



CULTURE LANDMARK INVESTMENT LIMITED

(Formerly known as United Power Investment Limited)

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)



**Interim Report
2010/11**

The directors of Culture Landmark Investment Limited (formerly known as United Power Investment Limited) (the “Company”) would like to present the Interim Report and unaudited condensed consolidated financial statements of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010. The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended 30 September 2010, and the consolidated statement of financial position as at 30 September 2010 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 7 to 32 of this report.

BUSINESS REVIEW AND PROSPECTS

Consolidated results

The turnover of the Group for the six months ended 30 September 2010 was about HK\$102 million. Loss of HK\$45.6 million for the period was recorded as compared to loss of HK\$585.7 million in the previous period. The loss was mainly due to an amortisation of deferred expenditures of about HK\$18.6 million, loss in hotel operations of about HK\$13.9 million and an amortisation of about HK\$7.9 million in respect of intangible assets arising from the acquisition of Hua Rong Sheng Shi Holding Limited (which holds a wholly owned subsidiary and jointly controlled entities, Tian He Culture Holding Co. Ltd and its subsidiaries) (together the “HR Group”). The Group also record loss in entertainment business and wedding services. Such loss was partially offset by income from investment properties and restaurant operations.

Hotel operations

The business of Dynasty Hotel in Zhaoqing, the People’s Republic of China (“PRC”) recorded a turnover of HK\$33.8 million and a loss of HK\$13.9 million. The loss was mainly due to depreciation of its assets of HK\$10 million and amortisation of payments for leasehold land held for own use under operating leases of about HK\$2.4 million. This business had been affected by the keen competition from other hotels during the period.

The business of Dynasty Hotel is not expected to improve in the remaining part of the financial year under the tough competitive environment.

Restaurant operations

The business of the Group’s Chiu Chau restaurant in Star House is stable and profitable. It contributed profit of about HK\$2.8 million to the Group.

The management believe the business of the Chiu Chau restaurant will show better results in the latter half of the financial year.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial district of Guangzhou, the PRC has been leased for ten years from 9 October 2008. The business contributed a profit of about HK\$4.9 million to the Group.

This business will continue to contribute stable income to the Group in the latter half of the financial year.

Wedding services operations

The Group's wedding services business was operated under the trade names of "Cite Du Louvre 羅浮宮婚紗影城" in Hong Kong. The business incurred a loss of about HK\$6.4 million due to keen competition from local and Taiwan wedding services companies. Subsequent to the reporting period, the Group decided to close down the operation of wedding service.

Entertainment operations

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK\$0.16 million.

Chance Music Limited ("CML"), a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, recorded a loss of about HK\$0.22 million. The Group has terminated its obligations to make further payment to the minority shareholder of CML under an agreement dated 24 October 2007 and has exercised its right to require such minority shareholder to buy back its 60% interest in CML at HK\$15,000,000 pursuant to such agreement.

Collection of fees for licensing of karaoke music products

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

The 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. The Group is expanding its activities through the HR Group to 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.

For the period, the business recorded a turnover of HK\$25.1 million and a loss of HK\$16.3 million. The loss was mainly due to an amortisation of about HK\$7.9 million in respect of intangible assets arising from the acquisition of the HR Group. The loss was further increased by an amortisation of deferred expenditure of about HK\$18.6 million.

Although there are delays in rollout of service in various provinces 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 is gradually yielding income to the Group.

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 30 September 2010, the Group had no bank borrowings. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 0% (2009: 0%) as at 30 September 2010.

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

Charges

At 30 September 2010, the carrying value of investment properties, leasehold land and buildings, interests in leasehold land for own use under operating leases and land premium charged as security for the Group's bank facilities of HK\$53 million (2009: HK\$53 million) amounted to HK\$225 million (2009: HK\$171 million).

EMOLUMENT POLICY

As at 30 September 2010, the Group had a total of 1,010 employees. The Group remunerates its employees based on their performance, experience and prevailing industry practices.

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

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

DISCLOSURE OF INTERESTS

As at 30 September 2010, the interests of the directors and chief executive of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the “SFO”) or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) were as follows:

Name	Number of shares	Nature of interest	Percentage of shareholding
Cheng Yang	1,786,980,000	<i>(Note 1)</i>	18.01
Zheng Yuchun	35,000,000	Personal <i>(Note 2)</i>	0.35
Liu Yu Mo	1,048,000	Personal	0.01

Notes:

- 1,786,000,000 shares are owned by Mr. Cheng Yang personally and 980,000 shares are owned by his wife.
- This relates to the options granted under the share option scheme of the Company to Mr. Zheng Yuchun to subscribe for (i) 12,000,000 shares from 1 October 2010 to 28 July 2020; (ii) 12,000,000 shares from 1 July 2011 to 28 July 2020; and (iii) 11,000,000 shares from 1 July 2012 to 28 July 2020, all at the exercise price of HK\$0.262 per share.

Save as disclosed herein, as at 30 September 2010, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the section headed “Disclosure of interests” above, as at 30 September 2010, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company.

SHARE OPTION SCHEME

Under the share option scheme of the Company (the “Scheme”), the directors may grant options to eligible persons, including employees and directors of the Group, to subscribe for shares of the Company.

As at 30 September 2010, the Company had outstanding options granted under the Scheme to subscribe for 35,000,000 shares. During the six months ended 30 September 2009:

1. options to subscribe for a total of 35,000,000 shares at the exercise price of HK\$0.262 per share had been granted;
2. options to subscribe for a total of 1,000,000 shares at the exercise price of HK\$0.2254 per share had lapsed; and
3. no option had been cancelled.

MODEL CODE

In respect of the Model Code, the Company states that during the six months ended 30 September 2010:

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company’s securities by the Company or any of its subsidiaries during the six months ended 30 September 2010.

CODE OF CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Corporate Governance Practices, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 September 2010, save that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 September 2010.

By order of the Board

Cheng Yang

Chairman

Hong Kong, 15 November 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Turnover	2	102,007,281	96,455,686
Other income and gains		746,131	5,959,043
Amortisation		(28,977,577)	(25,273,392)
Costs of inventories		(21,350,752)	(23,436,769)
Depreciation of property, plant and equipment		(14,543,832)	(14,759,991)
Other operating expenses		(38,112,308)	(43,003,979)
Impairment loss		(2,162,893)	(543,875,276)
Operating lease payments		(5,034,481)	(5,679,762)
Staff costs		(38,383,015)	(31,607,150)
		(45,811,446)	(585,221,590)
Loss before income tax expense	3		
Income tax credit/(expense)	4	206,262	(499,049)
		(45,605,184)	(585,720,639)
Loss for the period		(45,605,184)	(585,720,639)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		5,590,768	(2,672,087)
Total comprehensive income for the period		(40,014,416)	(588,392,726)
Loss for the period attributable to:			
Owners of the Company		(41,819,774)	(585,229,598)
Non-controlling interests		(3,785,410)	(491,041)
		(45,605,184)	(585,720,639)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$	HK\$
Total comprehensive income for the period attributable to:		
Owners of the Company	(36,229,006)	(587,901,685)
Non-controlling interests	(3,785,410)	(491,041)
	<u>(40,014,416)</u>	<u>(588,392,726)</u>
Loss per share		
	5	
Basic (HK cents)	<u>(0.42)</u>	<u>(6.89)</u>
Diluted (HK cents)	<u>(0.42)</u>	<u>(6.89)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2010

		30 September 2010 (Unaudited) <i>HK\$</i>	31 March 2010 (Audited) <i>HK\$</i>
	<i>Notes</i>		
Assets			
Non-current assets			
Property, plant and equipment	7	207,934,935	219,237,766
Intangible assets	8	103,837,166	111,667,878
Investment properties		203,418,000	203,418,000
Payments for leasehold land held for own use under operating leases		204,949,553	207,312,219
Deferred expenditure		2,620,963	2,789,383
Goodwill	9	121,815,830	121,815,830
Deferred tax assets		3,464,310	3,409,658
Total non-current assets		848,040,757	869,650,734
Current assets			
Inventories		7,668,701	7,184,224
Trade and other receivables	11	52,118,013	53,643,350
Deferred expenditure		17,190,402	26,370,596
Tax prepayment		—	48,386
Cash and cash equivalents		308,335,491	325,733,132
		385,312,607	412,979,688
Assets classified as held for sale	12	5,475,270	3,745,500
Total current assets		390,787,877	416,725,188
Total assets		1,238,828,634	1,286,375,922

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 30 September 2010

		30 September	31 March
		2010	2010
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$	HK\$
Liabilities			
Current liabilities			
Trade and other payables	13	55,725,521	64,435,994
Amounts due to minority shareholders		99,953,984	99,901,150
Current tax liabilities		<u>2,365,462</u>	<u>2,860,325</u>
		158,044,967	167,197,469
Liabilities classified as held for sale	12	<u>1,214,437</u>	—
Total current liabilities		<u>159,259,404</u>	<u>167,197,469</u>
Net current assets		<u>231,528,473</u>	<u>249,527,719</u>
Total assets less current liabilities		<u>1,079,569,230</u>	<u>1,119,178,453</u>
Non-current liabilities			
Provision for long service payments		1,774,191	1,856,254
Deferred tax liabilities		<u>77,818,688</u>	<u>79,726,564</u>
Total non-current liabilities		<u>79,592,879</u>	<u>81,582,818</u>
Total liabilities		<u>238,852,283</u>	<u>248,780,287</u>
NET ASSETS		<u>999,976,351</u>	<u>1,037,595,635</u>
Capital and reserves attributable to owners of the Company			
Share capital	14	496,091,570	496,091,570
Reserves		<u>500,499,090</u>	<u>534,332,964</u>
		996,590,660	1,030,424,534
Non-controlling interests		<u>3,385,691</u>	<u>7,171,101</u>
TOTAL EQUITY		<u>999,976,351</u>	<u>1,037,595,635</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Share capital HK\$	Share premium HK\$	Other reserves HK\$	Contributed surplus HK\$	Employee share-based compensation reserve HK\$	Other properties revaluation reserve HK\$	Foreign exchange reserve HK\$	Accumulated losses HK\$	Equity attributable to owners of the Company HK\$	Non-controlling interests HK\$	Total equity HK\$
At 1 April 2010 (Audited)	496,091,570	1,780,805,591	(2,370,305)	28,784,000	56,206	119,309,676	37,870,318	(1,430,122,522)	1,030,424,534	7,171,101	1,037,595,635
Loss for the period	—	—	—	—	—	—	—	(41,819,774)	(41,819,774)	(3,785,410)	(45,605,184)
Other comprehensive income	—	—	—	—	—	—	5,590,768	—	5,590,768	—	5,590,768
Total comprehensive income	—	—	—	—	—	—	5,590,768	(41,819,774)	(36,229,006)	(3,785,410)	(40,014,416)
Equity-settled share-based transactions (note 15)	—	—	—	—	2,395,132	—	—	—	2,395,132	—	2,395,132
Release upon lapse of share options (note 15)	—	—	—	—	(56,206)	—	—	56,206	—	—	—
At 30 September 2010 (Unaudited)	496,091,570	1,780,805,591	(2,370,305)	28,784,000	2,395,132	119,309,676	43,461,086	(1,471,886,090)	996,590,660	3,385,691	999,976,351
At 1 April 2009 (Audited)	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
Loss for the period	—	—	—	—	—	—	—	(585,229,598)	(585,229,598)	(491,041)	(585,720,639)
Other comprehensive income	—	—	—	—	—	—	(2,672,087)	—	(2,672,087)	—	(2,672,087)
Total comprehensive income	—	—	—	—	—	—	(2,672,087)	(585,229,598)	(587,901,685)	(491,041)	(588,392,726)
Issuance of ordinary shares (note 14(b))	228,409,091	685,227,273	—	—	—	—	—	—	913,636,364	—	913,636,364
Placement of ordinary shares (note 14(c))	26,180,000	162,316,000	—	—	—	—	—	—	188,496,000	—	188,496,000
Share issue expenses	—	(5,449,625)	—	—	—	—	—	—	(5,449,625)	—	(5,449,625)
Issue of convertible preference shares and conversion into ordinary shares notes 14(b) and (d))	71,590,909	214,772,727	—	—	—	—	—	—	286,363,636	—	286,363,636
Waiver of amounts due to minority shareholders upon cessation of business	—	—	—	—	—	—	—	4,163,744	4,163,744	2,165,836	6,329,580
Deregistration of subsidiaries	—	—	—	—	—	—	—	—	—	(420)	(420)
At 30 September 2009 (Unaudited)	496,091,570	1,780,805,591	(2,370,305)	28,784,000	56,206	83,722,118	41,145,425	(861,651,373)	1,566,583,232	28,489,901	1,595,073,133

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(6,199,467)	(5,755,694)
Net cash used in investing activities	(11,444,442)	(43,977,212)
Net cash generated from financing activities	—	183,046,375
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(17,643,909)	133,313,469
Effect of foreign exchange rate changes	1,168,625	(64,377)
Cash and cash equivalents at beginning of period	<u>325,733,132</u>	<u>218,370,788</u>
Cash and cash equivalents at end of period	<u>309,257,848</u>	<u>351,619,880</u>
Cash and cash equivalents presented under:		
Cash and cash equivalents	308,335,491	351,542,695
Assets classified as held for sale	<u>922,357</u>	<u>77,185</u>
	<u>309,257,848</u>	<u>351,619,880</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. **Basis of preparation**

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

The unaudited condensed consolidated financial statements have been prepared under the historical cost basis except for investment properties and leasehold land and buildings other than hotel properties, which are measured at fair value, and revalued amount respectively.

Except as described below, the accounting policies and method of computation used in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2010.

The following revised standards and amendments to standards are mandatory for the financial year beginning on 1 April 2010 which are relevant to the Group:

HKAS 27 (revised), “Consolidated and Separate Financial Statements”

The revised standard applies prospectively for annual periods beginning on or after 1 July 2009, requires the effects of all transactions with non-controlling interest (previously minority interest) to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Furthermore, losses of non-wholly owned subsidiary are attributed to the owners of the Company and non-controlling interest even if that results in a deficit balances. Losses prior to 1 April 2010 were not re-allocated between owners of the Company and non-controlling interests. The revised standard has had no impact on the current period as there has been no transaction with non-controlling interest or transaction whereby an interest in an entity is retained after loss of control of that entity.

HKFRS 3 (revised), “Business Combinations”

The revised standard introduces significant changes in the accounting for business combinations occurring after 1 July 2009. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that at an acquisition occurs and future reported results. The Group applied HKFRS 3 (revised) prospectively to the business combinations from 1 April 2010 and the adoption of the revised standard has had no impact on the Group’s financial position and performance as there has been no business combination transaction for the current period.

1. Basis of preparation (Continued)

HKAS 17 (Amendment), “Leases”

The amendment to HKAS 17 made under “Improvements to HKFRSs 2009”, mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and concluded that the classification of such land leases as operating leases continues to be appropriate.

The following new standards, amendments to standards and interpretations to existing standards are mandatory for the financial year beginning on 1 April 2010, but are not currently relevant to the Group.

HKFRS (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs
HKFRSs (Amendments)	Improvements to HKFRSs 2009
Amendments to HKAS 32	Classification of Rights Issues
Amendment to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners

The following new standards, amendments to standards and interpretations to existing standards which are relevant to the Group have been issued, but are not effective for the financial year beginning on 1 April 2010 and have not been early adopted:

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
Amendment to HK(IFRIC) — Interpretation 14	Prepayments of a Minimum Funding Requirement ³
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments ²
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets ⁴
HKFRS 9	Financial Instruments ⁵

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 July 2010

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 July 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

1. Basis of preparation *(Continued)*

The Group has already commenced an assessment of the impact of the new standards, amendments to the standards or interpretations to existing standards but is not yet in a position to state whether these new standards, amendments to standards or interpretations to existing standards would have a significant impact on the Group's results of operations and financial position.

2. Segment information

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

Principal activities are as follows:

Restaurant operations	—	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 People's Republic of China ("PRC")
Hotel operations	—	ownership, operation and management of hotel

Segment information is presented below:

2. Segment information (Continued)

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

	Six months ended 30 September 2010 (Unaudited)							Total HK\$
	Restaurant operations HK\$	Property investment HK\$	Wedding services HK\$	Entertainment business HK\$	Licence fee collection business HK\$	Hotel operations HK\$	Inter- segment elimination HK\$	
Reportable segment revenue								
External sales	20,217,584	5,157,952	16,195,739	1,463,664	25,140,149	33,832,193	—	102,007,281
Inter-segment sales	—	3,054,005	—	—	—	—	(3,054,005)	—
	<u>20,217,584</u>	<u>8,211,957</u>	<u>16,195,739</u>	<u>1,463,664</u>	<u>25,140,149</u>	<u>33,832,193</u>	<u>(3,054,005)</u>	<u>102,007,281</u>
Reportable segment profit/ (loss) before income tax expense	<u>2,817,446</u>	<u>4,927,063</u>	<u>(6,429,967)</u>	<u>(380,114)</u>	<u>(16,261,395)</u>	<u>(13,931,013)</u>	<u>—</u>	<u>(29,257,980)</u>
Other segment information								
Interest income	120	34,349	432	47	95,310	—	—	130,258
Depreciation of property, plant and equipment	(112,210)	(1,296,738)	(1,994,033)	(255,981)	(877,256)	(10,002,664)	—	(14,538,882)
Amortisation of deferred expenditure	—	—	—	—	(18,626,183)	—	—	(18,626,183)
Amortisation of intangible assets	—	—	—	—	(7,926,965)	—	—	(7,926,965)
Amortisation of payments for leasehold land held for own use under operating leases	—	—	—	—	—	(2,424,429)	—	(2,424,429)
Impairment loss on property, plant and equipment	—	—	(2,162,893)	—	—	—	—	(2,162,893)

The inter-segment sales were charged at prevailing market rates.

2. Segment information (Continued)

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

	Six months ended 30 September 2009 (Unaudited)							Total HK\$
	Restaurant operations HK\$	Property investment HK\$	Wedding services HK\$	Entertainment business HK\$	Licence fee collection business HK\$	Hotel operations HK\$	Inter- segment elimination HK\$	
Reportable segment revenue								
External sales	16,381,526	4,961,971	26,541,327	2,951,272	9,898,413	35,721,177	—	96,455,686
Inter-segment sales	—	2,788,314	—	—	—	—	(2,788,314)	—
	<u>16,381,526</u>	<u>7,750,285</u>	<u>26,541,327</u>	<u>2,951,272</u>	<u>9,898,413</u>	<u>35,721,177</u>	<u>(2,788,314)</u>	<u>96,455,686</u>
Reportable segment profit/(loss) before income tax expense	<u>103,236</u>	<u>5,222,765</u>	<u>(2,362,379)</u>	<u>1,947,421</u>	<u>(573,077,739)</u>	<u>(11,155,949)</u>	<u>—</u>	<u>(579,322,645)</u>
Other segment information								
Interest income	112	11,571	470	21,594	1,182	—	—	34,929
Gain on disposal of film and movie rights	—	—	—	4,241,200	—	—	—	4,241,200
Depreciation of property, plant and equipment	(112,324)	(1,223,512)	(1,360,735)	(822,217)	(720,670)	(10,520,533)	—	(14,759,991)
Amortisation of deferred expenditure	—	—	—	—	(15,132,254)	—	—	(15,132,254)
Amortisation of intangible assets	—	—	—	—	(7,513,155)	—	—	(7,513,155)
Amortisation of payments for leasehold land held for own use under operating leases	—	—	—	—	—	(2,627,983)	—	(2,627,983)
Impairment loss on goodwill	—	—	—	—	(543,875,276)	—	—	(543,875,276)

The inter-segment sales were charged at prevailing market rates.

2. **Segment information** *(Continued)*

(b) **Reconciliation of reportable segment profit or loss**

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reportable segment loss before income tax expense	(29,257,980)	(579,322,645)
Unallocated interest income	160,358	66,115
Unallocated head office and corporate expenses	(16,713,824)	(5,965,060)
	<u>(45,811,446)</u>	<u>(585,221,590)</u>

(c) **Total segment assets**

	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$	HK\$
Restaurant operations	139,014,258	141,078,231
Property investment	209,564,876	210,350,863
Wedding services	42,618,184	45,847,626
Entertainment business	3,447,630	3,831,219
Licence fee collection business	345,334,276	365,404,764
Hotel operations	266,277,138	273,116,376
Unallocated	232,572,272	246,746,843
	<u>1,238,828,634</u>	<u>1,286,375,922</u>

3. Loss before income tax expense

Loss before income tax expense has been arrived at after crediting and charging:

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Crediting		
Bank interest income	290,616	101,044
Loan interest income	—	811,500
Gain on disposal of film and movie rights	—	4,241,200
	<u>290,616</u>	<u>4,241,200</u>
Charging		
Amortisation on		
— payments for leasehold land held for own use under operating leases	2,424,429	2,627,983
— intangible assets	7,926,965	7,513,155
— deferred expenditure	18,626,183	15,132,254
	<u>28,977,577</u>	<u>25,273,392</u>
Impairment loss on		
— property, plant and equipment	2,162,893	—
— goodwill	—	543,875,276
	<u>2,162,893</u>	<u>543,875,276</u>
Equity-settled share-based compensation	2,395,132	—
	<u>2,395,132</u>	<u>—</u>

4. Income tax credit/(expense)

Income tax credit/(expense) in the condensed consolidated statement of comprehensive income represents:

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	<i>HK\$</i>	<i>HK\$</i>
Current tax — Income tax in the PRC	(1,672,027)	(2,269,570)
Deferred tax	1,878,289	1,770,521
	<u>206,262</u>	<u>(499,049)</u>

4. Income tax credit/(expense) (Continued)

No provision for Hong Kong profits tax has been made for subsidiaries within the Group as these subsidiaries have either sufficient tax losses brought forward to offset against the estimated assessable profits or no material estimated assessable profits for the period on an individual basis. PRC subsidiaries and jointly controlled entities are subject to PRC Enterprise Income Tax at rates ranging from 20% to 25%.

5. Loss per share

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30 September	
	2010	2009
	(Unaudited)	(Unaudited)
	HK\$	HK\$
<i>Loss for the purpose of basic and diluted loss per share</i>		
Loss for the period attributable to owners of the Company	<u>(41,819,774)</u>	<u>(585,229,598)</u>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share <i>(note)</i>	<u>9,921,831,392</u>	<u>8,493,808,640</u>

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

6. Dividends

No dividend was paid or proposed during the period, nor has any dividend been proposed since the end of the reporting period (2009: Nil).

7. Property, plant and equipment

During the six months ended 30 September 2010, the Group acquired property, plant and equipment at cost of HK\$2,166,873 (30 September 2009: HK\$11,265,483).

8. Intangible assets

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

	Karaoke CMS <i>(note (a))</i> <i>HK\$</i>	Licence fee collection right <i>(note (b))</i> <i>HK\$</i>	Golf club membership <i>HK\$</i>	Website <i>HK\$</i>	Total <i>HK\$</i>
Cost					
At 1 April 2009 (Audited)	—	—	—	—	—
Acquired through business combination	6,859,042	120,210,480	515,700	146,230	127,731,452
Exchange differences	(65,837)	—	(4,950)	(1,404)	(72,191)
At 31 March 2010 and 1 April 2010 (Audited)	6,793,205	120,210,480	510,750	144,826	127,659,261
Exchange differences	109,981	—	9,900	2,807	122,688
At 30 September 2010 (Unaudited)	6,903,186	120,210,480	520,650	147,633	127,781,949
Accumulated amortisation and impairment					
At 1 April 2009 (Audited)	—	—	—	—	—
Amortisation for the year	819,676	15,026,310	—	12,485	15,858,471
Impairment loss	—	—	—	132,341	132,341
Exchange differences	571	—	—	—	571
At 31 March 2010 and 1 April 2010 (Audited)	820,247	15,026,310	—	144,826	15,991,383
Amortisation for the period	413,810	7,513,155	—	—	7,926,965
Exchange differences	23,628	—	—	2,807	26,435
At 30 September 2010 (Unaudited)	1,257,685	22,539,465	—	147,633	23,944,783
Net book value					
At 30 September 2010 (Unaudited)	5,645,501	97,671,015	520,650	—	103,837,166
At 31 March 2010 (Audited)	5,972,958	105,184,170	510,750	—	111,667,878

8. Intangible assets (Continued)

Notes:

- (a) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management services system in the PRC for a term of 10 years from 15 July 2007.
- (b) Licence fee collection right represents the exclusive right to provide copyright licence fees settlement and collection in respect of the karaoke music products and videos managed and administered by the China Audio-Video Association, China Audio-Video Copyright Association and Karaoke Copyright Operation Centre of China Audio-Video Association for a period of 10 years from 27 December 2007.

9. Goodwill and impairment

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

In accordance with HKAS 36 “Impairment of assets”, management of the Group performed impairment test for goodwill allocated to the Group’s various cash generating units (“CGUs”) by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

9. Goodwill and impairment (Continued)

The recoverable amounts of goodwill in connection with the entertainment business and licence fee collection business have been determined from value-in-use calculation based on cash flow projections covering a five-year period (31 March 2010: five-year period) and seven-year period (31 March 2010: eight-year period) respectively.

The cash flow projections for the entertainment business are based on a discount rate of 8.5% (31 March 2010: 8.5%) and at zero growth rate.

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

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

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

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

10. Interest in an associate

The Group's associate is dormant and the financial result of the associate is immaterial to the Group. Accordingly, no disclosure was made.

11. Trade and other receivables

	30 September 2010 (Unaudited) HK\$	31 March 2010 (Audited) HK\$
Amount due from a related company (note (a) and note 17(b))	26,200,000	26,200,000
Impairment loss	<u>(26,200,000)</u>	<u>(26,200,000)</u>
	—	—
Trade debtors (note (b))	19,779,451	21,512,073
Deposits, prepayments and other receivables	32,338,562	31,961,027
Other loan	—	170,250
	<u>52,118,013</u>	<u>53,643,350</u>

11. Trade and other receivables (Continued)

Notes:

- (a) The amounts due from a related company is unsecured, interest-bearing at 8% per annum and repayable within one year. Two directors of Well Allied Investments Limited (“Well Allied”), a subsidiary of the Company, Mr. Lee Tien-Yung and Mr. Lu Yueh-Wei, Philip, have beneficial interests in the related company, PLD International Company Limited (“PLD”).
- (b) Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of each reporting period:

	30 September 2010 (Unaudited) HK\$	31 March 2010 (Audited) HK\$
Current	<u>11,539,310</u>	<u>9,537,592</u>
Less than 1 month past due	3,916,183	5,963,935
1 to 3 months past due	4,323,958	5,932,046
More than 12 months past due	<u>—</u>	<u>78,500</u>
Amount past due at the end of reporting period but not impaired (<i>note</i>)	<u>8,240,141</u>	<u>11,974,481</u>
	<u>19,779,451</u>	<u>21,512,073</u>

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

12. **Assets and liabilities classified as held for sale**

- (a) The Group exercised its right to require a non-controlling shareholder to buy back its 60% equity interest of a subsidiary, Chance Music Limited. The board anticipates that the disposal will be completed within twelve months from the end of the reporting period. The following major classes of assets and liabilities relating to this operation have been classified as held for sale in the condensed consolidated statement of financial position.

	30 September 2010 (Unaudited) HK\$
Property, plant and equipment	86,748
Trade and other receivables	720,665
Cash and cash equivalents	<u>922,357</u>
Assets classified as held for sale	<u><u>1,729,770</u></u>
Trade and other payables	(1,190,460)
Current tax liabilities	<u>(23,977)</u>
Liabilities classified as held for sale	<u><u>(1,214,437)</u></u>

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

The proceeds from the disposal were less than the net carrying amount of the leasehold land and accordingly, an impairment loss of HK\$242,354 was recognised during the year ended 31 March 2010.

13. Trade and other payables

Included in trade and other payables are trade payables of HK\$19,295,473 (31 March 2010: HK\$30,207,177). The ageing analysis of trade payables at the end of each reporting period is as follows:

	30 September 2010 (Unaudited) HK\$	31 March 2010 (Audited) HK\$
Current or within 30 days	8,055,357	10,546,361
31 to 60 days	4,723,902	6,594,101
61 to 90 days	3,083,135	8,009,899
Over 90 days	3,433,079	5,056,816
	<u>19,295,473</u>	<u>30,207,177</u>

14. Share capital

	As at 30 September 2010 (Unaudited)		As at 31 March 2010 (Audited)	
	<i>Number of shares</i>	<i>HK\$</i>	<i>Number of shares</i>	<i>HK\$</i>
Authorised:				
Ordinary shares of HK\$0.05 each				
At the beginning of the period/year	18,568,181,818	928,409,091	18,568,181,818	928,409,091
Reclassification (<i>note (a)</i>)	<u>1,431,818,182</u>	<u>71,590,909</u>	—	—
At the end of the period/year	<u>20,000,000,000</u>	<u>1,000,000,000</u>	<u>18,568,181,818</u>	<u>928,409,091</u>
Convertible preference shares of HK\$0.05 each				
At the beginning of the period/year	1,431,818,182	71,590,909	1,431,818,182	71,590,909
Reclassification (<i>note (a)</i>)	<u>(1,431,818,182)</u>	<u>(71,590,909)</u>	—	—
At the end of the period/year	<u>—</u>	<u>—</u>	<u>1,431,818,182</u>	<u>71,590,909</u>
Total	<u>20,000,000,000</u>	<u>1,000,000,000</u>	<u>20,000,000,000</u>	<u>1,000,000,000</u>

14. Share capital (Continued)

	As at 30 September 2010 (Unaudited)		As at 31 March 2010 (Audited)	
	Number of shares	HK\$	Number of shares	HK\$
Issued and fully paid:				
Ordinary shares of HK\$0.05 each				
At the beginning of the period/year	9,921,831,392	496,091,570	3,398,231,392	169,911,570
New shares issued for acquisition of subsidiaries (note (b))	—	—	4,568,181,818	228,409,091
Placement of shares (note (c))	—	—	523,600,000	26,180,000
Conversion of convertible preference shares (note (d))	—	—	1,431,818,182	71,590,909
At the end of the period/year	<u>9,921,831,392</u>	<u>496,091,570</u>	<u>9,921,831,392</u>	<u>496,091,570</u>
Convertible preference shares of HK\$0.05 each				
At the beginning of the period/year	—	—	—	—
New shares issued for acquisition of subsidiaries (note (b))	—	—	1,431,818,182	71,590,909
Conversion during the period/year (note (d))	—	—	(1,431,818,182)	(71,590,909)
At the end of the period/year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u><u>9,921,831,392</u></u>	<u><u>496,091,570</u></u>	<u><u>9,921,831,392</u></u>	<u><u>496,091,570</u></u>

Notes:

- (a) On 30 August 2010, 1,431,818,182 convertible preference shares in the authorised share capital of the Company were reclassified as 1,431,818,182 ordinary shares.
- (b) On 6 April 2009, 4,568,181,818 ordinary shares and 1,431,818,182 convertible preference shares were issued as part of the consideration for the Group's acquisition of the entire equity interests in Hua Rong Sheng Shi Holding Limited.
- (c) On 13 August 2009, 523,600,000 ordinary shares of HK\$0.05 each were issued at an issue price of HK\$0.36 each, raising net proceeds of approximately HK\$183 million for additional working capital for the operation of the Group.
- (d) On 9 June 2009, 431,818,182 ordinary shares of HK\$0.05 each were issued as a result of the conversion of 431,818,182 convertible preference shares.

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

15. Share option scheme

During the period ended 30 September 2010, options were granted to Mr. Zheng Yuchun, a director of the Company, on 29 July 2010 under the Company's share option scheme to subscribe for up to 35,000,000 ordinary shares of the Company. The estimated fair value of the options granted on that date is approximately HK\$5,698,000.

The fair value was calculated using Binominal Option Pricing Model. The inputs into the model were as follows:

Grant date	29 July 2010
Grant date share price	HK\$0.249
Exercise price	HK\$0.262
Expected life	10 years
Expected volatility	83%
Expected dividend yield	Nil
Risk-free interest rate	2.32%

Expected volatility is determined by using the historical volatility of the Company's share price over the previous one year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The Group recognised an expense of HK\$2,395,132 (2009: Nil) in respect of the options granted which was included in staff costs for the period.

No option (2009: Nil) was exercised, but options for 1,000,000 ordinary shares (2009: Nil) have lapsed during the period ended 30 September 2010.

15. **Share option scheme** (Continued)

The following table discloses the movements of options during the period:

Date of grant	Exercisable period	Vesting period	Exercise price HK\$	Number of shares in respect of the options granted			
				Outstanding at 1 April 2010 (Audited)	Granted during the period (Unaudited)	Lapsed during the period (Unaudited)	Outstanding at 30 September 2010 (Unaudited)
13 December 2005	13 December 2005 — 30 August 2012	Fully vested on date of grant	0.2254	1,000,000	—	(1,000,000)	—
29 July 2010	1 October 2010 — 28 July 2020	Vesting from 29 July 2010 to 1 October 2010	0.2620	—	12,000,000	—	12,000,000
29 July 2010	1 July 2011 — 28 July 2020	Vesting from 29 July 2010 to 1 July 2011	0.2620	—	12,000,000	—	12,000,000
29 July 2010	1 July 2012 — 28 July 2020	Vesting from 29 July 2010 to 1 July 2012	0.2620	—	11,000,000	—	11,000,000
				1,000,000	35,000,000	(1,000,000)	35,000,000
				1,000,000	35,000,000	(1,000,000)	35,000,000

16. **Commitments**

(a) **Operating lease commitments**

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

	30 September 2010 (Unaudited) HK\$	31 March 2010 (Audited) HK\$
Not later than one year	8,796,541	3,843,958
Later than one year and not later than five years	10,368,206	980,885
More than five years	74,791	77,991
	19,239,538	4,902,834

16. **Commitments** (Continued)

(b) **Operating lease rental receivables**

At the end of each reporting period, the Group's future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	30 September 2010 (Unaudited) HK\$	31 March 2010 (Audited) HK\$
Not later than one year	13,231,275	15,057,034
Later than one year and not later than five years	24,465,591	24,300,385
More than five years	25,768,692	28,310,643
	<u>63,465,558</u>	<u>67,668,062</u>

(c) **Capital commitments**

At 30 September 2010, the Group had no significant capital commitments (31 March 2010: Nil).

(d) **Other commitments**

The Group entered into cooperation agreements with various copyright holders for the business of collecting licence fees from karaoke operators in the PRC for their use of licenced audio-visual works on behalf of the copyright holders.

As a condition of the agreements, the Group pre-paid certain amounts to the copyright holders as their guaranteed share of the expected profit on licence fees that will be earned.

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

	30 September 2010 (Unaudited) HK\$
Twelve months ending 30 September 2011	23,448,000
Twelve months ending 30 September 2012	2,474,000
	<u>25,922,000</u>

16. Commitments (Continued)

(d) Other commitments (Continued)

	31 March 2010 (Audited) HK\$
Year ending 31 March 2011	30,076,000
Year ending 31 March 2012	<u>4,576,000</u>
	<u><u>34,652,000</u></u>

17. Related party transactions

Significant related party transactions during the period were as follows:

		Six months ended 30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	Notes	HK\$	HK\$
Rental expenses to related companies	(a)	1,804,725	1,883,850
Interest income receivable from a related party	(b)	—	811,500
Rental expenses to related company	(c)	12,000	—
Composer fee to a director of a subsidiary	(d)	<u>33,600</u>	<u>128,880</u>

Notes:

- (a) Rental expenses were charged by related companies which are associates of the then directors of the Company, Ms. Ma Shuk Kam and Mr. Yeung Chi Hang, and a former director of certain former subsidiaries, Mr. Cheng Kwee, based on the tenancy agreements signed between the parties.
- (b) Pursuant to a loan agreement dated 4 July 2007 between Well Allied and PLD, Well Allied advanced a loan of HK\$9 million to PLD at the interest rate of 8% per annum and repayable within 1 year from the date of the loan agreement, and the loan was subsequently extended for another year as agreed by both parties. Besides, pursuant to a loan agreement dated 9 May 2008, Well Allied advanced 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.

17. Related party transactions (Continued)

- (c) Rental expenses were charged by a related company which is beneficially owned by a director of a subsidiary, Mr. Ng Lok Shing, Ronald, based on tenancy agreements signed between the parties. During the six months ended 30 September 2009, the related company granted a rent-free period to the Group.
- (d) This represents the fee charged by a director of a subsidiary, Mr. Ng Lok Shing, Ronald, for music composition.

18. Event after the reporting period

Subsequent to the reporting period, the Group decided to close down the operation of wedding services.

19. Comparative figures

Following the most recent annual financial statements, the Company presents the analysis of expenses in the condensed consolidated statement of comprehensive income using a classification based on their nature, and comparative figures have been reclassified for consistent presentation. The directors consider that the revised presentation provides more relevant information to the users of the financial statements and has no effect on the financial position and performance of the Group.