by Ma Shuk Kam, Yeung Chi Hang and Yeung Kit Yu, Kitty in equal shares.

On 13 December 2005, options to subscribe for a total of 70,000,000 shares of HK\$0.05 each of the Company ("Shares") were granted under the share option scheme of the Company adopted on 30 August 2002 (the "Scheme") to executive directors of the Company at the exercise price of HK\$0.2254 per share. The options may be exercised from the date of grant to 30 August

2012. Options to subscribe for an aggregate of 69,000,000 Shares were exercised during the six months ended 30 September 2007. Details of the options granted under the Scheme and which remained outstanding as at 1 April 2007 and 30 September 2007 respectively are as follows:

Name of director	No. of Shares under outstanding options as at 1 April 2007	No. of Shares under outstanding options as at 30 September 2007
Yeung Chi Hang	22,000,000	0
Ma Shuk Kam	22,000,000	0
Liu Yu Mo	1,000,000	0
Chung Siu Wah	1,000,000	0
Yeung Kit Yu, Kitty	22,000,000	0
Au Edmond Wah	1,000,000	1,000,000
Chik To Pan	1,000,000	0

Particulars of options exercised during the six months ended 30 September 2007 are as follows:

Name of director	Date of exercise	No. of Shares for which options were exercised	Exercise price per Share (HK\$)	Weighted average closing price of Shares immediately before the date of exercise (HK\$)
Ma Shuk Kam	8 June 2007	22,000,000	0.2254	0.167
Yeung Chi Hang	8 June 2007	22,000,000	0.2254	0.167
Yeung Kit Yu, Kitty	8 June 2007	22,000,000	0.2254	0.167
Liu Yu Mo	8 June 2007	1,000,000	0.2254	0.167
Chung Siu Wah	8 June 2007	1,000,000	0.2254	0.167
Chik To Pan	12 June 2007	1,000,000	0.2254	0.189

Save as disclosed herein, as at 30 September 2007, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholder

As at 30 September 2007, the following person (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Number of shares	Nature of interest	Percentage of shareholding
World Possession Assets Limited	1,423,550,686	Beneficial owner	52.74

Save as disclosed herein, as at 30 September 2007, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

Share option scheme

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

As at 30 September 2007, the Company had outstanding options granted under the Scheme to subscribe for 1,000,000 Shares. No option had been granted, cancelled or lapsed during the six months ended 30 September 2007. Details of the options outstanding and exercised during the six months ended 30 September 2007 are set out in the section headed “Disclosure of interests” above.

Model Code

In respect of the Model Code, the Company states that during the six months ended 30 September 2007:

- (a) the Company had a code of conduct regarding directors’ securities transactions on the terms of the Model Code; and
- (b) it has made specific enquiry of all directors, results of which indicate that the directors had complied with the required standard set out in the Model Code during the period.

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 six months ended 30 September 2007.

CODE OF CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Corporate Governance Practices, as set out in Appendix 14 to the Listing Rules at any time during the six months ended 30 September 2007, save that the independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company. In view of the requirement on directors’ retirement by rotation under the Bye-laws of the Company, the directors do not consider appointment of independent non-executive directors for specific terms necessary.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 September 2007.

By order of the Board
Liu Yu Mo
Chief Executive Officer

Hong Kong, 17 December 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	<i>Notes</i>	Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
		HK\$	HK\$
Turnover	2	115,525,108	99,754,519
Cost of sales		<u>(67,741,457)</u>	<u>(44,803,299)</u>
Gross profit		47,783,651	54,951,220
Other revenue		8,512,699	1,440,750
Operating expenses		<u>(75,790,012)</u>	<u>(59,865,353)</u>
Operating loss		(19,493,662)	(3,473,383)
Increase in fair value of investment properties	8	4,100,949	—
Finance costs		<u>(263,471)</u>	<u>(18,299)</u>
Loss before taxation	3	(15,656,184)	(3,491,682)
Taxation	4	<u>(1,807,374)</u>	<u>(500,000)</u>
Loss for the period from continuing operations		(17,463,558)	(3,991,682)
Profit for the period from discontinued operations		—	1,876,592
Loss for the period		<u>(17,463,558)</u>	<u>(2,115,090)</u>
Attributable to:			
Equity holders of the Company		2,738,568	437,402
Minority interests		<u>(20,202,126)</u>	<u>(2,552,492)</u>
		<u>(17,463,558)</u>	<u>(2,115,090)</u>
Earnings/(loss) per share	5		
From continuing and discontinued operations			
— Basic		<u>0.10 cent</u>	<u>0.02 cent</u>
— Diluted		<u>0.10 cent</u>	<u>0.02 cent</u>
From continuing operations			
— Basic		<u>0.10 cent</u>	<u>(0.05 cent)</u>
— Diluted		<u>0.10 cent</u>	<u>(0.05 cent)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

		As at 30 September 2007 (Unaudited) <i>HK\$</i>	As at 31 March 2007 (Audited) <i>HK\$</i>
Non-current assets			
Goodwill	16	533,638	—
Property, plant and equipment		106,287,383	105,594,731
Investment properties		152,500,000	100,500,000
Deferred expenditure		26,292,428	3,988,251
Deferred tax asset		4,566,268	5,616,256
Total non-current assets		<u>290,179,717</u>	<u>215,699,238</u>
Current assets			
Inventories		34,269,212	27,594,127
Trade and other receivables		40,284,878	59,731,426
Deferred expenditure		45,391,645	45,267,624
Cash and cash equivalents		399,006,409	438,160,876
Total current assets		<u>518,952,144</u>	<u>570,754,053</u>
Current liabilities			
Trade and other payables		38,356,043	55,717,421
Amounts due to minority shareholders		106,454,724	66,875,269
Provision for taxation		171,656	518,984
Total current liabilities		<u>144,982,423</u>	<u>123,111,674</u>
Net current assets		<u>373,969,721</u>	<u>447,642,379</u>
Total assets less current liabilities		<u>664,149,438</u>	<u>663,341,617</u>

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)*As at 30 September 2007*

		As at 30 September 2007 (Unaudited) <i>HK\$</i>	As at 31 March 2007 (Audited) <i>HK\$</i>
Non-current liabilities			
Provision for long service payments		2,159,769	2,262,353
Deferred tax liabilities		15,354,938	14,427,686
Total non-current liabilities		<u>17,514,707</u>	<u>16,690,039</u>
Net assets		<u>646,634,731</u>	<u>646,651,578</u>
Capital and reserves attributable to equity holders of the Company			
Share capital	11	134,956,080	131,506,080
Reserves		540,062,920	524,437,444
Equity attributable to equity holders of the Company		675,019,000	655,943,524
Minority interests		(28,384,269)	(9,291,946)
Total equity	12	<u>646,634,731</u>	<u>646,651,578</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Total equity as at 1 April	<u>646,651,578</u>	<u>606,020,391</u>
(Loss)/profit for the period attributable to:		
Equity holders of the Company	2,738,568	437,402
Minority interests	<u>(20,202,126)</u>	<u>(2,552,492)</u>
	(17,463,558)	(2,115,090)
Revaluation surplus on leasehold land and buildings, net of taxation	<u>808,851</u>	<u>—</u>
Net loss for the period	<u>(16,654,707)</u>	<u>(2,115,090)</u>
Issue of shares on exercise of share options	<u>3,450,000</u>	<u>—</u>
Increase in share premium from issue of shares	15,980,788	—
Exchange reserve arising from subsidiaries in PRC	(24,544)	—
Employee share-based compensation reserve		
— exercise of share options	(3,878,188)	—
Minority interests	<u>1,109,804</u>	<u>—</u>
Total equity as at 30 September	<u>646,634,731</u>	<u>603,905,301</u>
Attributable to:		
Equity holders of the Company	675,018,999	597,299,989
Minority interests	<u>(28,384,268)</u>	<u>6,605,312</u>
	<u>646,634,731</u>	<u>603,905,301</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Net cash inflow from operating activities		
Continuing operations	712,102	(6,791,555)
Discontinued operations	—	29,686,814
	<u>712,102</u>	<u>22,895,259</u>
Net cash outflow from investing activities		
Continuing operations	(95,153,124)	(3,165,526)
Discontinued operations	—	(178,083)
	<u>(95,153,124)</u>	<u>(3,343,609)</u>
Net cash inflow/(outflow) from financing activities		
Continuing operations	55,132,055	9,626,928
Discontinued operations	—	(13,643,161)
	<u>55,132,055</u>	<u>(4,016,233)</u>
Net cash (outflow)/inflow before adjustment for the effect of foreign exchange rate changes	(39,308,967)	15,535,417
Effect of foreign exchange rate changes	154,500	—
(Decrease)/increase in cash and cash equivalents	(39,154,467)	15,535,417
Cash and cash equivalents at beginning of period	438,160,876	114,781,497
Cash and cash equivalents at end of period	399,006,409	130,316,914
Cash and cash equivalents classified as held for sales	—	(58,562,140)
	<u>399,006,409</u>	<u>71,754,774</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation and significant accounting policies

The unaudited condensed consolidated interim financial statements for the six months ended 30 September 2007 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2007.

The accounting policies and basis of preparation used in preparing these unaudited condensed consolidated interim financial statements are consistent with those described in the annual financial statements for the year ended 31 March 2007, except as mentioned below.

(a) *Effect of adopting new standards, amendments to standards and interpretations*

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 31 March 2008.

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) — Interpretation 8	Scope of HKFRS 2
HK(IFRIC) — Interpretation 9	Reassessment of Embedded Derivatives
HK(IFRIC) — Interpretation 10	Interim Financial Reporting and Impairment
HK(IFRIC) — Interpretation 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of the above new standards, amendments to standards and interpretations has no material impact to the condensed consolidated interim financial statements.

(b) *Standards, amendments to standards and interpretations that have been issued but are not yet effective*

The following new standards, amendments to standards and interpretations have been issued but are not effective for the period beginning on 1 April 2007 and have not been early adopted. The Group anticipates that the adoption of these new standards, amendments to standards and interpretations will not result in substantial changes to the Group’s accounting policies.

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Interpretation 12	Service Concession Arrangements ²
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes ³
HK(IFRIC) — Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 January 2008

³ Effective for annual periods beginning on or after 1 July 2008

2. Turnover, revenue and segment information

The Group is currently engaged in restaurant operations, property investment, wedding services business, entertainment business, retail operations and licence fee collection business.

An analysis of the Group's turnover and results by business segment for the interim period ended 30 September 2007, together with the comparative figures for the corresponding period in 2006, is as follows:

	(Unaudited)								Total HK\$
	Six months ended 30 September 2007								
	Restaurant operations HK\$	Property investment HK\$	Wedding services HK\$	Entertainment operations HK\$	Retail of watches HK\$	Retail of wine HK\$	Licence fee collection business HK\$	Inter-segment elimination HK\$	
Turnover	19,376,826	5,471,800	37,325,851	54,107	53,015,639	1,840,742	1,068,143	(2,628,000)	115,525,108
Segment results	1,771,555	3,704,621	(2,218,713)	(413,590)	251,182	(288,349)	(29,127,096)	—	(26,320,390)
Interest income									8,307,201
Increase in fair value of investment properties									4,100,949
Unallocated costs									(1,480,473)
Operating loss									(15,392,713)
Finance costs									(263,471)
Loss before taxation									(15,656,184)
Taxation									(1,807,374)
Loss for the period from continuing operations									(17,463,558)

	(Unaudited)								Total HK\$
	Six months ended 30 September 2006								
	Restaurant operations HK\$	Property investment HK\$	Wedding services HK\$	Entertainment operations HK\$	Retail of watches HK\$	Retail of wine HK\$	Licence fee collection business HK\$	Inter-segment elimination HK\$	
Turnover	18,161,630	5,318,900	45,681,769	2,416,168	29,647,034	1,109,018	—	(2,580,000)	99,754,519
Segment results	(1,621,214)	3,819,299	(86,973)	(3,273,829)	304,078	(802,564)	—	—	(1,661,203)
Interest income									1,243,332
Unallocated costs									(3,055,512)
Operating loss									(3,473,383)
Finance costs									(18,299)
Loss before taxation									(3,491,682)
Taxation									(500,000)
Loss for the period from continuing operations									(3,991,682)

2. Turnover, revenue and segment information (Continued)

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

	2007			Total HK\$
	Hong Kong HK\$	Macau HK\$	PRC HK\$	
Turnover	111,440,822	3,016,143	1,068,143	115,525,108
Segment assets	699,367,346	13,665,646	96,098,869	809,131,861
Capital expenditure	<u>2,826,132</u>	<u>—</u>	<u>47,909,773</u>	<u>50,735,905</u>

	2006			Total HK\$
	Hong Kong HK\$	Macau HK\$	PRC HK\$	
Turnover	93,136,354	6,618,165	—	99,754,519
Segment assets	303,809,250	23,086,565	9,402,727	336,298,542
Capital expenditure	<u>453,539</u>	<u>2,552,400</u>	<u>—</u>	<u>3,005,939</u>

3. Loss before taxation

Loss before taxation is stated after crediting and charging the following:

	Six months ended 30 September	
	2007 (Unaudited) HK\$	2006 (Unaudited) HK\$
Crediting		
Bank interest income	8,131,968	1,241,826
Interest income on loan receivable	175,233	—
Increase in fair value of investment properties	<u>4,100,949</u>	<u>—</u>
Charging		
Cost of inventories recognised as an expense	58,943,835	35,787,808
Depreciation of property, plant and equipment	2,804,132	2,779,649
Amortisation of deferred expenditure	22,571,802	—
Amortisation of pre-paid licence fee	2,590,746	—
Loss on disposal of property, plant and equipment	35,560	—
Interest expense on loan payables	263,471	—
Direct operating expenses from investment properties	137,132	148,641
Operating lease rentals in respect of land and buildings	6,124,160	7,758,763
Staff costs — wages and salaries	<u>23,223,060</u>	<u>25,650,680</u>

4. Taxation

Taxation in the condensed consolidated income statement represents:

	Six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Under-provision in prior year:		
Profits tax in Macau	1,708	—
Deferred taxation	1,805,666	500,000
	<u>1,807,374</u>	<u>500,000</u>

No provision for Hong Kong profits tax has been made for subsidiaries within the Group as these subsidiaries have either sufficient tax losses brought forward to offset against the estimated assessable profits or no material estimated assessable profits for the period on an individual basis.

No provision for Macau tax and PRC Enterprise Income Tax has been made as the subsidiaries operating in Macau and PRC incurred tax losses for the period.

5. Earnings/(loss) per share

From continuing and discontinued operations

The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of HK\$2,738,568 (2006: HK\$437,402) divided by 2,673,460,398 ordinary shares (2006: 2,630,121,600 ordinary shares) in issue during the period.

The calculation of diluted earnings per share is based on the consolidated profit attributable to shareholders of HK\$2,738,568 (2006: HK\$437,402) and 2,673,460,398 ordinary shares (2006: 2,630,121,600 ordinary shares) outstanding during the period, plus 13,330,651 ordinary shares (2006: 24,266,667 ordinary shares) deemed to be issued at no consideration as if share options have been exercised at the date of grant.

From continuing operations

The calculation of basic earnings/(loss) per share for continuing operations is based on the consolidated profit from continuing operations attributable to shareholders of HK\$2,738,568 (2006: loss of HK\$1,345,360) divided by 2,673,460,398 ordinary shares (2006: 2,630,121,600 ordinary shares) in issue during the period.

The calculation of diluted earnings/(loss) per share for continuing operations is based on the consolidated profit from continuing operations of HK\$2,738,568 (2006: loss of HK\$1,345,360) and 2,673,460,398 ordinary shares (2006: 2,630,121,600 ordinary shares) outstanding during the period, plus 13,330,651 ordinary shares (2006: 24,266,667 ordinary shares) deemed to be issued at no consideration as if share options have been exercised at the date of grant.

6. Dividends

The directors have resolved not to pay an interim dividend for the six months ended 30 September 2007 (2006: Nil).

7. Property, plant and equipment

During the period, the Group acquired property, plant and equipment (including additions via acquisition of subsidiary (*note 16*)) at cost of HK\$2,836,853 and disposed of motor vehicles with net book value of HK\$325,000 at a consideration of HK\$289,440 which resulted a loss of HK\$35,560 on disposal of property, plant and equipment.

8. Investment properties

During the period, the Group acquired investment properties in Guangzhou, PRC via an acquisition of the entire issued share capital of Shenzhen Land Company Limited from related parties (*note 15 (b)*) and a shareholder's loan of HK\$16,434,099 at an aggregate consideration of HK\$48,000,000. Details of the transaction are as follows:

	Acquiree's carrying amounts <i>HK\$</i>	Valuation adjustment <i>HK\$</i>	Adjusted amount on acquisition date <i>HK\$</i>
Share of net assets acquired:			
Investment properties	39,272,723	8,626,328	47,899,051
Utility deposits	153,291	—	153,291
Accruals	(13,200)	—	(13,200)
Amount due to a related company	(39,142)	—	(39,142)
Shareholder's loan	(16,434,099)	—	(16,434,099)
	<u>22,939,573</u>	<u>8,626,328</u>	31,565,901
Shareholder's loan acquired			<u>16,434,099</u>
Total consideration			<u>48,000,000</u>
Satisfied by: cash consideration paid			<u>48,000,000</u>

During the period, the above investment properties were revalued to HK\$52,000,000 on an open market value basis by Vigers Appraisal and Consulting Limited, an independent firm of professional valuers, resulting a valuation gain of HK\$4,100,949 on investment properties.

9. Trade and other receivables

Included in trade and other receivables are trade debtors and their ageing analysis is as follows:

	As at 30 September 2007 (Unaudited) <i>HK\$</i>	As at 31 March 2007 (Audited) <i>HK\$</i>
Within 30 days	1,222,592	1,765,363
31 to 60 days	119,834	106,563
Over 60 days	482,527	264,406
	<u>1,824,953</u>	<u>2,136,332</u>

The general credit terms allowed range from 0 to 60 days.

10. Trade and other payables

Included in trade and other payables are trade creditors and their ageing analysis is as follows:

	As at 30 September 2007 (Unaudited) HK\$	As at 31 March 2007 (Audited) HK\$
Within 30 days	3,409,136	3,924,636
31 to 60 days	837,763	600,205
61 to 90 days	33,090	88
Over 90 days	534,714	508,672
	<u>4,814,703</u>	<u>5,033,601</u>

11. Share capital

	30 September 2007		31 March 2007	
	Number of shares	HK\$	Number of shares	HK\$
Authorised:				
Ordinary shares of HK\$0.05 each				
At beginning of period/year	3,800,000,000	190,000,000	3,800,000,000	190,000,000
Increase in authorised ordinary shares	<u>6,200,000,000</u>	<u>310,000,000</u>	<u>—</u>	<u>—</u>
At end of period/year	<u><u>10,000,000,000</u></u>	<u><u>500,000,000</u></u>	<u><u>3,800,000,000</u></u>	<u><u>190,000,000</u></u>
Issued and fully paid:				
At beginning of period/ year	2,630,121,600	131,506,080	2,630,121,600	131,506,080
Issue of shares on exercise of share options	<u>69,000,000</u>	<u>3,450,000</u>	<u>—</u>	<u>—</u>
At end of period/year	<u><u>2,699,121,600</u></u>	<u><u>134,956,080</u></u>	<u><u>2,630,121,600</u></u>	<u><u>131,506,080</u></u>

The Company had increased the authorised share capital to HK\$500 million by creation of 6.2 billion shares of HK\$0.05 each on 28 September 2007.

During the period, 69,000,000 out of 70,000,000 share options were exercised by options holders who are directors of the Company at the subscription price of HK\$0.2254 per share for a total cash consideration of HK\$15,552,600, resulting in the issue of an aggregate of 69,000,000 new ordinary shares of the Company of HK\$0.05 each.

12. Equity

	Unaudited									
	Share capital	Share premium	Contribution surplus	Employee	Other	Foreign exchange reserve	Accumulated losses	Equity	Minority interests	Total equity
				share-based	properties			attributable		
				compensation reserve	revaluation reserve			to equity holders of the Company		
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
At 1 April 2006	131,506,080	540,172,078	28,784,000	3,934,394	72,690,754	—	(180,224,719)	596,862,587	9,157,804	606,020,391
Profit for the period	—	—	—	—	—	—	437,402	437,402	(2,552,492)	(2,115,090)
At 30 September 2006	<u>131,506,080</u>	<u>540,172,078</u>	<u>28,784,000</u>	<u>3,934,394</u>	<u>72,690,754</u>	<u>—</u>	<u>(179,787,317)</u>	<u>597,299,989</u>	<u>6,605,312</u>	<u>603,905,311</u>
At 1 April 2007	131,506,080	540,172,078	28,784,000	3,934,394	74,518,665	120,912	(123,092,605)	655,943,524	(9,291,946)	646,651,578
Issue of share on exercise of share options	3,450,000	15,980,788	—	(3,878,188)	—	—	—	15,552,600	—	15,552,600
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	930,760	930,760
Translation reserve	—	—	—	—	—	(24,544)	—	(24,544)	179,044	154,500
Revaluation gain	—	—	—	—	980,425	—	—	980,425	—	980,425
Deferred tax on revaluation gain	—	—	—	—	(171,574)	—	—	(171,574)	—	(171,574)
Profit/(loss) for the period	—	—	—	—	—	—	2,738,568	2,738,568	(20,202,126)	(17,463,558)
At 30 September 2007	<u>134,956,080</u>	<u>556,152,866</u>	<u>28,784,000</u>	<u>56,206</u>	<u>75,327,516</u>	<u>96,368</u>	<u>(120,354,037)</u>	<u>675,018,999</u>	<u>(28,384,268)</u>	<u>646,634,731</u>

13. **Commitments**

Commitments under operating leases

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

	As at 30 September 2007 (Unaudited) HK\$	As at 31 March 2007 (Audited) HK\$
Within one year	12,512,330	12,411,560
Within two to five years	<u>4,429,058</u>	<u>8,846,190</u>
	<u>16,941,388</u>	<u>21,257,750</u>

14. **Operating lease rental receivables**

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

	As at 30 September 2007 (Unaudited) HK\$	As at 31 March 2007 (Audited) HK\$
Within one year	5,987,700	2,982,000
Within two to five years	<u>3,865,000</u>	<u>1,235,000</u>
	<u>9,852,700</u>	<u>4,217,000</u>

15. Related party transactions

Significant related party transactions during the period were:

		Six months ended	
		30 September	
		2007	2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$	HK\$
Rental expenses to related companies	<i>(a)</i>	2,091,428	2,171,004
Acquisition of investment properties			
from related parties	<i>(b)</i>	48,000,000	—
Interest income receivable from related party	<i>(c)</i>	175,233	—
Hotel revenue, food and beverage revenue		—	3,151,304
Reimbursement of administrative expenses		—	167,042
Reimbursement of salaries and other allowances		—	8,235,059
Service income from related company		—	1,336,243
Sponsorship income from related company		—	150,000
		<u> </u>	<u> </u>

- (a) Rental expenses were charged by related companies, based on the tenancy agreements signed between the parties. The directors Ma Shuk Kam, Yeung Chi Hang and a director of certain subsidiaries, Cheng Kwee, have beneficial interests in these related companies. The transactions were carried out at terms by reference to market prices of similar transactions.
- (b) During the period, Wise Mark Group Limited (“Wise Mark”), a wholly owned subsidiary of the Company entered into an agreement dated 13 April 2007 with Mr. Yeung Chi Hang (“Mr. Yeung”) and Well Harvest Enterprises Limited (“Well Harvest”) (the “Share Vendors”) whereby Wise Mark agreed to purchase from the Share Vendors the entire issued share capital of Shenzhen Land Company Limited (“Shenzhen Land”) for a total consideration of HK\$31,565,901. On the same day, Golden Islands (Management) Limited (“GI Management”), a wholly owned subsidiary of the Company entered into another agreement with Well Harvest whereby GI Management agreed to acquire from Well Harvest all the benefits of an interest fee unsecured loan of HK\$16,434,099 advanced to Shenzhen Land for a consideration of HK\$16,434,099. The major asset of Shenzhen Land is its interest in the investment properties located in Guangzhou, PRC.
- (c) During the period, Well Allied Investments Limited (“Well Allied”), a subsidiary of the Company entered into a loan agreement dated 4 July 2007 with PLD International Limited (“PLD”) whereby 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.

16. Business Combination

On 10 September 2007, Win Fame Limited, a wholly owned subsidiary of the Company subscribed from Ng Lok Shing Ronald for 51% equity interest in Baron Productions and Artiste Management Company Limited (“Baron”) for a consideration of HK\$1,530,000.

Baron contributed revenues of HK\$53,865 and a net loss of HK\$98,758 for the period ended 30 September 2007.

Details of net assets acquired and goodwill are as follows:

	Acquiree’s carrying amounts HK\$
Plant and equipment	1,615,072
Trade and other receivables	617,380
Cash and cash equivalents	309,218
Trade and other payables	(588,018)
Net assets	1,953,652
Minority interests	(957,290)
51% share of net equity acquired	996,362
Goodwill arising on acquisition	533,638
Total purchase consideration	<u>1,530,000</u>
Satisfied by:	
Cash consideration paid	<u>1,530,000</u>
Net outflow arising on the acquisition of subsidiary:	
Cash consideration paid	1,530,000
Cash and cash equivalents acquired	(309,218)
	<u>1,220,782</u>

17. Events after the balance sheet date:

The Group had entered into the following agreements after 30 September 2007:

- a. an agreement dated 15 October 2007 between (i) the Company and (ii) Well Harvest whereby the Company agreed to acquire from Well Harvest the entire issued share capital of, and the benefits of all shareholders’ loans to, Wellrich Investments Limited for an aggregate consideration of HK\$355.6 million, HK\$120 million of which were paid in cash and the balance of HK\$235.6 million satisfied by the issued and allotment of 699,109,792 shares of HK\$0.05 each of the Company (equivalent to an issue price of HK\$0.337 per share). The transaction was completed on 28 November 2007; and
- b. an agreement dated 25 October 2007 between (i) Chan Siu Kei (as vendor); and (ii) Wave High International Limited, a wholly owned subsidiary of the Company, (as purchaser) relating to the sale and purchase of 60% of the issued share capital of Chance Music Limited for a consideration of HK\$5 million.