UNITED POWER INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 674

2009

Annual Report

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

AUDITOR

BDO 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

	2009 ***HK$'000***	2008 *HK$'000*	2007 *HK$'000*	2006 *HK$'000*	2005 *HK$'000*
Results					
Year ended 31 March					
(Loss)/profit attributable to equity holders of the Company	**(190,773)**	31,902	57,132	45,492	23,242
Assets and liabilities					
At 31 March					
Total assets	**1,014,551**	1,229,867	786,453	853,216	249,834
Total liabilities	**(220,461)**	(263,861)	(139,801)	(247,196)	(27,731)
Total equity	**794,090**	966,006	646,652	606,020	222,103

Chairperson's Statements

Business Review and Outlook

Financial review

Consolidated results

The turnover of the Group from continuing operations for the year ended 31 March 2009 was about HK$216.5 million, representing an increase of about 35.9% as compared to that of last year. The increase was mainly contributed by an increase of about HK$50.6 million in revenue of Dynasty Hotel in Zhaoqing, the People's Republic of China (the "PRC"), which was acquired in November 2007, an increase of about HK$1.2 million in property investment, an increase of about HK$9.3 million in entertainment business and an increase of about HK$6.0 million in licence fee collection business. However there was a decrease of about HK$6.0 million in the turnover of wedding services and a decrease of about HK$3.9 million in restaurant operations. The Group has incurred a loss of about HK$196.5 million this year. The loss was mainly due to the impairment loss on payment for leasehold land held for own use under operating leases of Dynasty Hotel of about HK$109.6 million, an amortisation of payment for leasehold land held for own use under operating leases of Dynasty Hotel of about HK$7.1 million, an amortisation of deferred expenditure from the business of collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC of about HK$54.3 million, an impairment loss on property, plant and equipment of an entertainment business of about HK$9.3 million, the impairment loss on goodwill on an entertainment business of about HK$5.6 million and the impairment loss on an amount due from a related company of about HK$21.2 million.

Review

Hotel operations

The Group owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business suffered a loss of about HK$123.6 million, which was mainly due to impairment loss on payment for leasehold land held for own use under operating leases of approximately HK$109.6 million, the amortisation for payment for leasehold land held for own use under operating leases of about HK$7.1 million and the depreciation of about HK$20.4 million.

Wedding services

The Group provides wedding services under the trade names of "Cite Du Louvre" and "Wonderful Arts Wedding Services" in Hong Kong. The business suffered loss of about HK$4.8 million as it was adversely affected by keen competition from local and Taiwan wedding services companies and the economic downturn in Hong Kong.

Chairperson's Statements

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial districts of Guangzhou, the PRC has been leased for ten years from 9 October 2008. Turnover grew this year due to rental received from the investment property at Guangzhou and increase in rental of the investment property at Carnarvon Road, Kowloon.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House was adversely affected by the economic downside. It contributed operating profit of about HK$0.2 million to the Group.

Watch retail operations

The Group entered into an agreement on 30 September 2008 for the disposal of its interests in watch retail operations for an aggregate consideration of HK$9,870,982 in cash. The transaction was completed on 10 November 2008 and the business was reported as discontinued operations in the consolidated financial statements.

Wine retail operations

The retail operations of wine were discontinued subsequent to the closure of retail outlet in Macau around December 2008 and were reported as discontinued operations in the consolidated financial statements.

Entertainment operations

A 60% subsidiary, 北京金英馬國際文化交流有限公司 (Beijing Jingyingma International Cultural Exchange Company Limited), established in Beijing, the PRC and engaged in movie and television series production business, entered into two agreements relating to television series production. The investment is approximately RMB22 million. A wholly-owned subsidiary, Win Sea Group Limited, has entered into an agreement relating to television series productions. The investment is approximately RMB15 million. Production of three television series has been completed. It incurred a loss of about HK$0.9 million.

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK$1.7 million.

Chance Music Limited, a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, incurred a loss of about HK$5.9 million mainly due to impairment loss on goodwill of about HK$5.6 million.

Chairperson's Statements

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$73.8 million, which was mainly due to an amortisation of deferred expenditure of approximately HK$54.3 million and impairment loss on an amount due from a related company of HK$21.2 million. The Group is entitled to receive portion of fee payment from karaoke operators in the PRC.

Prospects

The Group acquired in April 2009 Hua Rong Sheng Shi Holding Limited, its subsidiary and jointly controlled entities (the "HR Group"), which are principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC.

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC for content distribution is gradually yielding income to the Group. After its initial set up period, the operation of the HR Group has started to yield income. The directors consider that the acquisition of the HR Group will enable the Group to quickly scale up and become a platform to consolidate operations for collection of copyright fees for both content distribution and infrastructure in respect of karaoke music products in the PRC, and income from these operations is expected to grow. The directors believe the operations relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC will broaden the income source of the Group and facilitate the Group to build up a distribution network of karaoke operators in the PRC for future expansion of its business.

The Group will continue its current principal activities of hotel operations, provision of wedding services, property investment, restaurant operations, collection of copyright fees for both content distribution and infrastructure in respect 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$794.1 million.

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, 8 July 2009

Directors' Report

The directors would like to present their annual report together with the audited financial statements for the year ended 31 March 2009.

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 2009 are set out in the consolidated income statement on page 24.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2009.

Fixed Assets

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

Share Capital

Details of the share capital of the Company are set out in note 33 to the financial statements.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 27 and note 34 to the financial statements respectively.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 March 2009 are set out in note 34 to the financial statements.

Pre-emptive Rights

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

Directors' Report

Five Year Financial Summary

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

Retirement Benefit Schemes

Details of the retirement benefit schemes are set out in notes 4(q) and 31 to the financial statements.

Share Option Scheme

On 30 August 2002, the Company adopted a share option scheme (the "Scheme"). Details of the Scheme are disclosed in note 35 to the financial statements. No option was granted, exercised, cancelled or lapsed during the year.

Directors and Senior Management

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

Ma Shuk Kam *(Non-executive Chairperson)*
Yeung Chi Hang *(Chief Executive Officer)*
Liu Yu Mo *(Chief Financial Officer)*
Au Edmond Wah
Chan Lai Mei
Lee Wai Loun
Lee Yuk Sang, Angus

In accordance with Bye-law 87(2) of the Company's Bye-laws, Madam Ma Shuk Kam, Mr. Lee Wai Loun and Mr. Lee Yuk Sang, Angus shall retire by rotation. Being eligible, these directors have offered themselves for re-election.

Biographical details of directors and senior management

Non-executive Chairperson

Madam Ma Shuk Kam ("Madam Ma"), aged 55, 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").

Directors and Senior Management *(Continued)*

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

Executive Directors

Mr. Yeung, aged 30, 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 50, 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 55, 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.

Independent non-executive Directors

Ms. Chan Lai Mei, aged 45, is a director of One One CPA Limited (Certified Public Accountants (Practising)). She has over 19 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 74, is a managing director of Manlex International Co. Ltd., a trading company. He has over 25 years of experience in sales and management in trading and distribution of electronic components, integrated circuits and computer peripherals.

Directors and Senior Management *(Continued)*

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

Independent non-executive Directors *(Continued)*

Mr. Lee Yuk Sang, Angus, aged 31, 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 8 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 (the "Listing Rules"), and considers them to be independent.

Senior management

Mr. Chik To Pan, aged 30, 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 28, 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 60, 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 63, is the Chief Chef of GI Catering. He has over 39 years of experience in catering and has been with the Group for more than 20 years.

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 and Senior Management *(Continued)*

Directors' interests 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 2009, 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 ordinary 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 ordinary 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 ordinary shares are owned by Madam Ma personally.

2. 1,423,550,686 ordinary 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 ordinary shares are owned by Mr. Yeung personally. Under the SFO, Mr. Yeung was also interested in 3,772,727,273 ordinary shares and 1 billion convertible preference shares of the Company agreed to be issued to him for the acquisition of 70% of the issued share capital of, and the benefits of loans advanced to, Hua Rong Sheng Shi Holding Limited pursuant to an agreement dated 13 February 2009. As such agreement was not completed by 31 March 2009, his interests thereunder have not been included.

3. This relates to the options granted to Mr. Au Edmond Wah to subscribe for 1,000,000 ordinary 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 2009, 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 2009, 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 ordinary shares	Nature of interest	Percentage of shareholding
World Possession	1,423,550,686	Beneficial owner	41.89

Note: As at 31 March 2009, Mr. Chu Ying Man was interested in 795,454,545 ordinary shares and 431,818,182 convertible preference shares of the Company agreed to be issued to him for the acquisition of 30% of the issued share capital of, and the benefits of loans advanced to, Hua Rong Sheng Shi Holding Limited pursuant to an agreement dated 13 February 2009 under the SFO. As such agreement was not completed by 31 March 2009, his interests thereunder have not been included above.

Save as disclosed herein, as at 31 March 2009, 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 8.61% of its total turnover.

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

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

Connected Transactions

1. The Group entered into the following connected transactions not exempt under Rule 14A.31 of the Listing Rules during the year ended 31 March 2009:

   (a) a loan agreement dated 9 May 2008 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$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;

   (b) an agreement dated 30 September 2008 between (i) Winkler Profits Limited, a wholly-owned subsidiary of the Company (as vendor); and (ii) Mr. Yuen Tak Yau, Daniel (as purchaser), relating to the sale and purchase of 51% of the issued share capital of, and the benefit of loans of HK$5,941,241 advanced to, Witty Ventures Limited, and 51% of the registered capital of HMS Watches Company Limited, for an aggregate cash consideration of HK$9,870,982;

   (c) an agreement made on 21 November 2008 between (i) Well Allied; and (ii) Tak Full Group Limited relating to the subscription of 3.96 shares of US$1 each of Well Allied by Tak Full Group Limited at HK$4.6 million; and

   (d) an agreement dated 13 February 2009 between (i) Mr. Yeung Chi Hang and Mr. Chu Ying Man (as vendors); and (ii) the Company (as purchaser) relating to the sale and purchase of the entire issued share capital of, and the benefits of all shareholders' loans to, Hua Rong Sheng Shi Holding Limited for an aggregate gross consideration of HK$750,000,000, HK$90,000,000 of which were paid in cash, HK$157,500,000 were satisfied by the issue of 1,431,818,182 convertible preference shares of HK$0.05 each of the Company and the balance of HK$502,500,000 satisfied by the issue of 4,568,181,818 ordinary shares of HK$0.05 each of the Company.

Connected Transactions *(Continued)*

2. The following continuing connected transactions not exempt under Rule 14A.33 of the Listing Rules were entered into/subsisted during the year ended 31 March 2009:

   (a) the following tenancy agreements were entered into between associates of Madam Ma and/or Mr. Yeung as landlords and GI Catering as tenant:

   (i) Tenancy agreement dated 1 January 2008 relating to Workshop Space B on the 2nd Floor, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong

Landlord	Term	Monthly rent
Source Expand Development Limited (an associate of Madam Ma and Mr. Yeung)	1 January 2008 to 31 December 2009	HK$19,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

   (ii) Tenancy agreements dated 21 June 2006 and 26 June 2008 respectively relating to Unit 2811 on the 28th Floor of West Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong

Landlord	Term	Monthly rent
High Brand Limited (an associate of Madam Ma)	1 July 2006 to 30 June 2008, renewed from 1 July 2008 to 30 June 2010	HK$66,430 until 30 June 2008 and thereafter HK$114,975 (both exclusive of rates, management fees and government rent which are payable to independent third parties)

   (iii) Tenancy agreements dated 30 November 2006 and 1 December 2008 respectively 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, renewed from 1 December 2008 to 30 November 2010 (with an option to renew for a further term of 1 year at the then prevailing market rent)	HK$180,000 (exclusive of rates, management fees and government rent which are payable to independent third parties)

Connected Transactions *(Continued)*

2. *(Continued)*

(b) the following tenancy agreements were entered into between Great China Limited, an associate of Mr. Yeung, as landlord and two former 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 *(Note 1)*	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 *(Note 2)*	1 May 2006 to 30 April 2009	HK$49,938

Notes:

1. This company ceased to be a subsidiary of the Company on 10 November 2008. The tenancy was terminated on 1 October 2008.

2. This company ceased to be a subsidiary of the Company on 13 March 2009. The tenancy was terminated on 1 September 2008.

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

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

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

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

Connected Transactions *(Continued)*

The board of directors of the Company would state that BDO Limited, the auditor of the Company, has confirmed the matter stated in Rule 14A.38 of the Listing Rules.

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

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

Emolument Policy

As at 31 March 2009, the Group had a total of 1,092 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

The Group periodically reviews its remuneration package in order to attract, motivate and retain its employees. Discretionary bonuses are rewarded to 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 2009, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2008: 0%) as at 31 March 2009.

The Group was able to generate sufficient cash flow from its operations to fulfil its repayment obligations and meet the cash requirements for its day-to-day operations for the year. No financial instrument was used for hedging. The Group was not exposed to any exchange rate risk or any related hedges.

Charges

At 31 March 2009, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK$53 million (2008: HK$55 million) amounted to HK$171 million (2008: HK$186 million).

Directors' Report

Remuneration of Directors and Senior Management

Details of the remuneration paid by the Group to the directors of the Company and senior management of the Group for the year ended 31 March 2009 are set out in notes 11 and 38(c) to the financial statements.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2009.

Public Float

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

Auditor

BDO McCabe Lo Limited has changed its name to BDO Limited. Accordingly, the independent auditor's report is now signed under the new name. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board
Yeung Chi Hang
Chief Executive Officer

Hong Kong, 8 July 2009

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") in the year ended 31 March 2009 except the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company once every three years in accordance with the Bye-laws of the Company.

Directors' securities transactions

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

Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2009.

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 13 times during the year ended 31 March 2009. Its composition and the attendance of individual directors at these board meetings were follows:

Name	**Number of meetings attended**
Non-executive chairperson	
Ma Shuk Kam	3
Executive directors	
Yeung Chi Hang *(Chief Executive Officer)*	9
Liu Yu Mo *(Chief Financial Officer)*	13
Au Edmond Wah	13
Independent Non-executive directors	
Chan Lai Mei	6
Lee Wai Loun	7
Lee Yuk Sang, Angus	7

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

Chairperson and Chief Executive Officer

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

The Chairperson is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other directors for inclusion in the agenda.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business. He is also responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

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 three members, comprising Ms. Chan Lai Mei ("Ms. Chan"), Mr. Lee Wai Loun and Mr. Lee Yuk Sang, Angus (all independent non-executive directors). This Committee is chaired by Ms. Chan.

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

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

Name	**Number of meetings attended**
Chan Lai Mei	1
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 2009, 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 2009.

The Board has conducted a review of the effectiveness of the Group's internal control system covering all controls, including financial, operational and compliance controls and risk management functions. In particular, the Board's review has considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget. The result has been reported to the Audit Committee. Areas for improvement have been identified and appropriate measures taken.

Auditors' remuneration

During the year ended 31 March 2009, fees paid to the Company's external auditor for audit services totalled HK$1,569,000, compared with HK$1,335,400 in the previous year. For non-audit services, the fees paid amounted to HK$1,523,000, compared with HK$430,000 in the previous year. The significant non-audit service assignments covered by these fees include the following:

Nature of service	**Fees paid *(HK$)***
Services in respect of circular relating to very substantial acquisition and connected transaction	1,203,000
Services in respect of circular relating to major and connected transaction	180,000
Agreed upon procedures on interim results	140,000

Audit Committee

The Audit Committee has three members, comprising Ms. Chan, Mr. Lee Wai Loun and Mr. Lee Yuk Sang, Angus (all independent non-executive directors). The Chairperson of this Committee is Ms. Chan.

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	1
Lee Wai Loun	2
Lee Yuk Sang, Angus	2

Independent Auditor's Report

BDO Limited
Certified Public Accountants
德豪會計師事務所有限公司

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

We have audited the consolidated financial statements of United Power Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 24 to 101, which comprise the consolidated and company balance sheets as at 31 March 2009, 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 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Alfred Lee
Practising Certificate Number P04960

Hong Kong, 8 July 2009

Consolidated Income Statement

For the year ended 31 March 2009

	Notes	2009 HK$	2008 HK$
Continuing operations			
Turnover	6	**216,463,492**	159,300,655
Cost of sales		**(58,116,767)**	(45,113,050)
Gross profit		**158,346,725**	114,187,605
Other income and gains	7	**5,512,648**	15,931,923
Net operating expenses		**(382,450,837)**	(179,462,107)
Fair value (loss)/gain on investment properties		**(3,743,000)**	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	36	**—**	59,318,750
Finance costs	12	**—**	(35,761)
(Loss)/profit before income tax expense	8	**(222,334,464)**	37,103,739
Income tax credit/(expense)	13	**24,160,201**	(5,374,373)
(Loss)/profit for the year from continuing operations		**(198,174,263)**	31,729,366
Discontinued operations			
Profit for the year from discontinued operations	9	**1,682,682**	1,223,330
(Loss)/profit for the year		**(196,491,581)**	32,952,696
Attributable to:			
Equity holders of the Company		**(190,772,881)**	31,901,584
Minority interests		**(5,718,700)**	1,051,112
		(196,491,581)	32,952,696
Dividends	15	**Nil**	Nil
(Loss)/earnings per share	16		
From continuing operations			
Basic (HK cents)		**(5.64)**	1.07
Diluted (HK cents)		**(5.64)**	1.07
From discontinued operations			
Basic (HK cents)		**0.03**	0.02
Diluted (HK cents)		**0.03**	0.02
From continuing and discontinued operations			
Basic (HK cents)		**(5.61)**	1.09
Diluted (HK cents)		**(5.61)**	1.09

Consolidated Balance Sheet

As at 31 March 2009

	Notes	2009 HK$	2008 HK$
Assets			
Non-current assets			
Property, plant and equipment	17	**194,699,327**	214,484,148
Investment properties	18	**176,899,000**	180,642,000
Payments for leasehold land held for own use under operating leases	19	**290,625,600**	398,799,949
Goodwill	20	**—**	560,000
Deferred expenditure	21	**6,987,783**	3,720,627
Interest in an associate	23	**—**	—
Held-to-maturity investment	24	**—**	—
Deferred tax assets	32	**3,458,132**	7,022,274
Total non-current assets		**672,669,842**	805,228,998
Current assets			
Inventories	25	**8,352,532**	36,037,072
Trade and other receivables	26	**61,093,968**	49,105,306
Deferred expenditure	21	**17,079,137**	45,267,624
Film and movie rights		**36,813,416**	42,058,227
Tax prepayment		**171,407**	—
Cash and cash equivalents		**218,370,788**	252,170,278
Total current assets		**341,881,248**	424,638,507
Total assets		**1,014,551,090**	1,229,867,505
Liabilities			
Current liabilities			
Trade and other payables	27	**54,396,113**	51,711,961
Amounts due to minority shareholders	28	**102,073,016**	117,378,195
Current tax liabilities		**74,138**	1,846,886
Total current liabilities		**156,543,267**	170,937,042
Net current assets		**185,337,981**	253,701,465
Total assets less current liabilities		**858,007,823**	1,058,930,463
Non-current liabilities			
Provision for long service payments	31	**2,159,770**	2,159,770
Deferred tax liabilities	32	**61,757,729**	90,764,658
Total non-current liabilities		**63,917,499**	92,924,428
Total liabilities		**220,460,766**	263,861,470
NET ASSETS		**794,090,324**	966,006,035
Capital and reserves attributable to equity holders of the Company			
Share capital	33	**169,911,570**	169,911,570
Reserves		**597,363,228**	780,783,788
		767,274,798	950,695,358
Minority interests		**26,815,526**	15,310,677
TOTAL EQUITY		**794,090,324**	966,006,035

On behalf of the Board

Yeung Chi Hang	**Liu Yu Mo**
Chief Executive Officer	*Chief Financial Officer*

Balance Sheet

As at 31 March 2009

	Notes	2009 HK$	2008 HK$
Assets			
Non-current assets			
Interests in subsidiaries	22	**214,395,806**	183,379,580
Current assets			
Amounts due from subsidiaries	22	**573,664,858**	574,394,230
Other receivables	26	**13,694,145**	23,928
Cash and cash equivalents		**205,269**	200,250
Total current assets		**587,564,272**	574,618,408
Total assets		**801,960,078**	757,997,988
Liabilities			
Current liabilities			
Other payables	27	**13,067,081**	993,196
Amounts due to subsidiaries	22	**139,539,142**	98,624,316
Total current liabilities		**152,606,223**	99,617,512
Net current assets		**434,958,049**	475,000,896
Total assets less current liabilities		**649,353,855**	658,380,476
NET ASSETS		**649,353,855**	658,380,476
Capital and reserves attributable to equity holders of the Company			
Share capital	33	**169,911,570**	169,911,570
Reserves	34	**479,442,285**	488,468,906
TOTAL EQUITY		**649,353,855**	658,380,476

On behalf of the Board

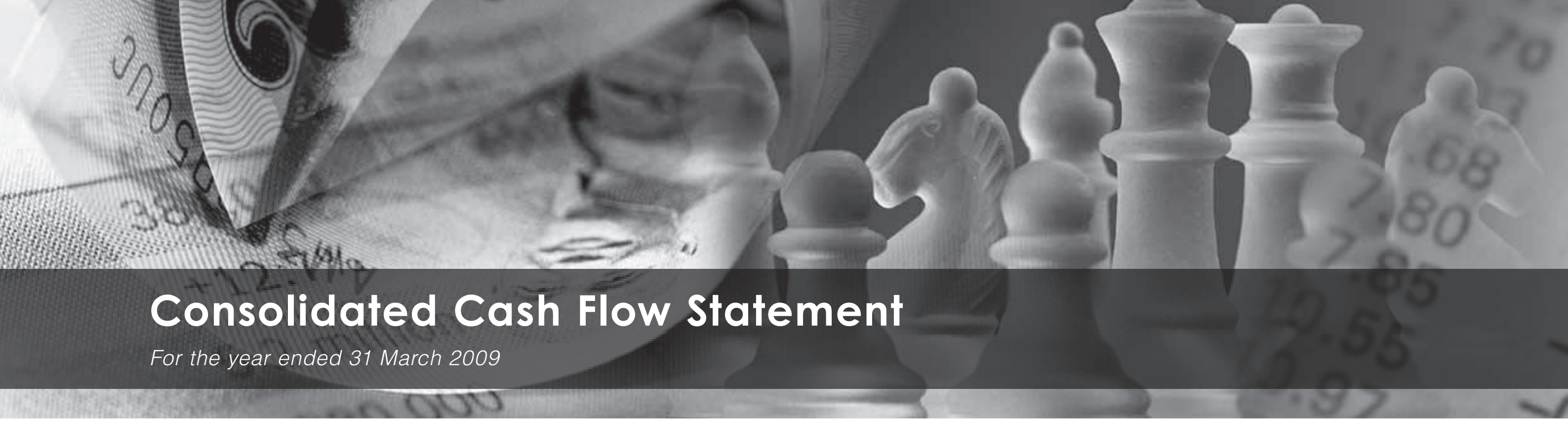
Yeung Chi Hang
Chief Executive Officer

Liu Yu Mo
Chief Financial Officer

Consolidated Statement of changes in Equity

For the year ended 31 March 2009

	Share capital (note 33) HK$	Share premium (note 34) HK$	Other reserves (note 34) HK$	Contributed surplus (note 34) HK$	Employee share-based compensation reserve (note 34) HK$	Other properties revaluation reserve (note 34) HK$	Foreign exchange reserve (note 34) HK$	Accumulated losses (note 34) HK$	Equity attributable to equity holders of the Company HK$	Minority interests HK$	Total equity HK$
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
Surplus on revaluation *(note 17)*	—	—	—	—	—	18,767,009	—	—	18,767,009	—	18,767,009
Revaluation — tax effect *(note 17)*	—	—	—	—	—	(3,284,227)	—	—	(3,284,227)	—	(3,284,227)
Translation differences on foreign operations	—	—	—	—	—	—	31,443,333	—	31,443,333	149,778	31,593,111
Net (loss)/profit recognised directly in equity	—	—	—	—	—	15,482,782	31,443,333	—	46,926,115	149,778	47,075,893
Profit for the year	—	—	—	—	—	—	—	31,901,584	31,901,584	1,051,112	32,952,696
Total recognised income	—	—	—	—	—	15,482,782	31,443,333	31,901,584	78,827,699	1,200,890	80,028,589
Excess of consideration 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	—
Acquisitions of subsidiaries *(note 36)*	—	—	—	—	—	—	—	—	—	17,377,078	17,377,078
Capital contribution from minority interests	—	—	—	—	—	—	—	—	—	3,654,350	3,654,350
Issue of shares *(note 36)*	34,955,490	167,786,350	—	—	—	—	—	—	202,741,840	—	202,741,840
Exercise of share options *(note 35)*	3,450,000	15,980,788	—	—	(3,878,188)	—	—	—	15,552,600	—	15,552,600
	38,405,490	183,767,138	(2,370,305)	—	(3,878,188)	15,482,782	31,443,333	31,901,584	294,751,834	24,602,623	319,354,457
At 31 March 2008 and 1 April 2008	169,911,570	723,939,216	(2,370,305)	28,784,000	56,206	90,001,447	31,564,245	(91,191,021)	950,695,358	15,310,677	966,006,035
Deficit on revaluation *(note 17)*	—	—	—	—	—	(7,537,974)	—	—	(7,537,974)	—	(7,537,974)
Revaluation — tax effect *(note 17)*	—	—	—	—	—	1,258,645	—	—	1,258,645	—	1,258,645
Waiver of amount due to a minority shareholder upon cessation of business	—	—	—	—	—	—	—	1,378,383	1,378,383	—	1,378,383
Translation differences on foreign operations	—	—	—	—	—	—	12,253,267	—	12,253,267	1,694,644	13,947,911
Net (loss)/profit recognised directly in equity	—	—	—	—	—	(6,279,329)	12,253,267	1,378,383	7,352,321	1,694,644	9,046,965
Loss for the year	—	—	—	—	—	—	—	(190,772,881)	(190,772,881)	(5,718,700)	(196,491,581)
Total recognised (expense)/income	—	—	—	—	—	(6,279,329)	12,253,267	(189,394,498)	(183,420,560)	(4,024,056)	(187,444,616)
Disposal of subsidiaries *(note 37)*	—	—	—	—	—	—	—	—	—	(2,444,697)	(2,444,697)
Capital contribution from minority interests	—	—	—	—	—	—	—	—	—	17,973,602	17,973,602
	—	—	—	—	—	(6,279,329)	12,253,267	(189,394,498)	(183,420,560)	11,504,849	(171,915,711)
At 31 March 2009	169,911,570	723,939,216	(2,370,305)	28,784,000	56,206	83,722,118	43,817,512	(280,585,519)	767,274,798	26,815,526	794,090,324



Consolidated Cash Flow Statement

For the year ended 31 March 2009

	Notes	2009 HK$	2008 HK$
Cash flows from operating activities			
Net cash used in operations	39	**(10,927,666)**	(43,595,166)
Interest paid		**(119,630)**	(517,129)
Interest received		**3,309,480**	12,938,129
Tax paid		**(1,408,269)**	(585,235)
Net cash used in operating activities		**(9,146,085)**	(31,759,401)
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed of	37	**8,626,893**	—
Acquisition of subsidiaries, net of cash acquired	36	**—**	(118,395,364)
Contingent consideration paid for acquisition of a subsidiary in prior year	36(a)	**(5,000,000)**	—
Other loan to a third party		**(1,068,600)**	(1,681,800)
Proceeds from disposal of property, plant and equipment		**2,700,000**	324,440
Purchase of property, plant and equipment	39	**(19,099,120)**	(7,728,566)
Purchase of investment properties		**—**	(49,056,671)
Deferred expenditure paid		**(29,411,943)**	(45,000,000)
Net cash used in investing activities		**(43,252,770)**	(221,537,961)
Cash flows from financing activities			
Advances from minority shareholders		**3,416,842**	40,251,911
Capital contribution by minority shareholders/an equity owner	39	**14,249,628**	3,654,350
Proceeds from exercise of share options		**—**	15,552,600
Net cash generated from financing activities		**17,666,470**	59,458,861
Net decrease in cash and cash equivalents		**(34,732,385)**	(193,838,501)
Cash and cash equivalents at the beginning of year		**252,170,278**	438,160,876
Effect of exchange rate changes on cash and cash equivalents		**932,895**	7,847,903
Cash and cash equivalents at the end of year		**218,370,788**	252,170,278
Analysis of the balances of cash and cash equivalents			
Cash available on demand		**156,534,990**	55,302,542
Short term deposits		**61,835,798**	196,867,736
		218,370,788	252,170,278

Notes to the Financial Statements

31 March 2009

1. General

United Power Investment Limited (the “Company”) is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its registered office and principal place of business are at Clarendon House, Church Street, Hamilton HM 11, Bermuda and Room 2810-11, 28/F., Shun Tak Centre, West Tower, 200 Connaught Road Central, Hong Kong respectively.

The Company is engaged in investment holding. The principal activities of the subsidiaries are set out in note 22.

2. Adoption of Amendments and New Hong Kong Financial Reporting Standards (“HKFRS”)

(a) In the current year, the Group has applied, for the first time, the following amendments and new interpretations issued by the Hong Kong Institute of certified Public Accountants (“HKICPA”) that are effective for the current accounting period of the Group:

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
HK(IFRIC) — Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above amendments and new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods and no prior period adjustment has been recognised.

2. Adoption of Amendments and New Hong Kong Financial Reporting Standards ("HKFRS") *(Continued)*

(b) Potential impact arising on HKFRSs not yet effective

The Group has not yet applied the following new or revised HKFRSs that have been issued by the HKICPA but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [3]
Amendments to HKAS 32 and HKAS 1	Puttable Financial Instruments and Obligations Arising on Liquidation [4]
Amendment to HKAS 39	Eligible Hedged Items [3]
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [4]
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments [2]
Amendments to HK(IFRIC) — Interpretation 9 and HKAS 39	Embedded Derivatives [5]
HKAS 1 (Revised)	Presentation of Financial Statements [4]
HKAS 23 (Revised)	Borrowing Costs [4]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKFRS 2 Amendment	Share-based Payment — Vesting Conditions and Cancellations [4]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [4]
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes [6]
HK(IFRIC) — Interpretation 15	Agreements for the Construction of Real Estate [4]
HK(IFRIC) — Interpretation 16	Hedges of a Net Investment in a Foreign Operation [7]
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners [3]
HK(IFRIC) — Interpretation 18	Transfer of Assets from Customers [8]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.
[3] Effective for annual periods beginning on or after 1 July 2009
[4] Effective for annual periods beginning on or after 1 January 2009
[5] Effective for annual periods ending on or after 30 June 2009
[6] Effective for annual periods beginning on or after 1 July 2008
[7] Effective for annual periods beginning on or after 1 October 2008
[8] Effective for transfers of assets from customers received on or after 1 July 2009

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations and the directors of the Company so far conclude that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. Basis of Preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (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 revalued amounts or fair values 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 42.

(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.

4. Principal Accounting Policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies are eliminated in full in preparing the consolidated financial statements.

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

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.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, that another 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 the entire carrying amount of the investment is subject to impairment test in accordance with HKAS 36, by comparing its carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

(d) Joint ventures

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

4. Principal Accounting Policies *(Continued)*

(d) Joint ventures *(Continued)*

Jointly controlled operations

Assets that the Group controls and liabilities that it incurs in relation to jointly controlled operations are recognised in the Group's consolidated 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 consolidated 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 (the "PRC") for the collection of music licence fee from karaoke operators as detailed in note 38(b).

Jointly controlled entities using proportionate consolidation method

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

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

(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.

4. Principal Accounting Policies *(Continued)*

(e) Goodwill *(Continued)*

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

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

(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 the other properties revaluation reserve.

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

The 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.

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

4. Principal Accounting Policies *(Continued)*

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

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

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

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

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

The gain or loss arising from disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the income statement on disposal. Any related revaluation reserve is transferred from the revaluation reserve to retained profits.

(g) Investment properties

Investment properties are properties held to earn rentals 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.

(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.

4. Principal Accounting Policies *(Continued)*

(i) 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.

(j) Deferred expenditure

Deferred expenditure represents non-refundable prepayment to co-operation venturers for their share of operating profits from the co-operation business to collect licence fees from karaoke operators in the PRC. The deferred expenditure is initially recognised at cost. Subsequent to initial recognition, deferred expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for deferred expenditure is provided on a straight-line basis over the co-operation period.

(k) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in 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

The total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of lease.

4. Principal Accounting Policies *(Continued)*

(I) 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. All financial assets, other than financial assets at fair value through profit or loss, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. The Group's accounting policy for each category is as follows:

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.

4. Principal Accounting Policies *(Continued)*

(l) 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 at amortised cost

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

Gains or losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the amortisation process.

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

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

4. Principal Accounting Policies *(Continued)*

(m) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(n) Revenue recognition

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

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

Revenue from provision of wedding services is recognised when services are rendered.

Revenue from entertainment services is recognised when services are rendered.

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

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

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

Hotel room revenue is recognised when hotel rooms are occupied.

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

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

4. Principal Accounting Policies *(Continued)*

(o) Income taxes

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

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

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

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

(p) Foreign currency

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

Exchange differences arising on the 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.

4. Principal Accounting Policies *(Continued)*

(p) Foreign currency *(Continued)*

On consolidation, the results of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign 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.

(q) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Profit-sharing and bonus plans

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

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

4. Principal Accounting Policies *(Continued)*

(q) Employee benefits *(Continued)*

(iii) Termination benefits

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

(iv) Post-employment benefits

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

The Group adopts a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance of Hong Kong for all employees of its subsidiaries operating in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries but subject to a cap in accordance with the statutory requirement and are 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 operates in Macau and in the PRC are required to participate in a government-managed retirement benefit schemes. These subsidiaries are required to contribute a fixed cost per employee to the government-managed retirement benefit schemes. The contributions are charged to the income statement as they become payable.

4. Principal Accounting Policies *(Continued)*

(r) 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 cash settled share based payments, a liability is recognised at the fair value of the goods or services received.

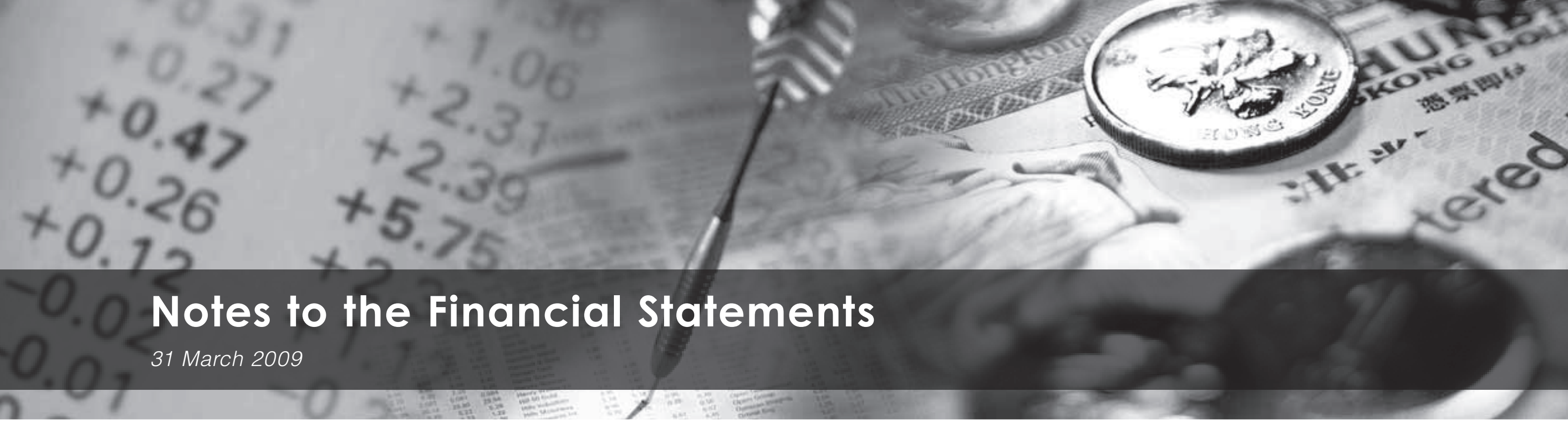
(s) Impairment of other assets

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;
- payments for leasehold land held for own use under operating leases;
- investments in subsidiaries, associates and joint ventures;
- film and movie rights; and
- deferred expenditure.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so 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.



4. Principal Accounting Policies *(Continued)*

(t) 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.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. Business and Geographical Segments

(a) Business segments

For management purposes, the Group is currently organised into six operating divisions — restaurant operations, property investment, wedding services, entertainment business, 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
Licence fee collection business	—	collection of licence fee from karaoke operators in the PRC
Hotel operations	—	ownership, operation and management of hotel

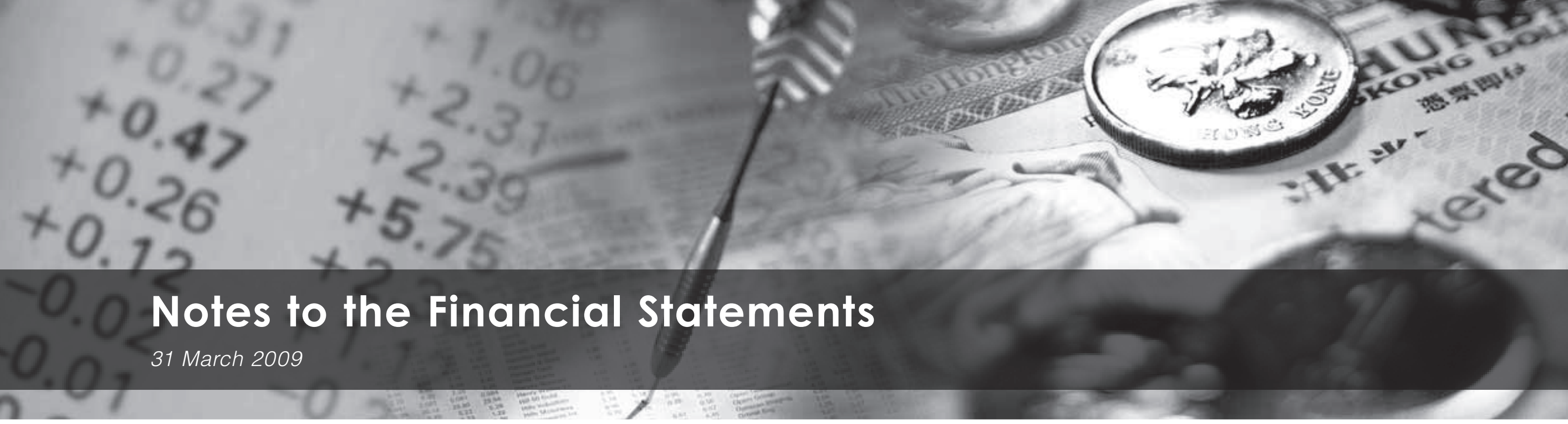
The Group was also involved in retail operations of watches and wines. The retail business of wines ceased in August 2008 and the retail business of watches was disposed of as detailed in note 9.

5. Business and Geographical Segments *(Continued)*

(a) Business segments *(Continued)*

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

	2009									
	Continuing operations								Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Licence fee collection business *HK$*	Hotel operations *HK$*	Eliminations *HK$*	Sub-total *HK$*	Retail operations *HK$*	Total *HK$*
TURNOVER										
External turnover	37,291,518	6,953,930	69,088,848	12,401,477	9,995,039	80,732,680	–	216,463,492	77,038,577	293,502,069
Inter-segment	–	5,360,000	–	–	–	–	(5,360,000)	–	–	–
	37,291,518	12,313,930	69,088,848	12,401,477	9,995,039	80,732,680	(5,360,000)	216,463,492	77,038,577	293,502,069
RESULT										
Segment results	188,092	7,641,861	(4,755,313)	(8,459,123)	(73,816,551)	(123,592,138)	–	(202,793,172)	1,677,524	(201,115,648)
Unallocated income								1,774,921	5,158	1,780,079
Unallocated costs								(21,316,213)	–	(21,316,213)
(Loss)/profit before income tax credit								(222,334,464)	1,682,682	(220,651,782)
Income tax credit								24,160,201	–	24,160,201
(Loss)/profit for the year								(198,174,263)	1,682,682	(196,491,581)
ASSETS										
Segment assets	111,730,479	206,634,112	15,640,215	64,334,704	69,130,516	385,168,676	–	852,638,702	–	852,638,702
Unallocated assets								161,912,388	–	161,912,388
Total assets								1,014,551,090	–	1,014,551,090
LIABILITIES										
Segment liabilities	(7,762,762)	(4,734,511)	(5,384,382)	(8,992,515)	(94,249,741)	(19,915,264)	–	(141,039,175)	–	(141,039,175)
Unallocated liabilities								(79,421,591)	–	(79,421,591)
Total liabilities								(220,460,766)	–	(220,460,766)



5. Business and Geographical Segments *(Continued)*

(a) Business segments *(Continued)*

	2009									
	Continuing operations								Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Licence fee collection business *HK$*	Hotel operations *HK$*	Eliminations *HK$*	Sub-total *HK$*	Retail operations *HK$*	Total *HK$*
OTHER INFORMATION										
Capital expenditure — segment	243,008	–	4,535,996	13,888,236	740,664	3,693,990	–	23,101,894	28,000	23,129,894
Impairment loss on goodwill — segment	–	–	–	5,560,000	–	–	–	5,560,000	–	5,560,000
Impairment loss on property, plant and equipment — unallocated	–	–	–	–	–	–	–	–	–	9,267,900
Impairment loss on payments for leasehold land held for own use under operating leases — segment	–	–	–	–	–	109,614,786	–	109,614,786	–	109,614,786
Impairment loss on an amount due from a related company — segment	–	–	–	–	21,200,000	–	–	21,200,000	–	21,200,000
(Gain)/loss on disposal of property, plant and equipment — segment	–	–	(867,929)	–	–	105,351	–	(762,578)	939,263	176,685
Amortisation of deferred expenditure — segment	–	–	–	–	54,333,274	–	–	54,333,274	–	54,333,274
Amortisation of films and movies costs — segment	–	–	–	3,500,000	–	–	–	3,500,000	–	3,500,000
Amortisation of payments for leasehold land held for own use under operating leases — segment	–	–	–	–	–	7,145,874	–	7,145,874	–	7,145,874
Depreciation — segment	2,640,343	339,892	1,956,246	1,490,067	171,278	20,367,852	–	26,965,678	284,199	27,249,877
— unallocated								31,342	–	31,342
								26,997,020	284,199	27,281,219

5. Business and Geographical Segments *(Continued)*

(a) Business segments *(Continued)*

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

	2008									
	Continuing operations								Discontinued operations	
	Restaurant operations HK$	Property investment HK$	Wedding services HK$	Entertainment business HK$	Licence fee collection business HK$	Hotel operations HK$	Eliminations HK$	Sub-total HK$	Retail operations HK$	Total HK$
TURNOVER										
External turnover	41,238,230	5,845,600	75,020,902	3,140,375	3,948,346	30,107,202	–	159,300,655	116,715,459	276,016,114
Inter-segment	–	5,256,000	–	–	–	–	(5,256,000)	–	–	–
	41,238,230	11,101,600	75,020,902	3,140,375	3,948,346	30,107,202	(5,256,000)	159,300,655	116,715,459	276,016,114
RESULT										
Segment results	2,680,317	34,978,588	(5,399,931)	(6,158,358)	(55,982,898)	(610,933)	–	(30,493,215)	1,817,935	(28,675,280)
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	–	59,318,750
Unallocated income								12,333,316	69,580	12,402,896
Unallocated costs								(4,055,112)	–	(4,055,112)
Profit before income tax expense								37,103,739	1,887,515	38,991,254
Income tax expense								(5,374,373)	(664,185)	(6,038,558)
Profit for the year								31,729,366	1,223,330	32,952,696
ASSETS										
Segment assets	116,644,725	181,253,333	9,143,736	39,642,161	63,649,906	513,619,346	–	923,953,207	38,252,719	962,205,926
Unallocated assets										267,661,579
Total assets										1,229,867,505
LIABILITIES										
Segment liabilities	(7,855,679)	(2,269,631)	(8,351,759)	(9,067,255)	(71,880,133)	(22,996,772)	–	(122,421,229)	(21,552,287)	(143,973,516)
Unallocated liabilities										(119,887,954)
Total liabilities										(263,861,470)

5. Business and Geographical Segments *(Continued)*

(a) Business segments *(Continued)*

	2008									
	Continuing operations								Discontinued operations	
	Restaurant operations *HK$*	Property investment *HK$*	Wedding services *HK$*	Entertainment business *HK$*	Licence fee collection business *HK$*	Hotel operations *HK$*	Eliminations *HK$*	Sub-total *HK$*	Retail operations *HK$*	Total *HK$*
OTHER INFORMATION										
Capital expenditure										
— segment	372,636	49,056,671	1,118,645	3,810,507	192,275	1,605,896	—	56,156,630	336,812	56,493,442
— unallocated										291,795
										56,785,237
Impairment of goodwill										
— segment	—	—	—	4,277,660	—	—	—	4,277,660	—	4,277,660
Loss on disposal of property, plant and equipment										
— segment	—	—	17,060	—	—	445,347	—	462,407	—	462,407
Recovery of bad debt										
— unallocated	—	—	—	—	—	—	—	—	—	(2,876,855)
Amortisation of deferred expenditure										
— segment	—	—	—	—	45,267,624	—	—	45,267,624	—	45,267,624
Amortisation of prepaid land lease										
— segment	—	—	—	—	—	1,850,245	—	1,850,245	—	1,850,245
Depreciation										
— segment	2,178,050	129,297	2,577,909	252,412	71,776	5,765,593	—	10,975,037	671,193	11,646,230
— unallocated								37,407	—	37,407
								11,012,444	671,193	11,683,637

5. Business and Geographical Segments *(Continued)*

(b) Geographical segments

The Group's operations were located in Hong Kong, Macau and the PRC in the two years ended 31 March 2009.

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

	2009							
	Hong Kong		Macau		PRC		Total	
	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*
Turnover	**121,455,378**	**75,103,374**	**—**	**1,935,203**	**95,008,114**	**—**	**216,463,492**	**77,038,577**
Segment assets	**471,113,841**	**—**	**—**	**—**	**543,437,249**	**—**	**1,014,551,090**	**—**
Capital expenditure	**5,602,477**	**—**	**—**	**28,000**	**17,499,417**	**—**	**23,101,894**	**28,000**

	2008							
	Hong Kong		Macau		PRC		Total	
	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*	Continuing operations *HK$*	Discontinued operations *HK$*
Turnover	125,245,107	110,779,904	—	5,935,555	34,055,548	—	159,300,655	116,715,459
Segment assets	543,643,100	32,524,387	1,016,280	10,012,405	642,671,333	—	1,187,330,713	42,536,792
Capital expenditure	2,166,754	336,812	—	—	54,281,671	—	56,448,425	336,812

6. Turnover

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

	Group	
	2009	2008
	HK$	*HK$*
Continuing operations:		
Sale of food and beverages from restaurant operations	**37,291,518**	41,238,230
Gross rental income from investment properties	**6,953,930**	5,845,600
Provision of wedding services	**69,088,848**	75,020,902
Revenue from talent management and entertainment business	**12,401,477**	3,140,375
Revenue from licence fee collection business	**9,995,039**	3,948,346
Revenue from hotel operations		
Room rental	**22,852,031**	13,108,984
Food and beverages	**57,880,649**	16,998,218
	216,463,492	159,300,655
Discontinued operations:		
Revenue from sale of watches and wine *(note 9)*	**77,038,577**	116,715,459
	293,502,069	276,016,114

7. Other Income and Gains

	Group	
	2009	2008
	HK$	*HK$*
Continuing operations:		
Bank interest income	**1,774,921**	12,333,316
Loan interest income	**1,529,401**	535,233
Overprovision of social securities for staff in the PRC	**1,372,440**	—
Recovery of bad debt	**—**	2,876,855
Others	**835,886**	186,519
	5,512,648	15,931,923
Discontinued operations:		
Bank interest income	**5,158**	69,580
Others	**55,278**	13,563
	60,436	83,143
	5,573,084	16,015,066

8. (Loss)/profit before income tax expense

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

	Group	
	2009	2008
	HK$	*HK$*
Cost of inventories recognised as an expense	**44,653,275**	41,318,431
Staff costs *(note 10)*	**68,477,342**	53,778,295
Depreciation of property, plant and equipment	**26,997,020**	11,012,444
Direct operating expenses from investment properties that generated rental income during the year	**206,215**	163,102
Impairment loss on goodwill (recognised in net operating expenses)	**5,560,000**	4,277,660
Impairment loss on property, plant and equipment	**9,267,900**	—
Impairment loss on payments for leasehold land held for own use under operating leases	**109,614,786**	—
Impairment loss on an amount due from a related company	**21,200,000**	—
(Gain)/loss on disposal of property, plant and equipment	**(762,578)**	462,407
Amortisation of deferred expenditure	**54,333,274**	45,267,624
Amortisation of films and movies costs	**3,500,000**	—
Amortisation for payments for leasehold held land for own use under operating leases	**7,145,874**	1,850,245
Auditor's remuneration	**1,889,000**	1,765,400

9. Discontinued Operations

The retail operations of wine were discontinued subsequent to the closure of retail outlet in Macau. The retail operation of watches ceased upon the disposal of interests in subsidiaries, Witty Ventures Limited and HMS Watches Company Limited (collective referred as "WV Group"). On 30 September 2008, the Group signed an agreement with the minority shareholder of WV Group to dispose of the Group's 51% interests in WV Group and the benefit of loans of HK$5,941,241 advanced to WV Group at a total consideration of HK$9,870,982. The disposal was completed on 10 November 2008. The profit from discontinued operations of HK$1,682,682 (2008: HK$1,223,330) included the gain on disposal of HK$1,385,682.

9. Discontinued Operations *(Continued)*

The turnover and results of the retail operations of wine and watches are as follows:

	2009 HK$	2008 HK$
Turnover	**77,038,577**	116,715,459
Cost of sales	**(71,351,094)**	(106,226,858)
Gross profit	**5,687,483**	10,488,601
Other income and gains	**60,436**	83,143
Net operating expenses	**(5,330,865)**	(8,202,861)
Finance costs	**(119,630)**	(481,368)
Profit before income tax expense	**297,424**	1,887,515
Income tax expense	**—**	(664,185)
Profit after income tax expense	**297,424**	1,223,330
Gain on disposal of subsidiaries *(note 37)*	**1,385,258**	—
Profit for the year from discontinued operations	**1,682,682**	1,223,330
Attributable to:		
Equity holders of the Company	**854,880**	623,898
Minority interests	**827,802**	599,432
	1,682,682	1,223,330

	2009 HK$	2008 HK$
Cash flows from discontinued operations		
Operating cash flows	**12,775,608**	(9,344,702)
Investing cash flows	**(28,840)**	(336,812)
Financing cash flows	**(15,889,136)**	9,398,148
Total cash outflow	**(3,142,368)**	(283,366)

The carrying amounts of the assets and liabilities of WV Group at the date of disposal are disclosed in note 37.

10. Staff Costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Staff costs (including directors) comprise:						
Salaries and bonuses	**62,249,022**	49,869,172	**1,260,233**	2,644,020	**63,509,255**	52,513,192
Contribution to defined contribution pension plans	**3,963,872**	2,822,546	**743**	68,693	**3,964,615**	2,891,239
Other short-term monetary benefits	**2,264,448**	1,086,577	**36,249**	—	**2,300,697**	1,086,577
	68,477,342	53,778,295	**1,297,225**	2,712,713	**69,774,567**	56,491,008

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:

	Group				
	Fees	**Salaries and other benefits**	**Discretionary bonuses**	**Retirement contributions**	**Total**
2009	***HK$***	***HK$***	***HK$***	***HK$***	***HK$***
Non-executive chairperson					
Ma Shuk Kam	**—**	**—**	**—**	**—**	**—**
Executive directors					
Yeung Chi Hang	**—**	**2,080,000**	**960,000**	**11,863**	**3,051,863**
Liu Yu Mo	**—**	**1,950,000**	**450,000**	**11,863**	**2,411,863**
Au Edmond Wah	**—**	**2,470,000**	**570,000**	**11,863**	**3,051,863**
Independent non-executive directors					
Chan Lai Mei	**96,000**	**—**	**—**	**—**	**96,000**
Lee Wai Loun	**96,000**	**—**	**—**	**—**	**96,000**
Lee Yuk Sang, Angus	**96,000**	**—**	**—**	**—**	**96,000**
	288,000	**6,500,000**	**1,980,000**	**35,589**	**8,803,589**

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

Directors' emoluments *(Continued)*

	Group				
	Fees	Salaries and other benefits	Discretionary bonuses	Retirement scheme contributions	Total
2008	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Non-executive chairperson					
Ma Shuk Kam	—	—	—	—	—
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	836,129	180,000	6,820	1,089,788
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
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	5,602,981	1,652,800	53,980	7,744,600

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

No directors waived their emoluments in respect of the year ended 31 March 2009 (2008: Nil).

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

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

Directors' emoluments *(Continued)*

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2008: four) were directors of the Company whose emoluments are disclosed above.

The emolument of the remaining two (2008: one) highest paid individual was as follows:

	Group	
	2009	2008
	HK$	*HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	**1,958,021**	647,511
Retirement scheme contributions	**23,863**	12,000
	1,981,884	659,511

Their emoluments were within the following bands:

	Group	
	2009	2008
	No. of employees	*No. of employee*
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	—

12. Finance Costs

	Group					
	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on other borrowings	**—**	—	**119,630**	481,368	**119,630**	481,368
Others	**—**	35,761	**—**	—	**—**	35,761
	—	35,761	**119,630**	481,368	**119,630**	517,129

13. Income Tax (Credit)/expense

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

	Group					
	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	**32,471**	225,565	**—**	660,770	**32,471**	886,335
— over provision in respect of prior years	**(133,469)**	—	**—**	—	**(133,469)**	—
	(100,998)	225,565	**—**	660,770	**(100,998)**	886,335
Current tax — Macau Complementary Income Tax						
— tax for the year	**—**	—	**—**	3,415	**—**	3,415
Current tax — PRC Enterprise Income Tax						
— tax for the year	**74,138**	1,023,387	—	—	**74,138**	1,023,387
Deferred tax						
— current year	**(24,454,836)**	4,125,421	**—**	—	**(24,454,836)**	4,125,421
— attributable to decrease in tax rate	**321,495**	—	**—**	—	**321,495**	—
	(24,133,341)	4,125,421	**—**	—	**(24,133,341)**	4,125,421
	(24,160,201)	5,374,373	**—**	664,185	**(24,160,201)**	6,038,558

13. Income Tax (Credit)/expense *(Continued)*

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% (2008: 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 Complementary Income Tax rate is set at 12% (2008: 12%) on the estimated assessable profits for the year.

PRC subsidiaries are subject to PRC Enterprise Income Tax at rates ranging from 18% to 25% (2008: 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 previously enjoyed the 15% enterprises income tax rate shall be subject to the 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012; an enterprise that previously enjoyed the 24% tax rate shall be subject to the 25% tax rate starting the year 2008.

13. Income Tax (Credit)/expense *(Continued)*

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

	2009	2008
	HK$	*HK$*
(Loss)/profit before income tax expense		
Continuing operations	**(222,334,464)**	37,103,739
Discontinued operations	**297,424**	1,887,515
	(222,037,040)	38,991,254
Tax (credit)/expense calculated at Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**(36,636,112)**	6,823,470
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(10,861,205)**	—
Deferred tax not recognised	**—**	864,927
Tax effect of non-deductible expenses	**5,250,343**	713,512
Tax effect of non-taxable revenue	**(68,133)**	(2,565,445)
Tax effect of tax losses not recognised	**18,595,216**	—
Utilisation of tax losses previously not recognised	**(628,336)**	—
Effect on opening deferred tax balances resulting from changes in applicable tax rate	**321,495**	—
Over provision in respect of prior years	**(133,469)**	—
Others	**—**	202,094
Income tax (credit)/expense	**(24,160,201)**	6,038,558

14. Profit Attributable to Shareholders

Profit attributable to shareholders includes a loss of HK$9,026,621 (2008: loss of HK$5,274,461) 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 2009, nor has any dividend been proposed since the balance sheet date (2008: Nil).

16. (Loss)/earnings per share

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

	Group	
	2009	2008
	HK$	*HK$*
(Loss)/earnings for the purpose of basic and diluted (loss)/ earnings per share		
(Loss)/profit for the year attributable to equity holders of the Company		
— from continuing operations	**(191,627,761)**	31,277,686
— from discontinued operations	**854,880**	623,898
— from continuing and discontinued operations	**(190,772,881)**	31,901,584
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**3,398,231,392**	2,925,058,004
Effect of dilutive potential ordinary shares:		
— Share options *(note)*	**—**	6,930,534
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,398,231,392**	2,931,988,538

Note:

There is no dilutive effect of the share options granted as they are anti-dilutive for the year ended 31 March 2009.

17. Property, Plant and Equipment

Group	Hotel buildings in the PRC HK$	Leasehold land and buildings HK$	Leasehold improvements HK$	Wardrobe HK$	Furniture, fixtures and equipment HK$	Motor vehicles HK$	Total HK$
Cost or valuation							
At 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 *(note 36)*	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 and 1 April 2008	21,306,000	113,000,000	32,885,108	1,137,797	56,353,303	7,670,302	232,352,510
Deficit on revaluation	—	(10,000,000)	—	—	—	—	(10,000,000)
Additions	—	3,796,863	11,547,087	—	3,678,679	4,107,265	23,129,894
Exchange differences	3,622,228	—	1,363,141	—	1,899,235	136,261	7,020,865
Disposals	—	—	(1,602,711)	—	(940,096)	(3,186,210)	(5,729,017)
Disposal of subsidiaries *(note 37)*	—	—	(443,192)	—	(292,260)	—	(735,452)
At 31 March 2009	24,928,228	106,796,863	43,749,433	1,137,797	60,698,861	8,727,618	246,038,800
Accumulated depreciation and impairment							
At 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 and 1 April 2008	1,053,136	—	6,314,593	1,137,797	8,083,791	1,279,045	17,868,362
Exchange differences	791,144	181	852,452	—	932,334	66,849	2,642,960
Charge for the year	4,050,573	2,461,845	7,922,441	—	11,130,083	1,716,277	27,281,219
Eliminated on revaluation	—	(2,462,026)	—	—	—	—	(2,462,026)
Impairment loss	—	—	7,369,904	—	1,897,996	—	9,267,900
Written back on disposals	—	—	(943,276)	—	(554,917)	(1,354,139)	(2,852,332)
Disposal of subsidiaries *(note 37)*	—	—	(214,897)	—	(191,713)	—	(406,610)
At 31 March 2009	5,894,853	—	21,301,217	1,137,797	21,297,574	1,708,032	51,339,473
Net book value							
At 31 March 2009	19,033,375	106,796,863	22,448,216	—	39,401,287	7,019,586	194,699,327
At 31 March 2008	20,252,864	113,000,000	26,570,515	—	48,269,512	6,391,257	214,484,148

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

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

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

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	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*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
	20,252,864	113,000,000	26,570,515	48,269,512	6,391,257	214,484,148

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

	2009	2008
	HK$	*HK$*
Properties located in Hong Kong		
Leases of over 50 years	**100,000,000**	110,000,000
Leases of between 10 to 50 years	**3,000,000**	3,000,000
	103,000,000	113,000,000
Properties located in the PRC		
Leases of over 50 years	**22,830,238**	20,252,864

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

The leasehold land and buildings were revalued at 31 March 2009 on the open market value basis by Savills Valuation and Professional Services Limited, an independent professional valuer. A net revaluation deficit of HK$6,279,329 (2008: net surplus of HK$15,482,782) was debited (2008: credited) to other properties revaluation reserve, being net of applicable deferred tax income of HK$1,258,645 (2008: deferred tax expense of HK$3,284,227).

The carrying amount of leasehold land and buildings of the Group would have been HK$19,974,613 (2008: HK$18,639,595) had they been stated at cost less accumulated depreciation.

At 31 March 2009, the Group pledged leasehold land and buildings with carrying value of HK$100,000,000 (2008: HK$110,000,000) as security of the Group's banking facilities.

At 31 March 2009, the Group did not utilise any banking facilities (2008: Nil).

18. Investment Properties

	Group	
	2009	2008
	HK$	*HK$*
At beginning of year	**180,642,000**	100,500,000
Acquired through business combinations *(note 36)*	**—**	3,922,000
Additions	**—**	49,056,671
Change in fair value	**(3,743,000)**	27,163,329
At end of year	**176,899,000**	180,642,000

(a) Investment properties were revalued at 31 March 2009 on the open market value basis by Savills Valuation and Professional Services Limited, an independent professional valuer.

(b) At 31 March 2009, one investment property with carrying value of HK$71,000,000 (2008: HK$76,000,000) was pledged to secure the banking facilities granted to the Group.

(c) Gross rental income from investment properties amounted to HK$6,953,930 (2008: HK$5,845,600).

18. Investment Properties *(Continued)*

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

	2009 **HK$**	2008 HK$
Investment properties located in Hong Kong		
Leases of over 50 years	**71,000,000**	76,000,000
Leases of between 10 to 50 years	**43,000,000**	43,000,000
	114,000,000	119,000,000
Investment properties located in the PRC		
Leases of between 10 to 50 years	**62,899,000**	61,642,000

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

Group

	HK$
Cost	
At 1 April 2007	—
Acquired through business combinations *(note 36)*	381,774,848
Exchange difference	18,875,346
At 31 March and 1 April 2008	400,650,194
Exchange difference	8,862,045
At 31 March 2009	409,512,239
Accumulated amortisation and impairment	
At 1 April 2007	—
Charge for the year	1,850,245
At 31 March and 1 April 2008	1,850,245
Charge for the year	7,145,874
Impairment loss	109,614,786
Exchange difference	275,734
At 31 March 2009	118,886,639
Carrying value	
At 31 March 2009	290,625,600
At 31 March 2008	398,799,949

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

20. Goodwill and Impairment

Group

	HK$
Cost	
At 1 April 2007	20,373,261
Arising from business combinations *(note 36)*	4,837,660
At 31 March 2008 and 1 April 2008	25,210,921
Addition *(note 36(a))*	5,000,000
At 31 March 2009	30,210,921
Impairment	
At 1 April 2007	20,373,261
Impairment loss	4,277,660
At 31 March 2008 and 1 April 2008	24,650,921
Impairment loss	5,560,000
At 31 March 2009	30,210,921
Carrying value	
At 31 March 2009	—
At 31 March 2008	560,000

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:

	2009	2008
	HK$	*HK$*
Wedding services	**18,988,140**	18,988,140
Entertainment business	**10,287,287**	5,287,287
Restaurant operations	**920,494**	920,494
Others	**15,000**	15,000
Total	**30,210,921**	25,210,921

20. Goodwill and Impairment *(Continued)*

In accordance with HKAS 36 "Impairment of assets", the Group completed its annual impairment test for goodwill allocated 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.

For the years ended 31 March 2009 and 2008, impairment was provided on goodwill from the entertainment business as cashflow forecasts indicate that there will be net cash outflows from the CGU.

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

	2009	2008
	HK$	*HK$*
Entertainment business	**—**	560,000

The recoverable amount of entertainment business has been determined from value-in-use calculation based on cash flow projections covering a five-(2008: five-) year period to 31 March 2013 (2008: 2012). Key assumptions are as follows:

	2009	2008
	Entertain-ment business	Entertain-ment business
	%	*%*
Discount rate	**8.5**	5.25
Operating margin	**3.5**	3.5
Growth rate	**—**	—
Wage inflation	**—**	—

21. Deferred Expenditure

Group

	HK$
Cost	
At 1 April 2007	50,000,000
Amount paid during the year	45,000,000
At 31 March and 1 April 2008 *(note a)*	95,000,000
Amount paid during the year *(note b)*	29,411,943
At 31 March 2009	124,411,943
Accumulated amortisation	
At 1 April 2007	744,125
Amortisation for the year	45,267,624
At 31 March and 1 April 2008	46,011,749
Amortisation for the year	54,333,274
At 31 March 2009	100,345,023
Carrying amount	
At 31 March 2009	24,066,920
At 31 March 2008	48,988,251

	2009	2008
	HK$	*HK$*
Shown in the financial statements as:		
Deferred expenditure — current portion (to be amortised within one year)	**17,079,137**	45,267,624
Deferred expenditure — non-current portion	**6,987,783**	3,720,627
	24,066,920	48,988,251

Notes:

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

(b) During the year ended 31 March 2009, the Group entered into cooperation agreements with various copyright holders for the business of collecting license fees from karaoke operators in the PRC for their use of licensed audio-visual works on behalf of the copyright holders.

As a condition of the agreements, the Group advanced the sum of HK$29.4 million to the copyright holders as their guaranteed share of the expected profit on license fees that will be earned and the Group has also committed to further pay HK$18.4 million and HK$18.6 million during the years ended 31 March 2010 and 31 March 2011 respectively to the copyright holders as their guaranteed share of the expected profit on license fees.

22. Interests in Subsidiaries

	Company 2009 HK$	Company 2008 HK$
Unlisted shares, at cost	**220,570,458**	184,579,580
Less: Impairment loss	**(6,174,652)**	(1,200,000)
	214,395,806	183,379,580
Amounts due from subsidiaries	**797,325,227**	798,054,599
Less: Impairment for bad and doubtful debts	**(223,660,369)**	(223,660,369)
	573,664,858	574,394,230
Amounts due to subsidiaries	**(139,539,142)**	(98,624,316)

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

The following is a list of the principal subsidiaries as at 31 March 2009:

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	100 ordinary shares of HK$100 each and 240,000 deferred shares of HK$100 each	100	—
Golden Island Catering Group Company Limited	Limited liability company	Hong Kong	Restaurant operations and provision of wedding services in Hong Kong	2 ordinary shares of HK$1 each	100	—

22. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	indirectly
Golden Island (Management) Limited	Limited liability company	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$1 each	100	—
Marlborough Gold Limited	Limited liability company	The British Virgin Islands ("BVI")	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Winkler Profits Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Big Profits Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Welly Champ International Limited	Limited liability company	BVI	Investment holding in Hong Kong	182.47 ordinary shares of US$1 each	82.02	—
Wholly Gain Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Castle Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Fame Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Wise Mark Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Wave High International Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—

22. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Win Sea Group Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	100	—
Wellrich Investments Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$100 each	—	100
World Honour Investments Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	100 ordinary shares of HK$1 each	—	100
Well Allied Investments Limited	Limited liability company	BVI	Investment holding in Hong Kong	106,607 ordinary shares of US$1 each	—	54.8
Golden Capital Entertainment Company Limited	Limited liability company	BVI	Investment holding in Hong Kong	10 ordinary shares of US$1 each	—	100
Solid Sound Productions Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51
Baron Productions and Artiste Management Company Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51

22. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Chance Music Limited	Limited liability company	Hong Kong	Music production in Hong Kong	6,000 ordinary shares of HK$1 each	—	60
Shenzhen Land Company Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	10,000 ordinary shares of HK$1 each	—	100
北京金英馬國際文化交流有限公司	Sino-foreign equity joint venture	PRC	Film investment in the PRC	Renminbi (“RMB”) 37,500,000	—	60
肇慶星湖俱樂部	Sino-foreign equity joint venture	PRC	Hotel operation in the PRC	RMB101,425,044	—	94
Golden Capital Entertainment Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	—	100
中音傳播（深圳）有限公司	Foreign invested enterprise	PRC	Karaoke license fee collection business in the PRC	HK$10,000,000	—	54.8

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

None of the subsidiaries had issued any debt securities outstanding at the end of the year.

23. Interest in an Associate

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

24. Held-to-maturity Investment

	Group	
	2009	2008
	HK$	*HK$*
Unlisted investment, at cost	—	78,000,000
Less: Impairment loss	—	(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 is 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.

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

The Group directly wrote off the investment during the year.

25. Inventories

	Group	
	2009	2008
	HK$	*HK$*
Watches	**—**	26,773,293
Food, beverages, wine and low value consumables	**8,352,532**	9,263,779
	8,352,532	36,037,072

26. Trade and other Receivables

	Group		Company	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Amount due from a related company *(note a)*	**26,200,000**	9,000,000	**—**	—
Impairment loss	**(21,200,000)**	—	**—**	—
	5,000,000	9,000,000	**—**	—
Trade debtors *(note b)*	**17,407,628**	9,566,334	**—**	—
Deposits, prepayments and other receivables	**35,935,940**	28,857,172	**13,694,145**	23,928
Other loan *(note c)*	**2,750,400**	1,681,800	**—**	—
	61,093,968	49,105,306	**13,694,145**	23,928

26. Trade and other Receivables *(Continued)*

Notes:

(a) Amount due from a 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 2009	26,200,000
At 1 April 2008	9,000,000
Maximum balance outstanding during the year	26,200,000

Pursuant to a loan agreement dated 4 July 2007 between (i) Well Allied, a subsidiary of the Company; and (ii) PLD International Company Limited ("PLD"), Well Allied agreed to advance a loan of HK$9 million to PLD at the interest rate of 8% per annum and repayable within 1 year from the date of the loan agreement. On 9 May 2008, Well Allied entered into another loan agreement with PLD and agreed to advance an additional loan of HK$17.2 million to PLD at the interest rate of 5.25% per annum and repayable within 1 year from the date of loan agreement.

Two directors of Well Allied, Mr. Lee Tien-Yung and Mr. Philip Lu Yueh-Wei, have beneficial interests in PLD. Both of the loans were passed due at 31 March 2009. Impairment loss of HK$21,200,000 was recognised in current year, and the directors believe that the remaining balance of HK$5,000,000 could be recovered through deducting the income originally shared by PLD in the jointly controlled operation as descried in note 38(b) or through loan re-negotiation with PLD.

(b) Included in trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	2009 ***HK$***	2008 *HK$*
Current *(note i)*	**8,985,081**	—
Less than 1 month past due	**4,624,273**	8,678,299
1 to 3 months past due	**3,035,694**	888,035
More than 12 months past due	**762,580**	—
Amount past due at balance sheet date but not impaired *(note ii)*	**8,422,547**	9,566,334
	17,407,628	9,566,334

Notes:

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

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

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

27. Trade and other Payables

	Group		Company	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Trade creditors	**7,915,944**	7,046,819	**—**	—
Other payables and accruals	**34,746,019**	26,613,388	**13,067,081**	993,196
Deposits received	**11,734,150**	18,051,754	**—**	—
	54,396,113	51,711,961	**13,067,081**	993,196

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	Group	
	2009	2008
	HK$	*HK$*
Current or within 30 days	**6,110,827**	4,446,536
31 to 60 days	**571,153**	1,637,205
61 to 90 days	**601,380**	41,170
Over 90 days	**632,584**	921,908
	7,915,944	7,046,819

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

28. Amounts due to Minority Shareholders

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

At 31 March 2008, except for the amount of HK$6,836,000 which borne interest at prime rate quoted by Chiyu Banking Corporation, the balances due to minority shareholders were unsecured, interest-free and repayable on demand.

29. 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			
	2009		2008	
	Effective interest rate		Effective interest rate	
	(%)	***HK$***	*(%)*	*HK$*
Financial assets				
Floating rate financial assets	**1%**	**218,370,788**	0.5%	252,170,278
Fixed rate financial assets	**6%**	**5,000,000**	8%	9,000,000
Financial liabilities				
Floating rate financial liabilities	**—**	**—**	7%	6,836,000

29. 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 Company has significant exposure at the balance sheet date. In determining the effect on profit after tax on the next accounting period until next balance sheet date, management of the Company assumes 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 2009 and 2008.

	Group	
	2009	2008
	Effect on profit after tax	Effect on profit after tax
	HK$	*HK$*
Increase by 100 basis points	**2,183,708**	2,453,500
Decrease by 100 basis points	**(2,183,708)**	(2,453,500)

(ii) Foreign exchange risk

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

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**	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Macau Pataca	**—**	3,237,735	**—**	3,937,417
RMB	**80,016,861**	65,632,447	**33,872,988**	36,652,744
	80,016,861	68,870,182	**33,872,988**	40,590,161

29. Financial Instruments — Risk Management *(Continued)*

(a) Market risks *(Continued)*

(ii) Foreign exchange risk (Continued)

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 impact to the profit after tax of the Group in response to the reasonably possible changes in an exchange rate between RMB and Hong Kong dollar is insignificant.

(b) Liquidity risk

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

The contractual maturities of financial liabilities are shown as below:

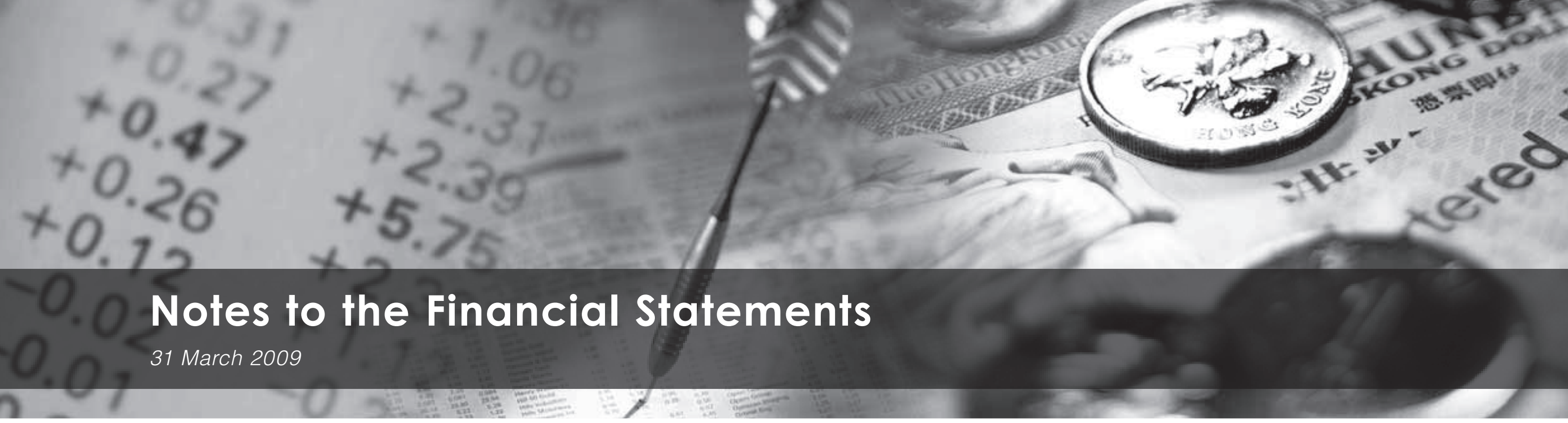
	Group		Company	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
In less than one year	**156,469,129**	169,568,676	**152,606,223**	99,617,512

(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 exposes 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 are not exposed to concentration of credit risk.

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

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



30. Financial Instruments — Carrying Amount and Fair Value

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

31. Provision for Long Service Payments

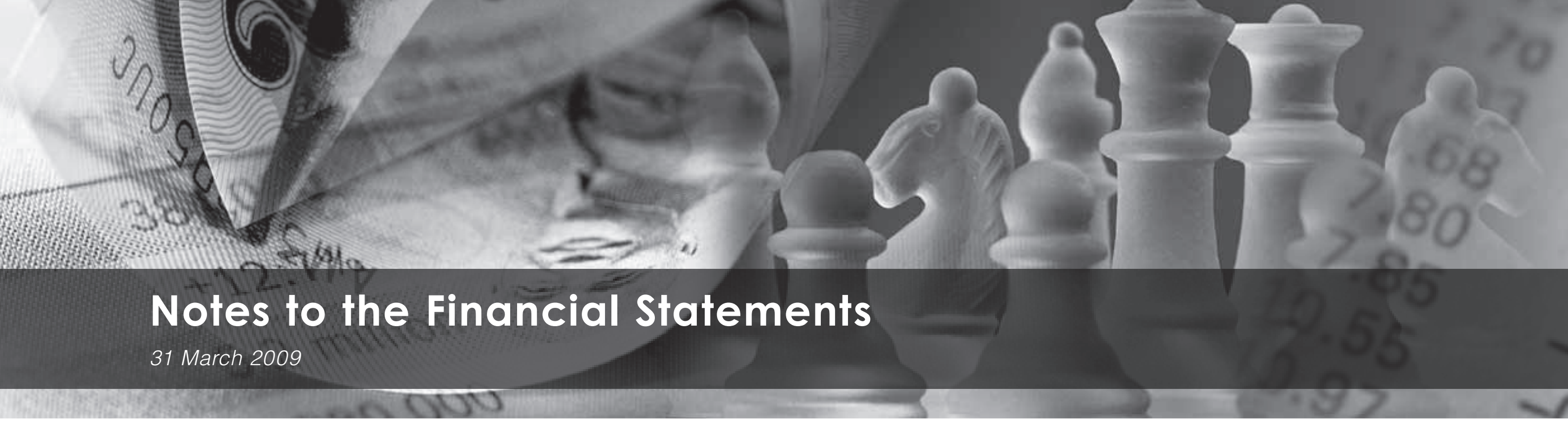
The Group has recorded provision for long service payment obligations for employees who had completed the required number of years of service under Hong Kong Employment Ordinance. The provision is calculated based on the Group's best estimates using the projected unit credit method.

Movement in provision for long service payments is as follows:

	Group	
	2009	2008
	HK$	*HK$*
At the beginning of year	**2,159,770**	2,262,353
Reversal of long service payments	**—**	(102,583)
At the end of year	**2,159,770**	2,159,770

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

	Group	
	2009	2008
Discount rate	**8.5%**	5.25%
Expected rate of future salary increases	**1.2%**	1.2%



32. Deferred Tax

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

	Group	
	2009	2008
	HK$	*HK$*
At 1 April	**83,742,384**	8,811,430
Tax arising from acquisition of subsidiaries *(note 36)*	**—**	67,663,851
Tax (credited)/charged to income statement *(note 13)*	**(24,454,836)**	4,125,421
Tax (credited)/charged to equity	**(1,258,645)**	3,284,227
Effect on opening deferred tax balances resulting from changes in applicable tax rate *(note 13)*	**321,495**	—
Exchange difference	**(50,801)**	(142,545)
At 31 March	**58,299,597**	83,742,384

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 2009, the Group had estimated unutilised tax losses of HK$247,239,000 (2008: HK$115,200,000). A deferred tax has been recognised in respect of HK$57,900,000 (2008: HK$79,500,000) 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 assets in respect of the unutilised tax losses.

In addition to the amount charged/credited 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/credited directly to equity.

32. Deferred Tax *(Continued)*

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

Deferred tax assets	Group					
	Accelerated accounting depreciation		Tax losses		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**77,439**	(35,565)	**15,086,764**	15,688,938	**15,164,203**	15,653,373
(Charged)/credited to income statement	**(91,912)**	113,004	**(4,578,189)**	(744,719)	**(4,670,101)**	(631,715)
Effect of charges in tax rate	**(4,424)**	—	**(733,837)**	—	**(738,261)**	—
Exchange differences	**—**	—	**50,801**	142,545	**50,801**	142,545
At the end of the year	**(18,897)**	77,439	**9,825,539**	15,086,764	**9,806,642**	15,164,203

Deferred tax liabilities	Group					
	Property revaluation		Accelerated accounting depreciation		Total	
	2009	2008	**2009**	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**18,200,895**	14,916,668	**80,705,692**	9,548,135	**98,906,587**	24,464,803
Acquisition of subsidiaries	**—**	—	**—**	67,663,851	**—**	67,663,851
(Credited)/charged to income statement	**—**	—	**(29,124,937)**	3,493,706	**(29,124,937)**	3,493,706
(Credited)/charged to equity	**(1,258,645)**	3,284,227	**—**	—	**(1,258,645)**	3,284,227
Effect of charges in tax rate	**—**	—	**(416,766)**	—	**(416,766)**	—
At the end of the year	**16,942,250**	18,200,895	**51,163,989**	80,705,692	**68,106,239**	98,906,587

32. Deferred Tax *(Continued)*

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

	Group	
	2009	2008
	HK$	*HK$*
Deferred tax assets	**(3,458,132)**	(7,022,274)
Deferred tax liabilities	**61,757,729**	90,764,658
	58,299,597	83,742,384

Company

At 31 March 2009, the Company had estimated unutilised tax losses of HK$12,600,000 (2008: HK$8,500,000). No deferred tax assets have been recognised in respect of the tax losses due to unpredictability of future profit streams.

33. Share Capital

(a) Authorised and issued share capital

	2009 Number of shares	2009 HK$	2008 Number of shares	2008 HK$
Authorised:				
Ordinary shares of HK$0.05 each				
At the beginning of year	**10,000,000,000**	**500,000,000**	3,800,000,000	190,000,000
Increase in authorised ordinary shares *(note (i), (ii))*	**8,568,181,818**	**428,409,091**	6,200,000,000	310,000,000
At the end of year	**18,568,181,818**	**928,409,091**	10,000,000,000	500,000,000
Convertible preference shares of HK$0.05 each				
At the beginning of year	**—**	**—**	—	—
Increase in authorised convertible preference shares	**1,431,818,182**	**71,590,909**	—	—
At the end of year	**1,431,818,182**	**71,590,909**	—	—
Total	**20,000,000,000**	**1,000,000,000**	10,000,000,000	500,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At the beginning of year	**3,398,231,392**	**169,911,570**	2,630,121,600	131,506,080
New shares issued *(note (iii))*	**—**	**—**	699,109,792	34,955,490
Exercise of share options *(note (iv))*	**—**	**—**	69,000,000	3,450,000
At the end of year	**3,398,231,392**	**169,911,570**	3,398,231,392	169,911,570

33. Share Capital *(Continued)*

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

Notes:

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

(ii) By an ordinary resolution dated 23 March 2009, the authorised share capital of the Company was increased from HK$500,000,000 divided into 10,000,000,000 ordinary shares of HK$0.05 each to HK$1,000,000,000 by the creation of 1,431,818,182 convertible preference shares and 8,568,181,818 ordinary shares of HK$0.05 each.

The rights of the convertible preference shares are summarised below:

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

(iii) On 28 November 2007, the Company issued 699,109,792 ordinary shares to Mr. Yeung Chi Hang, credited as fully paid, as part of the consideration for the Group's acquisition of interests in Wellrich Investments Limited ("Wellrich") (see note 36 (c)).

(iv) On 8 June 2007, the Company issued (a) 22,000,000 ordinary shares to each of Ms. Ma Shuk Kam, Mr. Yeung Chi Hang and Ms. Yeung Kit Yu, Kitty, all directors of the Company; and (b) 1,000,000 ordinary shares to each of Mr. Liu Yu Mo and Mr. Chung Siu Wah, both directors of the Company, 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 35).

On 12 June 2007, the Company issued 1,000,000 ordinary shares to Mr. Chik To Pan, a director of the Company, 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 35).

33. 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 taking into account of 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.

34. Reserves

Company

	Share premium HK$	Contributed surplus HK$	Employee share-based compensation reserve HK$	Accumulated losses HK$	Total HK$
At 1 April 2007	540,172,078	28,784,000	3,934,394	(259,036,055)	313,854,417
Issue of shares	167,786,350	—	—	—	167,786,350
Exercise of share options	15,980,788	—	(3,878,188)	—	12,102,600
Loss for the year	—	—	—	(5,274,461)	(5,274,461)
At 31 March and 1 April 2008	723,939,216	28,784,000	56,206	(264,310,516)	488,468,906
Loss for the year	—	—	—	(9,026,621)	(9,026,621)
At 31 March 2009	723,939,216	28,784,000	56,206	(273,337,137)	479,442,285

34. Reserves *(Continued)*

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.
Other reserves	Amount represents the excess from consideration over the relevant share acquired of the carrying value of net assets of the subsidiaries.
Contributed surplus	The difference between the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders provided that the Company is able to meet its obligations after distribution and the net realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment property) (see note 17). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into Hong Kong dollars.
Accumulated losses	Cumulative net losses recognised in the consolidated income statement.

35. 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 and issued under the Scheme is 109,588,400 shares (being 10% of the issued share capital of the Company at 30 August 2002). The maximum number of shares in respect of which options may be granted to any one person in any 12-month period is 1% of the issued share capital of the Company on the last date of such 12-month period unless with shareholders' approval. The option period shall not be more than 10 years from the date of grant of an option, and may include a minimum period an option must be held before it can be exercised. The exercise price is the highest of (i) the nominal value of one share of the Company; (ii) the closing price per share as stated in the daily quotation sheets of the Stock Exchange on the date of the grant of the option; and (iii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of the grant of the option. The Scheme will remain in force until 29 August 2012.

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

No options were exercised during the year (2008: Options in respect of a total of 69,000,000 shares were exercised (see note 33 for details) and thus the total number of shares under outstanding options as at 31 March 2009 was 1,000,000 (2008: 1,000,000).

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

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

36. Acquisitions of Subsidiaries for the Year Ended 31 March 2008

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

	Chance Music Limited *(notes a and e)*	Baron Productions and Artiste Management Company Limited *(notes b and e)*	Wellrich 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 assets 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)
Amount due to a shareholder	—	—	(230,646,836)	—	(230,646,836)	(230,646,836)
Deferred tax liabilities	—	—	—	(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 20)*	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
Assignment of shareholder's loan to the Group	—	—			(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

36. Acquisitions of Subsidiaries for the Year Ended 31 March 2008

(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 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 31 March 2008.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year ended 31 March 2008 would have been increased by HK$2,634,734 and profit for that 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.

Pursuant to the agreement, the Group has committed to make further payments of HK$5,000,000 per year for the period from 1 November 2008 to 31 October 2013 to the vendor if the turnover of Chance Music Limited cannot reach the specified amounts as stated in the agreement.

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

(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 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 31 March 2008.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year ended 31 March 2008 would have been increased by HK$2,047,579 and profit for that 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 beneficially owned by Ms. Ma Shuk Kam, to purchase 100% of the issued share capital of Wellrich, and the benefits from assigning an interest-free unsecured shareholder's loan in the amount of HK$230,646,846 to the Group.

The consideration of the transactions include HK$120,000,000 settled in cash and the allotment of 699,109,792 Company's ordinary 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 issued upon completion were determined on the closing price of the Company's shares on 28 November 2007 and amounted to HK$202,741,840.

Wellrich and its subsidiary (collectively referred to as the "Wellrich Group") mainly own and operate 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 intended 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.

36. Acquisitions of Subsidiaries for the Year Ended 31 March 2008

(Continued)

Notes: (Continued)

(c) *(Continued)*

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 shareholder's 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 31 March 2008.

If the acquisition had been completed on 1 April 2007, the Group's turnover for the year ended 31 March 2008 would have been increased by HK$51,823,299 and profit for that 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.

(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, a wholly owned subsidiary of the Company; and (ii) Well Harvset 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 HKAS 40 "Investment Property".

(e) The goodwill arising from the acquisition of Chance Music Limited and Baron Productions and Artiste Management Company Limited represents the excess of 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.

37. Disposal of Subsidiaries

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

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

38. Related Party Transactions

Significant related party transactions during the year are:

		Group	
		2009	2008
	Notes	***HK$***	*HK$*
Rental expenses to related companies	*a*	**3,928,395**	3,842,496
Interest income from a related company	*26(a)*	**1,529,401**	535,233
Acquisition of subsidiaries from related parties			
— the Wellrich Group	*36(c)*	**—**	322,741,840
— Shenzhen Land	*36(d)*	**—**	48,000,000

Notes:

(a) 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, based on the tenancy agreements signed between the parties.

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

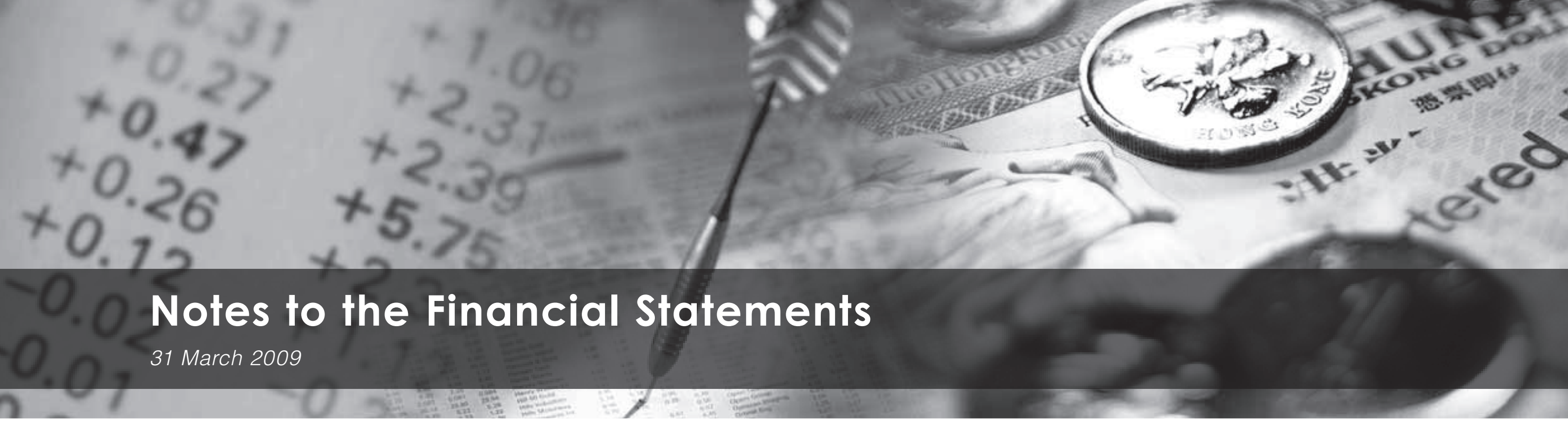
(ii) a copyright business operation co-operation agreement with the Association and 北京天語同聲信息技術有限公司 (Song Labs Limited) ("Song Labs") dated 8 May 2006; and

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

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

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

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.



38. Related Party Transactions *(Continued)*

(c) Compensation of key management personnel

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

	2009	2008
	HK$	*HK$*
Short-term benefits	**11,680,257**	8,960,297
Post-employment benefits	**71,452**	77,980
	11,751,709	9,038,277

(d) Loans to a related company are detailed in note 26(a).

39. Note to the Consolidated Cash Flow Statement

Reconciliation of (loss)/profit for the year to net cash used in operations is as follows:

	2009 HK$	2008 HK$
(Loss)/profit before income tax expense		
Continuing operations	**(222,334,464)**	37,103,739
Discontinued operations	**297,424**	1,887,515
	(222,037,040)	38,991,254
Interest income	**(3,309,480)**	(12,938,129)
Overprovision of social securities for staff in the PRC	**(1,372,440)**	—
Recovery of bad debt	**—**	(2,876,855)
Impairment loss on goodwill	**5,560,000**	4,277,660
Impairment loss on property, plant and equipment	**9,267,900**	—
Impairment loss on payments for leasehold land held for own use under operating leases	**109,614,786**	—
Impairment loss on an amount due from a related company	**21,200,000**	—
Loss on disposal of property, plant and equipment	**176,685**	462,407
Amortisation of deferred expenditure	**54,333,274**	45,267,624
Amortisation of films and movies costs	**3,500,000**	—
Fair value loss/(gain) on investment properties	**3,743,000**	(27,163,329)
Amortisation of payments for leasehold land held for own use under operating leases	**7,145,874**	1,850,245
Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost	**—**	(59,318,750)
Depreciation of property, plant and equipment	**27,281,219**	11,683,637
Interest expenses	**119,630**	517,129
Operating profit before working capital changes	**15,223,408**	752,893
Decrease/(increase) in inventories	**1,028,545**	(3,969,204)
(Increase)/decrease in trade and other receivables	**(20,925,991)**	22,068,181
Decrease/(increase) in film and movie rights	**1,744,811**	(42,058,227)
Decrease in trade and other payables	**(7,998,439)**	(20,286,226)
Decrease in provision for long service payments	**—**	(102,583)
Net cash used in operations	**(10,927,666)**	(43,595,166)

39. Note to the Consolidated Cash Flow Statement *(Continued)*

Significant non-cash transactions are as follows:

	2009	2008
	HK$	*HK$*
Financing activities		
Contribution of property, plant and equipment by a minority shareholder	**3,723,974**	—
Waiver of amount due to a minority shareholder upon cessation of business	**1,378,383**	—
	5,102,357	—

40. Leases

Operating leases — lessee

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

The lease payments recognised as an expense are as follows:

	Group	
	2009	2008
	HK$	*HK$*
Minimum lease payments	**15,952,345**	12,439,320

The total future minimum lease payments are due as follows:

	Group	
	2009	2008
	HK$	*HK$*
Not later than one year	**8,598,284**	13,043,938
Later than one year and not later than five years	**2,075,625**	2,635,604
	10,673,909	15,679,542

40. Leases *(Continued)*

Operating leases — lessor

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

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

	Group	
	2009	2008
	HK$	*HK$*
Not later than one year	**11,780,146**	13,281,429
Later than one year and not later than five years	**4,995,609**	12,854,411
	16,775,755	26,135,840

41. Capital commitments

	Group		Company	
	2009	2008	**2009**	2008
	HK$	*HK$*	***HK$***	*HK$*
Commitments for the acquisition of plant and equipment:				
Contracted for but not provided	**6,894,175**	1,340,760	**—**	—

Details of other commitments are set out in note 21(b) to the financial statements.

42. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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

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

(e) Impairment loss on loans and receivables

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

(f) Provision for long service payments

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

(g) Deferred expenditure

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

43. Events After Balance Sheet Date

(a) Acquisitions of subsidiaries

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

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

The fair value of the ordinary shares issued was determined by reference to their quoted market price of HK$0.20 at the date of completion of the transaction. The fair value of the convertible preference shares issued was also determined by reference to the quoted market price of the Company's ordinary share at the date of completion as the convertible preference shares can be converted into ordinary shares on 1 for 1 basis subject to certain conditions as stated in note 33(a)(ii).

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

The goodwill arising on the acquisition of HR Group is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the license fee collection business. The benefits from these factors are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

43. Events After Balance Sheet Date *(Continued)*

(a) Acquisition of subsidiaries *(Continued)*

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

	HR Group		
	Acquiree's carrying amount at acquisition *HK$*	**Fair value adjustment** *HK$*	**Fair value at acquisition** *HK$*
Fair value of net assets acquired			
Property, plant and equipment	3,703,423	—	3,703,423
Intangible assets	7,520,972	120,210,480	127,731,452
Deferred tax assets/(liabilities)	596,976	(30,052,620)	(29,455,644)
Cash and cash equivalents	57,404,044	—	57,404,044
Trade and other receivables	2,108,816	—	2,108,816
Amount due from the Group	22,793,323	—	22,793,323
Trade and other payables	(12,991,581)	—	(12,991,581)
Amounts due to former shareholders	(22,793,323)	—	(22,793,323)
Amount due to shareholders	(82,863,845)	—	(82,863,845)
Amounts due to related companies	(1,343,178)	—	(1,343,178)
Net (liabilities)/assets acquired	(25,864,373)	90,157,860	64,293,487
Goodwill			1,142,842,668
Total consideration			1,207,136,155
Satisfied by:			
Cash			90,000,000
Issue of 1,431,818,182 convertible preference shares			286,363,636
Issue of 4,568,181,818 ordinary shares			913,636,364
			1,290,000,000
Assignment of shareholders' loans to the Group			(82,863,845)
			1,207,136,155
Net cash outflow arising on acquisition			
Cash consideration paid			90,000,000
Cash and cash equivalents acquired			(57,404,044)
			32,595,956

43. Events After Balance Sheet Date *(Continued)*

(b) On 9 June 2009, Mr. Chu converted 431,818,182 convertible preference shares of the Company into 431,818,182 ordinary shares of the Company.

44. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 8 July 2009.

Schedule of Investment Properties

For the year ended 31 March 2009

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