UNITED POWER INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 674

ANNUAL REPORT 2008

Contents

Corporate Information

DIRECTORS

Non-executive Chairperson
Ma Shuk Kam

Executive Directors
Yeung Chi Hang *(Chief Executive Officer)*
Liu Yu Mo
Au Edmond Wah

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

AUDITORS

BDO McCabe Lo Limited
Certified Public Accountants

SOLICITORS

Jennifer Cheung & Co

COMPANY SECRETARY

Cheung Mei Ha, Jennifer

PRINCIPAL BANKERS

Hang Seng Bank Limited
RBS Coutts Bank, Ltd
Bank of China (Hong Kong) Limited
Chiyu Banking Corporation Limited
Nanyang Commercial Bank Limited

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE

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

PRINCIPAL REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

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

Five Year Financial Summary

	2008	2007	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Year ended 31 March					
Profit attributable to equity holders of the Company	**31,902**	57,132	45,492	23,242	11,946
Assets and liabilities					
At 31 March					
Total assets	**1,229,867**	786,453	853,216	249,834	233,091
Total liabilities	**(263,861)**	(139,801)	(247,196)	(27,731)	(24,650)
Total equity	**966,006**	646,652	606,020	222,103	208,441

Chairperson's Statements

BUSINESS REVIEW AND OUTLOOK

Financial review

Consolidated results

The turnover of the Group for the year ended 31 March 2008 was about HK$276 million, representing an increase of about 36.5% as compared to that of last year. The increase was mainly contributed by the watch retail business of about HK$112.5 million and the acquisition of interest in Dynasty Hotel in Zhaoqing, the PRC, in November 2007 which achieved a turnover of about HK$30.1 million. However there was a decrease of about HK$14.7 million in the turnover of wedding services. The Group achieved a profit of about HK$33.0 million this year, a decrease of approximately 35.1% as compared to last year. The profit was mainly attributable to the excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of about HK$59.3 million arising on the acquisition of the hotel operations in the People's Republic of China ("the PRC"), fair value adjustment and rental income of about HK$27.2 million and HK$5.8 million respectively from investment properties, and net income of about HK$2.7 million from Chiu Chow restaurant operations. However the wedding services business recorded a loss of about HK$5.4 million. The profit was further reduced by a loss of about HK$56 million from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC and a loss of about HK$6.2 million from entertainment business.

The directors have resolved not to recommend the payment of a final dividend for the year ended 31 March 2008 (2007: Nil) in order to reserve resources for development of the Group's business.

Review

Hotel operations

In November 2007, the Group acquired Wellrich Investments Limited, which 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$0.6 million. The Group recorded an excess of its interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of approximately HK$59.3 million arising on the acquisition of the hotel operations.

Wedding services

The Group provides wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong. The business was adversely affected by keen competition from local and Taiwan wedding services companies.

This business suffered loss of about HK$5.4 million, which was reduced by about 84% as compared to that of last year when an impairment loss of goodwill of HK$19 million was recorded.

Chairperson's Statements

Investment properties

The investment properties contributed steady rental income to the Group. In May 2007, the Group acquired properties located at the commercial district in Guangzhou, the PRC for HK$48 million. The Group is looking for suitable tenants for these properties.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House is stable and contributed operating profit of about HK$2.7 million to the Group.

Watch retail operations

The watch retail business is profitable and contributed operating profit of approximately HK$2.3 million to the Group.

Wine retail operations

A 51% owned subsidiary of the Company commenced wine retail business in Grand Waldo Hotel, Macau in June 2006. This business recorded a loss of approximately HK$0.5 million.

Entertainment operations

In July 2007, the Group established a 60% owned subsidiary, 北京金英馬國際文化交流有限公司 (Beijing Jingyingma International Cultural Exchange Company Limited), in Beijing, the PRC for its movie and television series production business. The Group entered into three agreements relating to television series production. The total investment is approximately RMB38 million. Production of two television series has substantially completed.

In September 2007, the Group acquired a 51% interest in Baron Productions and Artiste Management Company Limited, which is engaged in providing services relating to production and artist management in the entertainment industry. It incurred a loss of about HK$1 million.

In September 2007, the Group set up a wholly-owned subsidiary, Golden Capital Entertainment Limited, to develop entertainment and related business in Shenzhen, the PRC.

In October 2007, the Group acquired a 60% interest in Chance Music Limited, which is engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs. It achieved a profit of about HK$0.01 million.

Collection of fees for licensing of karaoke music products

The Group entered into various agreements relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in PRC. It incurred a loss of approximately HK$56 million, which was mainly due to an amortisation of deferred expenditure of approximately HK$45.3 million. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

Chairperson's Statements

Prospects

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, retail of watches and wine, collection of fees for licensing of karaoke music products in the PRC and entertainment business. The Group's financial position is strong with a net asset value of about HK$966 million.

The Group has increased its property portfolio in the PRC by the acquisition of interest in the property occupied by Dynasty Hotel in Zhaoqing, the PRC, which it considers to have good redevelopment potential for commercial and residential uses.

The Group has invested in production of films and television series in the PRC with a view to expand its entertainment business in the PRC.

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 and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of its business. The development of this business is at an advanced stage and the Group expects to receive some income commencing from the current financial year.

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

On behalf of the board
Ma Shuk Kam
Non-executive Chairperson

Hong Kong, 16 June 2008

Directors' Report

The directors have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 March 2008.

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 business segment is set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2008 are set out in the consolidated income statement on page 23.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2008.

FIXED ASSETS

Details of movements in fixed assets of the Group and the Company during the year are set out in note 18 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 note 35 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company as at 31 March 2008 are set out in note 35 to the financial statements.

Directors' Report

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(r) 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 and information on the options granted, exercised, cancelled or lapsed under the Scheme during the year are set out in note 36 to the financial statements.

DIRECTORS AND SENIOR MANAGEMENT

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

Ma Shuk Kam *(Non-executive Chairperson)*
Yeung Chi Hang *(Chief Executive Officer)*
Liu Yu Mo *(Chief Financial Officer)*
Au Edmond Wah
Chung Siu Wah (resigned on 24 January 2008)
Yeung Kit Yu, Kitty (resigned on 24 January 2008)
Chik To Pan (resigned on 24 January 2008)
Chan Lai Mei
Lee Wai Loun
Lee Yuk Sang, Angus

In accordance with Bye-law 87(2) of the Company's Bye-laws, Messrs. Yeung Chi Hang, Liu Yu Mo and Chan Lai Mei shall retire by rotation. Being eligible, these directors have offered themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Biographical details of directors and senior management

Non-executive Chairperson

Madam Ma Shuk Kam ("Madam Ma"), aged 54, joined the Group in January, 2000 and was the Chairperson of the Board from 29 December, 2000 to 25 April, 2004. On 24 January 2008, she was appointed the non-executive Chairperson of the Board. Madam Ma is a veteran property investor with diversified portfolio in Hong Kong and the People's Republic of China. She is the mother of Mr. Yeung Chi Hang ("Mr. Yeung") and Ms. Yeung Kit Yu, Kitty ("Ms. Yeung").

Executive Directors

Mr. Yeung, aged 29, joined the Group in 2001. He was appointed as a director of the Company on 1 May 2002 and the Chairman of the Board on 26 April 2004. On 24 January 2008 he resigned as the Chairman of the Board and was appointed the Chief Executive Officer of the Company. Mr. Yeung worked in property investment and wedding services companies in Hong Kong prior to joining the Group. He is the son of Madam Ma and the brother of Ms. Yeung. Mr. Yeung is responsible for overseeing the overall business development of the Group.

Mr. Liu Yu Mo, aged 48, was appointed as a director and the Chief Executive Officer of the Company on 29 December 2000 and 8 March 2005 respectively. 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 20 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 54, has been holding senior management positions in various companies in Hong Kong, China, Canada, Singapore and Macau for the past 28 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.

DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

Independent non-executive Directors

Ms. Chan Lai Mei, aged 44, is a director of One One CPA Limited (Certified Public Accountants (Practising)). She has over 18 years of experience in auditing, accounting, corporate governance, financial management and corporate finance activities. Ms. Chan graduated from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic). She is a fellow member of Association of Chartered Certified Accountants and a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants, Macau Society of Certified Practising Accountants and Taxation Institute of Hong Kong.

Mr. Lee Wai Loun, aged 73, is a managing director of Manlex International Co. Ltd., a trading company. He has over 24 years of experience in sales and management in trading and distribution of electronic components, integrated circuits and computer peripherals.

Mr. Lee Yuk Sang, Angus, aged 30, 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 7 years of experience in sales, marketing, project and factory management and providing consulting services in trading of Christmas decoration goods and manufacturing of plastic goods.

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

Senior management

Mr. Chik To Pan, aged 29, 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, aged 27, 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 and the sister of Mr. Yeung.

Mr. Wong Hung Ting, aged 59, is a General Manager of Golden Island Catering Group Company Limited ("GI Catering"), a wholly owned subsidiary of the Company. He has over 39 years of experience in the catering field and has been with the Group for more than 20 years. Mr. Wong is in charge of the day-to-day operation of the Group's restaurant at Star House, Tsimshatsui, Kowloon.

Mr. Ng Muk Hing, aged 62, is the Chief Chef of GI Catering. He has over 38 years of experience in catering and has been with the Group for more than 20 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 2008, 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	1,445,550,686	*(Note 1)*	42.54
Yeung Chi Hang	2,144,660,478	*(Note 2)*	63.11
Liu Yu Mo	1,048,000	Personal	0.03
Au Edmond Wah	1,000,000	Personal *(Note 3)*	0.03

Notes:

1. 1,423,550,686 shares are owned by World Possession Assets Limited ("World Possession"), which is beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares, and 22,000,000 shares are owned by Madam Ma personally.

2. 1,423,550,686 shares are owned by World Possession, which is beneficially owned by Madam Ma, Mr. Yeung and Ms. Yeung in equal shares, and 721,109,792 shares are 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 2008, 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 2008, the following substantial shareholder (other than a director or chief executive of the Company) had interests in the share capital of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Number of shares	Nature of interest	Percentage of shareholding
World Possession	1,423,550,686	Beneficial owner	41.89

Save as disclosed herein, as at 31 March 2008, 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 5.6% of its total turnover.

During the year, the Group's five largest suppliers accounted for less than 24.4% of its total purchases.

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

CONNECTED TRANSACTIONS

1. The Group entered into the following connected transactions not exempt under Rule 14A.31 of the Listing Rules during the year ended 31 March 2008:

   (a) an agreement dated 13 April 2007 between (i) Wise Mark Group Limited ("Wise Mark"), a wholly owned subsidiary of the Company; and (ii) Mr. Yeung and Well Harvest Enterprises Limited ("Well Harvest") (the "Share Vendors") whereby Wise Mark agreed to purchase from the Share Vendors the entire issue share capital of Shenzhen Land Company Limited ("Shenzhen Land") for a total consideration of HK$31,565,901;

   (b) an agreement dated 13 April 2007 between (i) GI Management; and (ii) 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;

CONNECTED TRANSACTIONS *(Continued)*

1. *(Continued)*

   (c) a loan agreement dated 4 July 2007 between (i) Well Allied Investments Limited ("Well Allied"), a subsidiary of the Company; and (ii) 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; and

   (d) 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 issue and allotment of 699,109,792 shares of HK$0.05 each of the Company.

2. The following continuing connected transactions not exempt under Rule14A.33 of the Listing Rules were entered into/subsisted during the year ended 31 March 2008:

   (a) the following tenancy agreements were entered into between associates of Madam Ma and/or Mr. Yeung and Mr. Cheng Kwee ("Mr. Cheng"), a former director of certain former subsidiaries of the Company as landlords and GI Catering as tenant:

   (i) Tenancy agreement dated 30 November 2006 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 2006 to 30 November 2008 (with an option to renew for a further term of 1 year at the then prevailing market rent)	HK$180,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

   (ii) Tenancy agreements dated 18 November 2005 and 1 January 2008 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 2006 to 31 December 2007, renewed from 1 January 2008 to 31 December 2009	HK$9,000 until 31 December 2007 and thereafter HK$19,000 (both exclusive of rates, management fees and government rent which are payable to independent third parties)

CONNECTED TRANSACTIONS *(Continued)*

2. *(Continued)*

(a) *(Continued)*

(iii) Tenancy agreement dated 21 June 2006 relating to Unit 2811 on the 28th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong

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

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

(i) Tenancy agreement dated 1 May 2006 (as amended on 21 June 2006) relating to Shop Unit Nos. 1F8A on the First Floor of Grand Waldo Hotel (the "Hotel"), Cotai, Macau

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

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

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

CONNECTED TRANSACTIONS *(Continued)*

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

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

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

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

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

EMOLUMENT POLICY

As at 31 March 2008, the Group had a total of 1,125 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

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

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

FINANCIAL REVIEW

Liquidity and financial resources

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

As at 31 March 2008, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2007:0%) as at 31 March 2008.

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.

FINANCIAL REVIEW *(Continued)*

Charges

At 31 March 2008, 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$55 million (2007: HK$52 million) amounted to HK$186 million (2007: HK$156 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 2008 are set out in note 11 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 2008.

PUBLIC FLOAT

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

AUDITORS

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

On behalf of the Board
Yeung Chi Hang
Chief Executive Officer

Hong Kong, 16 June 2008

Corporate Governance Report

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 Listing Rules in the year ended 31 March 2008 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.

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 2008.

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 10 times during the year ended 31 March 2008. Its composition and the attendance of individual directors at these board meetings were follows:

Name	Number of meetings held during the director's term of office	Number of meetings attended
Non-executive chairperson		
Ma Shuk Kam	10	4
Executive directors		
Yeung Chi Hang *(Chief Executive Officer)*	10	9
Liu Yu Mo *(Chief Financial Officer)*	10	10
Au Edmond Wah	10	3
Yeung Kit Yu, Kitty (resigned on 24 January 2008)	10	3
Chung Siu Wah (resigned on 24 January 2008)	10	3
Chik To Pan (resigned on 24 January 2008)	10	8
Independent Non-executive directors		
Chan Lai Mei	10	5
Lee Wai Loun	10	6
Lee Yuk Sang, Angus	10	7

BOARD OF DIRECTORS *(Continued)*

On 24 January 2008:

(a) Mr. Yeung Chi Hang ("Mr. Yeung") resigned as the Chairman of the Board and was appointed the Chief Executive Officer of the Company;

(b) Madam Ma Shuk Kam ("Madam Ma") was appointed the non-executive Chairperson of the Company; and

(c) Mr. Liu Yu Mo resigned as the Chief Executive Officer of the Company and was appointed the Chief Financial Officer of the Company.

Madam Ma is the mother of Mr. Yeung and Ms. Yeung Kit Yu, Kitty.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Chairman/Chairperson is responsible for the leadership of the Board. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

On 24 January 2008, Madam Ma Shuk Kam was appointed non-executive Chairperson 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 Messrs. Chan Lai Mei, Lee Wai Loun and Lee Yuk Sang, Angus, all independent non-executive directors. This Committee is chaired by Ms. Chan Lai Mei.

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

REMUNERATION OF DIRECTORS *(Continued)*

The Remuneration Committee met 2 times during the year. The attendance of individual members at these meetings was as follows:

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

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.

During the year, no new director had been appointed.

ACCOUNTABILITY AND AUDIT

The directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2008, 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 2008.

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

AUDITORS' REMUNERATION

During the year ended 31 March 2008, fees paid to the Company's external auditor for audit services totalled HK$1,335,400, compared with HK$873,900 in the previous year. For non-audit services, the fees paid amounted to HK$430,000, compared with HK$310,000 in the previous year. The significant non-audit service assignments covered by these fees include the following:

Nature of services	Fees paid *(HK$)*
Reporting accountants' service for a major acquisition transaction	430,000

AUDIT COMMITTEE

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

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

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

The Audit Committee met 2 times in the year. The attendance of individual members at these meetings was as follows:

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

Independent Auditor's Report

BDO McCabe Lo Limited
Certified Public Accountants
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111 Connaught Road Central
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德豪嘉信會計師事務所有限公司

香港干諾道中一百一十一號
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傳真:(八五二)二八一五 ○○○二

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

We have audited the consolidated financial statements of United Power Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 23 to 95, which comprise the consolidated and company balance sheets as at 31 March 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (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.

Independent Auditor's Report

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 the affairs of the Company and of the Group as at 31 March 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO McCabe Lo Limited
Certified Public Accountants

Alfred Lee
Practising Certificate Number P04960

Hong Kong, 16 June 2008

Consolidated Income Statement

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$
Continuing operations			
Turnover	6	**276,016,114**	202,150,157
Cost of sales		**(151,339,908)**	(96,669,711)
Gross profit		**124,676,206**	105,480,446
Other revenue	7	**16,015,066**	7,895,945
Net operating expenses		**(187,664,968)**	(151,999,844)
Increase in fair value of investment properties		**27,163,329**	—
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	37	**59,318,750**	—
Finance costs	12	**(517,129)**	(176,119)
Profit/(loss) before taxation		**38,991,254**	(38,799,572)
Taxation	13	**(6,038,558)**	1,055,059
Profit/(loss) for the year from continuing operations	8	**32,952,696**	(37,744,513)
Discontinued operations			
Profit for the year from discontinued operations	9	**—**	88,525,876
Profit for the year		**32,952,696**	50,781,363
Attributable to:			
Equity holders of the Company		**31,901,584**	57,132,114
Minority interests		**1,051,112**	(6,350,751)
		32,952,696	50,781,363
Dividends	15	**Nil**	Nil
Earnings/(loss) per share	16		
From continuing operations			
Basic (HK cents)		**1.09**	(1.18)
Diluted (HK cents)		**1.09**	N/A
From discontinued operations			
Basic (HK cents)		**N/A**	3.35
Diluted (HK cents)		**N/A**	3.28
From continuing and discontinued operations			
Basic (HK cents)		**1.09**	2.17
Diluted (HK cents)		**1.09**	2.13

Consolidated Balance Sheet

As at 31 March 2008

	Notes	2008 HK$	2007 HK$
Non-current assets			
Goodwill	17	**560,000**	—
Property, plant and equipment	18	**214,484,148**	105,594,731
Investment properties	19	**180,642,000**	100,500,000
Payments for leasehold land held for own use under operating leases	20	**398,799,949**	—
Deferred expenditure	21	**3,720,627**	3,988,251
Interest in an associate	23	**—**	—
Held-to-maturity investment	24	**—**	—
Deferred tax assets	33	**7,022,274**	5,616,256
Total non-current assets		**805,228,998**	215,699,238
Current assets			
Inventories	25	**36,037,072**	27,594,127
Trade and other receivables	26	**91,163,533**	59,731,426
Deferred expenditure	21	**45,267,624**	45,267,624
Cash and cash equivalents	27	**252,170,278**	438,160,876
Total current assets		**424,638,507**	570,754,053
Current liabilities			
Trade and other payables	28	**51,711,961**	55,717,421
Amounts due to minority shareholders	29	**117,378,195**	66,875,269
Provision for taxation		**1,846,886**	518,984
Total current liabilities		**170,937,042**	123,111,674
Net current assets		**253,701,465**	447,642,379
Total assets less current liabilities		**1,058,930,463**	663,341,617
Non-current liabilities			
Provision for long service payments	32	**2,159,770**	2,262,353
Deferred tax liabilities	33	**90,764,658**	14,427,686
Total non-current liabilities		**92,924,428**	16,690,039
Net assets		**966,006,035**	646,651,578
Capital and reserves			
Share capital	34	**169,911,570**	131,506,080
Reserves		**780,783,788**	524,437,444
Total equity attributable to equity holders of the Company		**950,695,358**	655,943,524
Minority interests		**15,310,677**	(9,291,946)
Total equity	35	**966,006,035**	646,651,578

On behalf of the Board

Yeung Chi Hang
Chief Executive Officer

Liu Yu Mo
Chief Financial Officer

Balance Sheet

As at 31 March 2008

	Notes	2008 HK$	2007 HK$
Non-current assets			
Investments in subsidiaries	*22*	**183,379,580**	52,084,559
Total non-current assets		**183,379,580**	52,084,559
Current assets			
Amounts due from subsidiaries	*22*	**574,394,230**	401,549,586
Trade and other receivables	*26*	**23,928**	23,928
Cash and cash equivalents	*27*	**200,250**	148,964
Total current assets		**574,618,408**	401,722,478
Current liabilities			
Trade and other payables	*28*	**993,196**	1,150,990
Amounts due to subsidiaries	*22*	**98,624,316**	7,295,550
Total current liabilities		**99,617,512**	8,446,540
Net current assets		**475,000,896**	393,275,938
Net assets		**658,380,476**	445,360,497
Capital and reserves			
Share capital	*34*	**169,911,570**	131,506,080
Reserves		**488,468,906**	313,854,417
Total equity	*35*	**658,380,476**	445,360,497

On behalf of the Board

Yeung Chi Hang
Chief Executive Officer

Liu Yu Mo
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2008

	2008 *HK$*	2007 *HK$*
Total equity at the beginning of year	**646,651,578**	606,020,391
Net income recognised directly in equity:		
Profit for the year:		
— attributable to equity shareholders of the Company	**31,901,584**	57,132,114
— minority interests	**1,051,112**	(6,350,751)
Profit for the year	**32,952,696**	50,781,363
Surplus on revaluation of other properties revaluation reserve, net of deferred tax	**15,482,782**	1,827,911
Exchange differences arising from subsidiaries in the PRC	**31,443,333**	120,912
Total recognised income and expense for the year	**79,878,811**	52,730,186
Movements in equity arising from capital transactions:		
Issue of shares	**38,405,490**	—
Increase in share premium from issue of shares	**183,767,138**	—
Decrease in employee share-based compensation reserve due to exercise of share options	**(3,878,188)**	—
Excess of consideration paid over the relevant share acquired of the carrying value of net assets of the subsidiaries	**(2,370,305)**	—
Minority interests	**23,551,511**	(12,098,999)
Total movements in equity arising from capital transactions	**239,475,646**	(12,098,999)
Total equity at the end of year	**966,006,035**	646,651,578
Attributable to:		
Equity holders of the Company	**950,695,358**	655,943,524
Minority interests	**15,310,677**	(9,291,946)
	966,006,035	646,651,578

Consolidated Cash Flow Statement

For the year ended 31 March 2008

	Notes	2008 HK$	2007 HK$
Operating activities			
Net cash (used in)/generated from operations	39	**(44,741,733)**	23,526,833
Interest paid		**(517,129)**	(7,735,721)
Interest received		**12,402,896**	7,533,232
Tax paid		**(585,235)**	(1,282)
Net cash (used in)/generated from operating activities		**(33,441,201)**	23,323,062
Investing activities			
Disposal of subsidiaries, net of cash disposed of	9	**—**	370,960,802
Acquisition of subsidiaries, net of cash acquired	37	**(118,395,364)**	—
Proceeds from disposal of property, plant and equipment		**324,440**	—
Purchase of property, plant and equipment		**(7,728,566)**	(7,789,647)
Purchase of investment properties		**(49,056,671)**	—
Deferred expenditure paid		**(45,000,000)**	(50,000,000)
Net cash (used in)/generated from investing activities		**(219,856,161)**	313,171,155
Financing activities			
Repayment of bank loans		**—**	(64,509,764)
Advances from minority shareholders		**40,251,911**	51,394,895
Capital contribution by minority shareholders		**3,654,350**	31
Proceeds from exercise of share options		**15,552,600**	—
Net cash generated from/(used in) financing activities		**59,458,861**	(13,114,838)
Net (decrease)/increase in cash and cash equivalents		**(193,838,501)**	323,379,379
Cash and cash equivalents at the beginning of year		**438,160,876**	114,781,497
Effect of foreign exchange rate changes		**7,847,903**	—
Cash and cash equivalents at the end of year		**252,170,278**	438,160,876

Notes to the Financial Statements

31 March 2008

1. GENERAL

United Power Investment Limited (the "Company") is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited. The Company's 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. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable new and revised standards, amendments and interpretations ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

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

(c) Use of estimate and judgments

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 41.

(d) Functional and presentation currency

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

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

(a) In the current year, the Company and its subsidiaries (collectively referred to as the "Group"), has applied all the new and revised HKFRSs issued by the HKICPA that are relevant to its operation and effective for the current accounting period. The adoption of these new HKFRSs had no material effect on how the results for the current or prior accounting periods have been prepared and presented.

The adoption of these new HKFRSs did not affect recognition or measurement of the amounts recognised in the financial statements for the current or prior accounting periods. As a result no prior period adjustment is required.

However, the adoption of "HKFRS 7 Financial Instruments: Disclosure" and "Amendment to HKAS 1, Presentation of financial statements: Capital disclosure" resulted in much more extensive disclosures in respect of financial instruments and an additional disclosure on capital management policy respectively. Comparative information has been restated to achieve a consistent presentation.

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

The Group has not yet applied the following new or revised HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group and the Company, except for the adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment on changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 Amendment	Financial Instruments: Presentation[1]
HKFRS 2 Amendment	Share-based Payments — Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 8	Operating Segments[1]
HK (IFRIC) – Interpretation 12	Service Concession Arrangements[3]
HK (IFRIC) – Interpretation 13	Customer Loyalty Programmes[2]
HK (IFRIC) – Interpretation 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

1 Effective for annual periods beginning on or after 1 January 2009.
2 Effective for annual periods beginning on or after 1 July 2008.
3 Effective for annual periods beginning on or after 1 January 2008.
4 Effective for annual periods beginning on or after 1 July 2009.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity so as to obtain benefits from its activities, that other entity is classified as a subsidiary. The consolidated financial statements comprise the results 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 income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

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

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 as transactions with equity owners of the Group. For purchases from minority interests, any excess/(shortfall) of the consideration paid over/(under) the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from/(credited to) equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(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.

(c) Associate

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, that other entity is classified as an associate. Associates are accounted for using the equity method, whereby they are initially recognised in the consolidated balance sheet at cost and thereafter, their carrying values 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.

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

(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.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(d) Joint ventures *(Continued)*

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

The Group signed several agreements with 北京天語同聲信息技術有限公司 to set up a jointly controlled operation in the People's Republic of China ("PRC") for the collection of music licence fee from karaoke operators in the PRC as detailed in note 38(e).

(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 charged to the consolidated income statement.

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

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

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment at 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 rate on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment

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

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

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

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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

The gain or loss arising from disposal of an item of property, plant and equipment other than leasehold land and building is the difference between the net sale proceeds and its carrying amount, and is recognised in the income statement.

(g) Investment properties

Investment properties are properties held for long-term rental yields or for capital appreciation and not occupied by the Group. Investment properties are carried at fair value. Changes in fair value are recognised in the income statement.

The gain or loss arising from disposal of investment properties is the difference between the net sale proceeds and its carrying amounts and is recognised in the income statement.

(h) 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. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

(i) Land premium

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

(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.

Notes to the Financial Statements

31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Deferred expenditure

Deferred expenditure represents non-refundable prepayment to a co-operation venturer for its share of operating profits from the co-operation business to collect licence fees from karaoke operators in the 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) Leases

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 the consolidated income statement 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.

The Group as lessee

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

The land and buildings elements of property leases in the PRC are considered separately for the purposes of lease classification.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments

(i) Financial assets

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

Financial assets at fair value through profit or loss: include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Gains or losses on investments held for trading are recognised in the income statement.

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

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

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

(ii) Impairment loss on financial assets

Objective evidence that the asset is impaired includes observable data that comes to the attention of the Group may include the following loss events:

- 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.

Notes to the Financial Statements

31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

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

For loan and receivables or held-to-maturity investments:

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. 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

The Group classifies its financial liabilities as other financial liabilities which include the following items:

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Financial instruments *(Continued)*

(iv) Equity instruments

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

(v) Derecognition

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

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(n) 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, 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.

(o) Revenue recognition

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

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

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

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

Hotel room revenue is recognised when hotel rooms are occupied.

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Revenue recognition *(Continued)*

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

(p) Income taxes

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

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

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

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

(q) Foreign currencies

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

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

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

(r) Employee benefits

(i) Employee leave entitlements

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Employee benefit *(Continued)*

(ii) Profit-sharing and bonus plans

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

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

(iii) Post-employment benefits

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(s) Share-based payments

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

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

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

(t) Impairment of other assets

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

- property, plant and equipment;
- investment properties;
- payments for leasehold land held for own use under operating leases;
- investments in subsidiaries;
- investments in associates;
- film and movie rights; and
- deferred expenditure.

Notes to the Financial Statements

31 March 2008

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

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 HKFRS.

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

(u) Borrowing costs

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

(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.

(w) Segment reporting

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

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

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(w) Segment reporting *(Continued)*

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

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

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

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

Principal activities are as follows:

Restaurant operations	—	sales of food and beverages
Property investment	—	leasing of investment properties
Wedding services	—	provision of wedding services
Entertainment business	—	provision of talent management and entertainment business
Retail operations	—	trading of watches and wine
License fee collection business	—	collection of licence fee from karaoke operators in the PRC
Hotel operations	—	ownership, operation and management of hotel *(note)*

Note: The Group disposed of a subsidiary, Waldorf Holding Limited ("Waldorf"), in November 2006 which provided the hotel operations, as detailed in note 9. In November 2007, the Group acquired another group of subsidiaries which owns and operates a hotel in the PRC as detailed in notes 37(c).

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

(a) Business segments *(Continued)*

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

	2008							
	Continuing operations							
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Retail operations *HK$*	Licence fee collection business *HK$*	Hotel operations *HK$*	Total *HK$*
TURNOVER								
External turnover	41,238,230	5,845,600	75,020,902	3,140,375	116,715,459	3,948,346	30,107,202	276,016,114
RESULT								
Segment results	2,680,317	34,978,588	(5,399,931)	(6,158,358)	1,817,935	(55,982,898)	(610,933)	(28,675,280)
Excess of fair value of net assets acquired over cost of acquisition of subsidiaries							59,318,750	59,318,750
Unallocated income								12,402,896
Unallocated costs								(4,055,112)
Profit before taxation								38,991,254
Taxation								(6,038,558)
Profit for the year								32,952,696
Segment assets	116,644,725	181,253,333	9,143,736	39,642,161	38,252,719	63,649,906	513,619,346	962,205,926
Unallocated assets								267,661,579
Total assets								1,229,867,505
Segment liabilities	(7,855,679)	(2,269,631)	(8,351,759)	(9,067,255)	(21,552,287)	(71,880,133)	(22,996,772)	(143,973,516)
Unallocated liabilities								(119,887,954)
Total liabilities								(263,861,470)
Capital expenditure — segment	372,636	49,056,671	1,118,645	3,810,507	336,812	192,275	1,605,896	56,493,442
— unallocated								291,795
								56,785,237
Depreciation — segment	2,178,050	129,297	2,577,909	252,412	671,193	71,776	5,765,593	11,646,230
— unallocated								37,407
								11,683,637
Impairment of goodwill — segment	—	—	—	4,277,660	—	—	—	4,277,660
Amortisation of deferred expenditure — segment	—	—	—	—	—	45,267,624	—	45,267,624
Amortisation of prepaid land lease — segment	—	—	—	—	—	—	1,850,245	1,850,245

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

(a) Business segments *(Continued)*

	2007								
	Continuing operations							Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Retail operations *HK$*	Licence fee collection business *HK$*	Sub-total *HK$*	Hotel operations *HK$*	Total *HK$*
Turnover	39,253,682	5,403,700	89,732,139	2,530,068	65,164,602	65,966	202,150,157	71,467,606	273,617,763
Segment results	(604,234)	4,004,121	(33,928,408)	(3,611,430)	(75,930)	(6,151,895)	(40,367,776)	7,022,643	(33,345,133)
Gain on disposal of hotel operations								81,504,515	81,504,515
Unallocated income									7,533,236
Unallocated costs									(5,965,032)
Profit before taxation									49,727,586
Taxation									1,053,777
Profit for the year									50,781,363
Segment assets	100,517,910	100,589,256	11,304,338	71,232	32,693,849	79,881,355	325,057,940	—	325,057,940
Unallocated assets									461,395,351
Total assets									786,453,291
Segment liabilities	(8,531,414)	(2,053,911)	(10,226,282)	(4,759,064)	(22,198,239)	(63,457,712)	(111,226,622)	—	(111,226,622)
Unallocated liabilities									(28,575,091)
Total liabilities									(139,801,713)
Capital expenditure — segment	108,970	—	5,532,836	—	1,710,170	191,358	7,543,334	237,313	7,780,647
— unallocated									9,000
									7,789,647
Depreciation — segment	2,729,833	—	2,370,072	80,177	503,622	9,881	5,693,585	24,024,398	29,717,983
— unallocated									3,320
									29,721,303
Impairment of goodwill — segment	—	15,000	18,988,140	—	—	—	19,003,140	—	19,003,140
Amortisation of deferred expenditure — segment	—	—	—	—	—	744,125	744,125	—	744,125
Amortisation of prepaid land lease — segment	—	—	—	—	—	—	—	864,827	864,827
Amortisation of land premium — segment	—	—	—	—	—	—	—	2,102,957	2,102,957

5. BUSINESS AND GEOGRAPHICAL SEGMENT *(Continued)*

(b) Geographical segments

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

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

	2008						
	Hong Kong		**Macau**		**PRC**		
	Continuing operations *HK$*	**Discontinued operations** *HK$*	**Continuing operations** *HK$*	**Discontinued operations** *HK$*	**Continuing operations** *HK$*	**Discontinued operations** *HK$*	**Total** *HK$*
Turnover	**236,025,011**	**—**	**5,935,555**	**—**	**34,055,548**	**—**	**276,016,144**
Segment assets	**576,167,487**	**—**	**11,028,685**	**—**	**642,671,333**	**—**	**1,229,867,505**
Capital expenditure	**2,503,566**	**—**	**—**	**—**	**54,281,671**	**—**	**56,785,237**

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

6. TURNOVER

Analysis of the Group's turnover for the year, are as follows:

	Group	
	2008	2007
	HK$	*HK$*
Continuing operations:		
Sales of food and beverages from restaurant operations	**41,238,230**	39,253,682
Gross rental income from investment properties	**5,845,600**	5,403,700
Provision of wedding services	**75,020,902**	89,732,139
Revenue from talent management and entertainment business	**3,140,375**	2,530,068
Revenue from trading of watches and wine	**116,715,459**	65,164,602
Revenue from licence fee collection business	**3,948,346**	65,966
Revenue from hotel operations:		
— Room rental	**13,108,984**	—
— Food and beverages	**16,998,218**	—
	276,016,114	202,150,157
Discontinued operations:		
Revenue from hotel operations		
— Room rental	**—**	50,980,911
— Food and beverages	**—**	20,486,695
	—	71,467,606
	276,016,114	273,617,763

7. OTHER REVENUE

	Group	
	2008	2007
	HK$	*HK$*
Continuing operations:		
Bank interest income	**12,402,896**	7,533,232
Recovery of bad debt	**2,876,855**	—
Others	**735,315**	362,713
	16,015,066	7,895,945
Discontinued operations:		
Bank interest income	**—**	1,082,955
Others	**—**	1,326,176
	—	2,409,131
	16,015,066	10,305,076

8. PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS

Profit/(loss) for the year is arrived at after charging:

	Group	
	2008	2007
	HK$	*HK$*
Depreciation of property, plant and equipment	**11,683,637**	29,721,303
Loss on disposal of property, plant and equipment	**462,407**	—
Cost of inventories recognised as an expense	**147,545,289**	81,387,364
Direct operating expenses from investment properties that generated rental income during the year	**163,102**	170,205
Property tax on rental income	**—**	364,385
Operating lease rentals in respect of land and buildings		
Land and buildings	**12,439,320**	20,927,622
Payments for leasehold land held for own use under operating leases	**1,850,245**	864,827
Amortisation of land premium	**—**	2,102,957
Amortisation of deferred expenditure	**45,267,624**	744,125
Amortisation of pre-paid licence fee	**3,937,500**	2,500,000
Impairment loss on goodwill (recognised in net operating expenses)	**4,277,660**	19,003,140
Auditor's remuneration		
Audit services	**1,335,400**	873,900
Non-audit services	**430,000**	310,000

9. DISCONTINUED OPERATION IN PRIOR YEAR

During the year ended 31 March 2007, the Group disposed of its 95% interests in Waldorf, which operated a hotel in Macau. The sales, results, cash flows and net assets of Waldorf were as follows:

	2007 *HK$*
Profit for the year from discontinued operations:	
Sales	71,467,606
Cost of sales	(52,895,513)
Gross profit	18,572,093
Other revenue	2,409,131
Net operating expenses	(6,398,979)
Operating profit	14,582,245
Finance costs	(7,559,602)
Profit before taxation	7,022,643
Taxation	(1,282)
Profit after taxation	7,021,361
Gain on disposal of hotel operations	81,504,515
	88,525,876

	2007 *HK$*
Cash flows from discontinued operations	
Operating cash flows	34,523,135
Investing cash flows	1,130,417
Financing cash flows	(63,406,574)
Total cash flows	(27,753,022)

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

The total consideration received in connection with this transaction amounted to HK$404,516,364 and was fully satisfied in cash.

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

The net cash inflow arising from the disposal amounts to HK$370,960,802.

10. STAFF COSTS

	Group					
	Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Staff costs (including directors) comprise:						
Salaries and bonuses	**52,513,192**	51,165,107	**—**	13,614,010	**52,513,192**	64,779,117
Contribution to defined contribution pension plans	**2,891,239**	2,817,429	**—**	462,718	**2,891,239**	3,280,147
Other post-employment benefits	**—**	135,074	**—**	—	**—**	135,074
Other short-term monetary benefits	**1,086,577**	1,449,338	**—**	1,551,834	**1,086,577**	3,001,172
	56,491,008	55,566,948	**—**	15,628,562	**56,491,008**	71,195,510

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, are as follows:

2008

	Group				
	Fees	Salaries and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Yeung Chi Hang	—	1,950,000	900,000	11,895	2,861,895
Liu Yu Mo	—	1,820,000	420,000	11,895	2,251,895
Au Edmond Wah	66,839	656,129	180,000	6,820	909,788
Chik To Pan*	—	644,516	120,000	9,685	774,201
Yeung Kit Yu, Kitty*	—	352,336	32,800	9,685	394,821
Chung Siu Wah*	80,000	—	—	4,000	84,000
Ma Shuk Kam	—	—	—	—	—
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
	434,839	5,422,981	1,652,800	53,980	7,564,600

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Directors' emoluments *(Continued)*

2007

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

No directors waived their emoluments in respect of the year ended 31 March 2008 (2007: HK$ Nil).

* These directors resigned during the year ended 31 March 2008.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2007: three) were directors of the Company whose emoluments are included in the above.

The emoluments of the remaining one (2007: two) highest paid individuals was as follows:

	Group	
	2008	2007
	HK$	*HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	**647,511**	1,228,521
Retirement scheme contributions	**12,000**	24,000
	659,511	1,252,521

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

12. FINANCE COSTS

	Group					
	Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on						
— long-term bank loans	—	18,300	—	7,559,602	—	7,577,902
— other borrowings	**517,129**	157,819	—	—	**517,129**	157,819
	517,129	176,119	—	7,559,602	**517,129**	7,735,721

13. TAXATION

The amount of taxation in the consolidated income statement represents:

	Group					
	Continuing operations		Discontinued operations		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Hong Kong profits tax	**886,335**	194,276	**—**	—	**886,335**	194,276
Macau tax	**3,415**	—	**—**	1,282	**3,415**	1,282
PRC tax	**1,023,387**	—	**—**	—	**1,023,387**	—
	1,913,137	194,276	**—**	1,282	**1,913,137**	195,558
Deferred tax *(note 33)*	**4,125,421**	(1,249,335)	**—**	—	**4,125,421**	(1,249,335)
	6,038,558	(1,055,059)	**—**	1,282	**6,038,558**	(1,053,777)

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 17.5% (2007: 17.5%) on the estimated assessable profits for the year.

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

The Macau statutory tax rate is set at 12% (2007: 12%) on the estimated assessable profits for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at rates ranging from 15% to 33% (2007: 15% to 33%).

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 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 from the year 2008.

13. TAXATION *(Continued)*

The taxation for the year can be reconciled to the profit/(loss) per the consolidated income statement as follows:

	2008 HK$	2007 HK$
Profit/(loss) before taxation		
Continuing operations	**38,991,254**	(38,799,572)
Discontinued operations	**—**	88,527,158
	38,991,254	49,727,586
Tax calculated at Hong Kong profits tax rate of 17.5% (2007: 17.5%)	**6,823,470**	8,702,327
Effect of different tax rates of subsidiaries operating in other jurisdictions	**439,666**	(4,868,994)
Deferred tax not recognized	**864,927**	2,000,950
Tax effect of non-deductible expenses	**713,512**	5,110,850
Tax effect of non-taxable revenue	**(2,565,445)**	(11,939,485)
Others	**(237,572)**	(59,425)
Taxation	**6,038,558**	(1,053,777)

14. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders includes a loss of HK$5,274,461 (2007: loss of HK$5,870,149) 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 2008, nor has any dividend been proposed since the balance sheet date (2007: Nil).

16. EARNINGS/(LOSS) PER SHARE

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

	Group	
	2008	2007
	HK$	*HK$*
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share		
Profit/(loss) for the year attributable to equity holders of the Company		
— from continuing operations	**31,901,584**	(31,036,169)
— from discontinued operations	**—**	88,168,283
— from continuing and discontinued operations	**31,901,584**	57,132,114
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,925,058,004**	2,630,121,600
Effect of dilutive potential ordinary shares:		
— Share options	**6,930,534**	58,091,574
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,931,988,538**	2,688,213,174

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

17. GOODWILL AND IMPAIRMENT

Group	*HK$*
Cost:	
At 1 April 2006 and 2007	20,373,261
Arising from business combinations *(Note 37)*	4,837,660
At 31 March 2008	25,210,921
Impairment	
At 1 April 2006	1,370,121
Impairment loss	19,003,140
At 31 March 2007	20,373,261
Impairment loss	4,277,660
At 31 March 2008	24,650,921
Carrying value	
At 31 March 2008	560,000
At 31 March 2007	—

17. GOODWILL AND IMPAIRMENT *(Continued)*

Note:

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

	2008	2007
	HK$	*HK$*
Wedding services	**18,988,140**	18,988,140
Entertainment business	**5,287,287**	449,627
Restaurant operations	**920,494**	920,494
Others	**15,000**	15,000
Total	**25,210,921**	20,373,261

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

For the year ended 31 March 2007, impairment was provided on goodwill from wedding services and other operations as cashflow forecasts indicate that there will be net cash outflows from these CGUs. For the year ended 31 March 2008, impairment was provided on goodwill from the entertainment business.

The carrying amount of goodwill (net of impairment loss) is as follows:

	2008	2007
	HK$	*HK$*
Entertainment business	**560,000**	—

The recoverable amount of entertainment business has been determined from value in use calculations based on cash flow projections covering a five year period to 31 March 2013. Key assumptions are as follows:

	2008 Entertainment business
	%
Discount rate	5.25
Operating margin	3.5
Growth rate	—
Wage inflation	—

18. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel property in Macau									
	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Hotel buildings in the PRC	Leasehold land and buildings	Leasehold improvements	Wardrobe	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost or valuation										
At 1 April 2006	129,162,972	63,276,093	32,182,563	—	96,300,000	6,208,568	1,137,797	8,368,277	5,861,243	342,497,513
Surplus on revaluation	—	—	—	—	260,000	—	—	—	—	260,000
Additions	—	—	237,313	—	—	2,811,656	—	1,305,912	3,434,766	7,789,647
Disposal of subsidiaries	(129,162,972)	(62,835,689)	(32,391,468)	—	—	—	—	—	(4,433,434)	(228,823,563)
Write off	—	(440,404)	(28,408)	—	—	(2,182,341)	—	(3,643,806)	(944,709)	(7,239,668)
At 31 March and 1 April 2007	—	—	—	—	96,560,000	6,837,883	1,137,797	6,030,383	3,917,866	114,483,929
Surplus on revaluation	—	—	—	—	16,440,000	—	—	—	—	16,440,000
Additions	—	—	—	—	—	1,657,841	—	3,310,989	2,759,736	7,728,566
Acquired through business combinations	—	—	—	21,306,000	—	23,076,775	—	44,113,446	1,640,788	90,137,009
Exchange differences	—	—	—	—	—	1,312,609	—	3,373,871	41,912	4,728,392
Disposals	—	—	—	—	—	—	—	(475,386)	(690,000)	(1,165,386)
At 31 March 2008	—	—	—	21,306,000	113,000,000	32,885,108	1,137,797	56,353,303	7,670,302	232,352,510
Accumulated depreciation										
At 1 April 2006	1,246,808	16,083,634	2,663,747	—	—	2,250,799	1,137,797	3,436,836	729,700	27,549,321
Charge for the year	1,467,761	18,768,585	3,094,700	—	1,955,650	1,527,777	—	1,890,574	1,016,256	29,721,303
Eliminated on revaluation	—	—	—	—	(1,955,650)	—	—	—	—	(1,955,650)
Disposal of subsidiaries	(2,714,569)	(34,852,219)	(5,748,418)	—	—	—	—	—	(935,059)	(44,250,265)
Written off	—	—	(10,029)	—	—	(428,618)	—	(1,364,529)	(372,335)	(2,175,511)
At 31 March and 1 April 2007	—	—	—	—	—	3,349,958	1,137,797	3,962,881	438,562	8,889,198
Exchange differences	—	—	—	—	635	440	—	—	—	1,075
Charge for the year	—	—	—	1,053,136	2,326.374	2,964,195	—	4,150,949	1,188,983	11,683,637
Eliminated on revaluation	—	—	—	—	(2,327,009)	—	—	—	—	(2,327,009)
Written back on disposals	—	—	—	—	—	—	—	(30,039)	(348,500)	(378,539)
At 31 March 2008	—	—	—	1,053,136	—	6,314,593	1,137,797	8,083,791	1,279,045	17,868,362
Net book value										
At 31 March 2008	—	—	—	20,252,864	113,000,000	26,570,515	—	48,269,512	6,391,257	214,484,148
At 31 March 2007	—	—	—	—	96,560,000	3,487,925	—	2,067,502	3,479,304	105,594,731

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

The analysis of the net book value or valuation of the above assets at 31 March 2008 is as follows:

	Hotel buildings in the PRC *HK$*	**Leasehold land and buildings** *HK$*	**Leasehold improve-ments** *HK$*	**Furniture, fixtures and equipment** *HK$*	**Motor vehicles** *HK$*	**Total** *HK$*
At cost	**20,252,864**	**—**	**26,570,515**	**48,269,512**	**6,391,257**	**101,484,148**
At 2008 professional valuation	**—**	**113,000,000**	**—**	**—**	**—**	**113,000,000**
	20,252,684	**113,000,000**	**26,570,515**	**48,269,512**	**6,391,257**	**214,484,148**

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

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

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

	2008 *HK$*	2007 *HK$*
Properties located in Hong Kong		
Leases of over 50 years	**110,000,000**	95,000,000
Leases of between 10 to 50 years	**3,000,000**	1,560,000
	113,000,000	96,560,000
Properties located in the PRC		
Leases of over 50 years	**20,252,864**	—

The leasehold land and buildings were revalued at 31 March 2008 on the open market value basis by Vigers Appraisal and Consulting Limited, an independent professional valuer. A revaluation surplus of HK$15,482,782 (2007: HK$1,827,911) was credited to other properties revaluation reserve, after net of applicable deferred income taxes of HK$3,284,227 (2007: HK$387,739).

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

The carrying amount of leasehold land and buildings of the Group would have been HK$18,639,595 (2007: HK$19,362,515) had they been stated at cost less accumulated depreciation.

During the year ended 31 March 2007, certain of the pledged assets, comprising the hotel property, one of the investment properties, interests in leasehold land for own use under operating leases and land premium, were released upon the settlement of the bank borrowings on the disposal of the subsidiary. The Group's banking facilities decreased simultaneously from HK$252,000,000 to HK$52,100,000.

At 31 March 2008, the Group pledged leasehold land and building with carrying value of HK$110,000,000 (2007: HK$95,000,000) as security of the Group's banking facilities.

At 31 March 2008, the Group did not utilise any banking facilities (2007: Nil).

19. INVESTMENT PROPERTIES

Group	**2008** ***HK$***	2007 *HK$*
At beginning of year	**100,500,000**	100,500,000
Acquired through business combinations *(note 37)*	**3,922,000**	—
Additions	**49,056,671**	—
Change in fair value	**27,163,329**	—
At end of year	**180,642,000**	100,500,000

1. Investment properties were revalued at 31 March 2008 on the open market value basis by Vigers Appraisal and Consulting Limited, an independent professional valuer.

2. At 31 March 2008, one investment property with a carrying value of HK$76,000,000 (2007: HK$61,000,000) was pledged to secure the banking facilities granted to the Group.

3. Gross rental income from investment properties amounted to HK$5,845,600 (2007: HK$5,403,700).

19. INVESTMENT PROPERTIES *(Continued)*

4. The Group's investment properties are analysed at their carrying values as follows:

	2008	2007
	HK$	*HK$*
Investment properties located in Hong Kong		
Leases of over 50 years	**76,000,000**	61,000,000
Leases of between 10 to 50 years	**43,000,000**	39,500,000
	119,000,000	100,500,000
Investment properties located in the PRC		
Leases of between 10 to 50 years	**61,642,000**	—

20. PAYMENTS FOR LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES

Group	**Amount**
	HK$
Cost	
As at 1 April 2006	75,368,572
Written off on disposal of subsidiaries	(75,368,572)
At 31 March and 1 April 2007	—
Acquired through business combinations *(note 37)*	381,774,848
Exchange difference	18,875,346
At 31 March 2008	**400,650,194**
Accumulated amortisation	
As at 1 April 2006	719,165
Charge for the year	864,827
Written off on disposal of subsidiaries	(1,583,992)
At 31 March and 1 April 2007	—
Charge for the year	1,850,245
At 31 March 2008	**1,850,245**
Carrying value	
At 31 March 2008	**398,799,949**
At 31 March 2007	—

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

21. DEFERRED EXPENDITURE

Group	Advance on licence fee *HK$*
Cost	
As at 1 April 2006	—
Amount paid during the year	50,000,000
As at 31 March and 1 April 2007	50,000,000
Amount paid during the year	45,000,000
As at 31 March 2008	95,000,000
Accumulated amortisation	
As at 1 April 2006	—
Amortisation for the year	744,125
As at 31 March and 1 April 2007	744,125
Amortisation for the year	45,267,624
As at 31 March 2008	46,011,749
Carrying amount	
At 31 March 2008	48,988,251
At 31 March 2007	49,255,875

	2008 ***HK$***	2007 *HK$*
Shown in the financial statements as:		
Deferred expenditure — current portion (to be amortised within one year)	**45,267,624**	45,267,624
Deferred expenditure — non-current portion	**3,720,627**	3,988,251
	48,988,251	49,255,875

21. DEFERRED EXPENDITURE *(Continued)*

During the year ended 31 March 2007, Well Allied Investments Limited, an indirect non-wholly owned subsidiary of the Company, entered into a co-operation agreement with a copyright holder for the business of collecting licence fees from karaoke operators in the PRC for their use of licenced audio-visual works on behalf of the copyright holder. Please refer to note 38(e) for details.

As a condition of the agreement, the Group agreed to advance the sum of HK$95 million to the copyright holder as its guaranteed share of the expected profit on the licence fees that will be earned. In accordance with the terms of the co-operation agreement, HK$50 million was paid on the completion date of the agreement ("Completion Date") and the remainder was paid 30 days after the Completion Date.

The agreement is effective for period commencing on the Completion Date and end on 30 April 2009. The remaining HK$45 million was paid to the copyright holder in current year. Accordingly, the advance on licence fee is considered as a deferred expenditure and amortised over the term of this agreement.

22. INVESTMENTS IN SUBSIDIARIES

	Company	
	2008	2007
	HK$	*HK$*
Unlisted shares, at cost	**184,579,580**	53,284,559
Less: Impairment loss	**(1,200,000)**	(1,200,000)
	183,379,580	52,084,559
Amounts due from subsidiaries	**798,054,599**	686,896,042
Less: Impairment loss	**(223,660,369)**	(285,346,456)
	574,394,230	401,549,586
Amounts due to subsidiaries	**(98,624,316)**	(7,295,550)

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

Notes to the Financial Statements

31 March 2008

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The following is a list of the principal subsidiaries as at 31 March 2008.

Name	Place of incorporation	Principal activities	Particulars of issued/share capital	Percentage of equity interest held 2008	2007
Held directly					
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Hong Kong	Investment holding	100 ordinary shares of HK$100 each and 240,000 deferred shares of HK$100 each	**100**	100
Golden Island Catering Group Company Limited	Hong Kong	Restaurant operations and provision of wedding services	2 ordinary shares of HK$1 each	**100**	100
Golden Island (Management) Limited	Hong Kong	Provision of management services to group companies	10,000 ordinary shares of HK$1 each	**100**	100
Marlborough Gold Limited	The British Virgin Islands ("BVI")	Investment holding	1 ordinary share of US$1	**100**	100
Winkler Profits Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Win Big Profits Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Welly Champ International Limited	BVI	Investment holding	166.12 ordinary shares of US$1 each	**75.92**	60
Wholly Gain Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation	Principal activities	Particulars of issued/share capital	Percentage of equity interest held 2008	2007
Held directly (Continued)					
Win Castle Group Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Win Fame Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Wise Mark Group Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Wave High International Limited	BVI	Investment holding	1 ordinary share of US$1	**100**	100
Win Sea Group Limited	Hong Kong	Investment holding	1 ordinary share of US$1	**100**	—
Wellrich Investments Limited	BVI	Investment holding	100 ordinary shares of US$1 each	**100**	100
Held indirectly					
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Hong Kong	Property holding	12,000 ordinary shares of HK$100 each	**100**	100
Witty Ventures Limited	Hong Kong	Trading and retailing of watches	100 ordinary shares of HK$1 each	**51**	51

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation	Principal activities	Particulars of issued/share capital	Percentage of equity interest held 2008	2007
Held indirectly (Continued)					
HMS Watches Company Limited	Macau	Trading and retailing of watches	MOP100,000	**51**	51
World Honour Investments Limited	Hong Kong	Property holding	100 ordinary shares of HK$1 each	**100**	100
Le Caveau Limited	Macau	Retail of wines and beverage	MOP100,000	**51**	51
Well Allied Investments Limited	BVI	Licence fee collection business	133.734 ordinary shares of US$1 each	**48.1** *(note 1)*	31
Golden Capital Entertainment Company Limited	BVI	Investment holding	10 ordinary shares of US$1 each	**100**	60
Solid Sound Productions Limited	Hong Kong	Music production and artist management	100 ordinary shares of HK$1 each	**51**	—
Baron Productions and Artiste Management Company Limited	Hong Kong	Music production and artist management	100 ordinary shares of HK$1 each	**51**	—
Chance Music Limited	Hong Kong	Music production	10,000 ordinary shares of HK$1 each	**60**	—
Shenzhen Land Company Limited	Hong Kong	Investment holding	10,000 ordinary shares of HK$1 each	**100**	—

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation	Principal activities	Particulars of issued/share capital	Percentage of equity interest held 2008	2007
Held indirectly (Continued)					
北京金英馬國際文化交流有限公司	PRC	Film investment	RMB37,500,000	**60**	—
肇慶星湖俱樂部	PRC	Hotel operations	RMB101,425,044	**94**	—
Golden Capital Entertainment Limited	Hong Kong	Investment holding	1 ordinary share of HK$1	**100**	—
深圳市金都多媒體技術有限公司	PRC	Entertainment	HK$10,000,000	**100**	—
中音傳播(深圳)有限公司	PRC	Karaoke licence fee collection business	HK$10,000,000	**48.1** *(note 2)*	31

Notes: 1. This company is a 63.4% (2007: 51%) owned subsidiary of Welly Champ International Limited.

2. This company is a 100% (2007: 100%) owned subsidiary of Well Allied Investments Limited.

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

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

23. INTEREST IN AN ASSOCIATE

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

24. HELD-TO-MATURITY INVESTMENT

	Group	
	2008	2007
	HK$	*HK$*
Unlisted investment, at cost	**78,000,000**	78,000,000
Less: Impairment loss	**(78,000,000)**	(78,000,000)
	—	—

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

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

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

24. HELD-TO-MATURITY INVESTMENT *(Continued)*

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

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

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

25. INVENTORIES

	Group	
	2008	2007
	HK$	*HK$*
Watches	**26,773,293**	23,570,139
Food, beverages, wine and low value consumables	**9,263,779**	4,023,988
	36,037,072	27,594,127

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Amount due from a related company	**9,000,000**	—	**—**	—
Trade receivables	**9,566,334**	2,136,332	**—**	—
Films and movies costs	**42,058,227**	—	**—**	—
Deposits, prepayments and other receivables	**30,538,972**	57,595,094	**23,928**	23,928
	91,163,533	59,731,426	**23,928**	23,928

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

	Balance of the outstanding amount
	HK$
At 31 March 2008	9,000,000
At 1 April 2007	—
Maximum balance outstanding during the year	9,000,000

The amount due from related company is unsecured, interest bearing at 8% per annum and repayable on 3 July 2008. Two directors of Well Allied Investments Limited, a subsidiary of the Company, Mr. Lee Tien-Yung and Philip Lu Yueh-Wei, have beneficial interests in the related company, PLD International Co., Ltd.

The Group generally does not grant credit term to its customers, all invoices are due on presentation.

26. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	Group	
	2008	2007
	HK$	*HK$*
Current	**—**	—
Less than 1 month past due	**8,678,299**	1,765,363
1 to 3 months past due	**888,035**	370,969
Amount past due at balance sheet date but not impaired *(Note)*	**9,566,334**	2,136,332
	9,566,334	2,136,332

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

Included in trade and other receivables in the consolidated balance sheet are the following significant amounts denominated in currencies other than the functional currency of the Company.

	Group	
	2008	2007
	MOP	*MOP*
Macau Pataca	**1,016,902**	5,089,189
	RMB	*RMB*
Renminbi	**40,874,786**	30,001,231

27. CASH AND CASH EQUIVALENTS

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

	Group	
	2008	2007
	MOP	*MOP*
Macau Pataca	**2,255,861**	2,322,162
	RMB	*RMB*
Renminbi	**17,662,893**	6,782,896

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Trade payables	**7,046,819**	5,033,601	**—**	—
Other payables and accruals	**26,613,388**	21,095,162	**993,196**	1,150,990
Deposits received	**18,051,754**	29,588,658	**—**	—
	51,711,961	55,717,421	**993,196**	1,150,990

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

	Group	
	2008	2007
	HK$	*HK$*
Within 30 days	**4,446,536**	3,924,636
31 to 60 days	**1,637,205**	600,205
61 to 90 days	**41,170**	88
Over 90 days	**921,908**	508,672
	7,046,819	5,033,601

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

28. TRADE AND OTHER PAYABLES *(Continued)*

Included in trade and other payables in the consolidated balance sheet are the following significant amounts denominated in currencies other than the functional currency of the Company:

	Group	
	2008	2007
	MOP	*MOP*
Macau Pataca	**782,644**	4,561,811
	RMB	*RMB*
Renminbi	**23,348,663**	32,711,723

29. AMOUNTS DUE TO MINORITY SHAREHOLDERS

Except for the amount of HK$6,836,000 (2007: HK$13,948,802) which bears interest at prime rate quoted by Chiyu Banking Corporation, the balances due to minority shareholders are unsecured, interest free and repayable on demand.

Included in amounts due to minority shareholders in the consolidated balance sheet are the following significant amounts denominated in currencies other than the functional currency of the Group:

	Group	
	2008	2007
	RMB	*RMB*
Renminbi	**9,342,976**	—
	MOP	*MOP*
Macau Pataca	**3,272,895**	3,532,501

30. FINANCIAL INSTRUMENTS — RISK MANAGEMENT

The Group is exposed through its operations to the following risks from its use of financial instruments:

- Market risks (interest rate risk and foreign exchange risk)
- Liquidity risk
- Credit risk

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) Market risks

(i) 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			
	2008		2007	
	Effective interest rate (%)	***HK$***	Effective interest rate (%)	*HK$*
Financial assets				
Floating rate financial assets	**0.5%**	**252,170,278**	3.5%	438,160,876
Fixed rate financial assets	**8%**	**9,000,000**	—	—
Financial liabilities				
Floating rate financial liabilities	**7%**	**6,836,000**	8%	13,948,802

30. FINANCIAL INSTRUMENTS — RISK MANAGEMENT *(Continued)*

(a) Market risks *(Continued)*

(i) Interest rate risk *(Continued)*

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 balance sheet date. In determining the effect on profit after tax on the next accounting period until the next balance sheet date, management of the Company assumed that the change in interest rate had occurred at the balance sheet date and all other variables remain constant. There is no change in the methods and assumptions used in 2008 and 2007.

	Group	
	2008 Effect on profit after tax *HK$*	2007 Effect on profit after tax *HK$*
HIBOR		
Increase by 100 basis points	**1,996,000**	3,350,000
Decrease by 100 basis points	**(1,996,000)**	(3,350,000)

(ii) Foreign exchange risk

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currencies.

30. FINANCIAL INSTRUMENTS — RISK MANAGEMENT *(Continued)*

(a) Market risks *(Continued)*

(ii) Foreign exchange risk *(Continued)*

The carrying amounts of the Group's foreign currency denominated monetary financial assets and liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Macau Pataca	**3,237,735**	7,192,270	**3,937,417**	7,858,556
Renminbi	**65,632,447**	37,556,933	**36,652,744**	33,078,094
	68,870,182	44,749,203	**40,590,161**	40,936,650

Sensitivity analysis

The sensitivity analysis on foreign exchange risk includes monetary financial assets and liabilities that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured.

The directors of the Company are of the opinion that the exchange rate between Macau Pataca and Hong Kong dollars will remain substantially the same in the next twelve months. The impact to the profit after tax of the Group in response to the reasonably possible changes in an exchange rate between Renminbi and Hong Kong dollar is considered insignificant.

30. FINANCIAL INSTRUMENTS — RISK MANAGEMENT *(Continued)*

(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:

	2008	2007
	HK$	*HK$*
In less than one year	**169,568,676**	123,708,594

(c) 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 is exposed to credit risk from loans and receivables and held-to-maturity investments. 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.

31. FINANCIAL INSTRUMENTS — CARRYING AMOUNT AND FAIR VALUE

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

The directors of the Company considered that the carrying amounts of these categories approximate their fair value.

32. PROVISION FOR LONG SERVICE PAYMENTS

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

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

	Group	
	2008	2007
	HK$	*HK$*
At the beginning of year	**2,262,353**	2,307,157
Reversal of long service payments	**(102,583)**	(44,804)
At the end of year	**2,159,770**	2,262,353

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

	Group	
	2008	2007
Discount rate	**5.25%**	5.5%
Expected rate of future salary increases	**1.2%**	1.2%

33. DEFERRED TAXATION

Group

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

	Group	
	2008	2007
	HK$	*HK$*
At 1 April	**8,811,430**	38,594,027
Tax arising from acquisition of subsidiaries	**67,663,851**	—
Tax eliminated on disposal of subsidiaries	**—**	(28,921,001)
Tax charged/(credited) to income statement *(note 13)*	**4,125,421**	(1,249,335)
Tax charged to equity *(note 35)*	**3,284,227**	387,739
Exchange difference	**(142,545)**	—
At 31 March	**83,742,384**	8,811,430

33. DEFERRED TAXATION *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 March 2008, the Group had estimated unutilised tax losses of HK$115,200,000 (2007: HK$118,200,000). A deferred tax has been recognised in respect of HK$79,500,000 (2007: HK$89,700,000) of such losses. No deferred tax assets has been recognised in respect of the remaining tax losses due to unpredictability of future profit streams.

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

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

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

	Group					
Deferred tax assets	**Accelerated accounting depreciation**		**Tax losses**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**(35,565)**	167,309	**15,688,938**	14,152,000	**15,653,373**	14,319,309
(Charged)/credited to income statement	**113,004**	(202,874)	**(744,719)**	1,536,938	**(631,715)**	1,334,064
Exchange differences	**—**	—	**142,545**	—	**142,545**	—
At the end of the year	**77,439**	(35,565)	**15,086,764**	15,688,938	**15,164,203**	15,653,373

Company

At 31 March 2008, the Company had estimated unutilised tax losses of HK$8,500,000 (2007: HK$6,100,000). No deferred tax assets has been recognised in respect of the tax losses due to unpredictability of future profit streams.

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31 March 2008

33. DEFERRED TAXATION *(Continued)*

	Group					
Deferred tax liabilities	**Property revaluation**		**Depreciation allowances**		**Total**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**14,916,668**	14,528,929	**9,548,135**	38,384,407	**24,464,803**	52,913,336
Acquisition of subsidiaries	**—**	—	**67,663,851**	—	**67,663,851**	—
Disposal of Subsidiaries	**—**	—	**—**	(28,921,001)	**—**	(28,921,001)
Charged/(credited) to income statement	**—**	—	**3,493,706**	84,729	**3,493,706**	84,729
Charged to equity	**3,284,227**	387,739	**—**	—	**3,284,227**	387,739
At the end of the year	**18,200,895**	14,916,668	**80,705,692**	9,548,135	**98,906,587**	24,464,803

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

	Group	
	2008	2007
	HK$	*HK$*
Deferred tax assets	**(7,022,274)**	(5,616,256)
Deferred tax liabilities	**90,764,658**	14,427,686
	83,742,384	8,811,430

34. SHARE CAPITAL

(a) Authorised and issued share capital

	2008 Number of shares	**2008 HK$**	2007 Number of shares	2007 HK$
Authorised:				
Ordinary shares of HK$0.05 each				
At the beginning of year	**3,800,000,000**	**190,000,000**	3,800,000,000	190,000,000
Increase in authorised ordinary shares	**6,200,000,000**	**310,000,000**	—	—
At the end of year	**10,000,000,000**	**500,000,000**	3,800,000,000	190,000,000
Issued and fully paid:				
At the beginning of year	**2,630,121,600**	**131,506,080**	2,630,121,600	131,506,080
Exercise of share options	**69,000,000**	**3,450,000**	—	—
New shares issued — part consideration	**699,109,792**	**34,955,490**	—	—
At the end of year	**3,398,231,392**	**169,911,570**	2,630,121,600	131,506,080

By an ordinary resolution dated 28 September 2007, the authorised share capital of the Company was increased from HK$190 million divided into 3,800,000,000 ordinary shares of HK$0.05 each to HK$500 million by the creation of a further 6,200,000,000 shares of HK$0.05 each ranking pari passu in all respects with the existing shares of the Company.

On 8 June 2007, the Company issued (a) 22,000,000 shares to each of Ms. Ma Shuk Kam, Mr. Yeung Chi Hang and Ms. Yeung Kit Yu, Kitty; and (b) 1,000,000 shares to each of Mr. Liu Yu Mo and Mr. Chung Siu Wah, all at HK$0.2254 per share pursuant to the exercise of options granted to them under the share option scheme of the Company (see note 36).

On 12 June 2007, the Company issued 1,000,000 shares to Mr. Chik To Pan at HK$0.2254 per share pursuant to the exercise of options granted to him under the share option scheme of the Company (see note 36).

On 28 November 2007, the Company issued 699,109,792 shares to Mr. Yeung Chi Hang, credited as fully paid, as part consideration for the acquisition of interests in Wellrich Investments Limited (see note 37(c)).

34. SHARE CAPITAL *(Continued)*

(b) Capital management policy

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

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

The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company assess the annual budget prepared by the corporate finance department taking into account the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the issue of new shares and new debts.

35. CAPITAL AND RESERVES

(a) Group

	Share capital HK$	Share premium *(note)* HK$	Other reserves *(note)* HK$	Contributed surplus *(note)* HK$	Employee share-based compensation reserve *(note)* HK$	Other properties revaluation reserve *(note)* HK$	Foreign exchange reserve *(note)* HK$	Accumulated losses *(note)* HK$	Equity attributable to equity holders of the Company HK$	Minority interests HK$	Total equity HK$
2007											
At 1 April 2006	131,506,080	540,172,078		28,784,000	3,934,394	72,690,754	—	(180,224,719)	596,862,587	9,157,804	606,020,391
Capital contribution from minority interests	—	—	—	—	—	—	—	—	—	31	31
Translation differences	—	—	—	—	—	—	120,912	—	120,912	274,225	395,137
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	(12,373,255)	(12,373,255)
Surplus on revaluation	—	—	—	—	—	2,215,650	—	—	2,215,650	—	2,215,650
Revaluation — tax effect	—	—	—	—	—	(387,739)	—	—	(387,739)	—	(387,739)
Profit for the year	—	—	—	—	—	—	—	57,132,114	57,132,114	(6,350,751)	50,781,363
At 31 March 2007	131,506,080	540,172,078	—	28,784,000	3,934,394	74,518,665	120,912	(123,092,605)	655,943,524	(9,291,946)	646,651,578
2008											
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
Acquisition of subsidiary	—	—	—	—	—	—	—	—	—	17,377,078	17,377,078
Excess of consideration paid over and the relevant share acquired of the carrying value of net assets of the subsidiaries	—	—	(2,370,305)	—	—	—	—	—	(2,370,305)	2,370,305	—
Capital contribution from minority interests	—	—	—	—	—	—	—	—	—	3,654,350	3,654,350
Translation differences	—	—	—	—	—	—	31,443,333	—	31,443,333	149,778	31,593,111
Issue of shares	34,955,490	167,786,350	—	—	—	—	—	—	202,741,840	—	202,741,840
Exercise of share option	3,450,000	15,980,788	—	—	(3,878,188)	—	—	—	15,552,600	—	15,552,600
Surplus on revaluation	—	—	—	—	—	18,767,009	—	—	18,767,009	—	18,767,009
Revaluation — tax effect	—	—	—	—	—	(3,284,227)	—	—	(3,284,227)	—	(3,284,227)
Profit for the year	—	—	—	—	—	—	—	31,901,584	31,901,584	1,051,112	32,952,696
At 31 March 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

35. CAPITAL AND RESERVES *(Continued)*

(b) Company

	Share capital HK$	Share premium (note) HK$	Contributed surplus (note) HK$	Employee share-based compensation reserves (note) HK$	Accumulated losses (note) HK$	Total HK$
At 1 April 2006	131,506,080	540,172,078	28,784,000	3,934,394	(253,165,906)	451,230,646
Loss for the year	—	—	—	—	(5,870,149)	(5,870,149)
At 31 March and 1 April 2007	131,506,080	540,172,078	28,784,000	3,934,394	(259,036,055)	445,360,497
Issue of shares	34,955,490	167,786,350	—	—	—	202,741,840
Exercise of share options	3,450,000	15,980,788	—	(3,878,188)	—	15,552,600
Loss for the year	—	—	—	—	(5,274,461)	(5,274,461)
At 31 March 2008	169,911,570	723,939,216	28,784,000	56,206	(264,310,516)	658,380,476

Note:

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

Reserve	**Description and purpose**
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.
Other reserves	Excess of consideration paid over the relevant share acquired of the carrying value of net assets of the subsidiaries.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's land and buildings (other than investment property). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into Hong Kong dollars.
Accumulated losses	Cumulative net losses recognised in the consolidated income statement.

36. SHARE OPTIONS

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

On 13 December 2005, options to 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.

Options in respect of a total of 69,000,000 shares were exercised during the year (see note 34 for details) and thus the total number of shares under outstanding options as at 31 March 2008 was 1,000,000 (2007: 70,000,000).

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

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%

37. ACQUISITIONS DURING THE YEAR

Details of the net assets acquired by the Group during the year ended 31 March 2008 were as follows:

	Chance Music Limited *(Note (a) and (e))*	Baron Productions and Artiste Management Company Limited *(Note (b) and (e))*	Wellrich Investments Limited and its subsidiary *(Note (c))*			
	Acquiree's carrying amount and fair value at acquisition *HK$*	Acquiree's carrying amount and fair value at acquisition *HK$*	Acquiree's carrying amount at acquisition *HK$*	Fair value adjustment *HK$*	Fair value at acquisition *HK$*	Total *HK$*
Fair value of net asset acquired						
Payments for leasehold land held for own use under operating leases	—	—	12,661,987	369,112,861	381,774,848	381,774,848
Investment properties	—	—	2,474,846	1,447,154	3,922,000	3,922,000
Property, plant and equipment	12,871	1,615,072	188,413,677	(99,904,611)	88,509,066	90,137,009
Inventories	—	—	4,473,741	—	4,473,741	4,473,741
Trade and other receivables	1,959,544	617,334	4,306,528	—	4,306,528	6,883,406
Cash and cash equivalents	19,916	309,218	7,805,502	—	7,805,502	8,134,636
Trade and other payables	(832,368)	(587,972)	(14,860,426)	—	(14,860,426)	(16,280,766)
Amount due to minority equity owner	—	—	(10,251,015)	—	(10,251,015)	(10,251,015)
Amounts due to a shareholder	—	—	(230,646,836)	—	(230,646,836)	(230,646,836)
Deferred taxation	—	—	—	(67,663,851)	(67,663,851)	(67,663,851)
Minority interests	(463,985)	(957,290)	(3,776,310)	(12,179,493)	(15,955,803)	(17,377,078)
Net assets acquired	695,978	996,362			151,413,754	153,106,094
Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	—	—			(59,318,750)	(59,318,750)
Goodwill *(note 17)*	4,304,022	533,638			—	4,837,660
Total consideration	5,000,000	1,530,000			92,095,004	98,625,004
Satisfied by:						
Cash	5,000,000	1,530,000			120,000,000	126,530,000
Issue of the Company's shares	—	—			202,741,840	202,741,840
Benefits of a shareholder's loan	—	—			(230,646,836)	(230,646,836)
	5,000,000	1,530,000			92,095,004	98,625,004
Net cash outflow arising on acquisition						
Cash consideration paid	5,000,000	1,530,000			120,000,000	126,530,000
Cash and cash equivalents acquired	(19,916)	(309,218)			(7,805,502)	(8,134,636)
	4,980,084	1,220,782			112,194,498	118,395,364

37. ACQUISITIONS DURING THE YEAR *(Continued)*

Notes:

(a) 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. This transaction has been accounted for using the purchase method of accounting. Chance Music Limited had contributed HK$1,520,341 to the Group's turnover and contributed profit of HK$11,949 to the Group's profit before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year would have been increased by HK$2,634,734 and profit for the year would have been increased by HK$1,190,098. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

(b) On 10 September 2007, the Group acquired 51% of the issued share capital of Baron Productions and Artiste Management Company Limited at a consideration of HK$1,530,000. This transaction has been accounted for using the purchase method of accounting. Baron Productions and Artiste Management Company Limited had contributed HK$1,619,788 to the Group's turnover and contributed loss of HK$950,932 to the Group's profit before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year would have been increased by HK$2,047,579 and profit for the year would have been increased by HK$398,900. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

(c) On 15 October 2007, the Group entered into an agreement with Well Harvest Enterprises Limited "Well Harvest", a company which is beneficially owned by Ms. Ma Shuk Kam, a director of the Company, to purchase 100% of the issued share capital of, and the benefits of an interest free unsecured shareholder's loan in the amount of HK$230,646,836 to, Wellrich Investments Limited ("Wellrich").

The consideration of the transactions include HK$120,000,000 settled in cash and the allotment of 699,109,792 Company's shares to Mr. Yeung Chi Hang as directed by Well Harvest. The transaction was completed on 28 November 2007 and the fair value of the shares being issue upon completion were determined on the closing price of the Company's share on 28 November 2007 and amounted to HK$202,741,840.

Wellrich and its subsidiary (collectively referred to as the "Wellrich Group") mainly owns and operates a hotel in Guangdong, the PRC. The hotel is situated on a parcel of land with lease term of 70 years expiring on 14 September 2064. The Group intends to redevelop the land into a commercial/residential complex (the "Redevelopment"). The fair value of the land was determined based on special assumptions that it had been granted with a term of 70 years for residential uses and 40 years for commercial uses from the date of completion with a total redevelopment plot ratio of 3.

According to the relevant agreement, if the Group's application for the Redevelopment is rejected by the relevant PRC authorities or all necessary approvals for the Redevelopment are not granted by the relevant PRC authorities within five years from the completion date, Well Harvest shall repurchase the 100% share capital of Wellrich and the benefits of the loan at the consideration of HK$355,600,000 plus interest. For details please refer to the Company's circular dated 7 November 2007.

Wellrich Group had contributed HK$30,107,202 to the Group's turnover and contributed profit of HK$2,731,525 to the Group's profit before taxation for the period between the date of acquisition and the balance sheet date.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year would have been increased by HK$51,823,299 and profit for the year would have been increased by HK$940,388. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2007, nor is it intended to be a projection of future results.

37. ACQUISITIONS DURING THE YEAR *(Continued)*

Notes: (Continued)

(d) On 13 April 2007, (i) Wise Mark Group Limited ("Wise Mark"), a wholly owned subsidiary of the Company; and (ii) Mr. Yeung Chi Hang and Well Harvest (collectively referred as the "Share Vendors") entered into an agreement whereby Wise Mark agreed to purchase from the Share Vendors the entire issue share capital of Shenzhen Land Company Limited ("Shenzhen Land") for a total consideration of HK$31,565,901.

Further on 13 April 2007, (i) Golden Island (Management) Limited and (ii) Well Harvest entered into an agreement whereby Golden Island (Management) Limited agreed to acquire from Well Harvest all the benefits of an interest free unsecured loan of HK$16,434,099 advanced to Shenzhen Land for a consideration of HK$16,434,099.

The acquisition was not accounted for under HKFRS 3 "Business Combinations" as the major asset of Shenzhen Land is interest in a property in the PRC and the property was vacant at the acquisition date. The property was accounted for under HKFRS 40 "Investment Property" and the carrying value of the property was stated at fair value at 31 March 2008.

(e) The goodwill arising from the acquisition of Chance Music Limited and Baron Productions and Artiste Management Company Limited represents the consideration paid over the net assets acquired at the acquisition date, which is mainly attributable to the musical talent of some members of the top management of these two companies. The value of their musical talent cannot be reliably measured and separately accounted for.

38. RELATED PARTY TRANSACTIONS

Significant related party transactions during the year were:

		Group	
		2008	2007
	Notes	***HK$***	*HK$*
Hotel revenue, food and beverage revenues	*a*	—	5,941,756
Reimbursement of salaries and other allowances	*a*	—	24,306,230
Reimbursement of administrative expenses	*a*	—	1,211,140
Rental expenses to related companies	*b*	**3,842,496**	3,019,170
Acquisition of subsidiaries from related parties			
— the Wellrich Group	*37(c)*	**322,741,840**	—
— Shenzhen Land	*37(d)*	**48,000,000**	—
Sponsorship income from a related company	*c*	—	150,000

38. RELATED PARTY TRANSACTIONS *(Continued)*

(a) One of the former subsidiaries of the Group, Waldo Hotel Limited ("Waldo Hotel") entered into a memorandum dated 25 August 2005 (the "Memorandum") with Waldo Entertainment Limited ("Waldo Entertainment") of which Mr. Yeung Chi Hang (a director of the Company) is a director and has beneficial interest. Waldo Entertainment is a service provider for a casino which is located in the hotel property of a fellow subsidiary, Waldo Hotel. Pursuant to the Memorandum, Waldo Hotel agreed to provide certain services and facilities to the casino and its customers commencing from the date of the Memorandum up to 31 March 2008. Related services included serving of food and beverages, provision of cleaning services and hotel accommodation services to Waldo Entertainment. Hotel revenue, food and beverage revenue were charged to Waldo Entertainment and the transactions were carried out at terms by reference to market prices of similar transactions. Salaries, other allowances and certain administrative expenses were reimbursed by Waldo Entertainment at cost in accordance with the terms of the Memorandum. Waldo Hotel was disposed of during the year ended 31 March 2007.

(b) Rental expenses were charged by related companies which are associates of two directors of the Company, Ms. Ma Shuk Kam and Mr. Yeung Chi Hang, and a former director of certain former subsidiaries, Mr. Cheng Kwee, based on the tenancy agreements signed between the parties.

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

(d) Pursuant to a loan agreement dated 4 July 2007 between (i) Well Allied Investments Limited ("Well Allied"), a subsidiary of the Company; and (ii) PLD International 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.

(e) 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 following agreements entered by 中音傳播（深圳）有限公司 (China Music Video Broadcast (Shenzhen) Company Limited) ("China Music"), a wholly owned subsidiary of Well Allied relating to licensing of copyright to karaoke music products to karaoke operators in the PRC (the "Co-operation Agreements"):

(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 北京天語同聲信息技術有限公司 (Song Labs Limited) ("Song Labs") dated 8 May 2006; and

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

38. RELATED PARTY TRANSACTIONS *(Continued)*

(e) *(Continued)*

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

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

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

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

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

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

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

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

(f) Compensation of key management personnel

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

	2008 ***HK$***	2007 *HK$*
Short-term benefits	**8,960,297**	7,781,483
Post employment benefits	**77,980**	93,052
	9,038,277	7,874,535

39. NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2008 *HK$*	2007 *HK$*
Profit for the year	**32,952,696**	50,781,363
Income tax expense	**6,038,558**	(1,053,777)
Interest income	**(12,402,896)**	(7,533,232)
Gain on disposal of subsidiaries	**—**	(81,504,515)
Impairment loss of goodwill	**4,277,660**	19,003,140
Loss on disposal of property, plant and equipment	**462,407**	—
Amortisation of deferred expenditure	**45,267,624**	744,125
Amortisation of pre-paid licence fee	**3,937,500**	2,500,000
Revaluation gain on investment properties	**(27,163,329)**	—
Amortisation of payment for leasehold land held for own use	**1,850,245**	864,827
Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**(59,318,750)**	—
Amortisation of land premium	**—**	2,102,957
Property, plant and equipment written off	**—**	5,064,157
Depreciation of property, plant and equipment	**11,683,637**	29,721,303
Interest expenses	**517,129**	7,735,721
Net exchange difference	**—**	395,137
Operating profit before working capital changes	**8,102,481**	28,821,206
Increase in inventories	**(3,969,204)**	(6,076,495)
Increase in trade and other receivables	**(28,486,201)**	(28,957,320)
(Decrease)/increase in trade and other payables	**(20,286,226)**	39,784,246
Payment for licence fee	**—**	(10,000,000)
Decrease in provision for long service payments	**(102,583)**	(44,804)
Net cash (used in)/generated from operations	**(44,741,733)**	23,526,833

40. COMMITMENTS

(a) Operating lease commitments

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

	Group	
	2008	2007
	HK$	*HK$*
Not later than one year	**13,043,938**	12,411,560
Later than one year and not later than five years	**2,635,604**	8,846,190
	15,679,542	21,257,750

The Company did not have any commitments under operating leases at 31 March 2008 (2007: Nil).

(b) Operating lease rental receivables

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

	Group	
	2008	2007
	HK$	*HK$*
Not later than one year	**13,281,429**	2,982,000
Later than one year and not later than five years	**12,854,411**	1,235,000
	26,135,840	4,217,000

The Company did not have any operating lease rental receivables at 31 March 2008 (2007: Nil).

(c) Capital commitments

The Company did not have any operating lease rental receivables at 31 March 2008 (2007: Nil).

	Group		Company	
	2008	2007	**2008**	2007
	HK$	*HK$*	***HK$***	*HK$*
Commitments for the acquisition of plant and equipment:				
Contracted for but not provided	**1,340,760**	—	**—**	—

41. 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 land and buildings

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

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

(d) Estimated impairment of film production costs

Determining whether film production costs are impaired requires an estimation of the future cash inflow from the distribution of the films in local and overseas markets and a suitable discount rate in order to calculate the recoverable amounts. If the recoverable amount is less than the carrying amount of the film production costs, additional impairment may be required.

(e) Provision for long service payments

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

41. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(f) 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.

42. POST BALANCE SHEET EVENTS

On 9 May 2008, Well Allied entered into a loan agreement with PLD for the advance of a 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 the loan agreement.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 June 2008.

Schedule of Investment Properties

For the year ended 31 March 2008

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