CULTURE LANDMARK INVESTMENT LIMITED

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

Annual Report 2012

Contents

Corporate Information

DIRECTORS

Executive Directors
Cheng Yang *(Chairman and Chief Executive Officer)*
Zheng Yuchun
Liu Yu Mo
Li Weipeng

Independent Non-executive Directors
So Tat Keung
Tong Jingguo
Yang Rusheng

AUDITOR

BDO Limited
Certified Public Accountants

SOLICITORS

Jennifer Cheung & Co

COMPANY SECRETARY

Cheung Mei Ha, Jennifer

PRINCIPAL BANKERS

Hang Seng Bank Limited
Barclays Bank PLC
Chiyu Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

HEAD OFFICE

Rooms 2501-2505
25th Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong

PRINCIPAL REGISTRARS

Butterfield Corporate Services Limited
Rosebank Centre
14 Bermudiana Road
Pembroke
Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Five Year Financial Summary

	2012	2011	2010	2009	2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Year ended 31 March					
(Loss)/profit attributable to owners of the Company	**(293,521)**	(266,228)	(1,153,701)	(190,773)	31,902
Assets and liabilities					
At 31 March					
Total assets	**1,531,389**	1,159,575	1,286,376	1,014,551	1,229,867
Total liabilities	**(585,056)**	(270,434)	(248,780)	(220,461)	(263,861)
Total equity	**946,333**	889,141	1,037,596	794,090	966,006

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Financial Review

Consolidated results

The turnover of the Group for the year ended 31 March 2012 was about HK$299 million, representing an increase of about 72% as compared to that of last year. The increase was mainly due to the income from exhibition-related business and property sub-leasing business acquired during the year. The Group suffered loss of about HK$311 million mainly due to significant provisions and impairment loss of goodwill and other assets.

Review

Property investment

The investment properties of the Group in Hong Kong and the PRC contributed rental income to the Group during the year.

The investment property located at the commercial district of Guangzhou, the PRC has been leased for ten years from 9 October 2008.

During the year, the Group disposed of its property at Star House, Tsimshatsui, Kowloon with a gain of about HK$96.6 million.

On 24 November 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of an investment property in Tsimshatsui at a consideration of HK$101 million. On 30 April 2012, the disposal was completed and the Group leased back the property from 1 May 2012 to 31 August 2013. The Group is looking for suitable sub-tenant for the property.

On 7 February 2012, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of an investment property in Sheung Wan at a consideration of HK$6.8 million. The transaction was completed on 20 April 2012.

Property sub-leasing business

In July 2011, the Group acquired BoRen Culture Development Limited（博仁文化發展有限公司）("BoRen"), 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 of HK55 million and profit of HK$7 million to the Group during the year.

This business is expected to continue to contribute stable income to the Group in the future.

Management Discussion and Analysis

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, and the provision of intellectual property enforcement services in respect of karaoke music products in the PRC in return of certain percentage of the licence fee collected from karaoke venues.

天合文化集團有公司("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. On 23 February 2012, the arbitration hearing commenced and as at 31 March 2012, the arbitration proceedings were still continuing.

For the year, the business recorded a turnover of HK$74 million and a loss of HK$34 million. The loss was mainly due to an amortisation of deferred expenditure of about HK$44 million.

Entertainment business

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$0.4 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$0.2 million. The Group has terminated its obligations to make further payment to the non-controlling shareholder of CML under an agreement dated 24 October 2007 and has demanded this non-controlling shareholder to buy back its 60% interest in CML at HK$15,000,000 pursuant to such agreement. The Group received deposit of HK$1,000,000 from CML's non-controlling shareholder as part of the share buy back payment on 8 May 2012.

Management Discussion and Analysis

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 and another shareholder of Xinya each entered into subscription agreement to subscribe for 351,062 preference shares of Xinya at a consideration of about US$1,000,000. After the subscription, the Group's equity interests in Xinya increased from 18.79% to 22.27%. The Group's total investment in Xinya amounted to about HK$31,000,000. Xinya 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. The Group adopted time-block swap arrangement in entering the PRC market. In November 2011, Xinya entered into an agreement with a media group in the Anhui Province to swap programs and bring in advertising benefits and as a stepstone to develop internet protocol television in entering the PRC market. However, due to unsatisfactory income and the high costs for exploring the market and its operations, Xinya has experienced cash flow problem. The shareholders failed to agree on the development plan and the funding arrangement of Xinya. On 30 April 2012, its shareholders passed a resolution for creditors' voluntary winding up of Xinya. A liquidator has been appointed to wind up its affairs. The Group has made a provision of about HK$27,000,000 for this investment.

In December 2011, the Group acquired controlling interests in China Media and Films Holdings Limited (formerly KH Investment Holdings Limited) ("China Media"), a company listed on the Growth Enterprise Market of the Stock Exchange. China Media and its subsidiaries are principally engaged in artist management, film distribution and production, and the provision of infrared thermal imaging and thermography solutions and consultancy services. China Media contributed turnover of HK$6 million and recorded a loss of HK$3 million. The goodwill arising from the acquisition of China Media amounted to about HK$25 million as impaired during the year.

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 China 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 turnover of about HK$81 million and operating profit of about HK$5.7 million to the Group. However after the impairment of goodwill and intangible assets of HK$119 million, this business recorded net loss of about HK$114 million. The business is expected to continue to contribute stable income to the Group in the future.

Hotel operations

The Group operates the Dynasty Hotel in Zhaoqing, the PRC with 332 guest rooms, retail shops, restaurants, banquet room, health club and amenities including tennis court and swimming pool. The business recorded a turnover of HK$71 million and a loss of HK$47 million. The loss was mainly due to the impairment of property, plant and equipment of HK$1.7 million, depreciation of its assets of HK$21 million and impairment and amortisation of payments for leasehold land held for own use under operating leases of about HK$20 million. This business had been affected by the keen competition from other hotels during the year.

Restaurant operations

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. This business contributed a turnover of HK$2.6 million and incurred a loss of HK$7 million during the year. An impairment to fixed assets of HK$3.5 million was made during the year as the performance of the restaurant was unsatisfactory.

Outlook

The Group has increased its property leasing activities in the PRC by the acquisition of BoRen, 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.

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 directors are optimistic about the future prospects of the entertainment industry in the PRC. The acquisition of interest in China Media has strengthened the Group's entertainment business. On 28 May 2012, the Group entered into a conditional agreement with Eternity Investment Limited ("Eternity") for the disposal of approximately 29% interest in China Media for a consideration of about HK$51,000,000. The disposal is subject to the approval of the Company's shareholders. The proposed disposal will enable the Group to form a strategic alliance with Eternity to jointly develop the film distribution business of China Media. It is expected that the expertise and connections in the film distribution industry provided by the alliance will enhance the business development of China Media.

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$946 million. The management will look for suitable investment opportunities to expand the business of the Group.

Directors' Report

The directors would like to present their annual report together with the audited financial statements for the year ended 31 March 2012.

Principal Activities

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 23 to the financial statements.

An analysis of the Group's performance for the year by business segment is set out in note 6 to the financial statements.

Results and Appropriations

The results of the Group for the year ended 31 March 2012 are set out in the consolidated statement of comprehensive income on pages 26 and 27.

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2012.

Fixed Assets

Details of movements in fixed assets of the Group and the Company during the year are set out in notes 18 to 22 to the financial statements.

Share Capital

Details of the share capital of the Company are set out in note 39 to the financial statements.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 31 and note 40 to the financial statements respectively.

Distributable Reserves

Details of the distributable reserves of the Company as at 31 March 2012 are set out in note 40 to the financial statements.

Pre-emptive Rights

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

Directors' Report

Five Year Financial Summary

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

Charitable Donations

The Company made HK$200,000 charitable donations during the year (2011: Nil).

Retirement Benefit Schemes

Details of the retirement benefit schemes are set out in note 4(r) to the financial statements.

Share Option Scheme

On 30 August 2002, the Company adopted a share option scheme (the "Scheme"). Details of the Scheme, including grant and lapse of options, are disclosed in note 41 to the financial statements.

Directors and Senior Management

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

Cheng Yang *(Chairman and Chief Executive Officer)*
Zheng Yuchun
Liu Yu Mo
Li Weipeng
Tong Jingguo
Yang Rusheng
So Tat Keung

In accordance with Bye-law 87(2) of the Company's Bye-laws, Mr. Cheng Yang, Mr. Li Weipeng and Mr. Tong Jingguo shall retire by rotation. Being eligible, these directors have offered themselves for re-election.

Directors and Senior Management *(Continued)*

Biographical details of directors and senior management

Executive Directors

Mr. Cheng Yang, aged 48, is an executive director, the Chairman and the Chief Executive Officer of the Company. He has more than 10 years of experience in entertainment and media business. Mr. Cheng is the founder and a director of Cheng Films and Video Production Limited (a company incorporated in Hong Kong), which produces and distributes films and television drama series in Greater China. He is also the Chairman, an executive director and the chief executive officer of China Media and Films Holdings Limited (formerly KH Investment Holdings Limited) ("China Media") (Stock code: 8172), a company listed on the GEM Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Zheng Yuchun, aged 46, is an executive director and the Deputy Chief Executive Officer of the Company. He has over 10 years of experience in corporate management and investment. Prior to joining the Company, he was engaged in the functions of analysis, investment and management in several investment banks and large enterprises in mainland China and Hong Kong, including senior vice president and chief financial officer of Sun Media Investment Holdings Ltd and chief executive officer of Observer Star (HK) Co. Ltd and Star Newspapers Co. Ltd. Mr. Zheng was an independent director of Shenzhen Tonge (Group) Company Ltd (its shares are listed on the Shenzhen Stock Exchange) from August 2004 to November 2009. Mr. Zheng graduated from the department of physics of Peking University in 1989 with a bachelor degree in science, and graduated from the school of management of Harbin Institute of Technology in 1999 with a master degree in business administration. He also graduated from the Faculty of Economics and Finance of the University of Hong Kong in 2004 and obtained a doctor's degree in philosophy. Mr. Zheng is a member of the CFA Institute and a member of the Hong Kong Society of Financial Analysts.

Mr. Liu Yu Mo, aged 53, is an executive director and the vice president of the Company. He has over 25 years of experience in management, auditing and accounting. He is a certified practising accountant (Aust.) and a fellow member of the Hong Kong Institute of Certified Public Accountants, and holds a master degree in business administration.

Mr. Li Weipeng, aged 54, is an executive director of the Company. He had been the deputy director and director of foreign exchange management office of People's Bank in Yantai, deputy director in the state administration of foreign exchange business of Port Operations in Qingdao. During the period from June 1994 to July 2007, Mr. Li served as president in Yantai Branch, vice president in Chongqing Branch and president in Shanghai Pudong Branch of CITIC Bank (its shares are listed on the Stock Exchange and Shanghai Stock Exchange); and served as director of Shanghai Hong Yang Culture Media. He was an executive director of Shangdong International Finance Institute; a director of Chongqing Finance Institute and a director of Pudong Financial Promotion Association. Mr. Li graduated from Tianjin University in December 1993 with a master degree in business administration.

Directors and Senior Management *(Continued)*

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

Independent non-executive Directors

Mr. Tong Jingguo, aged 40, holds a bachelor degree in engineering and a master degree in business administration from Xian Jiaotong University and Fudan University. He is a part-time professor of the School of Management, Xian Jiaotong University. He had been an independent non-executive director of Zhejiang Hisun Pharmaceutical Co., Ltd. (which shares are listed on the Shanghai Stock Exchange) from March 2008 to March 2010. During the period from October 2002 to March 2004, he was the President of Zhuhai Gaoling Information Technology Co., Ltd. In 2004, Mr. Tong found Shenzhen Huo King Management Consulting Co., Ltd.

Mr. Yang Rusheng, aged 44, has 17 years of experience in finance, audit and tax. Mr. Yang worked in the financial department of Shenzhen Construction Industry (Group) Co. from July 1993 to October 1994. Thereafter, he had worked in various CPA firms in China, including, as a manager and senior manager in Shenzhen Yongming CPA firm, a director in Shenzhen Guangsheng CPA firm and Shenzhen Youxin CPA firm and a partner of Wanlong Asia CPA Co., Ltd and a director of its Shenzhen Branch. Since October 2009, he has been a partner and vice-president of Crowe Horwath China Certified Public Accountants Co., Ltd. and a director of its Shenzhen Branch. His clients include corporation, public listed companies, state-owned enterprises and financial institutions. Mr. Yang was a member of Shenzhen Certified Public Accountants Ethic Committee and Shenzhen Finance Bureau Certified Public Accountant Responsibility Judge Committee. He was a vice-president of Institute of Shenzhen Certified Public Accountants. Currently, he is a director of the Guangdong Provincial Institute of Certified Public Accountants, an executive director of Shenzhen Certified Tax Agents Association and a director of The China Certified Tax Agents Association. Mr. Yang gradated from Jinan University in 1993 with a master degree in economics. He is a Chinese Certified Public Accountant and Chinese Certified Tax Agent in China. Mr. Yang was an independent director of a public listed company, Shenzhen Coship Electronics Co., Ltd. during the period from September 2006 to September 2009. Currently Mr. Yang is an independent director of two public listed companies in China, namely Shenzhen Tianjian (Group) Co., Ltd and Shenzhen SEG Co., Ltd, and an independent director of a public company, Ping An Bank Co. Ltd.

Mr. So Tat Keung, aged 56, is a solicitor practicing in Hong Kong and a notary public in Hong Kong. Prior to work as a solicitor, he had worked in the construction industry in government departments and private companies during the period from 1978 to 1986. Mr. So was admitted as a solicitor in Hong Kong in 1988. Currently he is a consultant in Paul C. W. Tse & Co. Mr. So is a degree holder of bachelor of science in civil engineering from University of Hong Kong and bachelor of law from University of London. He was admitted as a member of The Institution of Civil Engineers in the United Kingdom in 1982 and a member of the Hong Kong Institution of Engineers in 1985.

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

Directors and Senior Management *(Continued)*

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

Senior management

Mr. Jin Lei, aged 49, is a vice president of the Company responsible for the cultural property business of the Group. Mr. Jin joined the Company in March 2011 and has extensive experience in real estate development. Prior to joining the Company, Mr. Jin worked at Jiangxi Bureau Limited as general manager. He graduated from Hunan University in 1984 with a bachelor degree in electrical engineering and obtained an EMBA degree in 2004 from Sun Yat-sen University.

Mr. Kan Yisong, aged 39, is a vice president of the Company responsible for the advertising and exhibition business of the Group. Mr. Kan was also an executive director of China Media from 5 March 2012 to 25 May 2012. He joined the Company in May 2011 and has extensive experience in exhibition and advertising business. Prior to joining the Company, Mr. Kan was a director and a general manager of a subsidiary of China Resources (Holdings) Company Limited. Mr. Kan has a bachelor degree in engineering from the Xian Jiaotong University and a master degree in business administration from the Hong Kong Polytechnic University.

Mr. Yu Wai Chun, aged 39, is the chief financial officer of the Company. Mr. Yu holds a master degree in business administration in international business from the City University Business School in the United Kingdom and a bachelor degree in accountancy from the Hong Kong Polytechnic University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Yu joined the Company in July 2011 and has extensive experience in management, auditing and accounting.

Directors' service contracts

None of the directors has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' interests in contracts

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors and Senior Management *(Continued)*

Directors' interests in equity or debt securities

As at 31 March 2012, the interests of the directors and chief executives of the Company in the share capital of the Company as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

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

Notes:

1. 1,786,000,000 shares were owned by Mr. Cheng Yang personally and 980,000 shares were 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 31 March 2012, none of the directors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

At 31 March 2012, other than the interests of a director and the chief executive of the Company disclosed in the paragraph headed "Directors' interests in equity or debt securities" 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:

Name	Number of shares	Nature of interest	Percentage of shareholding
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 owner	11.13
CRC Bluesky Limited	1,333,333,333	Interest of controlled corporation	11.13
Wingo Consultants Limited	937,500,000 *(Note)*	Beneficial owner	7.83
Eternity Investment Limited	937,500,000	Interest of controlled corporation	7.83
Riche (BVI) Limited	937,500,000	Interest of controlled corporation	7.83

Note: These were shares issuable on full exercise by Wingo Consultants Limited (whose name has been changed to Eternity Finance Group Limited) of the conversion rights under the redeemable convertible bonds of the Company in an aggregate principal amount of HK$75,000,000 at the conversion price of HK$0.08 per share.

Substantial Shareholders *(Continued)*

Save as disclosed above, as at 31 March 2012, 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.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major Customers and Suppliers

During the year, the Group's five largest customers accounted for less than 11% of its total turnover.

During the year, the Group's five largest suppliers accounted for less than 45% of its total purchases.

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

Connected Transactions

1. The Group and Uconia Company Limited (as contractor) (a subsidiary of China Resources (Holdings) Company Limited ("China Resources"), a substantial shareholder of the Company) entered into the following renovation contracts, being connected transactions not exempt under Rule 14A.31of the Listing Rules during the year ended 31 March 2012:

   (a) a contract made in mid 2011 for the renovation of the restaurant at 1st Floor, Richmond Plaza, No. 496 Jaffe Road, Hong Kong at renovation fees of about HK$3,000,000; and

   (b) two contracts made in late 2011 for the renovation of Rooms 2506-09, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong ("China Resources Building") and Room 2510, 25th Floor, China Resources Building respectively at renovation fees of about HK$2,372,500 and HK$561,500 respectively.

Connected Transactions *(Continued)*

2. The following tenancy agreements between two subsidiaries of China Resources as landlords and the Group as tenant (being continuing connected transactions not exempt under Rule 14A.33 of the Listing Rules) were entered into/subsisted during the year ended 31 March 2012:

(a) tenancy agreement dated 8 September 2010

Landlord:	China Resources Property Management Limited ("CR Property"), a subsidiary of China Resources
Tenant:	Golden Island Catering Group Company Limited ("Golden Island"), a wholly-owned subsidiary of the Company
Property:	Rooms 2501-05, 25th Floor, China Resources Building
Term:	16 November 2010 to 15 November 2013
Rent:	HK$311,670 per month (exclusive of rates and management fee)
Management fee:	HK$64,411.80 per month

(b) tenancy agreement dated 23 March 2011

Landlord:	Easy Harvest Limited, a subsidiary of China Resources
Tenant:	China Resources Advertising & Exhibition Company Limited ("CR Advertising"), a wholly-owned subsidiary of the Company
Property:	Room 05, 37th Floor, Causeway Centre, No. 28 Harbour Road, Wanchai, Hong Kong
Term:	22 October 2010 to 31 December 2011
Rent:	HK$9,600 per month (inclusive of rates and management fee)

(c) tenancy agreement dated 30 March 2011

Landlord:	CR Property
Tenant:	Golden Island
Property:	Rooms 2506-10, 25th Floor, China Resources Building
Term:	1 April 2011 to 31 March 2014
Rent:	HK$363,615 per month (exclusive of rates and management fee)
Management fee:	HK$64,411.80 per month

Connected Transactions *(Continued)*

2. *(Continued)*

(d) tenancy agreement dated 25 October 2010 (as amended on 30 August 2011)

Landlord:	CR Property
Tenant:	CR Advertising
Property:	Rooms 4204-09, 42nd Floor, China Resources Building
Term:	1 January 2011 to 5 September 2011
Rent:	HK$34,884 per month (exclusive of rates and management fee)
Management fee:	HK$6,361.20 per month

(e) tenancy agreement dated 8 October 2009 (as amended on 29 March 2011 and supplemented on 16 September 2011)

Landlord:	CR Property
Tenant:	CR Advertising
Property:	Exhibition Hall, 3rd and 4th Floors, Lower Block, China Resources Building
Term:	14 September 2009 to 30 September 2011, and thereafter on monthly basis
Rent:	Free of rent since 1 January 2011
Management fee:	Free of management fee from 1 January 2011 to 30 September 2011 (subject to payment of air-conditioning charges totalling HK$56,891.38), and thereafter at HK$70,000 per month

Connected Transactions *(Continued)*

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

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

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

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

The board of directors of the Company would state that BDO Limited, the auditor of the Company, has confirmed the matters stated in Rule 14A.38 of the Listing Rules relating to the continuing connected transactions.

The Company confirms that save for the late disclosure of the contracts and the tenancy agreements mentioned in items 1 and 2 above and a loan agreement dated 17 October 2011 whereby Witty Idea Finance Company Limited, a wholly owned subsidiary of the Company, advanced a loan of HK$30 million to Media Sound Technology Limited, a substantial shareholder of a subsidiary of the Company, with interest at the rate of 5% per annum and repayable on 17 October 2012, it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

Emolument Policy

As at 31 March 2012, the Group had a total of 903 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 staff and directors based on the Group's profit and their performance.

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

Directors' Report

Financial Review

Liquidity and financial resources

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

As at 31 March 2012, the Group had borrowings of HK$205,216,773. The gearing ratio of the Group, based on total borrowings to shareholders' equity, was 22.5% (2011: 0%) as at 31 March 2012.

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

Charges

At 31 March 2012, the carrying value of a property as security for the Group's bank facilities of HK$40,000,000 (2011: HK$0 million) amounted to HK$90,000,000 (2011: HK$0 million).

At 31 March 2012, 587,000,000 ordinary shares of Cosmopolitan with carrying amount of HK$33,459,000 (2011: HK$0 million) which are classified as available-for-sale investments and a personal guarantee given by Cheng Yang, a director of the Company were used as security for a loan of HK$19,000,000 (2011: HK$0 million).

Remuneration of Directors and Senior Management

Details of the remuneration paid by the Group to the directors of the Company and senior management of the Group for the year ended 31 March 2012 are set out in notes 12 and 43(e) to the financial statements.

Purchase, Sale or Redemption of Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2012.

Public Float

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

Auditor

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

On behalf of the Board
Cheng Yang
Chairman

Hong Kong, 15 June 2012

Corporate Governance Report

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard corporate governance practices. It met all the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules in the year ended 31 March 2012 except the following:

(a) the non-executive directors are 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 not segregated and are exercised by the same individual.

Directors' securities transactions

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

Having made specific enquiry of all directors of the Company, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2012.

Board of directors

The Company is governed by a board of directors (the "Board") which has the responsibility for leadership and control of the Company. The directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board set strategies and directions for the Group's activities with a view to develop its business and to enhance shareholder value.

Board of directors *(Continued)*

The Board met 22 times during the year ended 31 March 2012. Its composition and the attendance of individual directors at these board meetings were follows:

Name	Number of meetings attended
Executive directors	
Cheng Yang	12
Zheng Yuchun	20
Liu Yu Mo	22
Li Weipeng	14
Independent Non-executive directors	
Tong Jingguo	13
Yang Rusheng	11
So Tat Keung	11

Chairman and Chief Executive Officer

Mr. Cheng Yang ("Mr. Cheng") was appointed the Chairman and the Chief Executive Officer of the Company on 18 June 2010. Mr. Cheng takes up both roles of Chairman and Chief Executive Officer of the Company temporarily to fill the vacancies resulted from the resignation of Madam Ma Shuk Kam and Mr. Yeung Chi Hang. On 1 July 2010, the Company appointed Mr. Zheng Yuchun as its Deputy Chief Executive Officer to share the responsibility of Mr. Cheng.

Non-executive directors

All the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings at least once every three years in accordance with the Bye-laws of the Company.

Remuneration of directors

The Remuneration Committee has 3 members, comprising all independent non-executive directors of the Company during the year ended 31 March 2012 as follows:

Yang Rusheng (Chairman)
Tong Jingguo
So Tat Keung

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

The Remuneration Committee met once during the year, which was attended by all members.

The Remuneration Committee has reviewed and approved the Group's remuneration policy and the levels of remuneration paid to executive directors and senior management of the Group.

Nomination of directors

Executive directors identify potential new directors and recommend to the Board for decision. A director appointed by the Board is subject to election by shareholders at the first annual general meeting after his appointment.

Potential new directors are selected on the basis of their qualifications, skills and experience which the directors consider will make a positive contribution to the performance of the Board.

During the year, no candidate had been recommended for directorship.

Accountability and audit

The directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2012, the directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the Report of the Auditors attached to the Company's Financial Statements for the year ended 31 March 2012.

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

Auditors' remuneration

During the year ended 31 March 2012, fees paid to the Company's external auditor for audit services totalled HK$3,010,000, compared with HK$2,200,000 in the previous year. For non-audit services, the fees paid amounted to HK$720,000, compared with HK$120,000 in the previous year.

Audit Committee

During the year, the Audit Committee of the Company had reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal control system and financial reporting matters including the interim results and the above annual results.

Its composition during the year ended 31 March 2012 as follows:

Yang Rusheng (Chairman)
Tong Jingguo
So Tat Keung

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

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

Name	**Number of meetings attended**
Tong Jingguo	2
Yang Rusheng	2
So Tat Keung	2

Company secretary

The Company has engaged Ms. Jennifer Cheung Mei Ha (a practising solicitor in Hong Kong) as its company secretary. The Company's primary contact person is Mr. Yu Wai Chun, the chief financial officer of the Company.

Corporate Governance Report

Communications with shareholders

The Company communicates to its shareholders through announcements and annual and interim reports published on its website: http://www.tricor.com.hk/WebService/000674/. Shareholders may put enquiries to the Board in writing sent to the principal office of the Company at Rooms 2501-05, 25th Floor, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong. The directors, company secretary or other appropriate members of senior management respond to enquiries from shareholders promptly. All shareholders are also encouraged to attend general meetings of the Company to discuss matters relating to the Group. At general meetings of the Company, the directors answer questions from the shareholders.

During the year ended 31 March 2012, the Company held an annual general meeting and a special general meeting. The attendance of the directors at these meetings was as follows:

Name	**Number of meetings attended**
Cheng Yang	0
Zheng Yuchun	1
Liu Yu Mo	2
Li Weipeng	0
Tong Jingguo	0
Yang Rusheng	0
So Tat Keung	0

Pursuant to Bye-law 58 of the Company's Bye-laws, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require a special general meeting to be called by the Board for the transaction of any business (including any proposals) specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF CULTURE LANDMARK INVESTMENT LIMITED
(文化地標投資有限公司)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Culture Landmark Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 145, which comprise the consolidated and company statements of financial position as at 31 March 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda (as amended), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

Auditor's responsibility *(Continued)*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Alfred Lee
Practising Certificate Number P04960

Hong Kong, 15 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Continuing operations			
Turnover	7	**298,982,929**	173,791,595
Other income and gains	8	**119,422,274**	33,201,016
Costs of inventories		**(26,678,968)**	(39,102,938)
Amortisation	9	**(62,698,665)**	(64,235,278)
Depreciation on property, plant and equipment	18	**(35,601,756)**	(27,759,030)
Other operating expenses	9	**(175,748,480)**	(77,695,641)
Impairment losses	9	**(296,863,322)**	(224,127,756)
Operating lease payments		**(42,479,622)**	(7,919,369)
Staff costs	11	**(86,922,835)**	(81,709,147)
Fair value gain on investment properties	19	**13,207,565**	27,637,000
Share of loss of associates	24	**(8,905,212)**	(320,928)
Finance costs	13	**(11,111,432)**	(56,953)
Loss before income tax credit	9	**(315,397,524)**	(288,297,429)
Income tax credit	14	**4,680,828**	24,751,161
Loss for the year from continuing operations		**(310,716,696)**	(263,546,268)
Discontinued operation			
Loss for the year from discontinued operation	10	**—**	(16,181,209)
Loss for the year		**(310,716,696)**	(279,727,477)
Other comprehensive income			
Exchange differences arising on translating foreign operations		**21,805,048**	19,334,682
Available-for-sale investments, change in fair value	26	**(102,176,062)**	—
Available-for-sale investments, reclassify from equity to profit or loss	26	**102,176,062**	—
Gain on revaluation of properties		**351,624**	36,338,882
Tax expense related to changes on revaluation of properties		**(58,018)**	(5,995,916)
Tax credit related to release of other properties revaluation reserve, upon disposal of properties		**15,359,968**	—
Other comprehensive income for the year, net of tax		**37,458,622**	49,677,648
Total comprehensive income for the year		**(273,258,074)**	(230,049,829)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Loss for the year attributable to:			
Owners of the Company		**(293,520,701)**	(266,227,812)
Non-controlling interests		**(17,195,995)**	(13,499,665)
		(310,716,696)	(279,727,477)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(255,956,227)**	(216,604,624)
Non-controlling interests		**(17,301,847)**	(13,445,205)
		(273,258,074)	(230,049,829)
Loss per share	17		
From continuing operations			
Basic (HK cents)		**(2.52)**	(2.50)
Diluted (HK cents)		**(2.52)**	(2.50)
From discontinued operation			
Basic (HK cents)		**—**	(0.16)
Diluted (HK cents)		**—**	(0.16)
From continuing and discontinued operations			
Basic (HK cents)		**(2.52)**	(2.66)
Diluted (HK cents)		**(2.52)**	(2.66)

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$	2011 HK$
Assets			
Non-current assets			
Property, plant and equipment	18	**159,847,706**	45,861,259
Investment properties	19	**82,873,000**	80,655,000
Payments for leasehold land held for own use under operating leases	20	**200,840,319**	212,859,250
Goodwill	21	**156,830,935**	79,427,363
Intangible assets	22	**134,228,952**	109,931,613
Interests in associates	24	**—**	23,035,875
Available-for-sale investments	26	**184,637,923**	16,550,554
Deferred expenditure	27	**4,563,214**	2,629,300
Total non-current assets		**923,822,049**	570,950,214
Current assets			
Inventories	28	**23,995,115**	7,913,385
Trade and other receivables	29	**210,949,737**	57,306,832
Deferred expenditure	27	**11,710,428**	30,438,146
Amounts due from non-controlling shareholders	30	**4,000**	—
Amounts due from related parties	30	**17,538,001**	—
Cash and cash equivalents	31	**241,293,743**	251,800,764
		505,491,024	347,459,127
Assets classified as held for sale	32	**102,075,776**	241,166,342
Total current assets		**607,566,800**	588,625,469
Total assets		**1,531,388,849**	1,159,575,683
Liabilities			
Current liabilities			
Trade and other payables	33	**149,638,532**	89,580,119
Amounts due to non-controlling shareholders	30	**102,494,172**	92,994,313
Amounts due to related parties	30	**50,517,012**	—
Bank borrowings	34	**100,883,650**	—
Other borrowing	35	**19,000,000**	—
Convertible bonds	36	**74,477,355**	—
Current tax liabilities		**12,198,694**	3,390,458
		509,209,415	185,964,890
Liabilities associated with assets classified as held for sale	32	**448,581**	25,229,331
Total current liabilities		**509,657,996**	211,194,221
Net current assets		**97,908,804**	377,431,248
Total assets less current liabilities		**1,021,730,853**	948,381,462

Consolidated Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$	2011 HK$
Non-current liabilities			
Bank borrowings	34	**10,855,768**	—
Provision for long service payments	37	**224,689**	42,373
Deferred tax liabilities	38	**64,317,850**	59,197,705
Total non-current liabilities		**75,398,307**	59,240,078
Total liabilities		**585,056,303**	270 ,434,299
NET ASSETS		**946,332,546**	889,141,384
Capital and reserves attributable to owners of the Company			
Share capital	39	**598,767,047**	511,091,570
Reserves		**289,672,251**	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	32	**25,130,925**	145,715,936
		913,570,223	877,772,187
Non-controlling interests		**32,762,323**	11,369,197
TOTAL EQUITY		**946,332,546**	889,141,384

On behalf of the Board

Cheng Yang
Chairman

Yu Wai Chun
Chief Financial Officer

Statement of Financial Position

As at 31 March 2012

	Notes	2012 HK$	2011 HK$
Assets			
Non-current assets			
Interests in subsidiaries	23	**403,009,348**	315,692,957
Current assets			
Amounts due from subsidiaries	23	**797,521,365**	486,501,708
Other receivables	29	**72,437**	25,426
Cash and cash equivalents	31	**11,033,525**	75,585,106
Total current assets		**808,627,327**	562,112,240
Total assets		**1,211,636,675**	877,805,197
Liabilities			
Current liabilities			
Other payables	33	**1,779,320**	1,793,884
Amounts due to subsidiaries	23	**376,608,216**	189,499,585
Bank borrowings	34	**29,210,909**	—
Other borrowing	35	**19,000,000**	—
Convertible bonds	36	**74,477,355**	—
Total current liabilities		**501,075,800**	191,293,469
Net current assets		**307,551,527**	370,818,771
Total assets less current liabilities		**710,560,875**	686,511,728
NET ASSETS		**710,560,875**	686,511,728
Capital and reserves			
Share capital	39	**598,767,047**	511,091,570
Reserves	40	**111,793,828**	175,420,158
TOTAL EQUITY		**710,560,875**	686,511,728

On behalf of the Board

Cheng Yang
Chairman

Yu Wai Chun
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	Share capital (note 39) HK$	Share premium (note 40) HK$	Other reserve (note 40) HK$	Contributed surplus (note 40) HK$	Employee share-based compensation reserve (note 40) HK$	Other properties revaluation reserve (note 40) HK$	Convertible bonds reserve (note 40) HK$	Foreign exchange reserve (note 40) HK$	Investment revaluation reserve (note 40) HK$	Accumulated losses (note 40) HK$	Equity attributable to owners of the Company HK$	Non-controlling interests HK$	Total equity HK$
At 1 April 2010	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 year	–	–	–	–	–	–	–	–	–	(266,227,812)	(266,227,812)	(13,499,665)	(279,727,477)
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	19,280,222	–	–	19,280,222	54,460	19,334,682
Gain on revaluation of properties	–	–	–	–	–	36,338,882	–	–	–	–	36,338,882	–	36,338,882
Tax expense related to changes on revaluation of properties	–	–	–	–	–	(5,995,916)	–	–	–	–	(5,995,916)	–	(5,995,916)
Total comprehensive income	–	–	–	–	–	30,342,966	–	19,280,222	–	(266,227,812)	(216,604,624)	(13,445,205)	(230,049,829)
Issuance of ordinary shares for acquisition of subsidiaries *(note 39)*	15,000,000	45,000,000	–	–	–	–	–	–	–	–	60,000,000	–	60,000,000
Equity-settled share-based transactions *(note 41)*	–	–	–	–	3,952,277	–	–	–	–	–	3,952,277	–	3,952,277
Release upon lapse of share options *(note 41)*	–	–	–	–	(56,206)	–	–	–	–	56,206	–	–	–
Acquisition of subsidiaries *(note 42(e))*	–	–	–	–	–	–	–	–	–	–	–	17,643,301	17,643,301
	15,000,000	45,000,000	–	–	3,896,071	30,342,966	–	19,280,222	–	(266,171,606)	(152,652,347)	4,198,096	(148,454,251)
At 31 March 2011 and 1 April 2011	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
Loss for the year	–	–	–	–	–	–	–	–	–	(293,520,701)	(293,520,701)	(17,195,995)	(310,716,696)
Exchange differences on translating foreign operations	–	–	–	–	–	–	–	21,910,900	–	–	21,910,900	(105,852)	21,805,048
Available-for-sale investments, change in fair value *(note 26)*	–	–	–	–	–	–	–	–	(102,176,062)	–	(102,176,062)	–	(102,176,062)
Available-for-sale investments, reclassify from equity to profit or loss *(note 26)*	–	–	–	–	–	–	–	–	102,176,062	–	102,176,062	–	102,176,062
Gain on revaluation of properties	–	–	–	–	–	351,624	–	–	–	–	351,624	–	351,624
Tax expense related to changes on revaluation of properties	–	–	–	–	–	(58,018)	–	–	–	–	(58,018)	–	(58,018)
Release of other properties revaluation reserve, upon disposal of properties	–	–	–	–	–	(136,298,709)	–	–	–	136,298,709	–	–	–
Tax credit related to release of other properties revaluation reserve, upon disposal of properties	–	–	–	–	–	15,359,968	–	–	–	–	15,359,968	–	15,359,968
Total comprehensive income	–	–	–	–	–	(120,645,135)	–	21,910,900	–	(157,221,992)	(255,956,227)	(17,301,847)	(273,258,074)
Subscription of new ordinary shares *(note 39)*	20,833,333	29,166,667	–	–	–	–	–	–	–	–	50,000,000	–	50,000,000
Issuance of ordinary shares for acquisition of subsidiaries *(note 39)*	66,842,144	169,244,845	–	–	–	–	–	–	–	–	236,086,989	–	236,086,989
Issuance of convertible bonds *(note 36)*	–	–	–	–	–	–	3,813,559	–	–	–	3,813,559	–	3,813,559
Equity-settled share-based transactions *(note 41)*	–	–	–	–	1,501,001	–	–	–	–	–	1,501,001	–	1,501,001
Acquisition of subsidiaries *(note 42(b), (d))*	–	–	–	–	–	–	–	–	–	–	–	39,944,402	39,944,402
Acquisition of additional interest in a subsidiary *(note 42(d))*	–	–	115,011	–	–	–	–	–	–	–	115,011	(9,589,655)	(9,474,644)
Disposal of interest in a subsidiary *(note 42(d))*	–	–	(115,011)	–	–	–	–	–	–	–	(115,011)	9,589,655	9,474,644
Gain on deemed redemption of convertible loan notes *(note 42(d))*	–	–	–	–	–	–	–	–	–	352,714	352,714	(1,249,429)	(896,715)
At 31 March 2012	598,767,047	2,024,217,103	(2,370,305)	28,784,000	5,453,278	29,007,507	3,813,559	79,061,440	–	(1,853,163,406)	913,570,223	32,762,323	946,332,546

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	Notes	2012 HK$	2011 HK$
Cash flows from operating activities			
Net cash used in operations	44	**(161,232,429)**	(37,229,978)
Interest received		**4,322,877**	874,830
Tax paid		**(3,984,410)**	(665,141)
Net cash used in operating activities		**(160,893,962)**	(37,020,289)
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	42	**13,533,914**	(115,109,780)
Deposits received from disposal of assets held for sale	33	**10,836,000**	25,000,000
Proceeds from disposal of property, plant and equipment		**—**	4,138,975
Proceeds from disposal of investment property		**—**	121,887,000
Purchase of property, plant and equipment		**(34,812,644)**	(8,051,773)
Proceeds from disposal of assets held for sale		**223,820,743**	3,745,138
Deferred expenditure paid		**(27,181,997)**	(25,959,569)
Purchase of intangible assets		**—**	(1,500,000)
Purchase of available-for-sale investments		**(188,066,392)**	(16,550,554)
Acquisition of associates		**(36,005,800)**	(23,356,803)
Net cash used in investing activities		**(37,876,176)**	(35,757,366)
Cash flows from financing activities			
Increase in bank loans		**62,100,484**	—
Repayment of bank loans		**(42,312,823)**	—
Interest paid		**(11,111,432)**	(56,953)
Bank overdraft advances received		**29,210,909**	—
Proceeds from placement of ordinary shares		**50,000,000**	—
Advances from non-controlling shareholders		**—**	941,523
Repayment to non-controlling shareholders		**—**	(7,848,360)
Proceeds from issurance of convertible bonds		**75,000,000**	—
Increase in other borrowing		**19,000,000**	—
Net cash generated/(used in) from financing activities		**181,887,138**	(6,963,790)
Net decrease in cash and cash equivalents		**(16,883,000)**	(79,741,445)
Cash and cash equivalents at the beginning of year		**252,689,628**	325,733,132
Effect of exchange rate changes on cash and cash equivalents		**6,514,904**	6,697,941
Cash and cash equivalents at the end of year		**242,321,532**	252,689,628
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		**241,293,743**	251,800,764
Cash and bank balances included in assets held for sale	32	**1,027,789**	888,864
Cash and cash equivalents at the end of year		**242,321,532**	252,689,628

1. General

Culture Landmark Investment Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its registered office and principal place of business are at Clarendon House, Church Street, Hamilton HM 11, Bermuda and Room 2501-05, 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, respectively.

The Company is engaged in investment holding. The principal activities of the subsidiaries are set out in note 23.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new/revised HKFRSs — effective 1 April 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

The adoption of these new/revised standards and interpretations has no significant impact on the reported results or financial position of the Company and its subsidiaries (collectively referred to as the "Group") for the current or prior reporting periods, except for the following:

- ***HKFRS 3 (Amendments) — Business Combinations***

  As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests at either fair value or the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring non-controlling interests but the adoption of the amendment has had no impact on the Group's financial statements.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(a) Adoption of new/revised HKFRSs — effective 1 April 2011 *(Continued)*

- ***HKFRS 7 (Amendments) — Financial Instruments: Disclosures***

  As part of the Improvements to HKFRSs issued in 2010, HKFRS 7 has been amended to enhance the interaction between quantitative and qualitative disclosures. If the carrying amount of a financial asset best represents the maximum exposure to credit risk, the standard does not require a positive statement to this effect in the financial statements. This amended disclosure requirement has been applied retrospectively. The prior year financial statements included a positive statement to this effect which is removed in the 2011 financial statements following the amendments. The adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

- ***HKAS 24 (Revised) — Related Party Disclosures***

  HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and no amendment is required for the disclosures of its related party transactions in the current and comparative periods. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

  HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures — Transfers of Financial Assets [1]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets [2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income [3]
HKFRS 9	Financial Instruments [6]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]
HKAS 27 (2011)	Separate Financial Statements [4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [4]
Amendments to HKAS 32 and HKFRS 7	Offsetting Financial Assets and Financial Liabilities [5]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosure [6]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2013 and 2014, as appropriate
6 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

Amendments to HKAS 12 — Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The amendments will be applied retrospectively.

Amendments to HKAS 1 (Revised) — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 11 — Joint Arrangements

Joint arrangements under HKFRS 11 have the same basic characteristics as joint ventures under HKAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operator and will recognise its interests in the assets, liabilities, income and expenses arising from the joint arrangement. Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and will apply the equity method of accounting. HKFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances should be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement. Previously, the existence of a separate legal entity was the key factor in determining the existence of a jointly controlled entity under HKAS 31. HKFRS 11 will be applied retrospectively with specific restatement requirements for a joint venture which changes from proportionate consolidation to the equity method and a joint operation which changes from equity method to accounting for assets and liabilities. The application of HKFRS 11 will result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. However, the directors have not yet performed a detailed analysis of the impact on the application of this standard and hence have not yet quantified the extent of the impact.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

(b) New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 12 — Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid—ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

Other than disclosed above, the Group is in the process of making an assessment of the potential impact of other new and revised HKFRSs and the directors so far concluded that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules").

3. Basis of Preparation *(Continued)*

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain properties and available-for-sale investments, which are measured at revalued amount or fair value as explained in the accounting policies set out below.

Non-current assets or disposal group classified as assets/liabilities held for sale is stated at the lower of their carrying amounts and fair values less costs to sell.

(c) Functional and presentation currency

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

4. Significant Accounting Policies

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. Significant Accounting Policies *(Continued)*

(a) Business combination and basis of consolidation *(Continued)*

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 April 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4. Significant Accounting Policies *(Continued)*

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate and the entire carrying amount of the investment is subject to impairment test, by comparing the carrying amount with its recoverable amount, which is higher of value in use and fair value less costs to sell.

4. Significant Accounting Policies *(Continued)*

(d) Joint ventures

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

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

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

(e) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of a consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets acquired, liabilities and contingent liabilities assumed.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

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

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

4. Significant Accounting Policies *(Continued)*

(f) Property, plant and equipment

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

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

The hotel property and other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

4. Significant Accounting Policies *(Continued)*

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

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

Hotel buildings in the People's Republic of China (the "PRC")	5 years
Leasehold land and buildings	40 years
Leasehold improvements	Over lease terms or 2-16 years
Wardrobe	1 year
Furniture, fixtures and equipment	3-5 years
Motor vehicles	3-5 years
Yacht	10 years

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

The gain or loss arising from disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. Significant Accounting Policies *(Continued)*

(g) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over their useful lives as follows:

Provision of copyright licence fees settlement and collection services	8 years
Provision of intellectual property enforcement services	11 years
Karaoke content management service system ("Karaoke CMS")	8 years
Golf club memberships	12 years, indefinite
Website	3 years
Customer relationship and customer contracts	10 years

Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses.

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired (note 4(t)).

4. Significant Accounting Policies *(Continued)*

(h) Investment properties

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

(i) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties in the PRC. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis as an expense.

(j) Deferred expenditure

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

(k) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. Significant Accounting Policies *(Continued)*

(l) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

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

Available-for-sale investments

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives which are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

4. Significant Accounting Policies *(Continued)*

(l) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty; and
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For available-for-sale investments

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

4. Significant Accounting Policies *(Continued)*

(l) Financial instruments *(Continued)*

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

For available-for-sale investments *(Continued)*

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

(iii) Financial liabilities

Financial liabilities, including trade and other payables, amounts due to non-controlling shareholders, and related parties, bank borrowings and other borrowing, are initially recognised at fair value, net of directly attributable transaction costs incurred, and are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in the consolidated statement of comprehensive income.

Gains or losses recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible bonds

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity as convertible bonds reserve.

4. Significant Accounting Policies *(Continued)*

(l) Financial instruments *(Continued)*

(iv) Convertible bonds *(Continued)*

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share capital and share premium as appropriate). Where the option remains unexercised at the expiry dates, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised upon conversion or expiration of the option.

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

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

(vii) Derecognition

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

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

4. Significant Accounting Policies *(Continued)*

(m) Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in profit or loss up to the date of disposal.

(n) Inventories

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

4. Significant Accounting Policies *(Continued)*

(o) Revenue recognition

Revenue from licence fee collection business is recognised when services are performed.

Compensation for infringement of music licence is recognised when the right to receive the compensation is established and it is probable that the Group will receive the compensation.

Hotel room revenue is recognised when hotel rooms are occupied.

Revenue from exhibition income and related service income is recognised when the exhibition is completed and related services income are rendered.

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

Revenue from entertainment services including artist management is recognised when services are rendered.

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

Film distribution fee income is recognised when the master material have been delivered.

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

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

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

Revenue from provision of wedding services is recognised when contracts are signed and relevant services are rendered.

(p) Income taxes

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

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

4. Significant Accounting Policies *(Continued)*

(p) Income taxes *(Continued)*

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income.

(q) Foreign currency

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

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

4. Significant Accounting Policies *(Continued)*

(q) Foreign currency *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating, to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in the profit or loss of group entities' separate or individual financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

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

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

(r) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Profit-sharing and bonus plans

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

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

4. Significant Accounting Policies *(Continued)*

(r) Employee benefits *(Continued)*

(iii) Termination benefits

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

(iv) Post-employment benefits

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

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

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

The employees of the Group's subsidiaries that operate in the PRC are required to participate in a government-managed retirement benefit schemes. These subsidiaries are required to contribute a fixed cost per employee to the government-managed retirement benefit schemes. The contributions are charged to profit or loss as they become payable.

(s) Share-based payments

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

4. Significant Accounting Policies *(Continued)*

(s) Share-based payments *(Continued)*

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also recognised in profit or loss over the remaining vesting period.

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

(t) Impairment of other assets

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

- property, plant and equipment;
- intangible assets;
- payments for leasehold land held for own use under operating leases;
- investments in subsidiaries, associates and joint ventures, except for those classified as held for sale;
- deferred expenditure;
- film rights and film in progress.

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

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

4. Significant Accounting Policies *(Continued)*

(u) Provisions and contingent liabilities

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

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

(v) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

4. Significant Accounting Policies *(Continued)*

(v) Related parties *(Continued)*

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(w) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(y) Film rights and films in progress

Film rights

Management considers that the useful life of the film right is uncertain and no foreseeable limit to the period over which the film right is expected to generate net cash inflows for the Group. Film rights are stated at cost less any provision for impairment losses. Upon the release of the pre-recorded audio visual products and the materials, film rights are amortised at rates calculated to write off the costs in proportion to the expected revenue from exhibition and distribution of audio visual products. Such rates are on a systematic basis, with reference to the projected revenue and the underlying licence periods, and are subject to annual review by the management.

4. Significant Accounting Policies *(Continued)*

(y) Film rights and films in progress *(Continued)*

Films in progress

Films in progress are stated at cost less any provision for impairment losses. Costs include all direct costs associated with the production of films. Provision are made for costs which are in excess of the expected future revenue generated by these films. Costs of films are transferred to film rights upon completion.

At the end of each reporting period, both internal and external market information is considered to assess whether there is any indication that film rights and films in progress are impaired. If any such indication exists, the carrying amount of such assets is assessed and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in profit or loss.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Estimates are evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

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

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

(b) Useful lives of property, plant and equipment

Management determines the estimated useful lives of the property, plant and equipment. Management will revise depreciation charges when useful lives differ from previous estimates.

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

(c) Impairment test of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Impairment loss on intangible assets

Determining whether an intangible asset is impaired requires an estimation of the future cash flow and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise

(e) Impairment loss on loans and receivables

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

(f) Impairment loss on deferred expenditure

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

6. Segment Reporting

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 operating decision marker considers the business primarily on the basis of the types 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 karaoke music product copyright licence fees settlement and collection services and intellectual property enforcement services in respect of karaoke music product copyright in the 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 artist and talent management and entertainment related business
Property investment	—	leasing of investment properties
Restaurant operations	—	sale of food and beverages

The Group ceased its wedding services business as detailed in note 10 during the year ended 31 March 2011 and the related segment information was classified as discontinued operation for the year ended 31 March 2011.

The Group acquired exhibition-related business and property sub-leasing business during the year ended 31 March 2012. Detail descriptions of the businesses are mentioned in note 42(a) and (b).

6. Segment Reporting *(Continued)*

Segment information is presented below:

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

	2012								
	Continuing operations								
	License fee collection business *HK$*	Hotel operations *HK$*	Exhibition-related business *HK$*	Property sub-leasing business *HK$*	Entertainment business *HK$*	Property investment *HK$*	Restaurant operations *HK$*	Inter-segment elimination *HK$*	Total *HK$*
Reportable segment revenue									
External sales	73,901,282	71,740,712	81,468,152	54,560,565	9,738,959	5,559,937	2,013,322	–	298,982,929
Inter-segment sales	–	–	–	–	–	–	633,270	(633,270)	–
	73,901,282	71,740,712	81,468,152	54,560,565	9,738,959	5,559,937	2,646,592	(633,270)	298,982,929
Reportable segment (loss)/profit before income tax credit	(34,223,936)	(47,084,629)	(113,736,979)	7,025,892	(52,006,256)	112,139,875	(7,156,645)	–	(135,042,678)
Other segment information									
Interest income	619,037	–	88,166	15,773	146	290	577	–	723,989
Interest expenses	2,245,098	–	–	6,689,801	79,999	–	–	–	9,014,898
Depreciation of property, plant and equipment	914,576	20,996,359	108,204	8,202,217	255,287	495,752	395,713	–	31,368,108
Amortisation of payments for leasehold land held for own use under operating leases	–	4,084,635	–	–	–	–	–	–	4,084,635
Amortisation of intangible assets	11,640,595	–	2,880,751	–	–	–	116,883	–	14,638,229
Amortisation of deferred expenditure	43,975,801	–	–	–	–	–	–	–	43,975,801
Impairment loss on property, plant and equipment	286,426	1,710,011	–	–	–	–	3,574,558	–	5,570,995
Impairment loss on payments for leasehold land held for own use under operating leases	–	16,233,022	–	–	–	–	–	–	16,233,022
Impairment loss on goodwill	–	–	113,345,357	–	24,986,887	–	1,280,000	–	139,612,244
Impairment loss on intangible assets	–	–	6,130,525	–	–	–	–	–	6,130,525
Impairment loss on interest in an associate	–	–	–	–	27,140,474	–	–	–	27,140,474
Share of losses of associates	–	–	–	–	8,905,212	–	–	–	8,905,212
Fair value gain on investment properties	–	–	–	–	–	13,207,565	–	–	13,207,565
Gain on disposal of non-current assets held for sale	–	–	–	–	–	96,570,743	–	–	96,570,743
Loss on disposal of property, plant and equipment	997,765	162,727	–	389,129	–	–	–	–	1,549,621
Gain on step acquisition of available-for-sale investments	–	–	–	–	6,979,802	–	–	–	6,979,802
Gain on step acquisition of associates	–	–	–	–	5,278,168	–	–	–	5,278,168
Reportable segment assets	354,397,705	223,334,054	64,027,135	290,771,683	253,053,841	188,282,544	21,202,195	–	1,395,069,157
Expenditure for reportable segment non-current assets	2,234,424	31,942	59,966	22,288,391	17,900	2,695,529	3,970,271	–	31,298,423
Reportable segment liabilities	169,366,715	40,097,106	21,850,536	180,935,982	15,152,818	26,236,637	4,046,655	–	457,686,449

6. Segment Reporting *(Continued)*

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

	2011										
	Continuing operations									Discontinued operation	
	License fee collection business HK$	Hotel operations HK$	Exhibition-related business HK$	Property sub-leasing business HK$	Entertainment business HK$	Property investment HK$	Restaurant operations HK$	Inter-segment Elimination HK$	Sub-total HK$	Wedding services HK$	Total HK$
Reportable segment revenue											
External sales	43,865,367	71,914,053	–	–	3,496,240	9,960,350	44,555,585	–	173,791,595	16,288,171	190,079,766
Inter-segment sales	–	–	–	–	–	5,710,000	–	(5,710,000)	–	–	–
	43,865,367	71,914,053	–	–	3,496,240	15,670,350	44,555,585	(5,710,000)	173,791,595	16,288,171	190,079,766
Reportable segment (loss)/profit before income tax credit	(278,346,228)	(25,233,315)	–	–	(1,086,168)	57,669,102	5,868,406	–	(241,128,203)	(16,181,209)	(257,309,412)
Other segment information											
Interest income	250,472	174,818	–	–	112	1,017	232	–	426,651	762	427,413
Interest expenses	56,953	–	–	–	–	–	–	–	56,953	–	56,953
Depreciation of property, plant and equipment	1,689,969	20,114,132	–	–	404,240	4,238,882	150,126	–	26,597,349	2,503,950	29,101,299
Amortisation of payments for leasehold land held for own use under operating leases	–	3,892,025	–	–	–	–	–	–	3,892,025	–	3,892,025
Amortisation of intangible assets	18,714,107	–	–	–	–	–	–	–	18,714,107	–	18,714,107
Amortisation of deferred expenditure	41,629,146	–	–	–	–	–	–	–	41,629,146	–	41,629,146
Written off of property, plant and equipment	–	706,844	–	–	39,280	–	334,430	–	1,080,554	1,682,893	2,763,447
Impairment loss on property, plant and equipment	2,564,936	–	–	–	–	–	–	–	2,564,936	–	2,564,936
Impairment loss on goodwill	121,815,830	–	–	–	–	–	–	–	121,815,830	–	121,815,830
Impairment loss on intangible assets	96,081,987	–	–	–	–	–	–	–	96,081,987	–	96,081,987
Impairment loss on trade and other receivables	3,171,025	–	–	–	493,978	–	–	–	3,665,003	–	3,665,003
Share of losses of associates	–	–	–	–	320,928	–	–	–	320,928	–	320,928
Fair value gain on investment properties	–	–	–	–	–	27,637,000	–	–	27,637,000	–	27,637,000
Gain on disposal of investment property	–	–	–	–	–	26,887,000	–	–	26,887,000	–	26,887,000
Gain on step acquisition	452,054	–	–	–	–	–	–	–	452,054	–	452,054
Reportable segment assets	330,156,927	261,648,506	–	–	29,662,020	328,322,191	4,443,810	–	954,233,454	993,968	955,227,422
Expenditure for reportable segment non-current assets	624,616	1,127,949	–	–	35,813	–	6,100	–	1,794,478	790,256	2,584,734
Interests in associates	–	–	–	–	23,035,875	–	–	–	23,035,875	–	23,035,875
Reportable segment liabilities	141,970,423	41,660,042	–	–	4,424,318	64,990,472	2,561,618	–	255,606,873	8,586	255,615,459

6. Segment Reporting *(Continued)*

(b) Reconciliation of reportable segment profit or loss, assets and liabilities

Loss before income tax credit

	2012	2011
	HK$	*HK$*
Reportable segment loss before income tax credit	**(135,042,678)**	(257,309,412)
Unallocated interest income and other income	**3,930,914**	4,376,223
Unallocated impairment loss on available-for-sale investments	**(102,176,062)**	—
Unallocated finance costs	**(2,096,534)**	—
Unallocated staff costs	**(26,853,185)**	(24,342,724)
Unallocated rent, rates and management fee	**(13,038,096)**	(4,565,042)
Unallocated depreciation	**(4,233,648)**	(1,161,681)
Unallocated head office and corporate expenses	**(35,888,235)**	(21,476,002)
Segment loss from discontinued operation	**—**	16,181,209
Loss before income tax credit from continuing operations	**(315,397,524)**	(288,297,429)

Assets

	2012	2011
	HK$	*HK$*
Reportable segment assets	**1,395,069,157**	955,227,422
Cash and cash equivalents	**16,905,973**	155,740,824
Property, plant and equipment	**14,705,827**	13,064,980
Loan receivables	**88,500,000**	—
Available-for-sale investments	**—**	23,356,803
Unallocated head office and corporate assets	**16,207,892**	12,185,654
Total assets	**1,531,388,849**	1,159,575,683

Liabilities

	2012	2011
	HK$	*HK$*
Reportable segment liabilities	**457,686,449**	255,615,459
Bank overdrafts	**29,210,909**	—
Other borrowing	**19,000,000**	—
Convertible bonds	**74,477,355**	—
Unallocated head office and corporate liabilities	**4,681,590**	14,818,840
Total liabilities	**585,056,303**	270,434,299

Notes to the Financial Statements

For the year ended 31 March 2012

6. Segment Reporting *(Continued)*

(c) Geographical information

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

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

	2012							
	Hong Kong		**PRC**		**Other *(note 2)***		**Total**	
	Continuing operations ***HK$***	**Discontinued operation** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operation** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operation** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operation** ***HK$***
Turnover *(note 1)*	**14,711,317**	**—**	**284,271,612**	**—**	**—**	**—**	**298,982,929**	**—**
Non-current assets other than financial instruments and deferred tax assets	**110,976,627**	**—**	**628,207,499**	**—**	**—**	**—**	**739,184,126**	**—**

	2011							
	Hong Kong		PRC		Other *(note 2)*		Total	
	Continuing operations *HK$*	Discontinued operation *HK$*	Continuing operations *HK$*	Discontinued operation *HK$*	Continuing operations *HK$*	Discontinued operation *HK$*	Continuing operations *HK$*	Discontinued operation *HK$*
Turnover *(note 1)*	53,226,172	16,288,171	120,565,423	—	—	—	173,791,595	16,288,171
Non-current assets other than financial instruments and deferred tax assets	28,832,055	—	502,531,730	—	23,035,875	—	554,399,660	—

Notes:

(1) Turnover is attributed to countries on the basis of the customers' location.

(2) It represented interests in an associate which is located in Singapore.

7. Turnover

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

	Group	
	2012	2011
	HK$	*HK$*
Continuing operations:		
Revenue from licence fee collection business	**73,901,282**	43,865,367
Revenue from hotel operations	**71,740,712**	71,914,053
Room rental	**17,615,170**	18,586,013
Food and beverages	**47,390,878**	45,407,169
Rental income from shops	**6,734,664**	7,920,871
Revenue from exhibition-related services	**81,468,152**	—
Gross rental income from property sub-leasing business	**54,560,565**	—
Revenue from artist and talent management and entertainment business	**9,738,959**	3,496,240
Gross rental income from investment properties	**5,559,937**	9,960,350
Sale of food and beverages from restaurant operations	**2,013,322**	44,555,585
	298,982,929	173,791,595
Discontinued operation *(note 10)*:		
Revenue from provision of wedding services	**—**	16,288,171
	298,982,929	190,079,766

8. Other Income and Gains

	Group	
	2012	2011
	HK$	HK$
Continuing operations:		
Bank interest income	**1,188,669**	874,068
Loan interest income	**3,134,208**	—
Gain on disposal of property, plant and equipment	**—**	63,687
Gain on disposal of non-current assets held for sale	**96,570,743**	—
Gain on disposal of investment properties	**—**	26,887,000
Gain on step acquisition of available-for-sale investments *(note 42(d))*	**6,979,802**	—
Gain on step acquisition of associates *(note 42(d))*	**5,278,168**	—
Government grants *(note)*	**3,715,259**	—
Others	**2,555,425**	5,376,261
	119,422,274	33,201,016
Discontinued operation:		
Bank interest income	**—**	762
Gain on disposal of property, plant and equipment	**—**	691,744
Others	**—**	65,374
	—	757,880
	119,422,274	33,958,896

Note:

Government grants mainly comprised unconditional subsidies for subsidising the Group's property sub-leasing business.

9. Loss Before Income Tax Credit

Loss before income tax credit from continuing operations is arrived at after charging/(crediting):

	Group	
	2012	2011
	HK$	*HK$*
Amortisation on		
— payments for leasehold land held for own use under operating leases	**4,084,635**	3,892,025
— intangible assets	**14,638,229**	18,714,107
— deferred expenditure	**43,975,801**	41,629,146
	62,698,665	64,235,278
Direct operating expenses from investment properties that generated rental income during the year	**1,870,699**	1,330,624
Loss on disposal of property, plant and equipment	**1,549,621**	—
Written off of property, plant and equipment	**—**	1,086,158
Other operating expenses *(Note)*	**175,748,480**	77,695,641
Impairment losses on		
— property, plant and equipment	**5,570,995**	2,564,936
— payments for leasehold land held for own use under operating leases	**16,233,022**	—
— goodwill	**139,612,244**	121,815,830
— intangible assets	**6,130,525**	96,081,987
— interests in associate	**27,140,474**	—
— available-for-sale investments	**102,176,062**	—
— trade and other receivables	**—**	3,665,003
	296,863,322	224,127,756
Auditor's remuneration	**3,465,818**	2,205,442

Note:

The increase in other operating expenses was mainly attributable to the acquisition of the CRA Group (as defined in note 21(c)) during the year ended 31 March 2012 (see note 42(a) for details). The other operating expenses incurred by the CRA Group during the year, which were mainly exhibition-related expenses paid to HKTDC (as defined in note 22(f)), amounted to HK$65,090,932.

10. Prior year discontinued Operation

During the year ended 31 March 2011, the Group ceased the wedding services business in order to align the Group's business strategy and to focus on the continuing businesses.

The turnover and results of the wedding services business for the year ended 31 March 2011 are as follows:

	Group
	2011
	HK$
Turnover	16,288,171
Other income and gains	757,880
Costs of inventories	(4,275,461)
Depreciation on property, plant and equipment	(2,503,950)
Written off of property, plant and equipment	(1,682,893)
Other operating expenses	(8,687,211)
Operating lease payments	(4,203,538)
Staff costs	(11,874,207)
Loss before income tax expense	(16,181,209)
Income tax expense	—
Loss for the year from discontinued operation	(16,181,209)

	Group
	2011
	HK$
Cash flows (used in)/from discontinued operation	
Operating cash flows	(6,464,867)
Investing cash flows	1,810,506
Total cash outflow	(4,654,361)

11. Staff Costs

	Group					
	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Staff costs (including directors) comprise:						
Salaries	**70,388,188**	64,910,216	**—**	10,865,234	**70,388,188**	75,775,450
Contribution to defined contribution pension plans	**11,470,706**	8,725,719	**—**	482,350	**11,470,706**	9,208,069
Other short-term monetary benefits	**3,435,987**	4,120,935	**—**	526,623	**3,435,987**	4,647,558
Equity-settled share-based payment expense *(note 41)*	**1,501,001**	3,952,277	**—**	—	**1,501,001**	3,952,277
Provision for long service payments *(note 37)*	**126,953**	—	**—**	—	**126,953**	—
	86,922,835	81,709,147	**—**	11,874,207	**86,922,835**	93,583,354

12. Directors' and Employees' Emoluments

Directors' emoluments

The aggregate amounts of the directors' emoluments, disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance and the Listing Rules, are as follows:

	Group				
2012	**Fees** *HK$*	**Salaries and other benefits** *HK$*	**Share-based payment expense** *HK$*	**Retirement scheme contributions** *HK$*	**Total** *HK$*
Executive directors					
Cheng Yang	—	4,293,000	—	12,000	4,305,000
Zheng Yuchun	—	2,544,000	1,501,001	12,000	4,057,001
Liu Yu Mo	—	3,402,600	—	12,000	3,414,600
Li Weipeng	1,440,000	—	—	—	1,440,000
Independent non-executive directors					
Tong Jingguo	120,000	—	—	—	120,000
Yang Rusheng	120,000	—	—	—	120,000
So Tat Keung	120,000	—	—	—	120,000
	1,800,000	10,239,600	1,501,001	36,000	13,576,601

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

Directors' emoluments *(Continued)*

	Group				
	Fees	Salaries and other benefits	Share-based payment expense	Retirement scheme contributions	Total
2011	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Executive directors					
Cheng Yang *(i)*	—	1,984,333	—	12,000	1,996,333
Zheng Yuchun *(ii)*	—	1,500,000	3,952,277	9,000	5,461,277
Liu Yu Mo	—	2,568,000	—	12,000	2,580,000
Li Weipeng *(iii)*	555,586	—	—	—	555,586
Yeung Chi Hang *(iv)*	—	2,380,000	—	7,000	2,387,000
Au Edmond Wah *(v)*	—	1,200,000	—	6,000	1,206,000
Non-executive director					
Ma Shuk Kam *(iv)*	—	—	—	—	—
Independent non-executive directors					
Tong Jingguo *(vi)*	89,105	—	—	—	89,105
Yang Rusheng *(iii)*	52,986	—	—	—	52,986
So Tat Keung *(vii)*	51,290	—	—	—	51,290
Chan Lai Mei *(viii)*	53,161	—	—	—	53,161
Lee Wai Loun *(iv)*	24,000	—	—	—	24,000
Lee Yuk Sang, Angus *(ix)*	55,226	—	—	—	55,226
	881,354	9,632,333	3,952,277	46,000	14,511,964

No directors waived their emoluments in respect of the year ended 31 March 2012 (2011: Nil).

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

(i) The director was appointed on 30 April 2010.
(ii) The director was appointed on 1 September 2010.
(iii) The directors were appointed on 20 October 2010.
(iv) The directors resigned with effect from 18 June 2010.
(v) The director resigned with effect from 30 September 2010.
(vi) The director was appointed on 18 June 2010.
(vii) The director was appointed on 28 October 2010.
(viii) The director resigned with effect from 20 October 2010.
(ix) The director resigned with effect from 28 October 2010.

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

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2011: five) were directors of the Company whose emoluments are included in the above.

The emoluments of the remaining two highest paid individuals in 2012 are as follows:

	Group 2012 *HK$*
Basic salaries, housing allowances, other allowances and benefits in kind	**3,480,488**
Retirement scheme contributions	**60,000**
	3,540,488

The emoluments are within the following band:

	Group 2012 *Number of employees*
HK$1,500,001 to HK$2,000,000	**2**

13. Finance Costs

	Group					
	Continuing operations		Discontinued operation		Total	
	2012 *HK$*	2011 *HK$*	**2012** *HK$*	2011 *HK$*	**2012** *HK$*	2011 *HK$*
Interest on bank loans	**6,689,801**	—	**—**	—	**6,689,801**	—
Effective interest expenses on convertible bonds	**3,290,914**	—	**—**	—	**3,290,914**	—
Interest on bank overdrafts	**676,955**	—	**—**	—	**676,955**	—
Interest on other borrowing	**387,412**	—	**—**	—	**387,412**	—
Interest on amounts due to non-controlling shareholders	**66,350**	56,953	**—**	—	**66,350**	56,953
	11,111,432	56,953	**—**	—	**11,111,432**	56,953

14. Income Tax Credit

The amount of income tax credit in the consolidated statement of comprehensive income represents:

	Group					
	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	**1,406,616**	21,040	**—**	—	**1,406,616**	21,040
Current tax — PRC Enterprise Income Tax						
— tax for the year	**8,003,881**	1,144,282	**—**	—	**8,003,881**	1,144,282
— under provision in respect of prior years	**—**	4,953	**—**	—	**—**	4,953
	8,003,881	1,149,235	**—**	—	**8,003,881**	1,149,235
Deferred tax *(note 38)*	**(4,950,325)**	(25,921,436)	**—**	—	**(4,950,325)**	(25,921,436)
Derecognised from assets held for sale	**(9,141,000)**	—	**—**	—	**(9,141,000)**	—
	(14,091,325)	(25,921,436)	**—**	—	**(14,091,325)**	(25,921,436)
	(4,680,828)	(24,751,161)	**—**	—	**(4,680,828)**	(24,751,161)

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong profits tax has been made for other subsidiaries within the Group as those subsidiaries have sufficient tax losses brought forward to offset against the estimated profits for the year on an individual basis.

PRC subsidiaries and jointly controlled entities are subject to PRC Enterprise Income Tax at rates ranging from 24% to 25% (2011: 22% to 25%).

14. Income Tax Credit *(Continued)*

The Tenth National People's congress enacted a new Enterprise Income Tax Law ("EIT Law") on 16 March 2007, which provides for a unified income tax rate of 25% to both domestic enterprises and foreign-invested enterprises. The new tax law became effective on 1 January 2008. As a result, the tax rate for domestic enterprises will be reduced to 25%, whereas the tax rate for foreign-invested enterprises that have enjoyed preferential tax treatment shall have five years from the time when the EIT Law takes effect to transition progressively to the legally prescribed tax rate. During this period, an enterprise that previously enjoyed 15% tax rate shall be subject to 18% tax rate for the year 2008, 20% for the year 2009, 22% for the year 2010, 24% for the year 2011, and 25% for the year 2012; an enterprise that previously enjoyed 24% tax rate shall be subject to 25% tax rate starting the year 2008.

The income tax credit for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$	*HK$*
Loss before income tax credit		
Continuing operations	**(315,397,524)**	(288,297,429)
Discontinued operation	**—**	(16,181,209)
	(315,397,524)	(304,478,638)
Tax credit calculated at Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**(52,040,591)**	(50,238,975)
Effect of different tax rates of subsidiaries and jointly controlled entities operating in other jurisdictions	**(4,158,207)**	(12,478,348)
Tax effect of share of losses of associates	**1,469,360**	52,953
Tax effect of non-deductible expenses	**62,081,343**	31,403,169
Tax effect of non-taxable revenue	**(23,300,688)**	(7,886,466)
Tax effect of tax losses not recognised	**21,434,992**	21,988,217
Utilisation of tax losses previously not recognised	**(1,026,037)**	(6,664)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	**(9,141,000)**	(7,590,000)
Under provision in respect of prior years	**—**	4,953
Income tax credit	**(4,680,828)**	(24,751,161)

15. Loss Attributable to Shareholders

Loss attributable to shareholders includes an amount of HK$29,157,410 (2011: HK$20,966,167) which has been dealt with in the financial statements of the Company.

16. Dividends

No dividend was paid or proposed in respect of the year ended 31 March 2012, nor has any dividend been proposed since the end of reporting period (2011: Nil).

17. Loss Per Share

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

	Group	
	2012	2011
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company		
— from continuing operations	**(293,520,701)**	(250,046,603)
— from discontinued operation	**—**	(16,181,209)
— from continuing and discontinued operations	**(293,520,701)**	(266,227,812)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**11,662,764,430**	10,008,132,762
Effect of dilutive potential ordinary shares *(note)*:		
— Share options	**—**	—
— Convertible bonds	**—**	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	**11,662,764,430**	10,008,132,762

Note:

There are no dilutive effects on the share options granted and convertible bonds as they are anti-dilutive.

18. Property, Plant and Equipment

Group

	Hotel buildings in the PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Wardrobe *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
Cost or valuation								
At 1 April 2010	23,321,595	158,000,000	39,463,917	1,137,797	51,151,024	11,961,767	6,800,000	291,836,100
Surplus on revaluation	—	32,100,000	—	—	—	—	—	32,100,000
Additions	—	—	5,907,860	—	1,371,638	772,275	—	8,051,773
Acquired through business combination *(note 42(e))*	—	—	205,387	—	1,637,098	2,135,407	—	3,977,892
Transfer to assets held for sale *(note 32)*	—	(184,600,000)	—	—	(106,899)	—	—	(184,706,899)
Disposals	—	—	(475,400)	—	(844,000)	(3,308,680)	—	(4,628,080)
Written off	—	—	(5,872,898)	—	(6,820,045)	(1,502,248)	—	(14,195,191)
Exchange differences	1,068,478	—	3,525,313	—	4,003,441	290,300	—	8,887,532
At 31 March 2011 and 1 April 2011	24,390,073	5,500,000	42,754,179	1,137,797	50,392,257	10,348,821	6,800,000	141,323,127
Surplus on revaluation	—	200,000	—	—	—	—	—	200,000
Additions	—	—	24,979,976	—	5,524,060	4,308,608	—	34,812,644
Acquired through business combinations *(note 42(a), (b), (d))*	—	—	108,438,124	—	6,969,634	1,305,886	—	116,713,644
Disposals	—	—	(10,400)	—	(1,920,095)	(2,777,037)	—	(4,707,532)
Exchange differences	957,726	—	5,857,461	—	3,867,359	425,945	—	11,108,491
At 31 March 2012	25,347,799	5,700,000	182,019,340	1,137,797	64,833,215	13,612,223	6,800,000	299,450,374
Accumulated depreciation and impairment								
At 1 April 2010	13,148,462	—	25,972,243	1,137,797	28,697,442	3,189,057	453,333	72,598,334
Charge for the year	3,824,092	4,238,882	9,268,995	—	9,173,736	3,077,275	680,000	30,262,980
Eliminated on revaluation	—	(4,238,882)	—	—	—	—	—	(4,238,882)
Impairment loss	—	—	46,299	—	752,428	1,766,209	—	2,564,936
Transfer to assets held for sale *(note 32)*	—	—	—	—	(82,367)	—	—	(82,367)
Eliminated on disposals	—	—	(229,943)	—	(230,580)	(784,013)	—	(1,244,536)
Eliminated on written off	—	—	(4,009,579)	—	(5,584,538)	(1,832,023)	—	(11,426,140)
Exchange differences	651,339	—	3,061,381	—	3,132,378	182,445	—	7,027,543
At 31 March 2011 and 1 April 2011	17,623,893	—	34,109,396	1,137,797	35,858,499	5,598,950	1,133,333	95,461,868
Charge for the year	3,824,093	151,624	16,937,935	—	11,747,962	2,260,142	680,000	35,601,756
Eliminated on revaluation	—	(151,624)	—	—	—	—	—	(151,624)
Impairment loss	417,920	—	3,492,708	—	1,448,945	211,422	—	5,570,995
Eliminated on disposals	—	—	(10,400)	—	(1,673,345)	(1,474,166)	—	(3,157,911)
Exchange differences	703,262	—	2,900,290	—	2,451,877	222,155	—	6,277,584
At 31 March 2012	22,569,168	—	57,429,929	1,137,797	49,833,938	6,818,503	1,813,333	139,602,668
Net book value								
At 31 March 2012	2,778,631	5,700,000	124,589,411	—	14,999,277	6,793,720	4,986,667	159,847,706
At 31 March 2011	6,766,180	5,500,000	8,644,783	—	14,533,758	4,749,871	5,666,667	45,861,259

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

The analysis of the net book value or valuation of the above assets at 31 March 2012 is as follows:

	Hotel buildings in the PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
At cost	2,778,631	—	124,589,411	14,999,277	6,793,720	4,986,667	154,147,706
At 2012 professional valuation	—	5,700,000	—	—	—	—	5,700,000
	2,778,631	5,700,000	124,589,411	14,999,277	6,793,720	4,986,667	159,847,706

The analysis of the net book value or valuation of the above assets at 31 March 2011 is as follows:

	Hotel buildings in the PRC *HK$*	Leasehold land and buildings *HK$*	Leasehold improvements *HK$*	Furniture, fixtures and equipment *HK$*	Motor vehicles *HK$*	Yacht *HK$*	Total *HK$*
At cost	6,766,180	—	8,644,783	14,533,758	4,749,871	5,666,667	40,361,259
At 2011 professional valuation	—	5,500,000	—	—	—	—	5,500,000
	6,766,180	5,500,000	8,644,783	14,533,758	4,749,871	5,666,667	45,861,259

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

	2012 **HK$**	2011 *HK$*
Properties located in Hong Kong		
Leases of between 10 to 50 years	**5,700,000**	5,500,000
Properties located in the PRC		
Leases of over 50 years	**2,778,631**	6,766,180

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

An impairment loss on property, plant and equipment used in the hotel operations of HK$1,710,012 was made during the year ended 31 March 2012 (2011: Nil) due to keen competition in hotel business which resulted in weak performance for that year and uncertainty arose for subsequent years. The impairment loss was determined with reference to a valuation provided by Savills Valuation and Professional Services Limited ("Savills"), an independent professional valuer. The valuation was arrived at by considering the capitalised net earnings to be derived from the hotel operations. The discount rate applied to the valuation is 9% (2011: Nil).

Leasehold land and buildings were revalued at 31 March 2012 on the open market value basis by Savills. A net revaluation surplus of HK$293,606 (2011: HK$1,342,106) was credited to other properties revaluation reserve, after netting off applicable deferred tax expense of HK$58,018 (2011: HK$265,207).

The carrying amount of leasehold land and building of the Group would have been HK$761,111 (2011: HK$785,382) had they been stated at cost less accumulated depreciation and accumulated impairment losses.

As at 31 March 2011, leasehold land and buildings transferred to assets held for sale as disclosed in note 32 were revalued at the date of classification as held for sale on the open market value basis by the directors of the Company. A net revaluation surplus of HK$29,000,860 was credited to other properties revaluation reserve, after netting off applicable deferred tax expense of HK$5,730,709.

At 31 March 2012 and 2011, the Group did not pledge any leasehold land and buildings.

19. Investment Properties

Group

	2012	2011
	HK$	*HK$*
At beginning of year	**80,655,000**	203,418,000
Transfer to assets held for sale *(note 32(a))*	**(10,989,565)**	(55,400,000)
Disposals	**—**	(95,000,000)
Change in fair value *(note (e))*	**13,207,565**	27,637,000
At end of year	**82,873,000**	80,655,000

(a) Investment properties were revalued at 31 March 2012 and 2011 on the open market value basis by an independent valuer, Savills. The valuation was mainly arrived at by reference to comparable market transactions and where appropriate, on the basis of the capitalisation of the net income with due provision for the reversionary income potential.

(b) At 31 March 2012 and 2011, the Group did not pledge any investment property.

(c) Gross rental income from investment properties amounted to HK$5,559,937 (2011: HK$9,960,350).

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

	2012	2011
	HK$	*HK$*
Investment properties located in Hong Kong		
Leases of between 10 to 50 years	**—**	6,700,000
Investment properties located in the PRC		
Leases of between 10 to 50 years	**82,873,000**	73,955,000

(e) Included in change in fair value during the year ended 31 March 2012 was an amount of HK$4,189,565 (2011: Nil) which related to the investment properties classified as assets held for sales as shown in note 32.

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

Group

	HK$
At 1 April 2010	207,312,219
Charge for the year	(3,892,025)
Exchange differences	9,439,056
At 31 March 2011 and 1 April 2011	212,859,250
Charge for the year	(4,084,635)
Impairment loss	(16,233,022)
Exchange differences	8,298,726
At 31 March 2012	200,840,319

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

The impairment of HK$16,233,022 was recognised in 2012 (2011: Nil) in respect of a parcel of land currently used for hotel operations. The recoverable amount of land is determined using the same basis as explained in note 18 on the hotel operations.

21. Goodwill and Impairment

Group

	Provision of copyright licence fees settlement and collection services *(note (a))* HK$	Provision of intellectual property enforcement services *(note (b))* HK$	Exhibition-relation business *(note (c))* HK$	Property sub-leasing business *(note (d))* HK$	Restaurant operations *(note (e))* HK$	Enter-tainment business *(note (f))* HK$	Wedding services HK$	Others HK$	Total HK$
Cost									
At 1 April 2010	1,156,654,441	–	–	–	920,494	15,287,287	18,988,140	15,000	1,191,865,362
Arising from business combination *(note 42(e))*	–	79,427,363	–	–	–	–	–	–	79,427,363
At 31 March 2011 and 1 April 2011	1,156,654,441	79,427,363	–	–	920,494	15,287,287	18,988,140	15,000	1,271,292,725
Arising from business combinations *(note 42(a), (b), (c), (d))*	–	–	113,345,357	18,311,567	1,280,000	84,078,892	–	–	217,015,816
At 31 March 2012	1,156,654,441	79,427,363	113,345,357	18,311,567	2,200,494	99,366,179	18,988,140	15,000	1,488,308,541
Impairment									
At 1 April 2010	1,034,838,611	–	–	–	920,494	15,287,287	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	–	–	–	920,494	15,287,287	18,988,140	15,000	1,191,865,362
Impairment loss	–	–	113,345,357	–	1,280,000	24,986,887	–	–	139,612,244
At 31 March 2012	1,156,654,441	–	113,345,357	–	2,200,494	40,274,174	18,988,140	15,000	1,331,477,606
Carrying value									
At 31 March 2012	–	79,427,363	–	18,311,567	–	59,092,005	–	–	156,830,935
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 higher of fair value less costs to sell and value-in-use calculation.

21. Goodwill and Impairment *(Continued)*

(a) During the year ended 31 March 2012, the results of provision of copyright licence fees settlement and collection services has not improved and the Group had disputes with the other venturer in respect of the operations and future development of the business, which the joint ventures as disclosed in note 25 operate. Following the unsuccessful discussions with the other venturer, the Group commenced arbitration proceedings in year 2012 against the other venturer to claim for return of 20% equity interests in the joint ventures, and prepared to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures.

Up to the date of approval of these financial statements, the result of the arbitration proceedings have not been finalised. The board of directors of the Company will follow closely on the development of the above matters and inform the shareholders of the Company on a timely basis.

In determining the recoverable amount of the related goodwill and intangible assets, the directors have taken the assumptions that the operation of the provision of copyright licence fees settlement and collection services would be adversely affected by the above incident together with the unfavorable result of operations, and any possible claims against the Group by the other venturer and other parties including the China Audio-Video Copyright Association for early termination of the service agreement in respect of the exclusive right granted to the Group as detailed in note 22(a).

Goodwill and intangible assets (note 22(a), (c)) in respect of the provision of copyright licence fees settlement and collection services have been fully impaired and there is no indication that the impairment loss of intangible assets can be reversed.

21. Goodwill and Impairment *(Continued)*

(b) 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 a ten-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 and intangible assets (note 22(b)):

— The China Audio-Video Copyright Association will continuously arrange collection agent to carry out the copyright licence fees settlement and collection services.

— The revenue growth rate and discount rate used for cash flow projections for the provision of intellectual property enforcement services are as follows:

	2013	**2014**	**2015**	**2016**	**2017**
Revenue growth rate	96%	82%	68%	35%	24%
Discount rate	19%	19%	19%	19%	19%

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

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 CGU regarding provision of intellectual property enforcement services.

21. Goodwill and Impairment *(Continued)*

(c) On 20 May 2011, the Group completed the acquisition of China Resources Advertising & Exhibition Company Limited and its subsidiaries (the "CRA Group"), which acts as an organiser and contractor for all kinds of exhibition events and meeting events mainly in Hong Kong (see note 42(a)). The estimated recoverable amounts of the above CGU were determined based on the value-in-use approach. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using a 5% revenue growth rate per annum. Discount rate of 19% per annum is used in the calculation. While at the acquisition date, the growth rate and the discount rate used were 10% and 17% respectively. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development.

Subsequent to the acquisition of the CRA Group, the revenue and net profit generated from the exhibition-related business has dropped, which was resulted from the adverse global economic environment. In addition, as there was a proposed redevelopment plan, it is expected that the landlord of certain exhibition halls currently leased by the CRA Group for exhibition-related business will terminate the relevant rental arrangement. As a result, the directors expected that the profit generated by the CRA Group will further be reduced.

In view of the above, the Group used the following assumptions in the preparation of cash flow projection for impairment assessment of goodwill and intangible assets as at 31 March 2012:

- for revenue generated from the above-mentioned leased exhibition halls, the discounted cash flow only included the cash flows contributed by leased exhibition halls up to 2013, as the directors considered that the rental agreement will be terminated by landlord starting from 1 April 2013 (although no exact timetable of redevelopment plan).

- for the rest of the exhibition-related business, a more prudent revenue growth rate of 5% (instead of 10% as used at the date of acquisition) is used due to the expected adverse economic environment in the future as evidenced by the decrease in revenue in recent fashion shows held by the CRA Group.

As a result, impairment losses of HK$113,345,357 and HK$6,130,525 were provided on goodwill and intangible assets (note 22(f)) in connection with the exhibition-related business.

21. Goodwill and Impairment *(Continued)*

(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 (see note 42(b)). The estimated recoverable amount is determined based on value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 5% revenue growth rate per annum. Discount rate of 19% per annum is used in the calculation. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. No impairment was provided on goodwill from the sub-leasing business as the recoverable amount is higher than the carrying amount of the CGU.

(e) 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 (see note 42(c)). The estimated recoverable amount is determined based on value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 3% revenue growth rate per annum. Discount rate of 8% per annum is used in the calculation. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development.

The Group made a full provision for impairment loss of the goodwill because Number one experienced significant loss since the date of acquisition and management is uncertain about the future profitability of the hot pot business.

(f) On 30 December 2011, the Group acquired 45.88% of the entire issued share capital of China Media and Films Holdings Limited (formerly KH Investment Holdings Limited) ("China Media"), increasing its equity interests in China Media from 29.08% to 74.96% (see note 42(d)). China Media is engaged in artist management and film production in Hong Kong and the PRC. The estimated recoverable amount of the CGU in relation to China Media is determined based on fair value less costs to sell. The fair value was based on closing price of China Media quoted on the Stock Exchange. An impairment loss of HK$24,986,887 was provided on goodwill in relation to China Media as the recoverable amount is less than the carrying amount of CGU.

The impairment loss of the goodwill was mainly due to decrease in quoted closing price of China Media since the date of acquisition of China Media.

All the discount rates used above are pre-tax and reflect specific risks relating to the relevant segments.

22. Intangible Assets

Group

	Provision of copyright licence fees settlement and collection services (note (a)) HK$	Provision of intellectual property enforcement services (note (b)) HK$	Karaoke CMS (note (c)) HK$	Golf club memberships (note (d)) HK$	Website (note (e)) HK$	Customer relationship and customer contracts (note (f)) HK$	Film rights (note (g)) HK$	Films in progress (note (h)) HK$	Total HK$
Cost									
At 1 April 2010	120,210,480	–	6,793,205	510,750	144,826	–	–	–	127,659,261
Acquired through business combination *(note 42(e))*	–	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 combinations *(note 42(a), (d))*	–	–	–	–	–	38,410,000	1,188,218	413,422	40,011,640
Exchange differences	5,603,010	5,184,053	278,970	20,975	11,376	–	–	–	11,098,384
At 31 March 2012	131,320,930	116,405,953	7,383,406	2,055,125	162,837	38,410,000	1,188,218	413,422	297,339,891
Accumulated amortisation and impairment									
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 year	–	11,640,595	–	116,884	–	2,880,750	–	–	14,638,229
Impairment loss	–	–	–	–	–	6,130,525	–	–	6,130,525
Exchange differences	5,603,010	129,601	278,970	20,974	11,376	–	–	–	6,043,931
At 31 March 2012	131,320,930	14,550,743	7,383,406	681,748	162,837	9,011,275	–	–	163,110,939
Net book value									
At 31 March 2012	–	101,855,210	–	1,373,377	–	29,398,725	1,188,218	413,422	134,228,952
At 31 March 2011	–	108,441,353	–	1,490,260	–	–	–	–	109,931,613

22. Intangible Assets *(Continued)*

Notes:

(a) Provision of copyright licence fees settlement and collection services represents the exclusive right in respect of the karaoke copyright in the PRC managed and administered by the China Audio-Video Copyright Association for a period of 10 years from 27 December 2007. The recoverable amount of the CGU of provision of copyright licence fees settlement and collection services to which the licence fee collection right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 21(a). During the year ended 31 March 2011, an impairment loss of HK$90,157,860 in respect of the licence fee collection right was recognised. The Group intended to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures. Please refer to note 21(a) for details.

(b) During the year ended 31 March 2011, 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 as disclosed in note 42(e), in return for certain percentage of the licence fee collected from karaoke venues. The recoverable amount of the CGU of provision of intellectual property enforcement services to which the intellectual property enforcement services right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 21(b). At the end of the reporting period, management of the Group determined that there was no impairment as the recoverable amount exceeded its carrying amount.

(c) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management service system in the PRC for a term of 10 years from 15 July 2007. The recoverable amount of the CGU of provision of copyright licence fees settlement and collection services to which the Karaoke CMS right is allocated has been determined by the value-in-use calculation, details of which are disclosed in note 21(a). During the year ended 31 March 2011, an impairment loss of the Karaoke CMS of HK$5,389,977 was recognised since the Group intends to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures. Please refer to note 21(a) for details.

(d) In addition to a golf club membership with indefinite useful life acquired by the Group in prior years, the Group further acquired a golf club membership with a useful live of 12 years during the year ended 31 March 2011. For the purpose of impairment testing on the golf club memberships with indefinite useful life, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is referenced to the second-hand market price of the golf club memberships less estimated cost of disposal. During the year ended 31 March 2011, an impairment loss of the golf club memberships of HK$534,150 was recognised since the recoverable amount of the golf club memberships was less than its carrying amount.

(e) Website has a useful life of three years. During the year ended 31 March 2010, management of the Group has decided to terminate the use of website and therefore the carrying value of the website was fully impaired.

(f) Customer relationship and customer contracts represent the long established relationship 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 organised by HKTDC. The CRA Group has been consistently appointed by HKTDC as the sole agent of China Pavilion for the Hong Kong Fashion Week for Spring/Summer and Fall/Winter. These customer relationship and customer contracts have estimated useful life of ten years. During the year ended 31 March 2012, an impairment loss of HK$6,130,525 in respect of the customer relationship and customer contracts was recognised due to the reason as described in note 21(c).

(g) During the year ended 31 March 2012, the Group acquired film rights in relation to the broadcasting of the film "Written By" through the media of regional internet worldwide market (see note 42(d)). The estimated recoverable amount of the CGU of film rights to which the film rights is allocated has been determined by the value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 10% revenue growth rate per annum. Discount rate of 15% per annum is used in the calculation. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development.

At the end of the reporting period, management of the Group determined that there was no impairment as the recoverable amount exceeded its carrying amount.

(h) Films in progress were acquired during the year ended 31 March 2012 (see note 42(d)). It represented costs for development and preparation of films which are under production. In light of the stage of film production, the Group regularly reviewed the progress of film production to assess the cost of film in progress.

23. Interests in Subsidiaries

	Company	
	2012	2011
	HK$	*HK$*
Unlisted shares, at cost	**1,974,576,274**	1,708,591,352
Less: Impairment loss	**(1,571,566,926)**	(1,392,898,395)
	403,009,348	315,692,957
Amounts due from subsidiaries	**1,090,115,179**	719,569,061
Less: Impairment loss	**(292,593,814)**	(233,067,353)
	797,521,365	486,501,708
Amounts due to subsidiaries	**(376,608,216)**	(189,499,585)

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

The following is a list of the principal subsidiaries as at 31 March 2012.

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	Percentage of ownership interests held indirectly
Golden Island Bird's Nest Chiu Chau Restaurant (Star House) Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	100 ordinary shares of HK$100 each and 240,000 deferred shares of HK$100 each	100	—
Golden Island (Management) Limited	Limited liability company	Hong Kong	Provision of management services to group companies in Hong Kong	10,000 ordinary shares of HK$1 each	100	—
Hua Rong Sheng Shi Holdings Limited ("Hua Rong")	Limited liability company	The British Virgin Islands ("BVI")	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—

23. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	indirectly
Welly Champ International Limited ("Welly Champ")	Limited liability company	BVI	Investment holding in Hong Kong	196.13 ordinary shares of US$1 each	83.06	—
Wholly Gain Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Castle Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Fame Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Success Enterprises Limited ("Win Success")	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—
Wide Stand Holdings Limited ("Wide Stand")	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—
Wise Mark Group Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Wave High International Limited	Limited liability company	BVI	Investment holding in Hong Kong	1 ordinary share of US$1	100	—
Win Sea Group Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	100	—
Wellrich Investments Limited	Limited liability company	BVI	Investment holding in Hong Kong	100 ordinary shares of US$1 each	100	—
Baron Productions and Artiste Management Company Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51

23. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	indirectly
Chance Music Limited ("CML")	Limited liability company	Hong Kong	Music production in Hong Kong	6,000 ordinary shares of HK$1 each	—	60
Golden Capital Entertainment Company Limited	Limited liability company	BVI	Investment holding in Hong Kong	10 ordinary shares of US$1 each	—	100
Golden Island Catering Group Company Limited	Limited liability Company	Hong Kong	Sale of food and beverages	2 ordinary shares of HK$1 each	100	—
Golden Capital Entertainment Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	1 ordinary share of HK$1	—	100
Golden Island Bird's Nest Chiu Chau Restaurant (Causeway Bay) Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	12,000 ordinary shares of HK$100 each	—	100
Shenzhen Land Company Limited	Limited liability company	Hong Kong	Investment holding in Hong Kong	10,000 ordinary shares of HK$1 each	—	100
Solid Sound Productions Limited	Limited liability company	Hong Kong	Music production and artist management in Hong Kong	51 ordinary shares of HK$1 each	—	51
Song Labs Co., Limited ("Song Labs")	Limited liability company	PRC	Intellectual property enforcement activities in the PRC	RMB34,200,000	—	60.8
Well Allied Investments Limited ("Well Allied")	Limited liability company	BVI	Investment holding in Hong Kong	88.55 ordinary shares of US$1 each	—	55.5
World Honour Investments Limited	Limited liability company	Hong Kong	Property holding in Hong Kong	100 ordinary shares of HK$1 each	—	100
中音傳播(深圳)有限公司 ("China Music")	Foreign enterprise	PRC	Karaoke license fee collection business in the PRC	HK$8,823,289	—	55.5

23. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	indirectly
肇慶星湖俱樂部	Sino-foreign equity joint venture	PRC	Hotel operations in the PRC	RMB95,339,541	—	94
Witty Idea Finance Company Limited	Limited liability company	Hong Kong	Money lending business in Hong Kong	1 ordinary share of HK$1	—	100
南京創意東八區科技有限責任公司	Foreign equity joint venture	PRC	Property sub-leasing business in the PRC	RMB8,400,000	—	60
南京垻坤投資實業有限公司	Limited liability company	PRC	Property sub-leasing business in the PRC	RMB6,000,000	—	60
南京垻坤通產資產經營管理有限公司	Limited liability company	PRC	Property sub-leasing business in the PRC	RMB3,060,000	—	31
Elite-China Cultural Development Limited (“Elite-China”)	Limited liability company	Hong Kong	Investment holding in the PRC	6,000 ordinary shares of HK$1 each	—	60
BoRen Cultural Development Limited	Limited liability company	BVI	Investment holding in the PRC	1 ordinary share of US$1	—	100
China Resources Advertising & Exhibition Company Limited	Limited liability company	Hong Kong	Exhibition-related services in Hong Kong	100,000 ordinary shares of HK$1 each	100	—
New Asia Media Development Limited	Limited liability Company	BVI	Investment holding	1 ordinary share of US$1	100	—
China Media	Limited liability company	Cayman Islands	Investment holding	379,006,016 ordinary shares of HK$0.01 each	—	74.95
Dance Star Group Limited	Limited liability company	BVI	Investment holding	1 ordinary share of US$1	—	74.95

23. Interests in Subsidiaries *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Description of shares/capital held	Percentage of ownership interests held directly	indirectly
China Media and Films Holdings Limited	Limited liability company	Hong Kong	Investment holding in the PRC	1 ordinary share of HK$1	—	74.95
Diligent Lead Limited	Limited liability company	BVI	Investment holding	1 ordinary share of US$1	—	74.95
Premium Dignity Investments Limited	Limited liability company	BVI	Investment holding	1 ordinary share of US$1	—	74.95
Infrared Engineering & Consultants Limited	Limited liability company	Hong Kong	Infrared consultancy services	2 ordinary shares of HK$1 each	—	74.95
China Star Management Limited	Limited liability company	Hong Kong	Artist management	29,000,000 ordinary shares of HK$1 each	—	74.95
Anglo Market International Limited	Limited liability company	BVI	Artist management	1 ordinary share of US$1	—	74.95
Creative Formula Limited	Limited liability company	Hong Kong	Films production and distribution	10,000,000 ordinary shares of HK$1 each	—	74.95

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

None of the subsidiaries had issued any debt securities outstanding at the end of the year except for the convertible loan notes issued by China Media with outstanding amount of HK$4,449,740 as at 31 March 2012 (2011: Nil) which will mature on the fifth year after 25 September 2008 and with zero coupon rate.

24. Interests in Associates

	2012	2011
	HK$	*HK$*
Share of net assets of associates	**916,388**	1,457,441
Goodwill	**26,224,086**	21,578,434
Impairment loss recognised	**(27,140,474)**	—
	—	23,035,875

On 8 February 2011, the Group acquired 18.79% equity interests in Xinya Media Private Limited ("Xinya") at a consideration of HK$23,356,803 from Cheng Films and Video Production Limited, which is beneficially owned by the spouse of Cheng Yang, a director of the Company.

On 11 April 2011, the Group entered into a subscription agreement to subscribe for 351,062 preference shares of 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%.

Investing in Xinya was a strategic decision that could help strengthen the Group's entertainment business. Though Xinya was a start-up company, it had a business plan to enter the PRC market via time-block swap with local operators which was an alternative to apply for Category 6 landing permit in the PRC.

In November 2011, Xinya entered into an agreement with a media group in the Anhui Province, the PRC, to swap programs and bring in advertising benefits as a stepping stone to develop internet protocol television in entering the PRC market. However, due to unsatisfactory income and the high costs for exploring the market and its operations, Xinya has experienced cash flow problem. The shareholders failed to agree on the development plan and the funding arrangement of Xinya. On 30 April 2012, its shareholders passed a resolution for creditors' voluntary winding up of Xinya. A liquidator has been appointed to wind up its affairs. As a result, an impairment loss of HK$27,104,474 was provided on the Group's interests in Xinya.

24. Interests in Associates *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

	2012	2011
	HK$	*HK$*
Total assets	**41,381,413**	49,199,501
Total liabilities	**(37,266,514)**	(41,443,029)
Net assets	**4,114,899**	7,756,472
Group's share of net assets of associates	**916,388**	1,457,441

	2012	2011
	HK$	*HK$*
Total revenue	**39,012,406**	626,983
Total expenses	**(73,496,270)**	(2,334,954)
Net losses	**(34,483,864)**	(1,707,971)
Group's share of losses of associates *(note)*	**(8,905,212)**	(320,928)

Note:

Included in the Group's share of losses of associate was the share of results of China Media during April 2011 to December 2011 during which the equity interests in China Media was accounted for as associate. Please refer to note 42(d) for details.

25. Interests in Jointly Controlled Entities

The jointly controlled entities, which are principally engaged in the provision of copyright licence fees settlement and collection services, are accounted for using proportionate consolidation.

The following amounts have been recognised in the consolidated statement of financial position and consolidated statement of comprehensive income relating to these jointly controlled entities:

	2012	2011
	HK$	*HK$*
Non-current assets	**81,971,977**	98,646,923
Current assets	**65,929,031**	51,993,689
Current liabilities	**(126,803,467)**	(105,585,464)
Non-current liabilities	**(16,202,621)**	(20,056,691)
Net assets	**4,894,920**	24,998,457
Income	**11,739,722**	10,427,487
Expenses	**(37,088,075)**	(36,062,636)
Loss before income tax credit	**(25,348,353)**	(25,635,149)
Income tax credit	**3,688,244**	4,558,954
Loss after income tax credit	**(21,660,109)**	(21,076,195)

25. Interests in Jointly Controlled Entities *(Continued)*

Details of jointly controlled entities are as follows:

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
天合文化集團有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC through a nationwide Karaoke CMS and investment holding	50%
福建天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
浙江天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
安徽天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
北京天合新紀元文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%

25. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
天津天合新紀元文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%
山東天合世紀文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
北京天合傳媒網絡有限公司	Corporation	PRC	Dormant	50%
湖南天合世嘉文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%
上海天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
遼寧天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	28%

25. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
湖北天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
河南天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
海南天合傳美文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
重慶天合世紀文化傳媒有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
黑龍江天合世紀文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	38%
四川天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.1%

25. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
山西天合文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
雲南天合世紀文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
吉林天合世嘉文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
貴州天合陽光文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
陝西天合陽光文化傳播有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%
寧夏天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%

25. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
江蘇天合新紀元文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	37.8%
江西天合新紀元文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
廣州天合文化發展有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
新疆天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
廣西天合世紀文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
甘肅天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	50%

25. Interests in Jointly Controlled Entities *(Continued)*

Name	Form of business structure	Place of incorporation	Principal activities and place of operation	Percentage of ownership interest indirectly held
青海天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
內蒙古天合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%
河北天人合文化有限公司	Corporation	PRC	Provision of copyright transactions settlement services relating to karaoke venues in the PRC	25.5%

The above jointly controlled entities do not have any capital commitments at the end of the reporting period and details of the relevant contingent liabilities are disclosed in note 21(a).

26. Available-for-sale Investments

	2012	2011
	HK$	*HK$*
Listed securities in Hong Kong, at fair value *(note (a))*	**85,890,330**	16,550,554
Contingent consideration in related to acquisition of subsidiaries *(note (b), 42(b))*	**98,747,593**	—
	184,637,923	16,550,554

Notes:

(a) Available-for-sale investments at 31 March 2012 represented 12.27% and 0.1% 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 31 March 2012, the carrying amounts of available-for-sale investments in Cosmopolitan and Wah Nam were HK$82,425,690 and HK$3,464,640 respectively.

During the year ended 31 March 2012, the change in fair value on the available-for-sale investments of the Group amounted to HK$102,176,062 (2011: Nil) was recognised in equity as investment revaluation reserve and reclassified to profit or loss as the directors considered the decline in fair value constituted objective evidence of impairment.

Available-for-sale investments at 31 March 2011 represented 12.43% equity interests in China Media held by the Group. Please refer to note 42(d) for details.

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

As at 31 March 2012, 4.98% equity interests in Cosmopolitan with carrying amount of HK$33,459,000 were pledged to an independent third party as security for other borrowing granted to the Group (note 35).

(b) The contingent consideration in related to acquisition of subsidiaries was secured by 40% equity interests of Elite-China which was held by FeiFan Cultural Development Limited, a non-controlling interest of the Group's subsidiaries.

The contingent consideration related to acquisition of subsidiaries was valued at 31 March 2012 on option pricing model basis by Savills, an independent professional valuer, and the fair value is not significantly different from the one measured at the date of acquisition as shown in note 42(b).

27. Deferred Expenditure

Group

	HK$
Cost	
At 31 March 2010	160,290,543
Acquired through business combination *(note 42(e))*	19,577,044
Additions	25,959,569
At 31 March 2011 and 1 April 2011	205,827,156
Additions	27,181,997
At 31 March 2012	233,009,153
Accumulated amortisation and impairment	
At 1 April 2010	131,130,564
Amortisation for the year	41,629,146
At 31 March 2011 and 1 April 2011	172,759,710
Amortisation for the year	43,975,801
At 31 March 2012	216,735,511
Carrying amount	
At 31 March 2012	16,273,642
At 31 March 2011	33,067,446

27. Deferred Expenditure *(Continued)*

	2012	2011
	HK$	*HK$*
Shown in the financial statements as:		
Deferred expenditure — current portion		
(to be amortised within one year)	**11,710,428**	30,438,146
Deferred expenditure — non-current portion	**4,563,214**	2,629,300
	16,273,642	33,067,446

During the years ended 31 March 2012 and 2011, the Group entered into cooperation agreements with various copyright holders for the business of collecting license fees from karaoke operators in the PRC for their use of licensed audio-visual works on behalf of the copyright holders.

As a condition of the agreements, the Group advanced the sum of HK$27,181,997 during the year ended 31 March 2012 (2011: HK$25,959,569) to the copyright holders as their guaranteed share of the expected profit on license fees that will be earned.

The recoverable amount of the deferred expenditure has been determined by the value-in-use calculation, which was also used for the impairment testing of goodwill in connection with the CGU of provision of intellectual property enforcement services. Details of the calculation are disclosed in note 21(b). At the end of the reporting period, management of the Group determined that there was no impairment of the deferred expenditure as the recoverable amount exceeded its carrying amount.

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

	2012	2011
	HK$	*HK$*
Year ended 31 March 2012	**—**	16,162,000
Year ended 31 March 2013	**7,120,000**	—
Year ended 31 March 2014	**5,000,000**	—

28. Inventories

	Group	
	2012	2011
	HK$	*HK$*
Food, beverages, wine and low value consumables	**23,995,115**	7,913,385

29. Trade and Other Receivables

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Amount due from a related company *(note (a))*	**26,200,000**	26,200,000	**—**	—
Impairment loss	**(26,200,000)**	(26,200,000)	**—**	—
	—	—	**—**	—
Trade debtors *(note (b), (c))*	**73,037,296**	42,720,088	**—**	—
Deposits, prepayments and other receivables	**45,711,611**	14,230,644	**72,437**	25,426
Bank deposit pledged for bank loan	**3,700,830**	—	**—**	—
Loan receivables *(note (d))*	**88,500,000**	356,100	**—**	—
	210,949,737	57,306,832	**72,437**	25,426

Notes:

(a) Amount due from a related company of the Group (before impairment loss) disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

	Balance of the outstanding amount, before impairment
	HK$
At 31 March 2012	26,200,000
At 1 April 2011	26,200,000
Maximum balance outstanding during the year	26,200,000

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

Two directors of Well Allied, Mr. Lee Tien-Yung and Mr. Philip Lu Yueh-Wei, have beneficial interests in PLD. As both of the loans were past due at 31 March 2009, they were fully impaired as at 31 March 2010.

29. Trade and Other Receivables *(Continued)*

Notes:

(b) Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of reporting period.

	Group	
	2012	2011
	HK$	*HK$*
Current *(note (i))*	**22,651,562**	14,560,220
Less than 1 month past due	**936,665**	13,994,181
1 to 3 months past due	**7,890,033**	13,914,157
4 to 12 months past due	**663,943**	—
More than 12 months past due	**40,895,093**	251,530
Amount past due at the end of reporting period but not impaired *(note (ii))*	**50,385,734**	28,159,868
	73,037,296	42,720,088

Notes:

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

(ii) The balances that were past due but not impaired relate to number of customers that have good track record with the Group. In particular, included in the amount with more than 12 months past due was an amount of HK$40,868,225 in connection with the provision of karaoke music product copyright licence fees settlement and collection services. As further explained in note 21(a), the Group has now commenced arbitration proceedings and the directors of the Company expect that the outstanding balance will be settled upon the settlement of the arbitration proceedings.

Based on past experience, management estimated that the carrying amounts of the balances past due could be fully recovered.

(iii) The Group generally grants no credit period to its customers, except for transactions with customers in exhibition related services, in which credit period ranging from 30 to 60 days is granted.

(c) The ageing analysis of trade receivables based on invoice date before impairment loss is as follows:

	Group	
	2012	2011
	HK$	*HK$*
Within 90 days	**31,478,260**	42,377,967
91 days to 365 days	**663,943**	309,621
More than 365 days	**40,895,093**	32,500
	73,037,296	42,720,088

The below table reconciles the impairment loss of trade receivables for the year:

	Group	
	2012	2011
	HK$	*HK$*
At 1 April	**3,665,003**	—
Impairment loss recognised	**—**	3,665,003
At 31 March	**3,665,003**	3,665,003

The Group and the Company recognised impairment loss on individual assessment based on the accounting policy stated in note 4(l)(ii).

29. Trade and Other Receivables *(Continued)*

(d) Loan receivables presented:

	Group	
	2012 **HK$**	2011 HK$
Loan to an independent third party *(note (i))*	**50,000,000**	356,100
Loans to non-controlling shareholders		
— advances to Media Sound Technology Limited (“Media Sound”) *(note (ii))*	**30,000,000**	—
— advances to Long Sincere International Limited (“Long Sincere”) *(note (iii))*	**8,500,000**	—
	88,500,000	356,100

(i) It represented advances to an independent third party. On 25 May 2011, the Group and independent third party entered into the loan agreement in which the Group agreed to advance to the independent third party a loan in the principal amount of HK$50,000,000. The loan is secured by 50,000,000 ordinary shares of Wah Nam. The loan bears an effective interest rate of 5% per annum and shall be repayable in 12 months from the date of advance. The full amount of loan was subsequently repaid on 25 May 2012.

Loan receivable as at 31 March 2011 was unsecured, interest-free and repayable on demand.

(ii) On 17 October 2011, the Group and Media Sound, a non-controlling shareholder of a subsidiary of the Group, entered into the loan agreement in which the Group agreed to advance to Media Sound a loan in the principal amount of HK$30,000,000. The loan is secured by 19.2% of the entire shareholdings of Song Labs, a subsidiary of the Group which is disclosed in note 23, owned by Media Sound. The loan bears an effective interest rate of 5% per annum and shall be repayable in 12 months from the date of advance.

(iii) On 8 July 2011 and 9 September 2011, the Group and Long Sincere, a non-controlling shareholder of a subsidiary of the Group, entered into two loan agreements in which the Group agreed to advance to Long Sincere loans in the total principal amount of HK$8,500,000. The loans are secured by 20 ordinary shares of Welly Champ, a subsidiary of the Group which is disclosed in note 23, owned by Long Sincere. The loan bears an effective interest rate of 5% per annum and shall be repayable in 12 months from the date of advance.

On 30 April 2012, the Company entered into an agreement with Long Sincere and Wang Wei for the acquisition of 10 shares of US$1 each representing 4.235% of the issued share capital of, and the benefit of 50% of all amounts as at the completion date due from, Welly Champ for an aggregate consideration of HK$9 million in cash and the total principal amount by the loans of HK$8,500,000 was set off as part of the consideration on 30 April 2012.

30. Amounts due from/to Non-Controlling Shareholders and Related Parties

At 31 March 2012, all amounts due from/to non-controlling shareholders and related parties were unsecured, interest-free and payable on demand, except for the followings:

— An amount due to non-controlling shareholders of HK$10,397,000 (2011: HK$1,330,000) which borne interest at 6.17% (2011: 5%) per annum;

— An amount due from a related party of HK$8,882,000 (2011: Nil) which borne effective interest rate at 5.18% per annum (note 47(c)). This amount was to be set off with the amount due to the related party. Upon acquisition of the Elite Group (as define in note 42(b)) on 8 July 2011, the amount due from related parties and the amount due to related parties were HK$8,544,402 and HK$42,226,418 respectively which represented advances to/from the Elite Group from/to Yang Lei (including his spouse and certain related companies controlled by Yang Lei), a director of certain subsidiaries of the Company. During the year, certain settlements with Yang Lei and his associates were made through current accounts and as at 31 March 2012, the amount due from such related parties was HK$17,538,001 (2011: Nil). On 6 July 2012, the Elite Group received a confirmation from Yang Lei and his associates to offset the current accounts with those related parties.

31. Cash and Cash Equivalents

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Cash at banks and in hand	**190,176,622**	229,572,376	**11,033,525**	75,585,106
Restricted cash at banks held by joint controlled entities	**51,117,121**	22,228,388	**—**	—
	241,293,743	251,800,764	**11,033,525**	75,585,106

Restricted cash at banks held by joint controlled entities represented cash at banks held by the Group's joint controlled entities for license fees collection services withdrawal of which is subject to approval by 天合文化集團有限公司, one of the jointly controlled entities as disclosed in note 25, and the China Audio-Video Copyright Association. During the year ended 31 March 2012, no cash at banks held by the joint controlled entities were withdrawn by the jointly controlled entities as the arbitration proceedings mentioned in note 21(a) were still in progress.

32. Assets and Liabilities Classified as held for Sale

	Group	
	2012	2011
	HK$	*HK$*
Leasehold land and buildings *(note (a))*	**34,600,000**	184,600,000
Investment properties *(note (a))*	**66,389,565**	55,400,000
Assets related to subsidiaries engaged in entertainment business *(note (b))*	**1,086,211**	1,166,342
Assets classified as held for sale	**102,075,776**	241,166,342
Deferred tax liabilities *(note (a), 14)*	**—**	24,500,968
Liabilities related to a subsidiary engaged in entertainment business *(note (b))*	**448,581**	728,363
Liabilities associated with assets classified as held for sale	**448,581**	25,229,331
Gain on revaluation of properties	**25,130,925**	145,715,936
Cumulative other comprehensive income relating to non-current assets/disposal group classified as held for sale	**25,130,925**	145,715,936

32. Assets and Liabilities Classified as held for Sale *(Continued)*

(a) During the year ended 31 March 2011, the Group intended to dispose of the leasehold land and building with carrying amount of HK$150,000,000 which was previously occupied for the Group's restaurant operations. The leasehold land and building was classified as asset held for sale and the relevant deferred tax liabilities were classified as liabilities associated with asset held for sale. On 2 March 2011, the Group entered into a sale and purchase agreement with an independent third party for the disposal of this leasehold land and building at a consideration of HK$250,000,000. The transaction was completed on 1 April 2011.

In addition, during the year ended 31 March 2011, the Group intended to dispose of another leasehold land and building with carrying amount of HK$34,600,000 which was previously occupied for the Group's wedding services business, and an investment property with carrying amount of HK$55,400,000 as at 31 March 2011 (the "Properties"). The Properties were classified as assets held for sale. On 10 June 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of the Properties at an aggregate consideration of HK$108,000,000. However, the provisional sale and purchase agreement was cancelled by another agreement between the Group and the independent third party on 10 June 2011. Subsequently, the Group entered into another provisional sale and purchase agreement on 24 November 2011 with another independent third party for the disposal of the Properties at an aggregate consideration of HK$101 million. The carrying amount of the investment property, which is measured at fair value, was HK$62,210,435 as at 31 March 2012. The transaction was completed on 30 April 2012.

Furthermore, on 7 February 2012, the Group entered into a provisional sale and purchase agreement for a disposal of an investment property with carrying amount of HK$6,800,000 as at 31 March 2012 at a consideration of HK$6,800,000 and accordingly, the investment property was classified as asset held for sale. The transaction was completed on 20 April 2012.

Deferred tax liabilities previously classified as liabilities associated with assets held for sale were credited to profit or loss as the expected tax to be paid in respect of the disposal of the assets held for sale is nil.

32. Assets and Liabilities Classified as held for Sale *(Continued)*

(b) The Group is currently under negotiation with a non-controlling shareholder to dispose of its 60% equity interests of a subsidiary, CML, at a consideration of HK$15,000,000. The directors of the Company anticipate 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 subsidiary have been classified as held for sale in the consolidated statement of financial position.

	2012	2011
	HK$	*HK$*
Property, plant and equipment	**24,532**	24,532
Trade and other receivables	**33,890**	193,246
Tax recoverable	**—**	59,700
Cash and cash equivalents	**1,027,789**	888,864
Assets classified as held for sale	**1,086,211**	1,166,342
Trade and other payables	**448,581**	728,363
Liabilities classified as held for sale	**448,581**	728,363

33. Trade and Other Payables

	Group		**Company**	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Trade creditors	**41,643,988**	21,603,133	**—**	—
Other payables and accruals	**87,588,914**	33,614,417	**1,779,320**	1,793,884
Deposits received from disposal of assets held for sale	**10,836,000**	25,000,000	**—**	—
Other deposits received	**9,569,630**	9,362,569	**—**	—
	149,638,532	89,580,119	**1,779,320**	1,793,884

33. Trade and Other Payables *(Continued)*

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of reporting period:

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Current or within 30 days	**10,372,855**	9,369,099	**—**	—
31 to 60 days	**4,905,551**	4,492,284	**—**	—
61 to 90 days	**2,702,244**	175,688	**—**	—
Over 90 days	**23,663,338**	7,566,062	**—**	—
	41,643,988	21,603,133	**—**	—

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

34. Bank Borrowings

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Secured:				
Bank borrowings *(note a)*	**82,528,509**	—	**—**	—
Bank overdrafts *(note b)*	**29,210,909**	—	**29,210,909**	—
	111,739,418	—	**29,210,909**	—

34. Bank Borrowings *(Continued)*

At the end of reporting period, the bank borrowings were repayable as follows:

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Borrowings repayable:				
Within one year	**100,883,650**	—	**29,210,909**	—
More than one year, but not exceeding two years	**10,855,768**	—	**—**	—
More than two years, but not exceeding five years	**—**	—	**—**	—
After five years	**—**	—	**—**	—
	111,739,418	—	**29,210,909**	—
Less: Amount due within one year included in current liabilities	**(100,883,650)**	—	**(29,210,909)**	—
Amount due after one year	**10,855,768**	—	**—**	—

Notes:

(a) Personal and corporate guarantees were given to banks for certain bank loans by Yang Lei, a director of certain subsidiaries of the Company, and a related company, which is beneficially owned by Yang Lei and his spouse. Bank deposits as disclosed in note 29 were pledged. Further, personal assets of Yang Lei have been pledged to secure the bank loans. The interest rate is 7.83%-12.34% per annum.

(b) Bank overdrafts are secured by the Properties which are included in assets held for sale (note 32) with carrying amount of HK$90,000,000 as at 31 March 2012. In addition, the Company has guaranteed a subsidiary's bank overdrafts up to HK$2,000,000. The interest rate is 2% per annum.

35. Other Borrowings

On 30 January 2012, the Group entered into an agreement with an independent third party to borrow a loan of HK$19,000,000. The loan was mature on 30 May 2012 and was fully repaid up to the date of this report. The effective interest rate is 12% per annum.

The loan is secured by 587,000,000 ordinary shares of Cosmopolitan with carrying amount of HK$33,459,000 which are classified as available-for-sale investments (note 26) and a personal guarantee is given by Cheng Yang, a director of the Company.

36. Convertible Bonds

On 29 December 2011, the Company issued convertible bonds with principal amount of HK$75,000,000 to Wingo Consultants Limited, a wholly owned subsidiary of Eternity Investment Limited ("Eternity"). The convertible bonds bear interest at a rate of 12% per annum and carry a right to convert the principal amount into shares of HK$0.05 each in the share capital of the Company at an initial conversion price of HK$0.08 per share (subject to adjustment) during the period from 29 December 2011 to 29 December 2012. The conversion price is subject to adjustment on the occurrence of dilutive or concentrative event. The Company may at any time before the maturity date redeem the convertible bonds at par with accrued interest. Any amount of the convertible bonds which remains outstanding on the maturity date will be redeemed at their then outstanding principal amount together with interest as accrued thereon.

The convertible bonds contain two components: liability and equity components. The equity component is presented in equity heading "convertible bonds reserve" in note 40. The effective interest rate of the liability component on initial recognition is 18% per annum.

The convertible bonds recognised in the consolidated statement of financial position as follows:

	Group and Company	
	2012	2011
	HK$	*HK$*
Face value of convertible bonds at 29 December 2011	**75,000,000**	—
Equity component	**(3,813,559)**	—
Liability component on initial recognition at 29 December 2011	**71,186,441**	—
Effective interest expenses *(note 13)*	**3,290,914**	—
Liability component at 31 March	**74,477,355**	—

37. Provision for Long Service Payments

The Group has recorded provision for long service payment obligations for employees. Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and year of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

37. Provision for Long Service Payments *(Continued)*

Movement in provision for long service payments is as follows:

	Group	
	2012	2011
	HK$	*HK$*
At the beginning of year	**42,373**	1,856,254
Acquisition of subsidiaries *(note 42(a))*	**55,363**	—
Amounts charged to profit and loss	**126,953**	—
Amounts paid	**—**	(1,813,881)
At the end of year	**224,689**	42,373

38. Deferred Taxation

Group

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

	Group	
	2012	2011
	HK$	*HK$*
At 1 April	**59,197,705**	76,316,906
Tax arising from acquisition of subsidiaries *(note 42(a), (b), (e))*	**10,012,452**	27,146,689
Tax credited to profit and loss *(note 14)*	**(4,950,325)**	(25,921,436)
Tax charged to other comprehensive income	**58,018**	5,995,916
Transfer to liabilities associated with assets classified as held for sale *(note 32(a))*	**—**	(24,500,968)
Exchange differences	**—**	160,598
At 31 March	**64,317,850**	59,197,705

38. Deferred Taxation *(Continued)*

Group *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 March 2012, the Group had estimated unutilised tax losses of HK$231,183,000 (2011: HK$207,061,000). A deferred tax has been recognised in respect of HK$22,828,833 (2011: HK$24,122,000) of such losses. It is mainly attributable to the future benefit of tax losses arising from the property investment segment which the availability of future taxable profits against which the assets can be utilised is certain at the end of reporting period. No deferred tax asset has been recognised in respect of the remaining tax losses due to unpredictability of future profit streams. The tax losses of HK$22,828,833 (2011: HK$24,122,000) can be carried forward indefinitely.

In addition to the amount charged/credited to the profit or loss, deferred tax relating to the revaluation and disposal of the Group's certain leasehold land and buildings during the year has been recognised in other comprehensive income.

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

	Group					
Deferred tax assets	**Accelerated accounting depreciation**		**Tax losses**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**—**	(18,897)	**3,980,089**	10,001,524	**3,980,089**	9,982,627
Acquisition of subsidiaries	**—**	—	**137,375**	658,785	**137,375**	658,785
Credited/(charged) to profit and loss	**—**	18,897	**(350,707)**	(6,519,622)	**(350,707)**	(6,500,725)
Exchange differences	**—**	—	**—**	(160,598)	**—**	(160,598)
At the end of the year	**—**	—	**3,766,757**	3,980,089	**3,766,757**	3,980,089

38. Deferred Taxation *(Continued)*

Group *(Continued)*

Deferred tax liabilities	Group							
	Property revaluation		Accelerated accounting depreciation		Intangible assets		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
At the beginning of the year	**1,635,913**	2,510,384	**34,431,544**	57,493,107	**27,110,337**	26,296,042	**63,177,794**	86,299,533
Reclassification	**—**	22,796,356	**—**	(22,796,356)	**—**	—	**—**	—
Acquisition of subsidiaries	**—**	—	**3,812,177**	—	**6,337,650**	27,805,474	**10,149,827**	27,805,474
(Credited) to profit and loss	**(522,344)**	(5,165,775)	**(381,679)**	(265,207)	**(4,397,009)**	(26,991,179)	**(5,301,032)**	(32,422,161)
Charged to other comprehensive income	**58,018**	5,995,916	**—**	—	**—**	—	**58,018**	5,995,916
Transfer to liabilities associated with assets held for sale	**—**	(24,500,968)	**—**	—	**—**	—	**—**	(24,500,968)
	1,171,587	1,635,913	**37,862,042**	34,431,544	**29,050,978**	27,110,337	**68,084,607**	63,177,794

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

	Group	
	2012	2011
	HK$	*HK$*
Deferred tax liabilities	**64,317,850**	59,197,705
	64,317,850	59,197,705

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$11,805,340 (2011: Nil). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and its is probable that such differences will not be reversed in the foreseeable future.

Company

At 31 March 2012, the Company had estimated unutilised tax losses of HK$60,016,000 (2011: HK$30,909,000). No deferred tax assets have been recognised in respect of the tax losses due to unpredictability of future profit streams.

39. Share Capital

(a) Authorised and issued share capital

	2012		2011	
	Number of shares	***HK$***	*Number of shares*	*HK$*
Authorised:				
Ordinary shares of HK$0.05 each				
At beginning of the year	**20,000,000,000**	**1,000,000,000**	18,568,181,818	928,409,091
Reclassification *(note)*	**—**	**—**	1,431,818,182	71,590,909
At end of the year	**20,000,000,000**	**1,000,000,000**	20,000,000,000	1,000,000,000
Convertible preference shares of HK$0.05 each				
At the beginning of the year	**—**	**—**	1,431,818,182	71,590,909
Reclassification *(note)*	**—**	**—**	(1,431,818,182)	(71,590,909)
At the end of the year	**—**	**—**	—	—
Total	**20,000,000,000**	**1,000,000,000**	20,000,000,000	1,000,000,000
Issued and fully paid:				
Ordinary shares of HK$0.05 each				
At beginning of the year	**10,221,831,392**	**511,091,570**	9,921,831,392	496,091,570
Subscription of new ordinary shares *(note 42(a))*	**416,666,666**	**20,833,333**	—	—
New shares issued for acquisition of subsidiaries in respect of:				
— CRA Group *(note 42(a))*	**916,666,667**	**45,833,333**	—	—
— Boren Group *(note 42(b))*	**420,176,215**	**21,008,811**	—	—
— WS Group *(note 42(e))*	**—**	**—**	300,000,000	15,000,000
At end of the year	**11,975,340,940**	**598,767,047**	10,221,831,392	511,091,570
Convertible preference shares of HK$0.05 each				
At beginning and end of the year	**—**	**—**	—	—
Total	**11,975,340,940**	**598,767,047**	10,221,831,392	511,091,570

Note:

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 of HK$0.05 each.

39. Share Capital *(Continued)*

(b) Capital management policy

The Group's objectives of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

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

40. Reserves

Company

	Share premium	Contributed surplus	Employee share-based compensation reserve	Convertible bonds reserve	Accumulated losses	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 April 2010	1,780,805,591	28,784,000	56,206	—	(1,393,238,587)	416,407,210
Loss for the year	—	—	—	—	(289,939,329)	(289,939,329)
Issuance of ordinary shares for acquisition of subsidiaries *(note 39)*	45,000,000	—	—	—	—	45,000,000
Equity-settled share-based transactions *(note 41)*	—	—	3,952,277	—	—	3,952,277
Release upon lapse of share options *(note 41)*	—	—	(56,206)	—	56,206	—
At 31 March 2011 and 1 April 2011	1,825,805,591	28,784,000	3,952,277	—	(1,683,121,710)	175,420,158
Loss for the year	—	—	—	—	(267,352,402)	(267,352,402)
Subscription of new ordinary shares *(note 39)*	29,166,667	—	—	—	—	29,166,667
Issuance of ordinary shares for acquisition of subsidiaries *(note 39)*	169,244,845	—	—	—	—	169,244,845
Issuance of convertible bonds *(note 36)*	—	—	—	3,813,559	—	3,813,559
Equity-settled share-based transactions *(note 41)*	—	—	1,501,001	—	—	1,501,001
At 31 March 2012	2,024,217,103	28,784,000	5,453,278	3,813,559	(1,950,474,112)	111,793,828

40. Reserves *(Continued)*

Company *(Continued)*

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

Reserve	**Description and purpose**
Company	
Share premium	Amount subscribed for share capital in excess of nominal value.
Contributed surplus	The difference between the consolidated shareholders' funds of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1991. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to the shareholders provided that the Company is able to meet its obligations after distribution and the net realisable value of the Company's assets would not be less than the aggregate of its liabilities, issued share capital and share premium accounts.
Employee share-based compensation reserve	Cumulative expenses recognised on the granting of share options to the employees over the vesting period.
Accumulated losses	Cumulative net losses recognised in the consolidated statement of comprehensive income.
Convertible bonds reserve	The difference between the proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the convertible bonds into equity.

40. Reserves *(Continued)*

Company *(Continued)*

Reserve	**Description and purpose**
Group	
Other reserve	The difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.
Other properties revaluation reserve	Gains/losses arising on the revaluation of the Group's leasehold land and buildings (other than investment property) (see note 18). The balance on this reserve is wholly undistributable.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of foreign operations into Hong Kong dollars.
Investment revaluation reserve	Gains/losses arising on recognising financial assets classified as available for sale at fair value.

41. Share Options

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

41. Share Options *(Continued)*

On 13 December 2005, options to subscribe for a total of 70,000,000 shares of the Company ("2005 Share Options") were granted to the then executive directors of the Company at the exercise price of HK$0.2254 per share. The options may be exercised from the date of grant to 30 August 2012. The estimated fair value of the options granted on that date is approximately HK$3,934,394.

On 29 July 2010, options were granted to 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 of the 2010 Share Options and the 2005 Share Options was calculated using Binominal Option Pricing Model. The inputs into the model are as follows:

	2010 Share Options	**2005 Share Options**
Grant date	29 July 2010	13 December 2005
Grant date share price	HK$0.2490	HK$0.2150
Exercise price	HK$0.2620	HK$0.2254
Expected life	10 years	7 years
Expected volatility	83%	80%
Expected dividend yield	Nil	Nil
Risk-free interest rate	2.320%	4.354%

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$1,501,001 (2011: HK$3,952,277) in respect of the options granted which was included in staff costs for the year.

No option was exercised and lapsed during the year ended 31 March 2012.

No option was exercised, but options for 1,000,000 ordinary shares were lapsed during the year ended 31 March 2011.

41. Share Options *(Continued)*

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

Year 2012

Date of grant	Exercisable period	Vesting period	Exercise price *HK$*	Number of shares in respect of options granted: Outstanding at 1 April 2011	Granted during the year	Lapsed during the year	Outstanding at 31 March 2012	Number of exercisable options: As at 31 March 2012
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	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	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	24,000,000

Year 2011

Date of grant	Exercisable period	Vesting period	Exercise price *HK$*	Number of shares in respect of options granted: Outstanding at 1 April 2010	Granted during the year	Lapsed during the year	Outstanding at 31 March 2011	Number of exercisable options: As at 31 March 2011
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	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	12,000,000

42. 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 against the acquisition consideration.

The acquisition consideration was determined by effective number of ordinary shares of the Company issued for the acquisition and the fair value of the ordinary shares of the Company as at the completion date of the acquisition.

The effective number of ordinary shares of the Company issued for the acquisition was 916,666,667, representing the consideration of HK$110,000,000 stated in the sale and purchase agreement of the acquisition divided by subscription price of HK$0.12 per share stated in the share subscription agreement. The fair value of the ordinary shares issued was determined by reference to their closing price of HK$0.17 per share quoted on the Stock Exchange at the date of acquisition.

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. The acquisition was made as part of the Group's strategy to develop its business in exhibition in Hong Kong.

The CRA Group has been consistently appointed by HKTDC as the sole agent of China Pavilion for the Hong Kong Fashion Week for Spring/Summer and Fall/Winter. Further, the CRA Group also organises other exhibitions through its leased exhibition halls, though the associated revenue generated is not significant as compared those from Hong Kong Fashion Week.

Customer relationship and customer contracts represent the long established relationship the CRA Group with the 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 organised by HKTDC.

The fair value of above intangible asset is determined by excess earnings method, in which the excess earnings refer to the operating profit attributed to customer relationship and customer contracts. The fair value is the sum of discounted present value of the projected annual excess earnings, which are based on the financial projections determined by management of the Company.

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

(a) *(Continued)*

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

	HK$
Property, plant and equipment	364,520
Intangible assets — customer relationship and customer contracts	38,410,000
Trade and other receivables	14,458,678
Cash and cash equivalents	20,523,737
Trade and other payables	(22,318,674)
Current tax liabilities	(2,576,178)
Provision for long term services payment	(55,363)
Deferred tax liabilities	(6,318,744)
Net assets acquired	42,487,976
Goodwill *(note 21(c))*	113,345,357
Total consideration	155,833,333
Satisfied by:	
Issue of 916,666,667 ordinary shares under share subscription arrangement	155,833,333
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	20,523,737

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.

Since its acquisition, the CRA Group contributed revenue of HK$81,468,152 and net profit of HK$8,619,654 to the Group for the period from 20 May 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$302,014,959 and HK$311,873,989 respectively. This pro forma information is for illustrative purposes only and is not necessarily 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 intended to be a projection of future results.

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

(a) *(Continued)*

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.

(b) On 8 July 2011, the Group completed an agreement dated 27 May 2011 with HaoRan Cultural Development Limited ("BoRen Vendor"), an independent third party, to acquire the entire issued share capital of BoRen from BoRen Vendor 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 ordinary shares of the Company (the "BoRen Agreement"). The quoted 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 BoRen Vendor whereby BoRen Vendor guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite-China 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 ("Advanced 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 the business of BoRen and its subsidiaries (the "BoRen Group"). In case of the Elite Group failed to meet the Guaranteed Profit, the maximum amount to be received by the Group from BoRen Vendor shall not exceed RMB90 million.

On 20 December 2011, The Group and BoRen Vendor entered into a supplemental agreement to defer the Guaranteed Period from the three financial years ending 31 December 2013 to three financial years ending 31 December 2014 and the related Advanced Loans would be defer accordingly whilst the rest of the terms and conditions of the BoRen Agreement remain unchanged.

The BoRen Group is principally engaged in the sub-leasing of properties and facilities in Nanjing, the PRC. The acquisition was made as part of the Group's strategy to develop its business in sub-leasing of properties and facilities in Nanjing, the PRC.

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

(b) *(Continued)*

The fair values of net liabilities assumed at the date of acquisition are as follows:

	HK$
Property, plant and equipment	115,985,504
Inventories	1,786
Trade and other receivables	15,689,860
Amounts due from related parties	8,544,402
Cash and cash equivalents	7,829,713
Trade and other payables	(23,766,233)
Amounts due to related parties	(42,226,418)
Amount due to a former shareholder	(27,040,427)
Bank borrowings	(62,740,848)
Current tax liabilities	(1,113,912)
Deferred tax liabilities	(3,693,708)
	(12,530,281)
Non-controlling interests	5,621,931
Net liabilities assumed	(6,908,350)
Goodwill *(note 21(d))*	18,311,567
Total consideration, net of fair value of contingent consideration	11,403,217
Satisfied by:	
Cash	29,897,153
Issue of 420,176,215 ordinary shares	80,253,657
Fair value of contingent consideration	(98,747,593)
	11,403,217
Net cash (outflow)/inflow arising on acquisition:	
Cash consideration paid	(29,897,153)
Cash and cash equivalents acquired	7,829,713
	(22,067,440)

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

(b) *(Continued)*

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.

Since its acquisition, the BoRen Group contributed revenue of HK$54,560,565 and net profit of HK$8,316,897 to the Group for the period from 8 July 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$304,104,855 and HK$313,833,012 respectively. This pro forma information is for illustrative purposes only and is not necessarily 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 intended to be a projection of future results.

The Group has engaged Savills, an independent valuer, to assess the fair value of the assets and liabilities and the contingent consideration at the acquisition date.

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.

Contingent consideration represented amount to be received by the Group if the Elite Group fails to met the Guaranteed Profit.

The Group has elected to measure the non-controlling interests in the BoRen Group at the proportionate share of the acquiree's identifiable net liabilities.

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

42. 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 in cash. Number One is principally engaged in operation of hot pot restaurant in Hong Kong. The fair value of net assets acquired at the date of acquisition is as follows:

	HK$
Property, plant and equipment	—
Net assets acquired	—
Goodwill *(note 21(e))*	1,280,000
Total consideration	1,280,000
Satisfied by:	
Cash	1,280,000
Net cash (outflow) arising on acquisition:	
Cash consideration paid	(1,280,000)

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. The acquisition was made as part of the Group's strategy to develop its business in hot pot industry in Hong Kong.

Since its acquisition, Number One contributed revenue of HK$1,593,626 and net loss of HK$6,220,619 to the Group for the period from 27 May 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and the loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$ 298,982,929 and HK$ 315,397,524 respectively. This pro forma information is for illustrative purposes only and is not necessarily 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 intended to be a projection of future results.

The acquisition-related costs were minimal and have been expensed and included in other operating expenses.

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

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

From 1 April 2011 to 7 April 2011, the Group further acquired a total of 16.65% equity interests in China Media at a total consideration of HK$28,236,800, which increased the Group's equity interests in China Media from 12.43% to 29.08%. The gain on re-measurement of interest in available-for-sale investments to its value amounting to HK$6,979,802 has been recognised and is included in other income and gains (see note 8).

On 30 December 2011, the Group further acquired a total of 45.88% equity interests in China Media for a total consideration of HK$81,200,000, which increased the Group's equity interests in China Media from 29.08% to 74.96%, from which the Group has obtained control over China Media. The gain on re-measurement of interests in associates to its acquisition-date fair value amounting to HK$5,278,168 has been recognised and is included in other income and gains (see note 8).

On the close of a general offer made by the Group on 2 March 2012, the Group further acquired a total of 5.33% equity interests in China Media at a total consideration of HK$9,441,606. On 8 March 2012, the Group placed about 5.34% equity interests in China Media to independent placers and reduced the Group's equity interests in China Media to about 74.95%.

China Media is principally engaged in artist management and film production in Hong Kong and the PRC. The acquisition was made as part of the Group's strategy to expand its market share of entertainment business in Hong Kong and the PRC.

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

(d) *(Continued)*

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

	HK$
Property, plant and equipment	363,620
Intangible assets — film rights and films in progress	1,601,640
Trade receivables	1,299,580
Deposits, prepayments and other receivables	8,705,830
Cash and bank balances	97,557,977
Bank overdrafts	(360)
Trade payables	(10,871)
Accruals and other payables	(3,740,721)
Receipts in advance	(6,250,501)
Liability component of convertible loan notes	(4,950,571)
	94,575,623
Non-controlling interests	(45,566,333)
Net assets acquired	49,009,290
Goodwill *(note 21(f))*	84,078,892
Total consideration	133,088,182
Satisfied by:	
Cash	81,200,000
Interests in associates	51,888,182
	133,088,182
Net cash (outflow)/inflow arising on acquisition:	
Cash consideration paid	(81,200,000)
Bank overdrafts	(360)
Cash and cash equivalents acquired	97,557,977
	16,357,617

The goodwill arising on the acquisition is attributable to broaden revenue base of the Group from combining the operations of the Group and China Media and provides synergy effect of existing entertainment business of the Group.

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

(d) *(Continued)*

Since its acquisition, China Media contributed revenue of HK$6,055,000 and net loss of HK$3,002,000 to the Group for the period from 30 December 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and the loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$334,292,929 and HK$333,395,524 respectively. This pro forma information is for illustrative purposes only and is not necessarily 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 intended to be a projection of future results.

The acquisition-related costs of HK$429,845 have been expensed and are included in other operating expenses.

The Group has elected to measure the non-controlling interests in China Media at acquisition-date fair value which has been determined by reference to its market value at the date of acquisition.

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

(e) On 17 December 2010, the Group entered into agreements with Mr. Zeng Guannian and Mr. Zeng Guanming (the "Vendors"), independent third parties, to acquire the entire equity interests in Wide Stand and Win Success and the right to receive repayment of shareholders' loans granted by the Vendors to Wide Stand and Win Success for a total gross consideration of HK$180,000,000 to be satisfied by the issuance of 300,000,000 ordinary shares of the Company and cash of HK$120,000,000. Win Success and Wide Stand together hold 60.80% equity interests in Song Labs, which in turn owns a 50% equity interest in a joint venture. Wide Stand, Win Success, Song Labs and the joint venture are collectively referred to as the "WS Group".

The fair value of the ordinary shares issued was determined by reference to their quoted closing price of HK$0.20 per share quoted on the Stock Exchange at the date of acquisition.

The joint venture was set up by Song Labs and China Music, one of the non-wholly owned subsidiaries of the Company, in 2006 with a 50%:50% profit sharing basis. Song Labs holds the exclusive right to provide intellectual property enforcement services as more fully explained in note 22(b). The joint venture is principally engaged in provision of intellectual property enforcement services.

Through the acquisition of the WS Group, the Group's effective equity interests in the joint venture increased from 27.75% to 58.15%, which enables the Group to exercise control over the business of the joint venture. This acquisition of WS Group has been accounted for using the acquisition method.

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

(e) *(Continued)*

The WS Group is principally engaged in intellectual property enforcement activities in the PRC by taking legal actions against karaoke venues for their illegal use of licenced musical products in return for certain percentage of the licence fee collected from karaoke venues. The acquisition was made as part of the Group's strategy to develop its business in intellectual property enforcement activities in the PRC.

The fair values of net liabilities assumed at the date of acquisition are as follows:

	HK$
Property, plant and equipment	3,977,892
Intangible assets — right to provide intellectual property enforcement services	111,221,900
Deferred expenditure	19,577,044
Trade and other receivables	39,492,616
Cash and cash equivalents	4,890,220
Trade and payables	(15,635,384)
Shareholders' loans	(108,569,556)
Amounts due to the Group	(18,161,661)
Deferred tax liabilities	(27,146,689)
	9,646,382
Non-controlling interests	(17,643,301)
Net liabilities assumed	(7,996,919)
Goodwill *(note 21(b))*	79,427,363
Total consideration	71,430,444
Satisfied by:	
Cash	120,000,000
Issue of 300,000,000 ordinary shares	60,000,000
	180,000,000
Assignment of shareholders' loans to the Group	(108,569,556)
	71,430,444
Net cash (outflow)/inflow arising on acquisition:	
Cash consideration paid	(120,000,000)
Cash and cash equivalents acquired	4,890,220
	(115,109,780)

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

(e) *(Continued)*

The goodwill arising on the acquisition of the WS Group is attributable to the workforce, control premium and expected synergy in provision of intellectual property enforcement services in PRC. The economic factors are not recognised separately from goodwill as they cannot be identified or distinguished from the business as a whole.

The WS Group contributed revenue of HK$22,705,938 and HK$3,946,019 to the Group's loss before income tax credit for the period from 17 December 2010 to 31 March 2011. Had the combination taken place on 1 April 2010, the revenue and the loss before income tax credit contributed to the Group for the year ended 31 March 2011 would have been HK$24,537,323 and HK$90,139,961 respectively. This pro forma information is for illustrative purposes only and is not necessarily 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 2010, nor intended to be a projection of future results.

The acquisition-related costs of HK$950,577 have been expensed and are included in other operating expenses. The attributable costs of the issuance of the equity instruments are insignificant.

The fair value of the Group's previously held equity interests of the joint ventures was determined as HK$Nil as the joint venture was at deficit position at the date of acquisition. Upon acquisition of the WS Group, the share of net liabilities of the joint venture, together with the cumulative income or expense previously recognised in other comprehensive income, amount of HK$452,054 is recognised in profit or loss.

The Group has elected to measure the non-controlling interests in the WS Group at the proportionate share of the acquiree's identifiable net assets.

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

43. Related Party Transactions

Save as those disclose elsewhere in the financial statements, significant related party transactions during the year are:

		Group	
		2012	2011
	Notes	***HK$***	*HK$*
Rental income from related companies	*(a)*	**629,342**	—
Rental expenses to related companies	*(b)*	**50,000**	2,627,977
Service fees to related companies	*(c)*	**1,164,655**	—
Guarantee return to non-controlling shareholder	*(d)*	**837,000**	—
Acquisition of associate	*24*	**7,769,000**	23,356,803
Interest expense to non-controlling shareholders	*13*	**66,350**	56,953

(a) Rental income were received from related companies which have a common director or control by a common director, with the Group's subsidiary.

(b) Rental expense was charged by a related company which has a common director with the Group's subsidiary.

For the year ended 31 March 2011, rental expenses were charged by related companies which are associates of two then former directors of the Company, Ms. Ma Shuk Kam and Mr. Yeung Chi Hang, based on the tenancy agreements signed between the parties. These transactions are continuing connected transactions in respect of which the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

(c) Service fees were charged by related companies which have a common director, significant influence or control by a common director, with the Group's subsidiaries.

(d) Guarantee return was provided to a non-controlling shareholder of a subsidiary in the PRC for the first three years in the amounts of RMB735,000, RMB980,000 and RMB980,000 respectively.

(e) **Compensation of key management personnel**

The remuneration of executive directors and other members of key management personnel during the year were as follows:

	Group	
	2012	2011
	HK$	*HK$*
Short-term benefits	**16,661,089**	11,626,267
Post-employment benefits	**96,000**	55,030
	16,757,089	11,681,297

44. Note to the Consolidated Statement of Cash Flows

Reconciliation of loss for the year to net cash used in operations:

	2012 HK$	2011 HK$
Loss before income tax credit		
Continuing operations	**(315,397,524)**	(288,297,429)
Discontinued operation	**—**	(16,181,209)
Interest income	**(4,322,877)**	(874,830)
Other income	**(1,397,546)**	—
Interest expenses	**11,111,432**	56,953
Depreciation of property, plant and equipment	**35,601,756**	30,262,980
Amortisation of payments for leasehold land held for own use under operating leases	**4,084,635**	3,892,025
Amortisation of intangible assets	**14,638,229**	18,714,107
Amortisation of deferred expenditure	**43,975,801**	41,629,146
Written off of property, plant and equipment	**—**	2,769,051
Impairment loss on property, plant and equipment	**5,570,995**	2,564,936
Impairment loss on payments for leasehold land held for own use under operating leases	**16,233,022**	—
Impairment loss on goodwill	**139,612,244**	121,815,830
Impairment loss on intangible assets	**6,130,525**	96,081,987
Impairment loss on interest in an associate	**27,140,474**	—
Impairment loss on available-for-sale investments	**102,176,062**	—
Impairment loss on trade and other receivables	**—**	3,665,003
Fair value gain on investment properties	**(13,207,565)**	(27,637,000)
Loss/(gain) on disposal of property, plant and equipment	**1,549,621**	(755,431)
Gain on disposal of non-current asset held for sale	**(96,570,743)**	—
Gain on disposal of investment properties	**—**	(26,887,000)
Gain on step acquisition of available-for-sale investments	**(6,979,802)**	(452,054)
Gain on step acquisition of associates	**(5,278,168)**	—
Provision for long service payments	**126,953**	—
Share of losses of associates	**8,905,212**	320,928
Equity settled share-based payment expense	**1,501,001**	3,952,277
Operating loss before working capital changes	**(24,796,263)**	(35,359,730)
Increase in inventories	**(16,079,946)**	(528,209)
Increase/(decrease) in trade and other receivables	**(117,938,697)**	15,943,846
Increase in amounts due from related company	**(8,993,599)**	—
Decrease in amounts due to related parties	**(9,678,799)**	—
Increase in amounts due to non-controlling shareholders	**428,825**	—
Increase/(decrease) in trade and other payables	**15,830,050**	(15,472,004)
Increase in due from non-controlling shareholders	**(4,000)**	—
Decrease in provision for long service payments	**—**	(1,813,881)
Net cash used in operations	**(161,232,429)**	(37,229,978)

45. Leases

Operating leases — lessee

The Group leases certain properties under operating leases. The leases for properties usually run for an initial period of one to sixteen years (2011: 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:

	Group	
	2012	2011
	HK$	*HK$*
Minimum lease payments	**42,479,622**	7,919,369

The total future minimum lease payments are due as follows:

	Group	
	2012	2011
	HK$	*HK$*
Not later than one year	**46,995,473**	19,331,381
Later than one year and not later than five years	**144,710,780**	61,886,303
More than five years	**210,410,986**	68,737
	402,117,239	81,286,421

45. Leases *(Continued)*

Operating leases — lessor

The Group leases out its investment properties and sub-leases of properties in the PRC under operating leases. The leases for investment properties usually run for one to five years (2011: one to five years) and sub-leases of properties is the PRC usually run for one to five years (2011: Nil). Lease payments are usually negotiated to reflect market rentals. None of the lease includes contingent rentals.

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

	Group	
	2012	2011
	HK$	*HK$*
Not later than one year	**75,015,216**	14,760,423
Later than one year and not later than five years	**187,616,644**	42,456,067
More than five years	**81,185,195**	14,843,975
	343,817,055	72,060,465

46. Capital Commitments

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Commitments for the acquisition of plant and equipment:				
Contracted for but not provided	**14,729,063**	296,296	**—**	—

Details of other commitments are set out in note 27 and note 42(b) to the financial statements.

47. Financial Risk Management

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investment in other entities.

Policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the management. The policy for each of the above risks is described in more detail below.

47. Financial Risk Management *(Continued)*

(a) Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group exposes to credit risk from loans and receivables. The Group has adopted a credit policy to monitor and mitigate credit risk arising from trade debtors. Credit limit is regularly reviewed and approved by head of credit control. The Group assesses credit risk based on customers' past due records, trading history, financial conditions or credit ratings. The Group and the Company is not exposed to concentration of credit risk. Please refer to note 29 for further analysis of credit risk associated with trade and other receivables.

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

(b) Liquidity risk

The Group's objective is to ensure there are adequate funds to meet commitments associated with its financial liabilities. Cash flows of the Group are closely monitored by senior management on an ongoing basis.

The contractual maturities of financial liabilities are shown as below:

The Group

	Carrying amount *HK$*	Total Contractual Undiscounted cash flows *HK$*	Within 1 year or on demand *HK$*	More than 1 year but less than 2 years *HK$*	More than 2 year but less than 5 years *HK$*	More than 5 years *HK$*
2012						
Non-derivatives:						
Trade and other payables	**138,802,532**	**138,802,532**	**138,802,532**	**—**	**—**	**—**
Amounts due to non-controlling Shareholders	**102,494,172**	**103,135,522**	**103,135,522**	**—**	**—**	**—**
Amounts due to related parties	**50,517,012**	**50,517,012**	**50,517,012**	**—**	**—**	**—**
Bank borrowings	**111,739,418**	**120,071,150**	**108,196,277**	**11,874,873**	**—**	**—**
Other borrowing	**19,000,000**	**19,760,000**	**19,760,000**	**—**	**—**	**—**
Convertible bonds	**74,477,355**	**84,000,000**	**84,000,000**	**—**	**—**	**—**
	497,030,489	**516,286,216**	**504,411,343**	**11,874,873**	**—**	**—**
2011						
Non-derivatives:						
Trade and other payables	64,580,119	64,580,119	64,580,119	—	—	—
Amounts due to non-controlling Shareholders	92,994,313	93,008,872	93,008,872	—	—	—
	157,574,432	157,588,991	157,588,991	—	—	—

47. Financial Risk Management *(Continued)*

(b) Liquidity risk *(Continued)*

The Company

	Carrying amount HK$	Total Contractual Undiscounted cash flows HK$	Within 1 year or on demand HK$	More than 1 year but less than 2 years HK$	More than 2 year but less than 5 years HK$	More than 5 years HK$
2012						
Non-derivatives:						
Trade and other payables	**1,779,320**	**1,779,320**	**1,779,320**	**—**	**—**	**—**
Bank borrowings	**29,210,909**	**29,795,127**	**29,795,127**	**—**	**—**	**—**
Other borrowing	**19,000,000**	**19,760,000**	**19,760,000**	**—**	**—**	**—**
Convertible bonds	**74,477,355**	**84,000,000**	**84,000,000**	**—**	**—**	**—**
Amounts due to subsidiaries	**376,608,216**	**376,608,216**	**376,608,216**	**—**	**—**	**—**
	501,075,800	**511,942,663**	**511,942,663**	**—**	**—**	**—**
2011						
Non-derivatives:						
Trade and other payables	1,793,884	1,793,884	1,793,884	—	—	—
Amounts due to subsidiaries	189,499,585	189,499,585	189,499,585	—	—	—
	191,293,469	191,293,469	191,293,469	—	—	—

(c) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate bank loans.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate loan, receivables, bank borrowings, other borrowing, amounts due to non-controlling shareholders and convertible bonds. The Group currently does not use any derivative contracts to hedge the interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arises.

47. Financial Risk Management *(Continued)*

(c) Interest rate risk *(Continued)*

Interest rate profile

The following table details interest rates analysis that management of the Company evaluates the interest rate risk.

	Group				Company			
	2012		2011		**2012**		2011	
	Effective interest rate (%)	***HK$***	*Effective interest rate (%)*	*HK$*	***Effective interest rate (%)***	***HK$***	*Effective interest rate (%)*	*HK$*
Financial assets								
Fixed rate financial assets								
— Loan receivables	**5%**	**88,500,000**	—	—	**—**	**—**	—	—
— Amount due from a related party	**5.18%**	**8,882,000**	—	—	**—**	**—**	—	—
Floating rate financial assets								
— Cash and cash equivalent	**0.49%**	**241,293,743**	0.35%	251,800,764	**0.87%**	**11,033,525**	0.37%	75,585,106
Financial liabilities								
Fixed rate financial liabilities								
— Bank borrowings	**12.34%**	**28,496,391**	—	—	**—**	**—**	—	—
— Other borrowing	**12%**	**19,000,000**	—	—	**12%**	**19,000,000**	—	—
— Amounts due to non-controlling shareholders	**6.17%**	**10,397,000**	5.00%	1,330,000	**—**	**—**	—	—
— Convertible bonds	**12%**	**74,477,355**	—	—	**12%**	**74,477,355**	—	—
Floating rate financial liabilities:								
— Bank borrowings	**7.83%**	**54,032,118**	—	—	**—**	**—**	—	—
— Bank overdrafts	**2%**	**29,210,909**	—	—	**2%**	**29,210,909**	—	—

Sensitivity analysis

The following table indicates the approximate change in the results after tax in response to reasonably possible changes in interest rate to which the Group has significant exposure at the end of reporting period. In determining the effect on results after tax on the next accounting period until next end of reporting period, management of the Company assumes that the change in interest rate had occurred at the end of reporting period and all other variables remain constant. There is no change in the methods and assumptions used in 2012 and 2011.

	Group		Company	
	2012	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*
Increase by 100 basis points	**1,580,507**	2,518,008	**181,774**	755,851
Decrease by 100 basis points	**(1,580,507)**	(2,518,008)	**(181,774)**	(755,851)

47. Financial Risk Management *(Continued)*

(d) Currency risk

The Group mainly operates in Hong Kong and the PRC with most of the transactions settled in their respective functional currencies in which the subsidiaries operate. Therefore the Group does not have significant exposure to risk resulting from changes in foreign currency exchange rates.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity instruments classified as available-for-sale equity securities. They are listed on the Stock Exchange and have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Sensitivity analysis

The sensitivity analysis on equity price risk includes the Group's financial instruments, which fair value or future cash flows will fluctuate because of changes in their corresponding or underlying asset's equity price. If the prices of the respective equity instruments had been 50% (2011: 10%) higher/lower, the other component of equity would increase/decrease by HK$42,945,165 (2011: HK$1,655,055).

48. Summary of Financial Assets and Financial Liabilities by Category

The following table shows the carrying amount and fair value of financial assets and liabilities as defined in note 4(l):

	2012		2011	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$	***HK$***	*HK$*	*HK$*
Financial assets				
Loans and receivables	**469,785,481**	**469,785,481**	309,107,596	309,107,596
Available-for-sale financial assets	**184,637,923**	**184,637,923**	16,550,554	16,550,554
Financial liabilities				
Financial liabilities at amortised cost	**497,030,489**	**497,030,489**	157,574,432	157,574,432

48. Summary of Financial Assets and Financial Liabilities by Category
(Continued)

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

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

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

(b) The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Group			
	2012			
Available-for-sale financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Listed securities in Hong Kong, at fair value	**85,890,330**	**—**	**—**	**85,890,330**
Contingent consideration in relation to acquisition of subsidiaries	**—**	**—**	**98,747,593**	**98,747,593**
	85,890,330	**—**	**98,747,593**	**184,637,923**

	Group			
	2011			
Available-for-sale financial assets	Level 1	Level 2	Level 3	Total
Listed securities in Hong Kong, at fair value	16,550,554	—	—	16,550,554

48. Summary of Financial Assets and Financial Liabilities by Category *(Continued)*

(b) *(Continued)*

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) is follows:

	Group	
	Equity Securities	
	2012	2011
	HK$	*HK$*
At 1 April	**—**	—
Contingent consideration in related to acquisition of subsidiaries *(notes 26)*	**98,747,593**	—
At 31 March	**98,747,593**	—

49. Events After the Reporting Period

(a) On 30 April 2012, the Company entered into an agreement with Long Sincere and Wang Wei for the acquisition of 10 shares of US$1 each representing 4.235% of the issued share capital of, and the benefit of 50% of all amounts as at the completion date due from, Welly Champ for an aggregate consideration of HK$9 million in cash and the total principal amount by the loans of HK$8,500,000 (as mentioned in note 29(d)(iii)) was set off as part of the consideration on 30 April 2012. Long Sincere is a company wholly owned by Wang Wei, a director of Welly Champ and Well Allied, another subsidiary of the Company. This transaction was completed on 30 April 2012.

(b) On 30 April 2012, the Company entered into an agreement with Rise Jumbo Limited ("Rise Jumbo") and Li Bin for the acquisition of 10 shares of US$1 each representing 4.235% of the issued share capital of, and the benefit of 50% of all amounts as at the completion date (the "Sale Loan") due from, Welly Champ for an aggregate consideration of HK$9 million in cash. Li Bin, a director of Welly Champ and Golden Island Catering Group Company Limited, a wholly-owned subsidiary of the Company, has 50% equity interests in Rise Jumbo. The Company entered into a supplement agreement with Rise Jumbo and Li Bin on 9 May 2012 to the effect that completion of the acquisition should take place in two phases: (i) the first of which took place on 10 May 2012 in respect of 4.45 shares of US$1 each of Welly Champ and HK$2,633,867 of the Sale Loan for HK$4 million, which has been completed as at the date of this report; and (ii) the second on or before 30 April 2013 in respect of 5.55 shares of US$1 each of Welly Champ and the balance of the Sale Loan for HK$5 million.

(c) On 30 April 2012, Xinya's shareholders passed a resolution for creditors' voluntary winding up of Xinya. A liquidator has been appointed to wind up its affairs.

49. Events After the Reporting Period *(Continued)*

(d) On 11 May 2012, BoRen Vendor executed a deed of indemnity in favour of Elite-China, a 60% owned subsidiary of the Company, and its three PRC subsidiaries (together the "Indemnified Parties") against:

(i) all liabilities in connection with any guarantee given by the holding company of any PRC subsidiaries of Elite-China ("PRC Cos") in respect of loans (the "Loans") to any of PRC Cos existing at the date of such deed and thereafter granted with securities provided by the shareholders, former shareholders, directors or former directors of PRC Cos or their related parties (together the "Indemnified Parties") (including without limitation all costs, charges and expenses which the Indemnified Parties may pay or incur in connection with the Loans); and

(ii) all losses, damages and liabilities in connection with any failure or insufficiency of any security provided by any of the Indemnifier Parties in respect of the Loans (including without limitation all costs, charges and expenses which any of the Indemnified Parties may pay or incur in connection therewith).

(e) On 25 May 2012, a subsidiary of the Group which holds a money lending licence has granted a interest-bearing loan amounting to HK$22.5 million to an independent third party at interest rate of 8% per annum. The loan is secured by 50,000,000 ordinary shares of Wah Nam. The amount shall be repayable in 12 months from the date of advance.

(f) On 28 May 2012, Eternity and the Company entered into a sale and purchase agreement, pursuant to which Eternity has conditionally agreed to acquire, and the Company has conditionally agreed to sell, approximately 29% of the entire issued share capital of China Media as at the date of the sale and purchase agreement, for a consideration of HK$51,324,000 (equivalent to HK$0.35 per share). The consideration shall be settled in cash upon completion. The transaction is subject to the shareholders' approval.

Upon the execution the sale and purchase agreement, the Company's convertible bonds in the face value of HK$23,000,000 have been redeemed in accordance with the terms of the Company's convertible bonds as detailed in note 36.

50. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2012.

Schedule of Investment Properties

For the year ended 31 March 2012

Description	Type	Lease term
Level 1 to 3 of Yidong Building, Nos 301, 303, Huanshizhong Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC.	Commercial	Medium-term