



# **CULTURE LANDMARK INVESTMENT LIMITED**

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



Interim Report 2011/12

The directors of Culture Landmark 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 2011. 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 2011, and the consolidated statement of financial position as at 30 September 2011 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out on pages 9 to 44 of this report.

## **BUSINESS REVIEW AND PROSPECTS**

### **Consolidated results**

The turnover of the Group for the six months ended 30 September 2011 was about HK\$125 million. Profit of HK\$44.7 million for the period was recorded as compared to loss of HK\$45.6 million in the previous period. The profit was mainly due to the gain on disposal of an investment property of about HK\$96.6 million. During the period, the Group acquired exhibition-related business and property sub-leasing business which contributed net income of HK\$0.1 million and HK\$5.3 million respectively. However, the Group’s hotel operation recorded a loss of HK\$13.9 million. The profit was further reduced by a loss of about HK\$12.8 million from licence fee collection business. Additionally, the Group recognised a change in fair value of available-for-sale investments amounted to HK\$98 million as other comprehensive income.

### **Property investment**

The investment properties of the Group in Hong Kong and the PRC contribute 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.

During the period ended 30 September 2011, the Group disposed of its property at Star House, Tsimshatsui, Kowloon with a gain of about HK\$96.6 million.

### **Property sub-leasing business**

In July 2011, the Group acquired BoRen Culture Development Limited (博仁文化發展有限公司), which holds 60% interest in three companies in the PRC principally engaged in sub-leasing of properties and facilities in Nanjing, the PRC. This business contributed income to the Group during the period.

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

### **Licence fee collection business**

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

The Group is also engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC.

Song Labs Co., Limited, a 60.8% owned subsidiary engaged in the provision of intellectual property enforcement services in return of certain percentage of the licence fee collected from karaoke venues in the PRC, incurred a loss of about HK\$3.2 million.

For the period, the business recorded a turnover of HK\$38.8 million and a loss of HK\$12.8 million. The loss was mainly due to an amortisation of deferred expenditure of about HK\$28.8 million.

天合文化集團有限公司 (“Tian He”) is owned equally by 深圳市華融盛世投資管理有限公司 (Shenzhen Hua Rong Sheng Shi Investment Management Company Limited) (“Shenzhen Hua Rong”), a wholly owned subsidiary of the Company, and 北京中文發數字科技有限公司 (China Culture Development Digital Technology Co., Ltd.) (“CCDDT”). It has entered into a licensing agreement with CCDDT pursuant to which Tian He was granted an exclusive right to use CCDDT’s karaoke content management service system (the “Karaoke CMS”) to provide copyright transaction settlement services and the right to develop related value-added services in the PRC for a term of 10 years from 15 July 2007. The system connects its data centre to karaoke venues to supervise and keep track of karaoke music videos played in these venues.

As mentioned in the annual report for the year ended 31 March 2011, the Group had experienced delays in rollout of copyright licence fees settlement and collection services in respect of karaoke music products and videos in various provinces in the PRC as a result of disagreement with CCDDT in respect of the operation and future development of the business. On 22 June 2011, Shenzhen Hua Rong started arbitration proceedings in Beijing, the PRC against CCDDT for its breach of the terms of a shareholders’ agreement dated 15 July 2007 and an agreement signed in 2007 for the transfer of 20% of the registered capital of Tian He by Shenzhen Hua Rong to CCDDT to claim for termination of the shareholders’ agreement, return of the 20% interest in Tian He and damages of RMB10 million. The arbitration proceedings are still in progress.

## **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\$0.2 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 profit of about HK\$0.3 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.

In February 2011, the Group acquired about 18.79% of the outstanding voting securities of Xinya Media Private Limited (“Xinya”), a company incorporated in Singapore with limited liability, for a total consideration of US\$3,000,000. In April 2011, the Group increased its interest in the outstanding voting securities of Xinya to 22.27% for a total consideration of US\$1,000,000. It is principally engaged in programming, broadcasting and operating a satellite entertainment television channel “Xinya Azio” in Singapore which covers audience in countries in North America, Europe and Asia, including China. It has a business plan to expand its penetration in the PRC.

## **Exhibition-related business**

In May 2011, the Group completed the acquisition of China Resources Advertising & Exhibition Company Limited. It and its subsidiaries (the “CRA Group”) are principally engaged in exhibition-related business and act as an organizer and contractor for all kinds of exhibition events and meeting events mainly in Hong Kong. The CRA Group has developed over 20 years of relationship with the Hong Kong Trade Development Council and has become one of the major agents of Mainland groups for their trade fairs, which are mostly organised by the Hong Kong Trade Development Council. Its other principal customers included various sub-councils of the China Council for the Promotion of International Trade in the PRC. This business contributed operating profit of about HK\$1.4 million to the Group and after amortization of intangible assets of HK\$1.3 million, this business recorded net profit of about HK\$0.1 million. The business is expected to continue to contribute stable income to the Group in the latter half of the financial year.

## **Hotel operations**

The business of Dynasty Hotel in Zhaoqing, the PRC recorded a turnover of HK\$38.5 million and a loss of HK\$13.9 million. The loss was mainly due to depreciation of its assets of HK\$10.4 million and amortisation of payments for leasehold land held for own use under operating leases of about HK\$2 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 operation**

In May 2011, the Group acquired the business of a hot pot restaurant under the name of “Number One Hot Pot (第一火鍋)” at Jaffe Road, Hong Kong. The restaurant was renovated and commenced business under the Group on 18 October 2011.

## **PROSPECTS**

The Group has increased its property leasing activities in the PRC by the acquisition of BoRen Culture Development Limited, which engages in sub-leasing of properties and facilities in Nanjing, the PRC. It has also invested in exhibition-related business by the acquisition of the CRA Group which engages in all kinds of exhibitions and meeting events mainly in Hong Kong. These acquisitions will broaden the income base of the Group.

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group’s licence fee collection business in respect of karaoke copyright in the PRC and provision of intellectual property enforcement services in respect of karaoke music products to karaoke operators in the PRC are gradually yielding income to the Group.

The Group will continue its current activities of property investment, property sub-leasing, licence fee collection business in the PRC, entertainment business, exhibition-related business, hotel operations and restaurant operations.

The Group’s financial position is strong with a net asset value of HK\$1,084 million. The management will look for suitable investment opportunities to expand the business of 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 2011, the Group had bank borrowings amounted to HK\$46 million. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 4.2% (2010: 0%) as at 30 September 2011.

The Group was able to generate sufficient cash flow from its operations to fulfill 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 2011, 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\$40 million (2010: HK\$53 million) amounted to HK\$90 million (2010: HK\$225 million).

## **EMOLUMENT POLICY**

As at 30 September 2011, the Group had a total of 848 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 results and their performance.

The Company has 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 2011, 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:

<b>Name</b>	<b>Number of shares</b>	<b>Nature of interest</b>	<b>Percentage of shareholding</b>
Cheng Yang	1,786,980,000	<i>(Note 1)</i>	14.92
Zheng Yuchun	35,000,000	Personal <i>(Note 2)</i>	0.29
Liu Yu Mo	1,048,000	Personal	0.01

*Notes:*

1. 1,786,000,000 shares are owned by Mr. Cheng Yang personally and 980,000 shares are owned by his wife.
2. 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 2011, 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

At 30 September 2011, other than the interests of a director and chief executive of the Company disclosed in the paragraph headed “Disclosure of interests” above, according to the register of interests required to be kept by the Company under section 336 of the SFO, the following persons had interests in the shares or underlying shares of the Company:

<b>Name</b>	<b>Number of shares</b>	<b>Nature of interest</b>	<b>Percentage of shareholding</b>
China Resources (Holdings) Company Limited	1,333,333,333	Interest of controlled corporation	11.13
China Resources Co., Limited	1,333,333,333	Interest of controlled corporation	11.13
China Resources National Corporation	1,333,333,333	Interest of controlled corporation	11.13
Commotra Company Limited	1,333,333,333	Beneficial interest	11.13
CRC Bluesky Limited	1,333,333,333	Interest of controlled corporation	11.13

Save as disclosed above, as at 30 September 2011, 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 which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## 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 2011, the Company had outstanding options granted under the Scheme to subscribe for 35,000,000 shares. During the six months ended 30 September 2011, no share option had been granted/lapsed or cancelled (2010: 35,000,000 shares).



## **MODEL CODE**

In respect of the Model Code, the Company states that during the six months ended 30 September 2011:

- (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 2011.

## **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 provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2011 except the following:

- (a) 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 at least once every three years in accordance with the Bye-laws of the Company; and
- (b) the roles of the chairman and chief executive officer of the Company are taken up by Mr. Cheng Yang ("Mr. Cheng") and not segregated. On 1 July 2010, the Company appointed Mr. Zheng Yuchun as its Deputy Chief Executive Officer to share the responsibility of Mr. Cheng.

## **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 2011.

By order of the Board  
**Cheng Yang**  
*Chairman*

Hong Kong, 25 November 2011

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 September 2011*

		Six months ended 30 September	
	<i>Notes</i>	2011 (Unaudited) <i>HK\$</i>	2010 (Unaudited) <i>HK\$</i>
<b>Continuing operations</b>			
Turnover	2	125,053,119	85,811,542
Other income and gains		99,141,282	746,131
Amortisation		(32,117,947)	(28,977,577)
Costs of inventories		(40,286,388)	(18,218,890)
Depreciation of property, plant and equipment		(15,139,249)	(12,549,799)
Other operating expenses		(42,014,264)	(28,183,485)
Impairment losses		(3,774,255)	(2,162,893)
Operating lease payments		(13,537,697)	(5,034,481)
Staff costs		(33,941,533)	(30,812,027)
Finance costs		(2,464,682)	—
Gain on deemed disposal of available-for-sale investments	10	6,979,802	—
Share of losses of associates	11	(2,154,865)	—
		Profit/(loss) before income tax (expense)/credit	(39,381,479)
	3	45,743,323	206,262
Income tax (expense)/credit	4	(1,040,021)	—
		<b>Profit/(loss) for the period from continuing operations</b>	<b>(39,175,217)</b>
		44,703,302	(39,175,217)
<b>Discontinued operation</b>			
Loss for the period from discontinued operation		—	(6,429,967)
Profit/(loss) for the period		44,703,302	(45,605,184)
<b>Other comprehensive income</b>			
Change in fair value of available-for-sale investments	10	(98,129,052)	—
Exchange differences arising on translation of foreign operations		6,536,663	5,590,768
		<b>Other comprehensive income for the period, net of tax</b>	<b>5,590,768</b>
		(91,592,389)	5,590,768
<b>Total comprehensive income for the period</b>		<b>(46,889,087)</b>	<b>(40,014,416)</b>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** (Continued)

For the six months ended 30 September 2011

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
<i>Notes</i>	<b>HK\$</b>	<b>HK\$</b>
<b>Profit/(loss) for the period attributable to:</b>		
Owners of the Company	47,834,015	(41,819,774)
Non-controlling interests	<u>(3,130,713)</u>	<u>(3,785,410)</u>
	<b><u>44,703,302</u></b>	<b><u>(45,605,184)</u></b>
<b>Total comprehensive income for the period attributable to:</b>		
Owners of the Company	(43,758,374)	(36,229,006)
Non-controlling interests	<u>(3,130,713)</u>	<u>(3,785,410)</u>
	<b><u>(46,889,087)</u></b>	<b><u>(40,014,416)</u></b>
<b>Earnings/(loss) per share</b>	5	
From continuing operations		
Basic (HK cents)	<u>0.42</u>	<u>(0.36)</u>
Diluted (HK cents)	<u>0.42</u>	<u>(0.36)</u>
From discontinued operation		
Basic (HK cents)	<u>—</u>	<u>(0.06)</u>
Diluted (HK cents)	<u>—</u>	<u>(0.06)</u>
From continuing and discontinued operations		
Basic (HK cents)	<u>0.42</u>	<u>(0.42)</u>
Diluted (HK cents)	<u>0.42</u>	<u>(0.42)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2011*

		30 September 2011 (Unaudited) HK\$	31 March 2011 (Audited) HK\$
	<i>Notes</i>		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	147,897,592	45,861,259
Prepaid operating lease		10,759,612	—
Investments properties		80,647,829	80,655,000
Payments for leasehold land held for own use under operating leases		211,275,635	212,859,250
Goodwill	9	267,417,547	79,427,363
Intangible assets	8	147,002,838	109,931,613
Interests in associates	11	80,500,854	23,035,875
Available-for-sale investments	10	89,937,340	16,550,554
Deferred expenditure		1,562,262	2,629,300
Deferred tax assets		134,257	—
		1,037,135,766	570,950,214
<b>Current assets</b>			
Inventories		15,329,291	7,913,385
Trade and other receivables	12	174,369,878	57,306,832
Deferred expenditure		22,508,270	30,438,146
Amount due from non-controlling shareholders		3,947	—
Amounts due from related parties		6,099,304	—
Cash and cash equivalents		178,467,014	251,800,764
		396,777,704	347,459,127
Assets classified as held for sale	13	91,290,864	241,166,342
		488,068,568	588,625,469
<b>Total assets</b>		1,525,204,334	1,159,575,683

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (Continued)

As at 30 September 2011

		30 September 2011 (Unaudited) HK\$	31 March 2011 (Audited) HK\$
	<i>Notes</i>		
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	170,262,497	89,580,119
Amounts due to non-controlling shareholders		118,761,438	92,994,313
Amounts due to related parties		9,029,479	—
Bank loans	15	35,044,380	—
Current tax liabilities		7,600,218	3,390,458
		<u>340,698,012</u>	<u>185,964,890</u>
Liabilities associated with assets classified as held for sale	13	11,509,910	25,229,331
Total current liabilities		<u>352,207,922</u>	<u>211,194,221</u>
<b>Net current assets</b>		<u>135,860,646</u>	<u>377,431,248</u>
<b>Total assets less current liabilities</b>		<u>1,172,996,412</u>	<u>948,381,462</u>
<b>Non-current liabilities</b>			
Provision for long service payments		42,373	42,373
Deferred tax liabilities		78,489,079	59,197,705
Bank loan	15	10,792,320	—
Total non-current liabilities		<u>89,323,772</u>	<u>59,240,078</u>
<b>Total liabilities</b>		<u>441,531,694</u>	<u>270,434,299</u>
<b>NET ASSETS</b>		<u>1,083,672,640</u>	<u>889,141,384</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	16	598,767,047	511,091,570
Reserves		411,514,637	220,964,681
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets/disposal group classified as held for sale	13	65,000,000	145,715,936
		<u>1,075,281,684</u>	<u>877,772,187</u>
<b>Non-controlling interests</b>		<u>8,390,956</u>	<u>11,369,197</u>
<b>TOTAL EQUITY</b>		<u>1,083,672,640</u>	<u>889,141,384</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2011

	Share capital	Share premium	Other reserves	Contributed surplus	Employee share-based compensation reserve	Other properties revaluation reserve	Foreign exchange reserve	Investment revaluation reserve	Accumulated losses	Equity attributable to owners of the Company	Non- controlling interests	Total equity
	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS
At 1 April 2011 (Audited)	511,091,570	1,825,805,591	(2,370,305)	28,784,000	3,952,277	149,652,642	57,150,540	—	(1,696,294,128)	877,772,187	11,369,197	889,141,384
Profit for the period	—	—	—	—	—	—	—	—	47,834,015	47,834,015	(3,130,713)	44,703,302
Change in fair value of available-for-sale investments	—	—	—	—	—	—	—	(98,129,052)	—	(98,129,052)	—	(98,129,052)
Exchange differences on translating foreign operations	—	—	—	—	—	—	6,536,663	—	—	6,536,663	—	6,536,663
Total comprehensive income	—	—	—	—	—	—	6,536,663	(98,129,052)	47,834,015	(43,758,374)	(3,130,713)	(46,889,087)
Equity-settled share-based transaction (note 17)	—	—	—	—	1,014,215	—	—	—	—	1,014,215	—	1,014,215
Issuance of ordinary shares	87,675,477	152,578,179	—	—	—	—	—	—	—	240,253,656	—	240,253,656
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	152,472	152,472
Release of revaluation reserve upon disposed of property, net of tax	—	—	—	—	—	(80,715,936)	—	—	80,715,936	—	—	—
At 30 September 2011 (unaudited)	598,767,047	1,978,383,770	(2,370,305)	28,784,000	4,966,492	68,936,706	63,687,203	(98,129,052)	(1,567,744,177)	1,075,281,684	8,390,956	1,083,672,640
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 17)	—	—	—	—	2,395,132	—	—	—	—	2,395,132	—	2,395,132
Release upon lapse of share options	—	—	—	—	(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

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2011

	Six months ended 30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Net cash used in operating activities	(87,429,816)	(6,199,467)
Net cash used in investing activities	(14,284,703)	(11,444,442)
Net cash generated from financing activities	<u>30,436,151</u>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents	(71,278,368)	(17,643,909)
Effect of foreign exchange rate changes	(1,766,737)	1,168,625
Cash and cash equivalents at beginning of period	<u>252,689,628</u>	<u>325,733,132</u>
Cash and cash equivalents at end of period	<u><u>179,644,523</u></u>	<u><u>309,257,848</u></u>
Cash and cash equivalents presented under:		
Cash and cash equivalents	178,467,014	308,335,491
Assets classified as held for sale	<u>1,177,509</u>	<u>922,357</u>
	<u><u>179,644,523</u></u>	<u><u>309,257,848</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2011*

### 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 “Stock Exchange”).

The unaudited condensed consolidated financial statements have been prepared under historical cost basis except for certain properties and available-for-sale investments, which are measured at revalued amount or fair value.

Except as described below, the accounting policies and method of computation used in the 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 2011.

Since the acquisition of subsidiaries engaged in exhibition-related business (see note 18(a)) during the six months ended 30 September 2011, the following revenue recognition policy has been applied:

Exhibition income is recognised when the exhibition is completed.

The following amendment to standard is mandatory for the financial year beginning on 1 April 2011 which is relevant to the Group:

HKAS 34 (Amendment) “Interim Financial Reporting”

The amendment to HKAS 34 made under “Improvements to HKFRSs 2010”, effective for annual periods beginning on or after 1 January 2011, emphasises the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

The following new standards, amendments to standards and interpretations to existing standards are mandatory for the financial year beginning on 1 April 2011, but are not currently relevant to the Group.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 (except for amendment to HKAS34 “Interim Financial Reporting” as disclosed above)
HKAS 24 (Revised)	Related Party Disclosures
Amendments to HK (IFRIC) — Interpretation 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments



**1. Basis of Preparation (Continued)**

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 2011 and have not been early adopted:

HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets <sup>1</sup>
HKFRS 9	Financial Instruments <sup>4</sup>
HKFRS 10	Consolidated Financial Statements <sup>4</sup>
HKFRS 11	Joint Arrangements <sup>4</sup>
HKFRS 12	Disclosures of Interests in Other Entities <sup>4</sup>
HKFRS 13	Fair Value Measurement <sup>4</sup>
HKAS 1 (Amendment)	Presentation of Financial Statements <sup>3</sup>
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets <sup>2</sup>
HKAS 19 (Amendment)	Employee Benefits <sup>4</sup>
HKAS 27 (2011)	Separate Financial Statements <sup>4</sup>
HKAS 28 (2011)	Investment in Associates and Joint Ventures <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2011

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2012

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2013

The Group has already commenced an assessment of the impact of the new standards, amendments to standards and 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 result 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 seven operating divisions — licence fee collection business, hotel operations, exhibition-related business, property sub-leasing business, entertainment business, property investment and restaurant operations.

Principal activities are as follows:

Licence fee collection business	—	Provision of copyright licence fees settlement and collection services and intellectual property enforcement services in respect of karaoke copyright in the People's Republic of China ("PRC") as managed and administered by the China Audio-Video Copyright Association, the sole official recognised national audio-video organisation in the PRC
Hotel operations	—	ownership, operation and management of hotel
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing business	—	sub-leasing of properties in the PRC
Entertainment business	—	provision of talent management and entertainment business
Property investment	—	leasing of investment properties
Restaurant operations	—	sale of food and beverages

The Group ceased its wedding services business during the year ended 31 March 2011 and the related segment information was classified as discontinued operation for the six months ended 30 September 2010. Accordingly, the comparative condensed consolidated statement of comprehensive income and related notes have been re-presented for the purpose of presenting discontinued operation.

The Group acquired exhibition-related business and property sub-leasing business during the six months ended 30 September 2011. Detail descriptions of the businesses are mentioned in note 18(a) and (b).

Restaurant operation results for the six months ended 30 September 2011 represented the business of Chiu Chow restaurant which had then ceased operation due to the disposal of its property. Besides, the Group acquired a business of hot pot restaurant which was under renovation during the six months ended 30 September 2011. Detail descriptions of the business are mentioned in note 18(c).

## 2. Segment information (Continued)

Segment information is presented below:

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

	Six months ended 30 September 2011 (Unaudited)								
	Continuing operations								
	Licence fee collection business	Hotel operations	Exhibition-related business	Property sub-leasing business	Entertainment business	Property investment	Restaurant operations	Inter-segment elimination	Total
	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS	HKS
Reportable segment revenue									
External sales	38,877,871	38,586,314	25,035,895	18,389,789	2,289,308	1,845,695	28,247	—	125,053,119
Inter-segment sales	—	—	—	—	—	—	272,846	(272,846)	—
	<u>38,877,871</u>	<u>38,586,314</u>	<u>25,035,895</u>	<u>18,389,789</u>	<u>2,289,308</u>	<u>1,845,695</u>	<u>301,093</u>	<u>(272,846)</u>	<u>125,053,119</u>
Reportable segment profit/ (loss) before income tax (expense)/credit	(12,833,394)	(13,901,618)	93,881	5,336,199	4,843,295	97,272,568	(2,166,505)	—	78,644,426
Other segment information									
Interest income	293,998	—	—	—	77	172	26	—	294,273
Depreciation of property, plant and equipment	395,445	10,416,253	43,244	2,150,695	127,862	—	—	—	13,133,499
Amortisation of deferred expenditure	28,775,543	—	—	—	—	—	—	—	28,775,543
Amortisation of intangible assets	58,442	—	1,280,333	—	—	—	—	—	1,338,775
Amortisation of payments for leasehold land held for own use under operating leases	—	2,003,629	—	—	—	—	—	—	2,003,629
Impairment loss on goodwill	—	—	—	—	—	—	1,280,000	—	1,280,000
Impairment loss on other receivables	2,358,409	—	93,300	—	—	—	—	—	2,451,709
Impairment loss on property, plant and equipment	42,546	—	—	—	—	—	—	—	42,546

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 2010 (Unaudited)									
	Continuing operations									Dis-
	Licence fee collection business	Hotel operations	Exhibition-related business	Property sub-leasing business	Enter-tainment business	Property investment	Restaurant operations	Inter-segment elimination	Wedding services	Total
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Reportable segment revenue										
External sales	25,140,149	33,832,193	—	—	1,463,664	5,157,952	20,217,584	—	16,195,739	102,007,281
Inter-segment sales	—	—	—	—	—	3,054,005	—	(3,054,005)	—	—
	<u>25,140,149</u>	<u>33,832,193</u>	<u>—</u>	<u>—</u>	<u>1,463,664</u>	<u>8,211,957</u>	<u>20,217,584</u>	<u>(3,054,005)</u>	<u>16,195,739</u>	<u>102,007,281</u>
Reportable segment profit/ (loss) before income tax (expense)/credit	(16,261,395)	(13,931,013)	—	—	(380,114)	4,927,063	2,817,446	—	(6,429,967)	(29,257,980)
Other segment information										
Interest income	95,310	—	—	—	47	34,349	120	—	432	130,258
Depreciation of property, plant and equipment	877,256	10,002,664	—	—	255,981	1,296,738	112,210	—	1,994,033	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 goodwill	—	—	—	—	—	—	—	—	—	—
Impairment loss on other receivables	—	—	—	—	—	—	—	—	—	—
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)

(b) Reconciliation of reportable segment profit or loss

	Six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$	HK\$
Reportable segment profit/(loss) before income tax (expense)/credit	78,644,426	(29,257,980)
Unallocated interest income	1,461,890	160,358
Unallocated head office and corporate expenses	(34,362,993)	(16,713,824)
Segment loss from discontinued operation	—	6,429,967
	<u>45,743,323</u>	<u>(39,381,479)</u>

(c) Total segment assets

	30 September	31 March
	2011	2011
	(Unaudited)	(Audited)
	HK\$	HK\$
Licence fee collection business	405,488,917	330,156,927
Hotel operations	253,420,761	261,648,506
Exhibition-related business	145,230,310	—
Property sub-leasing business	265,084,606	—
Entertainment business	131,196,701	29,662,020
Property investment	176,198,748	328,322,191
Restaurant operations	2,402,045	4,443,810
Wedding services	—	993,968
Unallocated	150,371,823	204,348,261
	<u>1,529,393,911</u>	<u>1,159,575,683</u>

**3. Profit/(loss) before income tax (expense)/credit**

Profit/(loss) before income tax (expense)/credit has been arrived at after crediting and charging:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	<b>HK\$</b>
<b>Crediting</b>		
Bank interest income	729,029	290,616
Loan interest income	960,959	—
Gain on disposal of investment property (included in other income and gains)	96,570,743	—
	<u>96,570,743</u>	<u>—</u>
<b>Charging</b>		
Amortisation on		
— payments for leasehold land held for own use under operating leases	2,003,629	2,424,429
— intangible assets	1,338,775	7,926,965
— deferred expenditure	28,775,543	18,626,183
	<u>28,775,543</u>	<u>18,626,183</u>
Impairment loss on		
— property, plant and equipment	42,546	2,162,893
— other receivables	2,451,709	—
— goodwill	1,280,000	—
	<u>1,280,000</u>	<u>—</u>
Equity-settled share-based compensation	1,014,215	2,395,132
	<u>1,014,215</u>	<u>2,395,132</u>

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

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
Current tax — Hong Kong Profits Tax	<b>(208,601)</b>	—
Current tax — PRC Enterprise Income Tax	<b>(749,010)</b>	(1,672,027)
Deferred tax	<b>(82,410)</b>	1,878,289
	<b><u>(1,040,021)</u></b>	<b><u>206,262</u></b>

For the six months ended 30 September 2011, Hong Kong subsidiaries reported estimated assessable profit. Hong Kong profit tax is calculated at 16.5% on the estimated assessable profits for the period.

No provision for Hong Kong profits tax has been made for subsidiaries within the Group during the six months ended 30 September 2010 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.

For the six months ended 30 September 2011 and 2010, PRC subsidiaries and jointly controlled entities are subject to PRC Enterprise Income Tax at rates ranging from 20% to 25%.

5. **Earnings/(loss) per share**

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$</b>	<b>HK\$</b>
<b><i>Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share</i></b>		
Earnings/(loss) for the period attributable to owners of the Company		
— from continuing operations	<b>47,834,015</b>	(35,389,807)
— from discontinued operation	<u>—</u>	<u>(6,429,967)</u>
— from continuing and discontinued operations	<b><u>47,834,015</u></b>	<b><u>(41,819,774)</u></b>
<b><i>Number of shares</i></b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share <i>(Note)</i>	<b><u>11,342,313,969</u></b>	<b><u>9,921,831,392</u></b>

*Note:* There are no dilutive effects of the share options granted 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 (2010: Nil).

7. **Property, plant and equipment**

During the six months ended 30 September 2011, the Group acquired property, plant and equipment at cost of HK\$9,017,854 (30 September 2010: HK\$2,166,873).



## 8. Intangible assets

	Provision of copyright licence fees settlement and collection services HK\$	Provision of intellectual property enforcement services (Note (a)) HK\$	Karaoke CMS (Note (b)) HK\$	Golf club memberships HK\$	Website HK\$	Customer relationship and customer contracts (Note (c)) HK\$	Total HK\$
<b>Cost</b>							
At 1 April 2010	120,210,480	—	6,793,205	510,750	144,826	—	127,659,261
Acquired through business combination	—	111,221,900	—	—	—	—	111,221,900
Addition	—	—	—	1,500,000	—	—	1,500,000
Exchange differences	5,507,440	—	311,231	23,400	6,635	—	5,848,706
At 31 March 2011 and 1 April 2011	125,717,920	111,221,900	7,104,436	2,034,150	151,461	—	246,229,867
Acquired through business combination (note 18(a))	—	—	—	—	—	38,410,000	38,410,000
Exchange differences	4,172,945	—	235,817	—	5,028	—	4,413,790
At 30 September 2011	129,890,865	111,221,900	7,340,253	2,034,150	156,489	38,410,000	289,053,657
<b>Accumulated amortisation and impairment</b>							
At 1 April 2010	15,026,310	—	820,247	—	144,826	—	15,991,383
Amortisation for the year	15,077,423	2,780,547	846,397	9,740	—	—	18,714,107
Impairment loss	90,157,860	—	5,389,977	534,150	—	—	96,081,987
Exchange differences	5,456,327	—	47,815	—	6,635	—	5,510,777
At 31 March 2011 and 1 April 2011	125,717,920	2,780,547	7,104,436	543,890	151,461	—	136,298,254
Amortisation for the period	—	—	—	58,442	—	1,280,333	1,338,775
Exchange differences	4,172,945	—	235,817	—	5,028	—	4,413,790
At 30 September 2011	129,890,865	2,780,547	7,340,253	602,332	156,489	1,280,333	142,050,819
<b>Net book value</b>							
At 30 September 2011	—	108,441,353	—	1,431,818	—	37,129,667	147,002,838
At 31 March 2011	—	108,441,353	—	1,490,260	—	—	109,931,613

**8. Intangible assets (Continued)**

*Notes:*

- (a) The Group obtained an exclusive right to provide intellectual property enforcement services in respect of karaoke copyright in the PRC through the acquisition of subsidiaries, in return for certain percentage of the licence fee collected from karaoke venues.
- (b) 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.
- (c) Customer relationship and customer contracts represent the long established relationship of the China Resources Advertising and Exhibition Company Limited and its subsidiaries (the “CRA Group”) with the Hong Kong Trade Development Council (“HKTDC”) and various sub-councils of the China Council for the Promotion of International Trade in the PRC for some large-scale trade fairs, which are mostly organized by HKTDC. The CRA Group had been consistently appointed by HKTDC as the sole agent of China Pavilion for the Hong Kong Fashion Week for Fall/Winter. These customer relationship and customer contracts have estimated useful life of ten years.

## 9. Goodwill and impairment

	Provision of copyright licence fees settlement and collection services HK\$	Provision of intellectual property enforcement services (Note (a)) HK\$	Entertainment business HK\$	Restaurant operations (Note (b)) HK\$	Exhibition- related business (Note (c)) HK\$	Property sub-leasing business (Note (d)) HK\$	Wedding services HK\$	Others HK\$	Total HK\$
<b>Cost</b>									
At 1 April 2010	1,156,654,441	—	15,287,287	920,494	—	—	18,988,140	15,000	1,191,865,362
Arising from business combinations	—	79,427,363	—	—	—	—	—	—	79,427,363
At 31 March 2011 and 1 April 2011	1,156,654,441	79,427,363	15,287,287	920,494	—	—	18,988,140	15,000	1,271,292,725
Arising from business combinations (note 18)	—	—	—	1,280,000	67,512,024	120,478,160	—	—	189,270,184
At 30 September 2011	1,156,654,441	79,427,363	15,287,287	2,200,494	67,512,024	120,478,160	18,988,140	15,000	1,460,562,909
<b>Impairment</b>									
At 1 April 2010	1,034,838,611	—	15,287,287	920,494	—	—	18,988,140	15,000	1,070,049,532
Impairment loss	121,815,830	—	—	—	—	—	—	—	121,815,830
At 31 March 2011 and 1 April 2011	1,156,654,441	—	15,287,287	920,494	—	—	18,988,140	15,000	1,191,865,362
Impairment loss	—	—	—	1,280,000	—	—	—	—	1,280,000
At 30 September 2011	1,156,654,441	—	15,287,287	2,200,494	—	—	18,988,140	15,000	1,193,145,362
<b>Carrying value</b>									
At 30 September 2011	—	79,427,363	—	—	67,512,024	120,478,160	—	—	267,417,547
At 31 March 2011	—	79,427,363	—	—	—	—	—	—	79,427,363

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)

- (a) The recoverable amount of the CGU in relation to provision of intellectual property enforcement services has been determined from value-in-use calculation based on cash flow projections covering an eleven-year period, which is the period whereby an exclusive right has been granted to the Group by the China Audio-Video Copyright Association to provide intellectual property enforcement services. No impairment was provided on goodwill from the provision of intellectual property enforcement services as cashflow forecast indicates that there will be net cash inflows in this CGU.

Management of the Group has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill:

- The China Audio-Video Copyright Association will continuously arrange collection agent to carry out the copyright licence fees settlement and collection services.
- The growth rate and discount rate used for cash flow projections for the provision of intellectual property enforcement services are as follows:

	2012	2013	2014	2015	2016
Growth rate	75%	98%	114%	60%	54%
Discount rate	19%	19%	19%	19%	19%

- Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 5%.

The Group has also performed sensitivity analysis calculations on the future cash flows adopted in the cash flow projections. Sensitivity analysis is based on a 20% decline in future cash flows because changes up to this magnitude are reasonably possible. If the actual present value of future cash flows were 20% lower than the anticipated present value, it would still be sufficient to support the carrying amount of goodwill in connection with the CGU regarding provision of intellectual property enforcement services.

- (b) On 27 May 2011, the Group acquired the business of hot pot restaurant carried on under the name of Number One Hot Pot (“Number One”) at a consideration of HK\$1,280,000.

The recoverable amount of goodwill in connection with Number One’s business as at 30 September 2011 has been determined from value-in-use calculation based on cash flow projections covering a three-year period with discount rate of 8% and at 5% growth rate. Impairment was provided on goodwill from Number One’s business as cashflow forecast indicates that the recoverable amount of the CGU in relation to the restaurant operation was less than the carrying amount.

## 9. Goodwill and impairment (Continued)

- (c) On 20 May 2011, the Group completed the acquisition of the CRA Group which acts as an organiser and contractor for all kinds of exhibition events and meeting events mainly in Hong Kong. The recoverable amount of the CGU in relation to the exhibition-related business has been determined from value-in-use calculation based on cash flow projections covering a ten-year period with discount rate of 17% and growth rate of 15% for first five-year period and nil growth rate in subsequent years. No impairment was provided on goodwill from the exhibition-related business as cashflow forecasts indicate that there will be net cash inflow from the CGU.
- (d) On 8 July 2011, the Group acquired the entire issued share capital of BoRen Cultural Development Limited (“BoRen”) which is engaged in sub-leasing of properties and facilities in Nanjing, the PRC. The recoverable amount of the CGU in relation to the sub-leasing business has been determined from value-in-use calculation based on cash flow projections covering a five-year period with discount rate of 12% and growth rate at a range of 4% to 100%. No impairment was provided on goodwill from the sub-leasing business as cashflow forecasts indicate that there will be net cash inflow from the CGU.

## 10. Available-for-sale investments

	<b>30 September 2011 HK\$ (Unaudited)</b>	31 March 2011 HK\$ (Audited)
Listed securities in Hong Kong, at fair value (Note)	<b><u>89,937,340</u></b>	<b><u>16,550,554</u></b>

### Note:

Available-for-sale investments at 30 September 2011 represented 12.27% and 0.06% equity interests in Cosmopolitan International Holdings Limited (“Cosmopolitan”) and Wah Nam International Holdings Limited (“Wah Nam”) held by the Group respectively. Both companies are listed on the Main Board of the Stock Exchange. As at 30 September 2011, the carrying amounts of available-for-sale investments in Cosmopolitan and Wah Nam were HK\$179,787,712 and HK\$8,278,680 respectively.

Available-for-sale investments at 31 March 2011 represented 12.43% equity interests in KH Investment Holdings Limited (“KH Investment”) held by the Group.

On 29 March 2011, the Group acquired 12.43% equity interests in KH Investment, a company listed on the Growth Enterprise Market of the Stock Exchange, at a consideration of HK\$16,210,140, excluding transaction costs.

**10. Available-for-sale investments (Continued)**

*Note: (Continued)*

From 1 April 2011 to 7 April 2011, the Group further acquired a total of 16.65% equity interests in KH Investment at a total consideration of HK\$28,236,800, which increased the Group's equity interests in KH Investment from 12.43% to 29.08%. The total equity interests in KH Investment have been reclassified from available-for-sale investments to interests in associates starting from 6 April 2011 as the Group had 20% or more equity interests in KH Investment on that date.

During the six months ended 30 September 2011, the Group recognised a gain on deemed disposal of available-for-sale investments of HK\$6,979,802 in profit or loss due to the reclassification of equity interests in KH Investment from available-for-sale investments to interests in associates.

On 30 June 2011, the Group acquired 0.06% equity interests in Wah Nam at a consideration of HK\$8,278,681, excluding transaction costs. From 21 June 2011 to 17 August 2011, the Group acquired 12.27% equity interests in Cosmopolitan at a total consideration of HK\$179,787,712, excluding transaction costs.

During the six months ended 30 September 2011, a fair value loss on the available-for-sale investments of the Group was recognised directly in equity amounted to HK\$98,129,052 (2010: Nil).

The fair values of listed equity investments are based on quoted market prices.

**11. Interests in associates**

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Share of net assets of the associates	<b>35,970,415</b>	1,457,441
Goodwill	<b>44,530,439</b>	21,578,434
	<b><u>80,500,854</u></b>	<b><u>23,035,875</u></b>

On 11 April 2011, the Group entered into a subscription agreement to subscribe for 351,062 preference shares of Xinya Media Private Limited ("Xinya") at a consideration of about US\$1,000,000 (equivalent to approximately HK\$7,769,000). After the subscription, the Group's equity interests in Xinya increased from 18.79% to 22.27%.

For the purpose of impairment testing on the interests in associates, the recoverable amount has been determined by the value-in-use calculation based on cash flow projections.

**11. Interests in associates (Continued)**

For Xinya, the cash flow projections of TV programming and broadcasting operation covering a ten-year period and at a discount rate of 10%. At the end of the reporting period, management of the Group determines that there was no impairment of the interests in associates as the recoverable amount of the interests in associates exceeds their carrying amount.

For KH Investment, there was no indication of impairment loss in the interests in associates.

The summarised financial information in respect of the Group's associates, KH Investment and Xinya, is set out below:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Total assets	177,832,934	49,199,501
Total liabilities	<u>(51,226,282)</u>	<u>(39,735,055)</u>
Net assets	<u>126,606,652</u>	<u>9,464,446</u>
Group's share of net assets of associates	<u>35,970,415</u>	<u>1,778,369</u>
Market value of listed securities at the end of reporting period	<u>36,757,500</u>	<u>1,778,369</u>
	<b>Six months ended 30 September</b>	
	<b>2011 (Unaudited) HK\$</b>	2010 (Audited) HK\$
Total revenue	<u>23,257,206</u>	<u>—</u>
Total expenses	<u>(32,419,147)</u>	<u>—</u>
Net loss	<u>(9,161,941)</u>	<u>—</u>
Group's share of losses of associates	<u>(2,154,865)</u>	<u>—</u>

12. Trade and other receivables

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Trade debtors ( <i>Note (a)</i> )	132,176,676	42,720,088
Deposits, prepayments and other receivables ( <i>Note (b)</i> )	30,957,586	14,230,644
Deposits for exhibition events	6,583,725	—
Rental deposits of sub-leasing of properties	4,651,891	—
Other loan	—	356,100
	<u>174,369,878</u>	<u>57,306,832</u>

*Notes:*

- (a) Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of each reporting period:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Current	127,787,877	14,560,220
Less than 1 month past due	281,014	13,994,181
1 to 3 months past due	4,056,912	13,914,157
More than 3 months but less than 12 months past due	50,873	—
More than 12 months past due	—	251,530
Amount past due at the end of reporting period but not impaired ( <i>Note</i> )	<u>4,388,799</u>	<u>28,159,868</u>
	<u>132,176,676</u>	<u>42,720,088</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 estimates that the carrying amounts could be fully recovered.

- (b) The significant increase in the balance was mainly due to the increase of prepaid construction fees contributed by the newly acquired subsidiaries.



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

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Leasehold land and buildings <i>(Note (a))</i>	<b>34,600,000</b>	184,600,000
Investment property <i>(Note (a))</i>	<b>55,400,000</b>	55,400,000
Assets related to a subsidiary engaged in entertainment business <i>(Note (b))</i>	<b>1,290,864</b>	1,166,342
<b>Assets classified as held for sale</b>	<b>91,290,864</b>	241,166,342
Deferred tax liabilities <i>(Note (a))</i>	<b>11,024,900</b>	24,500,968
Liabilities related to a subsidiary engaged in entertainment business <i>(Note (b))</i>	<b>485,010</b>	728,363
<b>Liabilities associated with assets classified as held for sale</b>	<b>11,509,910</b>	25,229,331
Gain on revaluation of properties	<b>65,000,000</b>	145,715,936
Cumulative other comprehensive income relating to non-current assets/disposal group classified as held for sale	<b>65,000,000</b>	145,715,936

*Notes:*

- (a) On 10 June 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of a leasehold land and building, an investment property with total carrying amount of HK\$90,000,000 at an aggregate consideration of HK\$108,000,000. On 4 July 2011, the Group entered into an agreement for the cancellation of the provisional sale and purchase agreement dated 10 June 2011. On 24 November 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of the property at a consideration of HK\$101 million. The transaction will be completed on or before 30 April 2012. After completion, the Group will lease back the property for 16 months from 1 May 2012 at the monthly rent of HK\$324,042, exclusive of rates, management fees and all other outgoing expenses, subject to the purchaser's right of early termination of the lease by giving not less than 3 months' written notice.

On 2 March 2011, the Group entered into a sale and purchase agreement with an independent third party for the disposal of a leasehold land and building at a consideration of HK\$250,000,000. The transaction was completed on 1 April 2011.

13. **Assets and liabilities classified as held for sale** (Continued)

Notes: (Continued)

- (b) The Group has exercised its right to require a non-controlling shareholder to buy-back its 60% equity interests of a subsidiary, Chance Music Limited, at a consideration of HK\$15,000,000. The buy-back arrangement was still under negotiation up to the date of this report. The following major classes of assets and liabilities relating to this operation have been classified as held for sale in the consolidated statement of financial position:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Property, plant and equipment	12,405	24,532
Trade and other receivables	41,250	193,246
Tax recoverable	59,700	59,700
Cash and cash equivalents	<u>1,177,509</u>	<u>888,864</u>
Assets classified as held for sale	<u><b>1,290,864</b></u>	<u>1,166,342</u>
Trade and other payables	<u>485,010</u>	<u>728,363</u>
Liabilities associated with assets classified as held for sale	<u><b>485,010</b></u>	<u>728,363</u>

14. **Trade and other payables**

Included in trade and other payables are trade payables of HK\$30,722,287 (31 March 2011: HK\$21,603,133). The ageing analysis of trade payables at the end of each reporting period is as follows:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Current or within 30 days	27,419,313	9,369,099
31 to 60 days	1,514,272	4,492,284
61 to 90 days	942,986	175,688
Over 90 days	<u>845,716</u>	<u>7,566,062</u>
	<u><b>30,722,287</b></u>	<u>21,603,133</u>

15. **Bank Loans**

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Secured ( <i>Note</i> )	14,496,048	—
Unsecured	<u>31,340,652</u>	<u>—</u>
Total bank loans	<u><b>45,836,700</b></u>	<u><b>—</b></u>

The bank loans are subjected to an average interest rate of about 7.2% per annum. At the end of the reporting period, the bank loans were scheduled to repay as follows:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Bank loans repayable:		
Within one year	35,044,380	—
More than one year, but not exceeding two years	<u>10,792,320</u>	<u>—</u>
	<b>45,836,700</b>	<b>—</b>
<i>Less:</i> Amount due within one year included in current liabilities	<u>(35,044,380)</u>	<u>—</u>
Amount due after one year	<u><b>10,792,320</b></u>	<u><b>—</b></u>

*Note:* The bank loans are secured by the properties of a director of a subsidiary amounted to HK\$14,496,048.

**16. Share capital**

	As at 30 September 2011 (Unaudited)		As at 31 March 2011 (Audited)	
	<i>Number of shares</i>	<i>HK\$</i>	<i>Number of shares</i>	<i>HK\$</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.05 each				
At the beginning of the period/year	20,000,000,000	1,000,000,000	18,568,181,818	928,409,091
Reclassification ( <i>Note (a)</i> )	—	—	1,431,818,182	71,590,909
	<u>20,000,000,000</u>	<u>1,000,000,000</u>	<u>20,000,000,000</u>	<u>1,000,000,000</u>
At the end of the period/year	<u>20,000,000,000</u>	<u>1,000,000,000</u>	<u>20,000,000,000</u>	<u>1,000,000,000</u>
Convertible preference shares of HK\$0.05 each				
At the beginning of the period/year	—	—	1,431,818,182	71,590,909
Reclassification ( <i>Note (a)</i> )	—	—	(1,431,818,182)	(71,590,909)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
At the end of the period/year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</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>
<b>Issued and fully paid:</b>				
Ordinary shares of HK\$0.05 each				
At the beginning of the period/year	10,221,831,392	511,091,570	9,921,831,392	496,091,570
Issue of new shares ( <i>note 18(a)</i> )	1,333,333,333	66,666,667	—	—
New shares issued for acquisition of subsidiaries ( <i>Note (b)</i> )	420,176,215	21,008,810	300,000,000	15,000,000
	<u>11,975,340,940</u>	<u>598,767,047</u>	<u>10,221,831,392</u>	<u>511,091,570</u>
At the end of the period/year	<u>11,975,340,940</u>	<u>598,767,047</u>	<u>10,221,831,392</u>	<u>511,091,570</u>
Total	<u>11,975,340,940</u>	<u>598,767,047</u>	<u>10,221,831,392</u>	<u>511,091,570</u>

**16. Share capital (Continued)**

*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 8 July 2011, 420,176,215 ordinary shares of HK\$0.05 each were issued by the Company (the closing price per share of the Company quoted on the Stock Exchange on that date was HK\$0.191) as part of the consideration for the Group's acquisition of the entire equity interests in BoRen.

On 17 December 2010, 300,000,000 ordinary shares of HK\$0.05 each were issued at an issue price of HK\$0.2 each as part of the consideration for the Group's acquisition of the entire equity interests in Wide Stand Holdings Limited and Win Success Enterprises Limited.

**17. Share options**

On 29 July 2010, options were granted to Mr. Zheng Yuchun ("2010 Share Options"), a director of the Company, under the 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 are as follows:

	<b>2010</b>
	<b>Share Options</b>
Grant date	29 July 2010
Grant date share price	HK\$0.2490
Exercise price	HK\$0.2620
Expected life	10 years
Expected volatility	83%
Expected dividend yield	Nil
Risk-free interest rate	2.320%

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\$1,014,215 (2010: HK\$2,395,132) in respect of the options granted which was included in staff costs for the period.

No option (2010: Nil) was exercised during the period ended 30 September 2011.

**17. Share options (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 options granted			
				Outstanding at 1 April 2011 (Audited)	Granted during the period (Unaudited)	Lapsed during the period (Unaudited)	Outstanding at 30 September 2011 (Unaudited)
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
				35,000,000	—	—	35,000,000
				35,000,000	—	—	35,000,000

**18. Acquisition of subsidiaries/business**

- (a) On 20 May 2011, the Company completed a share subscription agreement with Commotra Company Limited (the “Subscriber”) in which the subscriber agreed to subscribe for 1,333,333,333 ordinary shares of the Company at a subscription price of HK\$0.12 per share, totaling HK\$160,000,000. At the same time, the Company acquired the entire equity interests in the CRA Group from the Subscriber’s parent at a consideration of HK\$110,000,000. The total share subscription price of HK\$160,000,000 was settled in cash of HK\$50,000,000, with the balance set off with the acquisition consideration.

The CRA Group is principally engaged in exhibition-related business and has been acting as an organiser and a contractor for all kinds of exhibitions and meeting events mainly in Hong Kong.

18. Acquisition of subsidiaries/business (Continued)

(a) (Continued)

The fair values of net assets acquired at the date of acquisition were as follows:

	<i>HK\$</i>
Property, plant and equipment	364,520
Intangible assets	38,410,000
Cash and cash equivalents	20,523,737
Trade and other receivables	14,458,678
Trade and other payables	(22,374,037)
Current tax liabilities	(2,694,647)
Deferred tax liabilities	(6,200,275)
	<hr/>
Net assets acquired	42,487,976
Goodwill	67,512,024
	<hr/>
Total consideration	110,000,000
	<hr/> <hr/>
Satisfied by:	
Set off with the balance of total share subscription price	110,000,000
	<hr/> <hr/>

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the exhibition-related business, which the Group intends to develop.

The CRA Group contributed HK\$25,035,895 to the Group's turnover and a profit of HK\$93,881 to the Group's profit for the period from the date of acquisition. If the acquisition had been completed on 1 April 2011, the CRA Group would have contributed HK\$28,067,925 to the Group's turnover and a profit of HK\$3,617,416 to the Group's profit for the period. 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 2011, nor is it intended to be a projection of future results.

The acquisition-related costs of HK\$2,064,645 have been expensed and are included in other operating expenses.

The fair value of trade and other receivables, equivalent to its gross contractual amount as shown above, is considered as fully recoverable.

**18. Acquisition of subsidiaries/business (Continued)**

- (b) On 8 July 2011, the Group completed an agreement dated 27 May 2011 with HaoRan Cultural Development Limited (“HaoRan”), an independent third party, to acquire the entire issued share capital of BoRen from HaoRan for a consideration of RMB90 million, RMB25 million (equivalent to HK\$29,897,153) of which was paid in cash and the balance of RMB65 million by the issue of 420,176,215 shares (the “BoRen Agreement”). The closing price per share of the Company quoted on the Stock Exchange on that date was HK\$0.191.

The BoRen Agreement contained a profit guarantee from HaoRan whereby HaoRan guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite-China Cultural Development Limited (a 60% owned subsidiary of BoRen) and its subsidiaries (the “Elite Group”) for the three financial years ending 31 December 2013 (the “Guaranteed Period”) shall be not less than RMB75 million (the “Guaranteed Profit”). Meanwhile, the Group is obligated to advance loans in the total principal amount in Hong Kong dollars of not less than a sum equivalent to RMB50 million each financial year during the Guaranteed Period to the Elite Group for the development of BoRen and its subsidiaries (the “BoRen Group”).

In case if the Elite Group failed to meet the Guaranteed Profit, the maximum amount to be received by the Group from HaoRan shall not exceed RMB90 million. The Guarantee Profit has not been accounted for in the determination of the cost of acquisition as it cannot be measured reliably up to the date of this report.

The BoRen Group is principally engaged in the sub-leasing of properties and facilities in Nanjing, the PRC.

The BoRen Group contributed HK\$18,389,789 to the Group’s turnover and a profit of HK\$5,336,199 to the Group’s profit for the period from the date of acquisition. If the acquisition had been completed on 1 April 2011, the BoRen Group would have contributed HK\$23,511,715 to the Group’s turnover and HK\$6,900,711 to the Group’s profit for the period. 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 2011, nor is it intended to be a projection of future results.

The acquisition-related costs of HK\$628,301 have been expensed and are included in other operating expenses. The attributable costs of the issuance of the equity instruments are insignificant.



18. Acquisition of subsidiaries/business (Continued)

(b) (Continued)

The book value of net liabilities assured, are as follows:

	<i>HK\$</i>
Property, plant and equipment	101,641,750
Cash and cash equivalents	7,829,713
Trade and other receivables	36,413,394
Inventories	1,780
Trade and other payables	(92,320,412)
Bank loans	(1,152,727)
Current tax liabilities	(62,740,848)
	<hr/>
Net liabilities assured	(10,327,350)
	<hr/>
Goodwill	120,478,160
	<hr/>
Total consideration	110,150,810
	<hr/> <hr/>
Satisfied by:	
Cash	29,897,153
Issue of 420,176,215 shares	80,253,657
	<hr/> <hr/>

The Group has engaged an independent valuer to assess the fair value of the assets and liabilities but the assessment was still in progress at the date of this report because extra time is required to ascertain the fair value of intangible assets.

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the property sub-leasing business, which the Group intends to develop. However, such benefits have not been recognised separately from goodwill as up to the date of this report the valuation of such benefits is still in progress. Therefore, the fair value of net liabilities assured is unavailable (hence the goodwill) up to the date of this report.

**18. Acquisition of subsidiaries/business (Continued)**

- (c) On 27 May 2011, the Group completed an agreement with an independent third party to acquire the business of Number One at a consideration of HK\$1,280,000.

Number One is principally engaged in operation of hot pot restaurant in Hong Kong.

The fair values of net assets acquired at the date of acquisition were as follows:

	<i>HK\$</i>
Property, plant and equipment	—
Net assets acquired	—
Goodwill	1,280,000
Total consideration	<u>1,280,000</u>
Satisfied by:	
Cash	<u>1,280,000</u>

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the reputation of the brand name, and future market development in the hot pot business.

As described in note 9(b) above, the goodwill associated with Number One's business was fully impaired since the recoverable amount of the CGU in relation to the restaurant operation was less than the carrying amount at the end of the reporting period.

Number One suspended its operation for renovation of restaurant premises during the six months ended 30 September 2011, and contributed a loss of HK\$799,025 to the Group's results.

**19. Lease commitments**

*Operating leases — lessee*

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

The lease payments recognised as an expense are as follows:

	<b>30 September</b>	31 March
	<b>2011</b>	2011
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$</b>	<b>HK\$</b>
Minimum lease payments	<u><b>15,576,529</b></u>	<u>12,122,907</u>

19. **Lease commitments** *(Continued)*

The total future minimum lease payments are due as follows:

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Not later than one year	<b>69,504,206</b>	19,331,381
Later than one year and not later than five years	<b>187,859,501</b>	61,886,303
More than five years	<b>43,638,157</b>	68,737
	<b><u>301,001,864</u></b>	<u>81,286,421</u>

**Operating leases — lessor**

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

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

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Not later than one year	<b>45,159,902</b>	14,760,423
Later than one year and not later than five years	<b>142,978,837</b>	42,456,067
More than five years	<b>201,598,928</b>	14,843,975
	<b><u>389,737,667</u></b>	<u>72,060,465</u>

20. **Capital commitments**

	<b>30 September 2011 (Unaudited) HK\$</b>	31 March 2011 (Audited) HK\$
Commitment for construction contracts and the acquisition of plant and equipment:		
Contracted for but not provided	<b><u>27,411,815</u></b>	<u>296,296</u>

The significant increase in balance was mainly due to the increase in construction contracts contributed by the newly acquired subsidiaries.

## 21. Related party transactions

Significant related party transactions during the period were as follows:

	<i>Notes</i>	<b>Six months ended</b>	
		<b>2011</b>	2010
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$</b>	<b>HK\$</b>
Loans to a related party	<i>(a)</i>	<b>8,500,000</b>	—
Interest income receivable from a related party	<i>(a)</i>	<b>77,397</b>	—
Rental expenses paid to a substantial shareholder	<i>(b)</i>	<b>3,347,335</b>	—
Rental expenses to related companies	<i>(c)</i>	<b>127,800</b>	115,800
Interest expense to a non-controlling shareholder	<i>(d)</i>	<b>33,250</b>	27,604
Compensation of key management personnel	<i>(e)</i>	<b>4,959,017</b>	4,179,394

- (a) On 8 July 2011 and 9 September 2011, the Group entered into loan agreements to lend HK\$6,000,000 and HK\$2,500,000 respectively to Long Sincere International Limited, a shareholder of one of the Group's subsidiary. The loans are secured, interest-bearing (5% per annum) and are repayable for a period of one year.
- (b) Rental expenses were charged by two subsidiaries of a substantial shareholder of the Company, China Resources (Holdings) Company Limited, based on the tenancy agreements signed between the parties.
- (c) Rental expenses were charged by related companies which were associates of two then directors of the Company, Madam Ma Shuk Kam and Mr. Yeung Chi Hang, based on the tenancy agreements signed between the parties.
- (d) Interest expenses of HK\$33,250 were charged by a non-controlling shareholder based on a loan to a subsidiary amounted to HK\$1,330,000 which borne interest at 5% per annum.

21. **Related party transactions** (Continued)

(e) Compensation of key management personnel

The remunerations of directors and other members of key management personnel during the period were as follows:

	<b>Six months ended 30 September</b>	
	<b>2011</b>	2010
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$</b>	HK\$
Short-term benefits	<b>4,941,017</b>	4,154,333
Post-employment benefits	<b>18,000</b>	25,061
	<b><u>4,959,017</u></b>	<u>4,179,394</u>

22. **Events after the reporting period**

- (a) On 17 October 2011, a subsidiary of the Group which holds a money lending licence granted a secured loan of HK\$30 million to a shareholder of Song Labs Co., Limited ("Song Labs"), a subsidiary of the Company, at an interest rate 5% per annum. The loan is secured by 19.2% equity interests in Song Labs that the borrower owns.
- (b) On 24 November 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of a property at a consideration of HK\$101 million. The transaction will be completed on or before 30 April 2012. After completion, the Group will lease back the property for 16 months at the monthly rent of HK\$324,042, exclusive of rates, management fees and all other outgoing expenses, subject to the purchaser's right of early termination of the lease by giving not less than 3 months' written notice.