International Entertainment Corporation
國際娛樂有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8118

Annual Report
2008/09

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This report, for which the directors (the "Directors") of International Entertainment Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

EXECUTIVE DIRECTORS

Dr. CHENG Kar Shun *(Chairman)*
Mr. LO Lin Shing, Simon *(Deputy Chairman)*
Mr. TO Hin Tsun, Gerald
Mr. CHENG Kam Chiu, Stewart
Mr. CHENG Kam Biu, Wilson
Mr. CHENG Chi Kong
Mr. CHENG Chi Him

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

REGISTERED OFFICE

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COMPANY SECRETARY

Mr. KWOK Chi Kin *CPA, FCCA*

AUTHORISED REPRESENTATIVES

Mr. CHENG Kam Chiu, Stewart
Mr. KWOK Chi Kin

COMPLIANCE OFFICER

Mr. TO Hin Tsun, Gerald

AUDIT COMMITTEE MEMBERS

Mr. CHEUNG Hon Kit *(Committee Chairman)*
Mr. LAU Wai Piu
Mr. TSUI Hing Chuen, William *JP*

REMUNERATION COMMITTEE MEMBERS

Mr. LAU Wai Piu *(Committee Chairman)*
Mr. CHEUNG Hon Kit
Mr. KWEE Chong Kok, Michael
Mr. TSUI Hing Chuen, William *JP*

PRINCIPAL BANKERS

Public Bank (Hong Kong) Limited
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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AUDITOR

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Certified Public Accountants
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Hong Kong

Chairman's Statement

Dr. Cheng Kar Shun *Chairman*

Dear Fellow Shareholders,

I am pleased to report on the financial performance of the International Entertainment Corporation (the "Company") and subsidiaries (together, the "Group") for the year ended 31 March 2009.

The revenue of the Group for the year was approximately HK$484.3 million, representing an increase of approximately 45.9% as compared with the previous year's revenue of approximately HK$332.0 million.

The Group has responded to the economic slump by applying precautionary measures to spending, exploring ways of reaping higher return on investment and adopting a low-risk approach to business opportunities as they arise.

The Group made further progress in developing our entertainment business, which was made possible by the acquisition of hotel and entertainment operations in October 2007. These form part of a 51% stake in Hyatt Hotel and Casino Manila in the Philippines and 40% equity interest in the Arc of Triumph Development Company Limited, which owns prime land in Macau.

In fact, hotel operations in the Philippines contributed more than 32% of the Group's total revenue this year, while approximately 61% of overall revenue was generated by leasing properties. Last year, hotel and entertainment operations in the Philippines contributed more than 68% of the Group's total revenue.

Located in Metro Manila, the Hyatt Hotel and Casino Manila development covers a gross floor area of more than 90,000 square metres and comprises 378 deluxe rooms and suites, a casino and entertainment areas, while the spread in Macau covers approximately 7,128 square metres at Novos Aterros do Porto Exterior (新口岸外港填海區). The Macau complex includes high-end residential units and a super-deluxe hotel with casino facilities, as well as commercial units and parking. Approximately 90% of the residential units had been sold by 31 March 2009.

Our Hyatt Hotel and Casino Manila development has continued to benefit from a steadily improving tourist trade in the Philippines. Just under 2 million visitors entered the Philippines between January and July 2008, representing an increase of 6.1% compared with the same period the year before.

According to official figures, the largest group of foreigners visiting the Philippines during the period January to July 2008 was Koreans, with 380,619 arrivals representing about 19.8% of the total influx. This was followed by Americans with 366,662 arrivals, or 19.1% of the total, then Japanese with 216,144 or 11.3%, Chinese with 102,653 or 5.3% and Australians with 67,436 or 3.5%.

The nation's tourism authority plans to take advantage of growth opportunities in the global market and diversify the government department's product portfolio to stimulate tourist spend and encourage longer stays.

Closer to home, Macau's economy performed well for the first three quarters in 2008, showing a growth rate of 21.6%. Non-resident gaming revenues grew 45.4% compared with the previous year, while non-resident accommodation spend grew 47% year on year. Private consumption expenditure grew 17.2% on the back of rising domestic incomes and local interest rate cuts. Total visitor arrivals in Macau for the first 11 months of 2008 remained high at 27.6 million, up 13.4%, despite a tightening of the Guangdong Provincial Government's Individual Traveller Scheme.

However, Macau's inbound tourism slowed in the fourth quarter of 2008 when tremors from the global financial crisis began to shake the local economy towards the end of the third quarter of 2008.

Following a period of bullish growth, the Macau residential accommodation market succumbed to the global economic downturn, then suffered further when construction of various casino developments was halted, leading to a drop in the number of expatriates in Macau. This led to a fall in the average price of residential accommodation to between MOP2,000 and MOP3,000 per square foot – the lowest since 2004. Residential prices are expected to stabilise in the second half of 2009, when government measures to revitalise the market are expected to be implemented.

As well as shifting our core business focus to newly-acquired hotel and entertainment operations in the Philippines last year, the Group disposed of its entire interest in Cyber On-Air Group Limited.

Following completion of the disposal in April 2008, the Group ceased to carry on the business of the provision of network solutions and project services, as part of a re-engineering exercise to serve the best interests of the company's shareholders and future prosperity. The Group is also engaged in the ongoing exploration of markets for opportunities showing the greatest promise of enhancing profitability, as well as the brightest prospects for long-term sustainable growth.

Looking ahead, the management team believes that concentrating on the Group's newly-defined core business, while adopting a prudent approach to containing overhead costs and seeking higher returns on investment, will help the Group navigates the current economic turbulence and positions well for the region's recovery.

Finally, I would like to thank the management team and employees for their hard work and determination to succeed in the face of extraordinary economic adversity and conditions, and to express my sincere gratitude to our customers, shareholders and suppliers for their support.

Dr. Cheng Kar Shun
Chairman

Hong Kong, 24 June 2009

FINANCIAL REVIEW

The Group's revenue from continuing operations for the year ended 31 March 2009 was approximately HK$483.5 million, representing an increase of approximately 59.2%, as compared with approximately HK$303.7 million in the last year. The increase in revenue was mainly contributed by the revenue from the lease of properties and hotel operations in the Philippines during the year. The Group reported a gross profit from continuing operations of approximately HK$213.4 million for the year under review, representing an increase of approximately 38.4%, as compared with approximately HK$154.1 million in the last year. The increase in gross profit from continuing operations was mainly due to the contributions from the business operations in the Philippines during the year.

Other income from continuing operations for the year ended 31 March 2009 was approximately HK$34.0 million, representing a decrease of approximately 33.2%, as compared with approximately HK$50.9 million in the last year.

Selling and distribution costs, and general and administrative expenses from continuing operations increased by approximately 32.7% to approximately HK$167.0 million for the year ended 31 March 2009 from approximately HK$125.8 million in the last year. The increase was mainly due to the inclusion of the full year effect of the expenses incurred by business operations in the Philippines during the year ended 31 March 2009 as compared to the expenses incurred by the operations of hotel and leasing of properties in the Philippines for the period only as from 11 October 2007 to 31 March 2008 being reflected in the expenses for the year ended 31 March 2008.

The Group recorded a gain of approximately HK$73.2 million on change in fair value of conversion option derivative for the year ended 31 March 2009 while it was a gain of approximately HK$64.8 million in the last year. Share of a loss from an associated company during the year ended 31 March 2009 was approximately HK$9.1 million while it was a profit of approximately HK$3.0 million in the last year. Since the acquisition was completed on 11 October 2007, only the results of the associated company during the period from the date of completion of the acquisition to 31 March 2008 were shared by the Group in the last year. Due to the change of economic environment during the year ended 31 March 2009, the Group recognised an impairment loss on available-for-sale financial assets, amounting to approximately HK$11.1 million, during the year ended 31 March 2009.

Finance costs from continuing operations for the year ended 31 March 2009 were approximately HK$43.2 million, representing an increase of approximately 56.7%, as compared with approximately HK$27.5 million in last year. The increase was mainly due to the recognition of the effective interest expense on convertible note for the full fiscal year 2008/09.

The Group recorded a profit from continuing operations for the year ended 31 March 2009, amounted to approximately HK$140.1 million, representing an increase of 31.2%, as compared with approximately HK$106.8 million in the last year. The financial performance was improved mainly due to the contributions from the business operations in the Philippines, as well as the effect of deferred taxation credit.

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG"). COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group ceased to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

The loss for the year ended 31 March 2009 from the discontinued operations, including the provision of the network solutions and project services, was approximately HK$1.4 million, while it was a profit of approximately HK$1.0 million in the last year.

BUSINESS REVIEW

The principal activities of the Group are hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, and to a lesser extent as compared to the preceding financial year the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres and investments in production of television series, music concerts and music records. During the year under review, the Group ceased to carry on the business of provision of network solutions and project services.

1. Leasing of properties and hotel operations

The acquisition of the entire issued share capital of Fortune Gate Overseas Limited ("Fortune Gate") was completed on 11 October 2007. Fortune Gate and its subsidiaries are principally engaged in the hotel operations and leasing of properties for casino, ancillary leisure and entertainment operations.

The acquisition of Fortune Gate enables the Group to take a further step in the leisure and entertainment markets through investing in the hotel and entertainment operations in the Philippines and Macau. Fortune Gate and its subsidiaries can also contribute to the business growth and broaden the revenue base of the Group. The objective of the acquisition is to strive for better return to the shareholders of the Company.

The revenue derived from the leasing of properties and operating the hotel for the year ended 31 March 2009 were approximately HK$295.5 million and HK$157.5 million respectively, representing an increase of approximately 106.9% and 84.6% respectively as compared with the respective revenue in the last year. Since the acquisition of Fortune Gate was completed on 11 October 2007, only the results of Fortune Gate during the period from the date of completion of the acquisition to 31 March 2008 were taken up in the consolidated results of the Group for the year ended 31 March 2008. The revenue derived from the leasing of properties and operating the hotel from the date of completion of acquisition to 31 March 2008 were approximately HK$142.8 million and HK$85.3 million respectively.

2. Entertainment business

The revenue derived from the entertainment business for the year ended 31 March 2009 was approximately HK$30.5 million, representing a decrease of approximately 59.7% as compared with approximately HK$75.7 million in the last year. The revenue comprised primarily from sales of the theatrical feature films under M8 Entertainment Inc. and its subsidiaries (the "M8 Group"). The decrease in revenue resulted from the decrease in number of films produced during the year.

3. Interest in an associated company

A wholly owned subsidiary of the Company held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"), a company incorporated in Macau. The principal activities of ATD are property development and investment, and hotel business. ATD owns a parcel of land with an area of approximately 7,128 square meters located at Novos Aterros do Porto Exterior (新口岸外港填海區), Macau. It is currently under construction. According to the proposed development plan, the land would be developed into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking, which is expected to be completed in the fiscal year 2009/10. The Group's share of loss in the associated company for the year ended 31 March 2009 was approximately HK$9.1 million while it was a profit of approximately HK$3.0 million in the last year. Since the acquisition was completed on 11 October 2007, only the results of the associated company during the period from the date of completion of the acquisition to 31 March 2008 were shared by the Group in the last year.

FUTURE OUTLOOK

After the completion of the acquisition of the hotel and entertainment operations in the Philippines and Macau in October 2007, the Group focuses on the hotel operations and the leasing of properties for casino, ancillary leisure and entertainment operations as they become the new core activities of the Group.

After taking into account matters related to the conduct of the M8 Group's business, which include, *inter alia,* the pessimistic operations of the M8 Group going forward, the status of the M8 Group's indebtedness to the Company, and the high cost of maintaining subsidiaries in North America, the Directors consider that it is the best interest of the Company not to devote any further resources to the M8 Group and to concentrate on the Company's business and investments in Asia. The Directors also consider that it is appropriate to liquidate the M8 Group in accordance with the relevant overseas regulations so as to enable the Group's current management to focus on its existing hotel and entertainment operations and to explore other leisure and entertainment businesses or opportunities in Asia. The objective is to strive for better return to the shareholders of the Company. On 10 September 2008 (Montreal time), the Company's Canadian legal advisers proceeded with the filing of a Petition for the Issuance of a Liquidation Order before the Superior Court of Quebec in Canada. Details of the development of the liquidation of the M8 Group are set out in the announcements of the Company dated 18 July 2008 and 11 September 2008. The Company will make further announcement in accordance with the GEM Listing Rules for any further development.

In addition, the Directors will continue to conduct the review of the Group's financial structure and the composition of its assets and liabilities periodically and may consider further re-alignment of its investments and business operations.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2009, the Group's net current assets amounted to approximately HK$787.1 million (as at 31 March 2008: approximately HK$258.9 million). Current assets amounted to approximately HK$1,291.3 million (as at 31 March 2008: approximately HK$1,173.8 million), of which approximately HK$704.6 million (as at 31 March 2008: approximately HK$913.3 million) was cash and bank deposits, approximately HK$492.3 million (as at 31 March 2008: approximately HK$128.0 million) was amount due from an associate, approximately HK$34.2 million (as at 31 March 2008: approximately HK$32.5 million) was trade receivables, approximately HK$2.0 million (as at 31 March 2008: approximately HK$12.7 million) was available-for-sale financial assets, approximately HK$39.0 million (as at 31 March 2008: approximately HK$43.3 million) was other receivables, deposits and prepayments, approximately HK$16.0 million (as at 31 March 2008: approximately HK$30.5 million) was film costs , approximately HK$2.6 million (as at 31 March 2008: approximately HK$4.6 million) was inventories and there were no assets classified as assets held for sale (as at 31 March 2008: approximately HK$9.1 million).

The Group had current liabilities amounted to approximately HK$504.2 million (as at 31 March 2008: approximately HK$914.9 million), of which approximately HK$64.1 million (as at 31 March 2008: approximately HK$74.3 million) was trade payables, approximately HK$54.8 million (as at 31 March 2008: approximately HK$51.5 million) was other payables and accrued charges, approximately HK$316.4 million (as at 31 March 2008: approximately HK$561.2 million) was promissory notes, approximately HK$68.0 million (as at 31 March 2008: approximately HK$141.2 million) was conversion option derivative, there were no bank borrowings due within one year as at 31 March 2009 (as at 31 March 2008: approximately HK$75.9 million) and there were no liabilities associated with assets classified as held for sale (as at 31 March 2008: approximately HK$7.1 million).

The promissory notes amounted to approximately HK$316.4 million (as at 31 March 2008: approximately HK$561.2 million) denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand. During the year, the Group has settled part of the promissory notes.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE *(Continued)*

The convertible note was issued by the Company in October 2007, due in three years, which bears interest at the rate of 1% per annum, convertible into ordinary shares of the Company at an initial conversion price of HK$2 per share, subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, right issues and other events which have diluting effects on the issued share capital of the Company. The principal amount of the convertible note outstanding as at 31 March 2009 was HK$400,000,000.

As at 31 March 2008, the Group had bank borrowings amounted to approximately HK$195.8 million denominated in Philippine Peso, of which approximately HK$75.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due within one year; and approximately HK$119.9 million bore interest at the Philippine Interbank Offered Rate plus 1.5% per annum and would be due over one year. The bank borrowings were secured under the guarantee of letters of credit issued by a bank in Hong Kong. The letters of credit are secured by pledged bank deposits of approximately US$44,862,000 (equivalent to approximately HK$349,924,000). All the bank borrowings were repaid during the year ended 31 March 2009 and the corresponding letters of credit were terminated and the pledged bank deposits were released.

The gearing ratio, measured in terms of total borrowings divided by total assets, was approximately 18.3% as at 31 March 2009, compared to approximately 24.5% as at 31 March 2008.

The Group financed its operations generally with internally generated cash flows and the present available credit facilities.

CHARGES ON GROUP ASSETS

As at 31 March 2009, the Group did not have any charges on the Group's assets.

As at 31 March 2008, the Group's bank deposits of approximately HK$349.9 million were pledged to bank to secure banking facilities granted to the Group. In addition, a share with the nominal value of MOP72,000 in ATD, an associated company of the Company, representing 40% equity interest, was pledged to certain financial institutions in Hong Kong and Macau for a syndicated loan facility of HK$1.5 billion obtained by ATD.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in COAG. COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Immediately after the completion of the disposal, the Group would cease to carry on the business of provision of network solutions and project services. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries and affiliated companies, which would have been required to be disclosed under the GEM Listing Rules, for the year ended 31 March 2009.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to explore the market and identify any business opportunities which may provide its growth and development potential, enhance the profitability, and strive for better return to the shareholders.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND ANY RELATED HEDGES

As at 31 March 2009, the Group's assets and liabilities were mainly denominated in Hong Kong dollars, United States dollars and Philippine Peso. The Group primarily earns its revenue in Hong Kong dollars, United States dollars and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong dollars, United States dollars and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management would monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2009 and 31 March 2008, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 391 as at 31 March 2009 (as at 31 March 2008: 372). The staff costs for the year ended 31 March 2009 was approximately HK$64.8 million (for the year ended 31 March 2008: approximately HK$45.7 million). The remuneration of directors and employees of the Group was based on the performance and experience of individuals and was determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. In addition to the salaries, employee benefits included medical scheme, insurance, retirement benefits schemes and share option scheme.

Comparison of Business Objectives with Actual Business Progress

The following is the comparison of the actual business progress to the information provided under the section headed "Statement of Business Objective" in the circular of the Company dated 29 June 2007 in relation to the acquisition of the hotel and entertainment operations in the Philippines and Macau (the "Circular"). The Company was treated as a deemed new listing applicant as a result of the acquisition, which was completed on 11 October 2007.

For the period from 1 April 2008 to 30 September 2008

Business objectives stated in the Circular	Actual business progress
Game/service development	
Develop a quality entertainment/bar area/center with live entertainments	The Music Bar would be opened in October 2008.
System improvement	
Continue the application of wireless applications for other outlets as may be required by operations	The use of wireless handheld device for other outlets was discontinued pending the completion and release of guidelines on proper wireless implementation to ensure network, systems and data security.
Continue to improve network security through set up of server to control internet access and limit web sites which the users can visit	The network security has been improved by setting up identity and password control, back-up and offsite storage, anti-virus protection and disaster recovery. Besides, the systems for encrypting credit card information have been upgraded.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Set up of a new database in Lotus Notes for banquet event orders and group resumes has been completed.
Explore outlets' database to get information about food and beverage guests	Guest data, history of visits, preferences and requirements have been saved into file for further review and analysis.
New computer equipment acquisition	
Regular upgrade of business centre and public relation hardware and software to keep up with the latest technology	The computers in business centre and public relation have been replaced or upgraded.

Business objectives stated in the Circular	Actual business progress
Marketing activities	
Estimated marketing budget will be approximately Peso 22 million	Actual marketing expenses incurred during the period amounted to approximately Peso 19.5 million.
Set up Hyatt® fairs in Hong Kong, Singapore, Beijing and Shanghai	The Group has attended Hyatt® fairs in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo during the period.
Make sales calls in Taipei, Seoul, Hong Kong, Bangkok, Kuala Lumpur and Singapore	Sales calls in Singapore, Hong Kong, Beijing, Shanghai, Osaka and Tokyo have been made.
Set up trade shows in Dubai	Focus has been redirected to Singapore and this market has been tapped through attending the exhibition because Singapore remains a stable source of corporate individual travel business and meetings with a lot of companies having their regional offices in the city.
Set up local sales business in Subic and Clark	The Group has visited accounts in Baguio, Bataan, Subic and Clark.
Form partnership with airline, credit card and telecommunication companies	Partnership with department store prestige cards has been renewed. Discussion in partnership with banks is in progress.
Macau operation	
Complete structure of basement and podium floors	Construction of the basement and podium floors has been completed.
Complete renovation of the basement floors	Renovation of the basement floors is in progress.
Continue fitting out work of casino	Fitting work of casino is in progress.
Commence construction of hotel floors	Construction of hotel floors is in progress.
Commence construction of the residential floors	Construction of the residential floors is in progress.
Commence fitting out work of hotel floors	Fitting out work of hotel floors is in progress.

Business objectives stated in the Circular	Actual business progress
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.
Continue to explore the strategic partnership in major cities in the PRC and Asia	The Group has liaised with potential partners and cooperative discussion is in progress.
Produce music concerts in Hong Kong and in the major cities in the PRC	The Group has co-produced three music concerts in Hong Kong and has commenced to co-produce a concert in the PRC. The Group has also produced and released three music albums in Hong Kong and the PRC.

For the period from 1 October 2008 to 31 March 2009

Business objectives stated in the Circular	Actual business progress
System improvement	
Continue to improve network security using the latest technology as may be required by operations	Upgrade of the Micros POS system from version 2.5 to 3.2 which completes the compliance with Purchase Card Information requirements (PCI compliance) was in progress. Dataguard installation which serves as back up server to ensure continuous systems operations thereby avoiding downtime and data loss would be completed in next quarter. The upgrade also improves the speed of the systems processing during check-in/check-out.
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Workflow of electronic approval of complimentary gift certificate has been modified. License to full Lotus Notes administration has been acquired through offsite training to enhance the capability to create and improve workflow applications in Lotus Notes.

Business objectives stated in the Circular	Actual business progress
System improvement *(Continued)*	
Complete the implementation of business intelligence tools	The hotel has completed and fully utilized the iCapex system tools to monitor the approval and acquisition of furniture, fixtures and equipment. The hotel has utilized the Essbase software to extract data from Hyperion on-line reporting system which supports financial analyses and special reports requested for monthly and special submissions.
New computer equipment acquisition	
Upgrade or replace old desktop computers	Acquisition of computers for Oasis Club and replacement of the laptops for Regency Club have been made.
Marketing activities	
Estimated marketing budget will be approximately Peso 22 million	Actual marketing expense incurred was approximately Peso 20.4 million.
Set up fairs in Hong Kong, Singapore, Beijing and Shanghai	The Group has participated in the China Outbound Travel & Tourism Market in Beijing. The Group has participated in the Arabic Travel Mart for the Mediterranean market.
Make sales calls in Taipei, Seoul and Hong Kong	Sales calls in Busan, Seoul and Hong Kong have been made. In lieu of Taipei, visit has been made to Singapore for the Destination Management Companies and Corporate accounts.
Set up trade shows in Berlin	As the focus has been redirected to the key markets in the Asia region, the Group has cancelled the participation in the Berlin trade show.

Business objectives stated in the Circular	Actual business progress
Marketing activities *(Continued)*	
Set up travel and trade shows in Manila	The Group has joined the Bridal fairs hosted by The Martha Stewart show and the Angel's Wink bridal fair, in Manila.
Form partnership with airline, credit card and telecommunication companies	The Group has formed new partnership with an international commercial bank. The Group has also formed new partnership with the Solar MVP card.
Set up roadshow with Philippines Department of Tourism and PAGCOR	The Group has participated the Pavilion of Department of Tourism during the ASEAN Tourism Forum. It has also participated the Asia and the Pacific Incentive, Meetings and Exhibitions trade fair in the Pavilion of Department of Tourism.
Macau operation	
Residential units available for occupation	Construction is in progress.
Complete fitting out work of the casino	Fitting outwork is in progress.
Obtain temporary occupancy permit of the casino	Obtainment of occupancy permit was postponed.
Soft opening of the hotel	Soft opening of the hotel was postponed.
Media business	
Attend film festivals	Film festivals have been attended.
Continue to recruit staff to develop the business in Asia	The recruitment plan is under review due to downturn of media business.
Continue to explore the strategic partnership in major cities in the PRC and Asia	The Group has liaised with potential partners and cooperative discussion is in progress.
Produce music concerts in Hong Kong and in the major cities in the PRC	The Group has co-produced a music concert in the PRC.

EXECUTIVE DIRECTORS

Dr. Cheng Kar Shun, aged 62, was appointed as an executive Director in July 2004 and became the chairman of the Company in November 2004. Dr. Cheng is the managing director of New World Development Company Limited (stock code: 17), the chairman and managing director of New World China Land Limited (stock code: 917), chairman and executive director of NWS Holdings Limited (stock code: 659) and Taifook Securities Group Limited (stock code: 665), the chairman and non-executive director of New World Department Store China Limited (stock code: 825) and an independent non-executive director of HKR International Limited (stock code: 480) and a non-executive director of Lifestyle International Holdings Limited (stock code: 1212), all of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of Cheng Yu Tung Family (Holdings) Limited, Centennial Success Limited, Chow Tai Fook Enterprises Limited and Mediastar International Limited, which are the substantial shareholders of the Company. He is also a director of Future Growth Limited, Mediamaster Limited, Fortune Gate Overseas Limited, Maxprofit International Limited, Flexi-Deliver Holding Ltd., Starcharm Limited and New Coast Hotel, Inc., which are the subsidiaries of the Company. Dr. Cheng is the chairman of the Advisory Council for The Better Hong Kong Foundation and a Standing Committee Member of the Eleventh Chinese People's Political Consultative Conference of the People's Republic of China. In 2001, he was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Dr. Cheng is the cousin of Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Kam Biu, Wilson, who are the executive Directors, the father of Mr. Cheng Chi Kong, the executive Director, and the uncle of Mr. Cheng Chi Him, the executive Director.

Mr. Lo Lin Shing, Simon, aged 53, joined the Company as a non-executive Director in May 2001 and was re-designated as an executive Director in September 2004. He was appointed as the deputy chairman of the Company in January 2008. Mr. Lo possesses over 20 years of experience in the financial, securities and futures industries, including many trans-border transactions. Mr. Lo is the chairman and executive director of Mongolia Energy Corporation Limited (stock code: 276) and New World Mobile Holdings Limited (stock code: 862). He is also the deputy chairman and executive director of Taifook Securities Group Limited (stock code: 665), all of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of Future Growth Limited, Mediamaster Limited, Lucky Genius Limited, IEC Production Limited and IEC Record Production Company Limited, which are the subsidiaries of the Company.

Mr. To Hin Tsun, Gerald, aged 60, was appointed as an executive Director in June 2006 and appointed as the compliance officer of the Company in January 2008. Mr. To has been a practising solicitor in Hong Kong since 1975. He is also qualified as a solicitor in the United Kingdom, as well as an advocate and solicitor in Singapore. He is currently the senior partner of Messrs. T. S. Tong & Co., Solicitors and Notaries, a law firm in Hong Kong. Mr. To is also a non-executive director of Taifook Securities Group Limited (stock code: 665), Mongolia Energy Corporation Limited (stock code: 276) and NWS Holdings Limited (stock code: 659), all of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of Fortune Gate Overseas Limited, Maxprofit International Limited, Flexi-Deliver Holding Ltd., Starcharm Limited, CTF Properties (Philippines), Inc., CTF Hotel and Entertainment, Inc., Marina Square Properties, Inc. and New Coast Hotel, Inc., which are the subsidiaries of the Company.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cheng Kam Chiu, Stewart, aged 54, was appointed as an executive Director in January 2008 and is the authorised representative of the Company. He is the managing director of Cheung Hung Development (Holdings) Limited, a director of the Hip Hing Construction group of companies and Palm Island Resort Limited. Mr. Cheng is a Member of the Shunde District, Foshan City Committee of the Chinese People's Political Consultative Conference since November 2006.

Mr. Cheng holds a Bachelor's Degree in Civil and Environmental Engineering from the University of Wisconsin-Madison; a Master's Degree in Civil Engineering from the University of California, Berkeley, United States; and a degree in Master of Business Administration from the Chinese University of Hong Kong. He is a member of the Hong Kong Institution of Engineers.

Mr. Cheng is a professional engineer with many years of experience in property development and construction management. Since his return to Hong Kong from the United States in 1978, he took up posts in design and project management in an engineering consultant firm. In 1984, he joined Hip Hing Construction Company Limited as project manager and had subsequently become a director. From 1993 to 1997, Mr. Cheng was transferred to New World Development (China) Limited as director and assistant general manager overseeing the property development in the People's Republic of China (the "PRC"). Mr. Cheng was a director of NWS Service Management Limited (formerly known as New World Services Limited) from 1997 to 2006, and was mainly responsible for the construction and the E & M engineering businesses, and pursuing business opportunities in the PRC. Mr. Cheng is also the chairman and executive director of New Times Group Holdings Limited (stock code: 166), a company whose issued shares are listed on the Stock Exchange.

Mr. Cheng is the cousin of Dr. Cheng Kar Shun, an executive Director, the brother of Mr. Cheng Kam Biu, Wilson, an executive Director, and the uncle of Mr. Cheng Chi Kong and Mr. Cheng Chi Him, who are the executive Directors.

Mr. Cheng Kam Biu, Wilson, aged 50, was appointed as an executive Director in January 2008. He graduated from the University of Hawaii, Honolulu with a Bachelor of Arts degree in Economics. He has 25 years of experience in administration and finance of jewellery retail business. He is also a director of Chow Tai Fook Enterprises Limited and Mediastar International Limited, which are the substantial shareholders of the Company.

Mr. Cheng is the cousin of Dr. Cheng Kar Shun, an executive Director, the brother of Mr. Cheng Kam Chiu, Stewart, an executive Director, and the uncle of Mr. Cheng Chi Kong and Mr. Cheng Chi Him, who are the executive Directors.

Mr. Cheng Chi Kong, aged 29, was appointed as an executive Director in January 2008. He is the executive director of New World Development Company Limited (stock code: 17), New World China Land Limited (stock code: 917) and New World Department Store China Limited (stock code: 825), all of which are companies whose issued shares are listed on the Stock Exchange. He is also a director of Centennial Success Limited and Chow Tai Fook Enterprises Limited, which are the substantial shareholders of the Company. Mr. Cheng has worked in major international bank prior to joining the New World Group in September 2006 and has substantial experience in financial management. Mr. Cheng holds a Bachelor Degree from Harvard University.

Mr. Cheng is the son of Dr. Cheng Kar Shun, an executive Director, the nephew of Mr. Cheng Kam Biu, Wilson and Mr. Cheng Kam Chiu, Stewart, who are the executive Directors, and the cousin of Mr. Cheng Chi Him, an executive Director.

Mr. Cheng Chi Him, aged 30, was appointed as an executive Director in January 2008. He is a director of Arc of Triumph Development Limited, an associated company of the Company. Mr. Cheng is also the executive director of New Times Group Holdings Limited (stock code: 166), a company whose issued shares are listed on the Stock Exchange.

Mr. Cheng is the nephew of Dr. Cheng Kar Shun, Mr. Cheng Kam Biu, Wilson and Mr. Cheng Kam Chiu, Stewart, who are the executive Directors, and the cousin of Mr. Cheng Chi Kong, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Hon Kit, aged 55, joined the Company as an independent non-executive Director in May 2001. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Cheung has over 30 years of experience in real estate development, property investment and corporate finance and has worked in key executive positions in various leading property development companies in Hong Kong. Mr. Cheung graduated from the University of London with a Bachelor of Arts degree. Mr. Cheung is the chairman of ITC Properties Group Limited (stock code: 199), the chairman of Wing On Travel (Holdings) Limited (stock code: 1189), an executive director of ITC Corporation Limited (stock code: 372) and an independent non-executive director of Future Bright Holdings Limited (stock code: 703), all of which are public companies whose issued shares are listed on the Stock Exchange.

Mr. Kwee Chong Kok, Michael, aged 62, was appointed as an independent non-executive Director in September 2004. He is also a member of the remuneration committee of the Company. Mr. Kwee graduated with a Bachelor's Degree in Economics from Le Moyne College, Syracuse, New York, a Master's Degree in Science from American Gradate School of International Management in Phoenix, Arizona and completed a Programme for Management Development at the Harvard Business School, all in the United States of America. Mr. Kwee is the chairman and chief executive officer of PAMA Group Inc. He served as a member of the Hong Kong Advisory Committee on Legal Education and Hong Kong Financial Secretary's Economic Advisory Committee from 1995 and 2004.

Mr. Lau Wai Piu, aged 45, joined the Company as an independent non-executive Director in July 2008. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Lau possesses over 20 years of extensive experience in accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Lau is the chief financial officer of VOIPWORLD Limited, a private limited company incorporated in Hong Kong. He is also an independent non-executive director of Mongolia Energy Corporation Limited (stock code: 276), Taifook Securities Group Limited (stock code: 665) and New World Mobile Holdings Limited (stock code: 862), all of which are companies whose issued shares are listed on the Stock Exchange.

Mr. Tsui Hing Chuen, William *JP*, aged 57, joined the Company as an independent non-executive Director in July 2008. He is also a member of the audit committee and the remuneration committee of the Company. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries, which was established in 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980, and a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and solicitor in Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of the Peace by the Government of Hong Kong in 1997. He is also an independent non-executive director of Taifook Securities Group Limited (stock code: 665), New World Mobile Holdings Limited (stock code: 862) and Mongolia Energy Corporation Limited (stock code: 276), all of which are companies whose issued shares are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Tse Cho Tseung, aged 55, joined the Group as Chief Operating Officer in November 2005. Mr. Tse is responsible for overall general operation of the Group. He holds a Diploma in Accounting from The Hong Kong Baptist University and has over 27 years of experience in accounting and finance, construction, property development and investment, and trading business.

Mr. Kwok Chi Kin, aged 32, joined the Group as Chief Financial Officer and was appointed as Qualified Accountant and Company Secretary in May 2004. He is responsible for the financial and company secretarial matters of the Group. Mr. Kwok holds a Degree of Bachelor of Business Administration in Finance from Hong Kong University of Science and Technology. He is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. He has over 10 years of auditing experience and accounting experience in listed companies in Hong Kong.

The directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associate are set out in notes 46 and 20 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest customer and five largest customers accounted for approximately 63% and 68% respectively of the Group's total revenue for the year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

At no time during the year did a director, an associate of a director or a shareholder of the Company which to the knowledge of the directors owns more than 5% of the Company's share capital has an interest in any of the Group's five largest suppliers or customers.

RESULTS

The results of the Group for the year ended 31 March 2009 are set out in the consolidated income statement on page 35.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out on page 103.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of the movements during the year in the property, plant and equipment and investment properties of the Group are set out in notes 17 and 18 to the consolidated financial statements respectively.

PRINCIPAL PROPERTIES OWNED BY THE GROUP

Details of the principal properties of the Group are set out on page 104.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 36 to the consolidated financial statements.

CONVERTIBLE NOTE

Details of the convertible note of the Company are set out in note 33 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity of this Annual Report.

The reserves of the Company available for distribution comprise mainly share premium. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of a company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

In the opinion of the Directors, the reserves of the Company available for distribution to shareholders at 31 March 2009 were approximately HK$348,378,000 (2008: HK$468,375,000).

DIRECTORS

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

Executive directors

Dr. Cheng Kar Shun
Mr. Lo Lin Shing, Simon
Mr. To Hin Tsun, Gerald
Mr. Cheng Kam Chiu, Stewart
Mr. Cheng Kam Biu, Wilson
Mr. Cheng Chi Kong
Mr. Cheng Chi Him

Non-executive director

Mr. Wu Wing Kin	*(resigned on 30 July 2008)*

Independent non-executive directors

Mr. Cheung Hon Kit	
Mr. Kwee Chong Kok, Michael	
Mr. Lau Wai Piu	*(appointed on 30 July 2008)*
Mr. Tsui Hing Chuen, William *JP*	*(appointed on 30 July 2008)*
Mr. Wong Chi Keung	*(retired on 23 September 2008)*

In accordance with article 87A of the Company's articles of association, Dr. Cheng Kar Shun, Mr. To Hin Tsun, Gerald and Mr. Kwee Chong Kok, Michael shall retire at the forthcoming annual general meeting of the Company (the "AGM") by rotation. All retiring directors, being eligible, offer themselves for re-election at the AGM.

The terms of office of non-executive directors (including the independent non-executive directors) should be subject to retirement by rotation in accordance with the Company's articles of association and the GEM Listing Rules.

No director has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP*, an annual confirmation of his independence pursuant to the Rule 5.09 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and the Company considers the independent non-executive directors are independent.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 March 2009, none of the directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), Chapter 571 of the Laws of Hong Kong), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange.

Long positions in the ordinary shares of the Company

	Number of ordinary shares of HK$1.00 each in the share capital of the Company			
Name of director	Personal interest	Corporate interest	Total	Approximate percentage of the issued share capital of the Company
Mr. Lo Lin Shing, Simon	–	364,800 *(Note)*	364,800	0.03%

Note: These shares are held by Wellington Equities Inc., which is wholly owned by Mr. Lo Lin Shing, Simon, an executive Director.

Long positions in the ordinary shares of Maxprofit International Limited ("Maxprofit"), a subsidiary of the Company

	Number of ordinary shares of US$1.00 each in the share capital of Maxprofit			
Name of director	Personal interest	Corporate interest	Total	Approximate percentage of shareholding
Mr. To Hin Tsun, Gerald	–	11 *(Note)*	11	11%

Note: Ten shares are held by Up-Market Franchise Ltd., and one share is held by Pure Plum Ltd.. Up-Market Franchise Ltd. and Pure Plum Ltd. are wholly owned by Mr. To Hin Tsun, Gerald, an executive Director.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 31 March 2009, so far as is known to the directors or chief executives of the Company, the Company has not been notified by any persons (other than the directors or chief executive of the Company) who had interests or short positions 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 or which were recorded in the register required to be kept by the Company under Section 336 of the SFO as having an interest in 5% or more of the issued share capital of the Company.

Long positions in the ordinary shares of the Company

Name of shareholder	Capacity	Number of ordinary shares of HK$1.00 each in the share capital of the Company	Number of underlying shares	Aggregate interest	Approximate percentage of the issued share capital of the Company
Mediastar International Limited ("Mediastar")	Beneficial owner	881,773,550	–	881,773,550	74.78%
Cross-Growth Co., Ltd. ("Cross-Growth")	Beneficial owner	–	200,000,000 *(Note 2)*	200,000,000	16.96%
Chow Tai Fook Enterprises Limited ("CTF")	Interest of a controlled corporation	881,773,550 *(Note 1)*	200,000,000 *(Note 2)*	1,081,773,550	91.74%
Centennial Success Limited	Interest of a controlled corporation	881,773,550 *(Notes 1, 3)*	200,000,000 *(Notes 2, 3)*	1,081,773,550	91.74%
Cheng Yu Tung Family (Holdings) Limited	Interest of a controlled corporation	881,773,550 *(Notes 1, 4)*	200,000,000 *(Notes 2, 4)*	1,081,773,550	91.74%

Notes:

(1) Mediastar is wholly owned by CTF. Accordingly, CTF is deemed to be interested in 881,773,550 shares of the Company held by Mediastar under the SFO.

(2) These underlying shares of the Company represent the new shares to be issued upon full conversion at the initial conversion price of HK$2 per share of the convertible note issued by the Company on 11 October 2007 pursuant to the conditional acquisition agreement dated 23 November 2004 entered into among Cross-Growth, the Company and CTF in relation to the acquisition of hotel and entertainment operations in the Philippines and Macau.

Cross-Growth is wholly owned by CTF. Accordingly, CTF is deemed to be interested in 200,000,000 underlying shares of the Company held by Cross-Growth under the SFO.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY *(Continued)*

Long positions in the ordinary shares of the Company *(Continued)*

Notes: (Continued)

(3) CTF is wholly owned by Centennial Success Limited. Accordingly, Centennial Success Limited is deemed to be interested in 881,773,550 shares of the Company held by Mediastar, 200,000,000 underlying shares of the Company held by Cross-Growth under the SFO.

(4) Cheng Yu Tung Family (Holdings) Limited is interested in 51% of the issued share capital of Centennial Success Limited. Accordingly, Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in 881,773,550 shares of the Company held by Mediastar, 200,000,000 underlying shares of the Company held by Cross-Growth under the SFO.

SHARE OPTIONS

Particulars of the share option schemes of the Company and its subsidiaries are set out in note 37 to the consolidated financial statements.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed in the sections headed "Convertible Note" and "Share Options" above, at no time during the year was the Company, its ultimate holding company, any subsidiaries of its ultimate holding company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

Other than as disclosed in note 45 to the consolidated financial statements and the section headed "Connected Transaction" below, no contracts of significance, to which the Company, its ultimate holding company, any subsidiaries of its ultimate holding company or any of its subsidiaries, 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.

MANAGEMENT CONTRACTS

Other than as disclosed in note 45 to the consolidated financial statements and the section headed "Connected Transaction" below, no contracts of significance were entered into between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

COMPLIANCE ADVISER'S INTERESTS

As updated and notified by the compliance adviser of the Company, Cinda International Capital Limited (the "Compliance Adviser"), as at 31 March 2009, except for the agreement entered into between the Company and the Compliance Adviser dated 11 October 2007, neither the Compliance Adviser nor any of its respective directors, employees or associates (as referred to in note 3 to the Rule 6A.31 of the GEM Listing Rules) had any interests in relation to the Group.

COMPETING BUSINESS

Directors' interests in competing business

The following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the GEM Listing Rules as set out below:

Name of Director	Name of entity which business is considered to compete or likely to compete with the business of the Group	Description of business of the entity which is considered to compete or likely to compete with the business of the Group	Nature of interest of the Director in the entity
Cheung Hon Kit	ITC Properties Group Limited	Investment in hotel and residential property in Macau	director, optionholder and shareholder
Cheng Kar Shun	Many Town Company Limited	A minority investor of Sociedade de Jogos de Macau, S.A. which is principally engaged in casino business in Macau	director and beneficial owner
Cheng Kar Shun	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	director, optionholder and shareholder
Cheng Chi Kong	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	director and optionholder

Potential competition

Fortune Holiday Limited ("Fortune"), which is indirectly owned as to 73% by CTF, 11% by Mr. To Hin Tsun, Gerald and a non-member of the Group, entered into agreements with Philippine Amusement and Gaming Corporation ("PAGCOR") in June 2002 pursuant to which Fortune, subject to fulfillment of certain conditions precedent, is entitled to acquire a site of approximately 10.5 hectares ("Fortune Land") within a 60 hectares site at the Manila Bay Reclamation Area in the Philippines proposed to be called "Theme Park Manila". Under those agreements, Fortune is entitled to build a hotel, residential and entertainment complex including three PAGCOR casino facilities at the Fortune Land. The initial term of the lease of the Fortune Land under the said agreements is 50 years and Fortune has also been given, *inter alia*, the option to renew the lease for another 25 years.

Fortune was also given the right, *inter alia*, under a separate agreement entered into in June 2002 to require PAGCOR to lease and operate a casino at no more than two sites at any one time acquired by Fortune in Metro Manila (but outside the Theme Park Manila). Dr. Cheng Kar Shun is also a director of Fortune.

Same as disclosed above, none of the Directors, the controlling shareholder, management shareholder and substantial shareholder (as respectively defined in the GEM Listing Rules) of the Company and their respective associates has an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest which any such person has or may have with the Group pursuant to Rule 11.04 of the GEM Listing Rules.

FINANCIAL ASSISTANCE TO AN ASSOCIATED COMPANY

On 8 April 2008, Fortune Gate Overseas Limited ("Fortune Gate"), a direct wholly owned subsidiary of the Company, entered into a conditional loan agreement (the "Loan Agreement") with Arc of Triumph Development Company Limited ("ATD"), an associated company of the Company incorporated in Macau and is owned as to 40% by the Group.

Pursuant to the Loan Agreement, Fortune Gate has conditionally agreed to make available the loan facilities of up to HK$760 million to be advanced to ATD for financing the development of a property and the working capital of ATD. At 8 April 2008, before entering into the Loan Agreement, the amount due from ATD was approximately HK$128 million. The Loan Agreement was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 19 May 2008. Details of the transaction are set out in the announcement of the Company dated 9 April 2008 and the circular of the Company dated 28 April 2008.

At 31 March 2009, the amount due from ATD was approximately HK$492 million, of which approximately HK$88 million was unsecured, interest free and had no fixed date of repayment; HK$40 million was unsecured, bore interest at the rate of 6% per annum and had no fixed date of repayment; approximately HK$359 million was unsecured, bore interest at the rate of 6% per annum and shall be repaid in full on the earlier of the second anniversary of the Loan Agreement and the seventh day after the issue of the certificate of compliance and the occupation permit in respect of the property; and the remaining balance was the accrued interest of the advance which shall be repaid every three months. The advance to ATD was funded by internal financial resources of the Group.

At 31 March 2009, the undrawn loan facilities pursuant to the Loan Agreement amounted to approximately HK$401 million. Interest at the rate of 6% per annum from the date of advance by Fortune Gate to the date of full repayment by ATD will be charged.

The condensed balance sheet extracted from the consolidated management accounts of ATD as at 31 March 2009 is as follows:

	HK$'000
Current assets	978,876
Current liabilities	(2,443,753)
Net current liabilities	(1,464,877)
Non-current assets	3,050,954
Non-current liabilities	(182,957)
Net assets	1,403,120

CONNECTED TRANSACTION

Connected Transaction

On 27 December 2007, the Company entered into a conditional sale and purchase agreement for the disposal of its entire interest in Cyber On-Air Group Limited ("COAG") to New World Mobile Holdings Limited for a cash consideration of HK$2,000,000. COAG and its subsidiaries are principally engaged in network solutions and project services. The disposal was completed in April 2008. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, the circular of the Company dated 23 January 2008, and note 40 to the consolidated financial statements.

The Company confirmed that it has complied with the disclosure requirements in accordance with the Chapter 20 of the GEM Listing Rules.

Save as disclosed above, certain connected transactions entered by the Group during the year are disclosed as related party transactions in note 45 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EMOLUMENT POLICY

The Board has established a remuneration committee (the "Remuneration Committee") which has four members, comprising four independent non-executive directors, Mr. Lau Wai Piu, Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the Remuneration Committee are, *inter alia*, to make recommendations to the board of the directors on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration of directors, senior management and other employees of the Group is based on the performance and experience of individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2009.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIVIDEND

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2009 (2008: nil).

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Dr. Cheng Kar Shun
Chairman

Hong Kong, 24 June 2009

The Company is committed to high standards of corporate governance and complied with the Code on Corporate Governance Practices (the "Code") as set out in the Appendix 15 of the GEM Listing Rules. This report summaries the Group's corporate governance practices and explains deviations, if any, from the Code.

BOARD OF DIRECTORS

The principal duty of the board of directors (the "Board") of the Company is to ensure that the Company is properly managed in the interest of shareholders.

The Chairman is responsible for the management of the Board. The Company does not have Chief Executive Officer. The Board is primarily responsible for the overall management of the Company and oversight of the management. Management is responsible for the day-to-day operations of the Company.

As at 31 March 2009, the Board comprised eleven Directors, of whom seven are executive Directors and four are independent non-executive Directors. Biographical details of the Directors are set out on pages 15 to 17 of this Annual Report.

The Board held 11 meetings during the year ended 31 March 2009. The attendance records of individual Directors are set out below:

Directors	**Attendance**
Executive directors	
Dr. Cheng Kar Shun *(Chairman)*	7/11
Mr. Lo Lin Shing, Simon *(Deputy Chairman)*	5/11
Mr. To Hin Tsun, Gerald	11/11
Mr. Cheng Kam Chiu, Stewart	10/11
Mr. Cheng Kam Biu, Wilson	11/11
Mr. Cheng Chi Kong	4/11
Mr. Cheng Chi Him	11/11
Non-executive director	
Mr. Wu Wing Kin *(Note 1)*	2/4
Independent non-executive directors	
Mr. Cheung Hon Kit	11/11
Mr. Kwee Chong Kok, Michael	10/11
Mr. Lau Wai Piu *(Note 2)*	4/7
Mr. Tsui Hing Chuen, William JP *(Note 2)*	7/7
Mr. Wong Chi Keung *(Note 3)*	4/5

Notes:

(1) Mr. Wu Wing Kin resigned as the non-executive Director with effect from 30 July 2008.

(2) Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP were appointed as the independent non-executive Directors on 30 July 2008.

(3) Mr. Wong Chi Keung retired as the independent non-executive Director at the conclusion of the annual general meeting of the Company held on 23 September 2008.

BOARD OF DIRECTORS *(Continued)*

The Directors (including the non-executive Directors) are subject to retirement by rotation and re-election at annual general meeting in accordance with the Articles of Association of the Company and the GEM Listing Rules. This means a Director's term of appointment cannot exceed three years and the retiring Directors shall be eligible for re-election at the annual general meeting of the Company.

CORPORATE GOVERNANCE

During the year, the Company was in compliance with the Code, except for the following deviation:

Code Provision E.1.2 of the Code stipulates that the chairman of the board should attend the annual general meeting and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

The chairman of the Board had not attended the annual general meeting of the Company held on 23 September 2008 as he was having his business commitment at the time of such meeting. One of the executive directors was elected as the chairman of the annual general meeting and responded to the questions of the shareholders. The management considers that the Board endeavor to maintain an on-going dialogue with shareholders.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* an annual confirmation of his independence pursuant to the Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive directors are independent.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the rules 5.48 to 5.67 of the GEM Listing Rules.

The Company, having made specific enquiry of all the Directors, was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors throughout the year ended 31 March 2009.

REMUNERATION OF DIRECTORS

The Board has established a remuneration committee (the "Remuneration Committee") which has four members, comprising four independent non-executive directors, Mr. Lau Wai Piu, Mr. Cheung Hon Kit, Mr. Kwee Chong Kok, Michael and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the Remuneration Committee are, *inter alia*, to make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration of directors and senior management is based on the performance and experience of individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions. The Remuneration Committee held two meetings during the year ended 31 March 2009. The attendance records of the members of Remuneration Committee are set out below:

Committee members	**Attendance**
Mr. Lau Wai Piu *(Chairman) (Note 1)*	2/2
Mr. Wong Chi Keung *(Note 2)*	Not applicable
Mr. Kwee Chong Kok, Michael	2/2
Mr. Wu Wing Kin *(Note 3)*	Not applicable
Mr. Cheung Hon Kit	2/2
Mr. Tsui Hing Chuen, William *JP (Note 1)*	2/2

Notes:

(1) Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP were appointed as the members of the Remuneration Committee on 30 July 2008.

(2) Mr. Wong Chi Keung ceased to be the member of the Remuneration Committee at the conclusion of the annual general meeting of the Company held on 23 September 2008.

(3) Mr. Wu Wing Kin resigned as the member of the Remuneration Committee with effect from 30 July 2008.

NOMINATION OF DIRECTORS

The Board has the power under the Articles of Association of the Company to appoint any person as a director either to fill a casual vacancy on the Board, or as an additional member to the Board. Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP* were appointed as the independent non-executive Directors on 30 July 2008.

AUDITOR'S REMUNERATION

For the year ended 31 March 2009, approximately HK$1,819,000 (2008: HK$3,663,000) was charged to the Group's income statement for the audit service provided by the auditor of the Group. During the year, the auditor of the Group have performed the following non-audit services.

Description of service performed	**Fees paid** HK$'000
Hong Kong Profits Tax return filing services	64

Note: The auditor of the Group have been appointed as the tax representative of the Company and its certain subsidiaries.

AUDIT COMMITTEE

The Company has established an audit committee in July 2000 with written terms of reference in compliance with the requirements of the GEM Listing Rules. The audit committee has three members comprising three independent non-executive directors, namely Mr. Cheung Hon Kit, Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William *JP*. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. During the year, the audit committee met four times with the executive Directors and the management to review the financial reporting process, internal controls of the Group, the Company's reports and accounts including the annual report for the year ended 31 March 2009, and provided advice and recommendations to the board of directors. The audit committee also met with external auditors once to discuss the financial reporting process and internal controls of the Group during the year.

The attendance records of the members of Audit Committee are set out below:

Committee members	Attendance
Mr. Cheung Hon Kit *(Chairman)*	4/4
Mr. Wong Chi Keung *(Note 1)*	2/2
Mr. Wu Wing Kin *(Note 2)*	1/1
Mr. Lau Wai Piu *(Note 3)*	2/3
Mr. Tsui Hing Chuen, William *JP (Note 3)*	3/3

Notes:

(1) Mr. Wong Chi Keung ceased to be the member of the Audit Committee at the conclusion of the annual general meeting of the Company held on 23 September 2008.

(2) Mr. Wu Wing Kin resigned as the member of the Audit Committee with effect from 30 July 2008.

(3) Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP were appointed as the members of the Audit Committee on 30 July 2008.

INTERNAL CONTROL

The Board conducted the review of the effectiveness of the internal control systems of the Group through the audit committee of the Company during the year under review. The review covered the controls over the financial, operational and compliance matters of the Group. The Board considered that the existing internal control systems of the Group are effective.

To comply with the new Code Provision C2.2 of the Code which became effective on 1 January 2009, the Board also reviewed 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 Board satisfied with the resources, qualifications and experience of the personnel who are responsible for the accounting and financial reporting matters of the Company and considered that their training programmes and the budget are adequate.

FINANCIAL REPORTING

The Board acknowledges their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 March 2009. The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The auditors of the Company also set out their reporting responsibilities on the Independent Auditor's Report on pages 33 to 34 of this Annual Report.

Deloitte.
德勤

TO THE SHAREHOLDERS OF
INTERNATIONAL ENTERTAINMENT CORPORATION
國際娛樂有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of International Entertainment Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 102, which comprise the consolidated balance sheet as at 31 March 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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 and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group as at 31 March 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

24 June 2009

Consolidated Income Statement

For the Year Ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations			
Revenue	7	**483,467**	303,732
Cost of sales		**(270,085)**	(149,596)
Gross profit		**213,382**	154,136
Other income	9	**34,036**	50,937
Change in fair value of conversion option derivative		**73,200**	64,800
Selling and distribution costs		**(11,361)**	(17,800)
General and administrative expenses		**(155,595)**	(108,029)
Impairment loss recognised in respect of available-for-sale financial assets		**(11,081)**	–
Share of (loss) profit of an associate		**(9,131)**	2,963
Finance costs	10	**(43,165)**	(27,540)
Profit before taxation	11	**90,285**	119,467
Taxation credit (charge)	14	**49,862**	(12,641)
Profit for the year from continuing operations		**140,147**	106,826
Discontinued operations			
(Loss) profit for the year from discontinued operations	15	**(1,376)**	966
Profit for the year		**138,771**	107,792
Attributable to:			
Equity holders of the Company		**115,254**	76,455
Minority interests		**23,517**	31,337
		138,771	107,792
Earnings per share	16		
From continuing and discontinued operations			
Basic		**HK$0.10**	HK$0.08
Diluted		**HK$0.06**	HK$0.03
From continuing operations			
Basic		**HK$0.10**	HK$0.08
Diluted		**HK$0.06**	HK$0.03

Consolidated Balance Sheet

At 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	17	**565,177**	730,298
Investment properties	18	**1,166,117**	1,480,482
Goodwill	19	**–**	–
Investment in an associate	20	**546,316**	570,379
Other assets	21	**6,596**	9,502
Pledged bank deposits	22	**–**	349,924
		2,284,206	3,140,585
Current assets			
Inventories	23	**2,644**	4,553
Film costs	24	**15,993**	30,453
Available-for-sale financial assets	25	**1,988**	12,672
Trade receivables	26	**34,209**	32,486
Other receivables, deposits and prepayments	26	**39,027**	43,271
Amounts due from related companies	27	**539**	13
Amount due from an associate	28	**492,271**	127,992
Bank balances and cash	22	**704,644**	913,262
		1,291,315	1,164,702
Assets classified as held for sale	29	**–**	9,092
		1,291,315	1,173,794
Current liabilities			
Trade payables	30	**64,063**	74,335
Other payables and accrued charges	30	**54,756**	51,538
Tax liabilities		**1,000**	1,000
Amounts due to related companies	31	**–**	2,591
Promissory notes	32	**316,402**	561,235
Conversion option derivative	33	**68,000**	141,200
Bank borrowings	34	**–**	75,875
		504,221	907,774
Liabilities associated with assets classified as held for sale	29	**–**	7,112
		504,221	914,886
Net current assets		**787,094**	258,908
Total assets less current liabilities		**3,071,300**	3,399,493

At 31 March 2009

	Notes	**2009 HK$'000**	2008 HK$'000 (Restated)
Non-current liabilities			
Bank borrowings	*34*	**–**	119,920
Convertible note	*33*	**338,185**	302,002
Deferred tax liabilities	*35*	**106,791**	176,960
Other liabilities		**715**	678
		445,691	599,560
		2,625,609	2,799,933
Capital and reserves			
Share capital	*36*	**1,179,157**	1,179,157
Share premium and reserves		**809,293**	904,879
Equity attributable to equity holders of the Company		**1,988,450**	2,084,036
Minority interests		**637,159**	715,897
Total equity		**2,625,609**	2,799,933

The consolidated financial statements on pages 35 to 102 were approved and authorised for issue by the Board of Directors on 24 June 2009 and are signed on its behalf by:

Dr. Cheng Kar Shun
DIRECTOR

Mr. Lo Lin Shing, Simon
DIRECTOR

Consolidated Statement of Changes in Equity

For the Year Ended 31 March 2009

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 *(Note)*	Investment revaluation reserve HK$'000	Other reserve HK$'000 *(Restated)*	Exchange reserve HK$'000 *(Restated)*	Accu-mulated losses HK$'000	Total HK$'000	Minority interests HK$'000 *(Restated)*	Total HK$'000
At 1 April 2007	235,831	263,832	53,022	188	–	(1,342)	(373,844)	177,687	–	177,687
Fair value change in available-for-sale financial assets	–	–	–	(1,114)	–	–	–	(1,114)	–	(1,114)
Exchange differences on translation	–	–	–	–	–	68,124	–	68,124	63,455	131,579
Net income and expense recognised directly in equity	–	–	–	(1,114)	–	68,124	–	67,010	63,455	130,465
Profit for the year	–	–	–	–	–	–	76,455	76,455	31,337	107,792
Total recognised income and expense for the year	–	–	–	(1,114)	–	68,124	76,455	143,465	94,792	238,257
Acquisition of subsidiaries *(note 39)*	–	–	–	–	362,982	–	–	362,982	621,105	984,087
Issue of shares	943,326	471,663	–	–	–	–	–	1,414,989	–	1,414,989
Transaction costs attributable to issue of shares	–	(15,087)	–	–	–	–	–	(15,087)	–	(15,087)
At 1 April 2008	1,179,157	720,408	53,022	(926)	362,982	66,782	(297,389)	2,084,036	715,897	2,799,933
Fair value change in available-for-sale financial assets	–	–	–	(10,684)	–	–	–	(10,684)	–	(10,684)
Exchange differences on translation	–	–	–	–	–	(211,237)	–	(211,237)	(102,255)	(313,492)
Total expense recognised directly in equity	–	–	–	(10,684)	–	(211,237)	–	(221,921)	(102,255)	(324,176)
Profit for the year	–	–	–	–	–	–	115,254	115,254	23,517	138,771
Impairment loss on available-for-sale financial assets	–	–	–	11,081	–	–	–	11,081	–	11,081
Total recognised income and expense for the year	–	–	–	397	–	(211,237)	115,254	(95,586)	(78,738)	(174,324)
At 31 March 2009	1,179,157	720,408	53,022	(529)	362,982	(144,455)	(182,135)	1,988,450	637,159	2,625,609

Note: Merger reserve of the Group represents the difference between the share capital and share premium of Cyber On-Air Multimedia Limited whose shares were exchanged for the Company's shares and the nominal amount of share capital issued by the Company pursuant to the group reorganisation. Cyber-On-Air Multimedia Limited was disposed of during the year ended 31 March 2008. The details are set out in note 40.

Consolidated Cash Flow Statement

For the Year Ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES			
Profit for the year		**138,771**	107,792
Taxation (credit) charge for continuing operations	*14*	**(49,862)**	12,641
Taxation charge for discontinued operations	*14*	**–**	230
Profit before taxation		**88,909**	120,663
Adjustments for:			
Interest income		**(24,780)**	(40,486)
Interest expense		**43,165**	27,540
Allowance for bad and doubtful debts for trade and other receivables and deposits		**3,333**	679
Allowance for obsolete inventories		**2,971**	444
Loss on disposal and write-off of property, plant and equipment		**105**	1
Impairment loss recognised in respect of film costs		**9,418**	26,681
Impairment loss recognised in respect of amount due from a related company		**13**	–
Impairment loss recognised in respect of available-for-sale financial assets		**11,081**	–
Change in fair value of conversion option derivative		**(73,200)**	(64,800)
Depreciation of property, plant and equipment		**103,998**	56,844
Depreciation of investment properties		**116,116**	34,276
Gain on disposal of subsidiaries	*40*	**(364)**	(1,796)
Amortisation of film costs		**12,352**	24,304
Share of (loss) profit of an associate		**9,131**	(2,963)
Dividend income		**(72)**	(712)
Operating cash flows before movements in working capital		**302,176**	180,675
Decrease in other assets		**4,219**	6,403
Increase in film costs		**(6,734)**	(22,298)
Increase in inventories		**(477)**	(1,527)
Decrease in trade receivables		**4,302**	8,734
Decrease (increase) in other receivables, deposits and prepayments		**1,114**	(750)
Increase in amounts due from related companies		**(545)**	(925)
Decrease in trade payables		**(10,166)**	(25,822)
Increase in other payables and accrued charges		**3,463**	3,725
Decrease in amounts due to related companies		**(2,591)**	(1,307)
Increase in other liabilities		**37**	219
Cash generated from operations		**294,798**	147,127
Hong Kong Profits Tax paid		**(165)**	(325)
NET CASH FROM OPERATING ACTIVITIES		**294,633**	146,802

For the Year Ended 31 March 2009

	Notes	2009 HK$'000	2008 HK$'000
INVESTING ACTIVITIES			
Interest received		**34,633**	37,382
Dividend income		**72**	712
Acquisition of subsidiaries	*39*	**–**	(858,385)
Disposal of subsidiaries	*40*	**(1,525)**	(22)
Purchase of property, plant and equipment		**(36,784)**	(6,434)
Purchase of investment properties		**(420)**	–
Proceeds on disposal of property, plant and equipment		**298**	42
Decrease in pledged bank deposits		**330,349**	168,385
Advance to an associate		**(341,514)**	(40,000)
NET CASH USED IN INVESTING ACTIVITIES		**(14,891)**	(698,320)
FINANCING ACTIVITIES			
Interest paid		**(6,982)**	(9,538)
Repayment of bank borrowings		**(184,875)**	(23,240)
Repayment of promissory notes		**(264,077)**	(81,059)
Proceeds from issue of shares		**–**	1,414,989
Expenses on issue of shares		**–**	(15,087)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(455,934)**	1,286,065
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(176,192)**	734,547
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**915,265**	180,538
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(34,429)**	180
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**704,644**	915,265
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**704,644**	913,262
Bank balances and cash included in assets classified as held for sale	*29*	**–**	2,003
		704,644	915,265

1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands and its shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 July 2000. Its immediate holding company is Mediastar International Limited (incorporated in the British Virgin Islands ("BVI")). Its intermediate holding company and ultimate holding company are Chow Tai Fook Enterprises Limited ("CTF") (incorporated in Hong Kong) and Cheng Yu Tung Family (Holdings) Limited (incorporated in BVI) respectively. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

The functional currency of the Company is Philippine Peso ("Peso"), the currency of the primary economic environment in which the Company's major subsidiaries operate. The consolidated financial statements are presented in Hong Kong dollars ("HK$") as the directors consider that it is an appropriate presentation for a company listed in Hong Kong and for the convenience of the shareholders of the Company.

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries are set out in note 46 to the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("New HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective for the Group's financial year beginning 1 April 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The adoption of these New HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of financial statements[3]
HKAS 23 (Revised)	Borrowing costs[3]
HKAS 27 (Revised)	Consolidated and separate financial statements[4]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1	First time adoption of financial reporting standards[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate[3]
HKFRS 2 (Amendment)	Vesting conditions and cancellations[3]
HKFRS 3 (Revised)	Business combinations[4]
HKFRS 7 (Amendment)	Improving disclosures about financial instruments[3]
HKFRS 8	Operating segments[3]
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives[5]
HK(IFRIC) – INT 13	Customer loyalty programmes[6]
HK(IFRIC) – INT 15	Agreements for the construction of real estate[3]
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation[7]
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners[4]
HK(IFRIC) – INT 18	Transfer of assets from customers[8]

1 Effective for accounting periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for accounting periods beginning on or after 1 July 2009.

2 Effective for accounting periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

3 Effective for accounting periods beginning on or after 1 January 2009.

4 Effective for accounting periods beginning on or after 1 July 2009.

5 Effective for accounting periods ending on or after 30 June 2009.

6 Effective for accounting periods beginning on or after 1 July 2008.

7 Effective for accounting periods beginning on or after 1 October 2008.

8 Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The result and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investment in an associate is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are mainly loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the market price. The accounting policies adopted in respect of each category of financial assets are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, pledged bank deposits, amounts due from related companies, amount due from an associate and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group designated its equity investments acquired for long term investments as available-for-sale financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed and observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, 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 the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent 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.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liability designated as at FVTPL, of which the interest expense is included in finance costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Effective interest method (Continued)

Financial liabilities at fair value through profit or loss

A financial liability is classified as held for trading if it is a derivative that is not designated and effective as a hedge of instrument.

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

Convertible note

Convertible note issued by the Group that contains both liability and conversion option components is classified separately into respective items on initial recognition.

Conversion option that will be settled other than 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 a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible note is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible note is allocated to the liability and conversion option components in proportion to their relative fair values. Transaction costs relating to the conversion option derivative is charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible note using the effective interest method.

Other financial liabilities

Other financial liabilities including trade payables, other payables, amounts due to related companies, promissory notes and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees on or before 7 November 2002, or granted after 7 November 2002 and vested before 1 January 2005

The financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in the consolidated income statement in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

Share options granted to employees of the Group after 7 November 2002 and vested on or after 1 January 2005

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the share option reserve.

At the time when the share options are exercised, the amount previously recognised in the share option reserve, if any, will be transferred to share premium and share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share option reserve, if any, will be transferred to accumulated losses.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods are recognised when goods are delivered and title has been passed.

Service income is recognised when the services are rendered.

Income from the licensing of the distribution rights over films is recognised when the film production is complete, the Group's entitlement to such payments has been established which is upon the delivery of the master copy or materials to the distributors and the collectibility of proceeds is reasonably assured.

Hotel revenue from room rentals, food and beverage sale and other ancillary service is recognised when service is rendered.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Rental income from properties let to Philippine Amusement and Gaming Corporation ("PAGCOR") under operating leases is recognised at a certain percentage of net gaming revenue of the casino or a fixed rental amount, whichever is higher. Fixed rental income is recognised in the consolidated income statement on a straight-line basis over the lease term with PAGCOR. Contingent rental income is recognised in the consolidated income statement in the periods in which they are earned.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the supply of goods or services, or for administrative purposes are stated at cost less accumulated depreciation and any identified accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual value , if any, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease term of the lease contract signed with PAGCOR and after taking into account of their estimated residual value, if any, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Film costs

Film costs represent film rights and films and animation series produced by the Group or acquired by the Group.

Film rights are stated at cost less accumulated amortisation and any identified impairment loss. Amortisation is charged to the consolidated income statement based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights.

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

Fixed rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the lease with PAGCOR.

Contingent rental income from operating leases to PAGCOR is calculated with reference to certain percentage of net gaming revenue of the casino when it is higher than the fixed rental amount. The contingent rental income is recognised in the consolidated income statement in the periods when the relevant net gaming revenue is earned.

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 a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items of income or expense that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate, 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.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

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, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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

Retirement benefits costs

Payments to retirement benefits schemes are charged as an expense when the employees have rendered service entitling them to the contribution.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Allowance for bad and doubtful debts

The provisioning policy for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of trade receivables and on management's estimation. A considerable estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history 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 allowance may be required. As at 31 March 2009, the carrying amount of the trade receivables was approximately HK$34,209,000 (2008: HK$32,486,000).

Estimated impairment of film costs

At each balance sheet date, the management of the Group assesses the impairment on film costs with reference to its recoverable amount. The assessment was made on a film-by-film basis. The recoverable amount of the film costs was determined based on the present value of the expected future revenue generated from the film. The revenue forecast calculation requires the management to estimate the future revenue expected to arise. If the recoverable amount is lower than the carrying amount, the carrying amount of the film costs will be written down to its recoverable amount. As at 31 March 2009, the carrying amount of the films costs was approximately HK$15,993,000 (2008: HK$30,453,000) (details disclosed in note 24).

Deferred income tax assets

At the balance sheet date, the Group had unused tax losses amounted to approximately HK$685,093,000 (2008: HK$762,466,000) (details disclosed in note 35). The unused tax losses not recognised may be crystallised if the actual future profits generated are more than expected. No deferred tax assets has been recognised and offset against deferred tax liabilities due to the unpredictability of future profit streams.

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

Fair value of conversion option derivative

The directors of the Company engaged an independent third party valuer who applies appropriate valuation technique for conversion option derivative that is not quoted in an active market. The conversion option derivative is valued using the binominal tree option pricing model that incorporated market data and involved uncertainty in estimates used by management in the assumptions. Because binominal tree option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate. Details of the assumptions used are disclosed in note 33. As at 31 March 2009, the carrying amount of conversion option derivative was approximately HK$68,000,000 (2008: HK$141,200,000).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the promissory notes, convertible note and bank borrowings which were disclosed in notes 32, 33 and 34 respectively and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated losses.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, share buy-backs, new share issues and the issue of new debt or the redemption of existing debts.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 **HK$'000**	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,248,700**	1,444,934
Available-for-sale financial assets	**1,988**	12,672
Financial liabilities		
Financial liabilities at FVTPL	**68,000**	141,200
Other financial liabilities at amortised cost	**726,399**	1,150,683

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, available-for-sale financial assets, pledged bank deposits, bank balances, trade payables, other payables, amount due from an associate, amounts due from and to related companies, convertible note, promissory notes and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

Currency risk exists with respect to the bank balances, pledged bank deposits, amount due from an associate, promissory notes, conversion option derivative and convertible note denominated in currencies other than the functional currency of respective group entities as disclosed in notes 22, 28, 32 and 33 respectively. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States Dollars ("USD")	**320,928**	551,411	**–**	–
HK$	**563,605**	516,260	**722,587**	1,004,437

The Group currently does not have foreign currency hedging policy. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The currency risk is mainly arising from exchange rate of Peso against USD and HK$.

The following table details the Group's sensitivity to a 10% (2008: 5%) increase and decrease in Peso against USD and HK$. 10% (2008: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The management adjusted the sensitivity rate from 5% to 10% for assessing the currency risk after considering the impact of the volatile financial market condition after the third quarter of 2008. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2008: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit for the year where the foreign currencies strengthen 10% (2008: 5%) against Peso for net asset position, and vice versa. For a 10% (2008: 5%) weakening of the foreign currencies against Peso, there would be an equal and opposite impact on the post-tax profit for the year.

	HK$ Impact		USD Impact	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Decrease) increase in post-tax profit for the year	**(15,898)**	(24,409)	**31,841**	25,915

This is mainly attributable to the exposure outstanding on bank balances, pledged bank deposits, amount due from an associate, promissory notes, conversion option derivative and convertible note denominated in either USD or HK$ at year end.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group's interest rate risk arises from pledged bank deposits, bank balances, bank borrowings and liability component of convertible note. The Group is exposed to the fair value interest rate risk in relation to its fixed-rate pledged bank deposits (see note 22 for details) and liability component of convertible note issued at fixed-rate (see note 33 for details). For the year ended 31 March 2009, the Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances (details disclosed in note 22). For the year ended 31 March 2008, the Group was exposed to cash flow interest rate risk in relation to its variable-rate bank balances and bank borrowings (details disclosed in notes 22 and 34). The Group does not have interest rate hedging policy. However, the management monitor interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. The analysis is prepared assuming the variable-rate bank balances (2008: bank balances and bank borrowings) outstanding at the balance sheet date is outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$1,078,000 (2008: HK$690,000).

Other price risk

The Group is exposed to equity price risk through its available-for-sale financial assets in respect of equity securities listed in Hong Kong. The management has performed analysis of the nature of market risk associated with the equity securities, including discussion with the investment advisors, and concluded that the price risk is more prominent in evaluating the market risk of this kind of investments. The management monitor this exposure and will consider hedging the price risk exposure should the need arise.

In addition, the Group is required to estimate the fair value of the conversion option embedded in the convertible note at each balance sheet date with changes in fair value to be recognised in the consolidated income statement as long as the convertible note is outstanding. The fair value adjustment will be affected either positively or negatively, amongst others, by the changes in market interest rate, the Company's share market price and share price volatility. Details of the conversion options derivative are set out in note 33.

Sensitivity analysis on available-for-sale financial assets

The sensitivity analysis below have been determined based on the exposure to equity price risk arising from available-for-sale financial assets at the balance sheet date. For sensitivity analysis purpose, the sensitivity rate is increased to 10% in the current year as a result of the volatile financial market. If the prices of the respective equity instruments had been 10% (2008: 5%) higher, the Group's investment valuation reserve would increase by approximately HK$198,800 (2008: HK$634,000) as a result of the changes in fair value of available-for-sale financial assets. If the prices of the respective equity instruments had been 10% (2008: 5%) lower, the Group's post-tax profit would decrease by approximately HK$198,800 (2008: HK$634,000), as a result of impairment on available-for-sale financial assets.

Sensitivity analysis on conversion option derivative

The sensitivity analysis below have been determined based on the exposure to the Company's share price and volatility risk at the balance sheet date only as the directors of the Company consider that the change in risk-free interest rate may not have significant financial impact on the fair value of conversion option derivative. For sensitivity analysis purpose, the sensitivity rates for share price and volatility are increased to 10% and 20% respectively in the current year as a result of the volatile financial market.

(i) *Changes in share price*

If the Company's share price had been 10% (2008: 5%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year (as a result of changes in fair value of conversion option derivative) would decrease/increase by approximately HK$16,000,000 (2008: HK$11,200,000).

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Other price risk *(Continued)*

(ii) Changes in volatility

If the volatility to the valuation model had been 20% (2008: 5%) higher/lower while all other variables were held constant, the Group's post-tax profit for the year (as a result of changes in fair value of conversion option derivative) would decrease/increase by approximately HK$20,000,000 (2008: HK$13,800,000).

In management's opinion, the sensitivity analysis is unrepresentative as certain variables input into the option pricing model are interdependent, hence, change in one variable may affect the other.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 March 2009 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

As 31 March 2009, the Group has concentration of credit risk in respect of amount due from an associate and trade receivable from PAGCOR of approximately HK$492,271,000 (2008: HK$127,992,000) and HK$24,966,000 (2008: HK$19,847,000) respectively, In order to minimise the credit risk on the amount due from an associate, the Group signed shareholder's loans agreements with the associate. The agreements specify the shareholder's loans shall be withdrawn and repaid in the same proportion of the shareholdings. The management also has monitoring and control procedures to minimise the credit risk in relation to the amount due from an associate. The credit risk on trade receivable from PAGCOR is limited as PAGCOR is solely owned by the Philippines government and with a good repayment history.

The directors of the Company do not expect these counterparties would fail to meet their obligations and the credit risk is significantly reduced. Other than above, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants if any.

The Group relies on promissory notes, convertible note and bank borrowing as major sources of liquidity. As at 31 March 2009, the Group had no available unutilised borrowing facilities (2008: with floating rate amounting to approximately HK$138,280,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed based on prevailing market rates at the balance sheet date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Liquidity and interest risk tables

	Less than 1 month/ repayable on demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2009 HK$'000
2009						
Trade payables	**61,616**	**221**	**2,226**	**–**	**64,063**	**64,063**
Other payables	**4,372**	**3,377**	**–**	**–**	**7,749**	**7,749**
Promissory notes	**316,402**	**–**	**–**	**–**	**316,402**	**316,402**
Convertible note *(note)*						
– fixed rate	**–**	**–**	**4,000**	**404,000**	**408,000**	**406,185**
	382,390	**3,598**	**6,226**	**404,000**	**796,214**	**794,399**

	Less than 1 month/ repayable on demand HK$'000	1 – 3 months HK$'000	3 months to 1 year HK$'000	1 – 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March 2008 HK$'000
2008						
Trade payables	69,543	6,623	2,221	–	78,387	78,387
Other payables	227	9,189	–	–	9,416	9,416
Amounts due to related companies	3,848	–	–	–	3,848	3,848
Promissory notes	561,235	–	–	–	561,235	561,235
Convertible note *(note)*						
– fixed rate	–	–	4,000	408,000	412,000	443,202
Bank borrowings						
– variable rate	–	34,384	54,265	126,417	215,066	195,795
	634,853	50,196	60,486	534,417	1,279,952	1,291,883

Note: The carrying amounts represent the total carrying amounts of the convertible note and conversion option derivative of approximately HK$338,185,000 (2008: HK$302,002,000) and HK$68,000,000 (2008: HK$141,200,000) respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Fair value

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

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions as inputs.
- the fair value of conversion option derivative is estimated using either Black-Scholes option pricing model or binominal tree option pricing model in which the main assumption depends on the volatility of the Company's share price.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

7. REVENUE

	2009 **HK$'000**	2008 HK$'000
The Group's revenue comprises:		
Continuing operations		
Entertainment business		
Film and television programme production and distribution licensing	**28,615**	67,591
Music concerts and sales of music records	**1,876**	8,059
	30,491	75,650
Hotel		
Room revenue	**93,303**	48,623
Food and beverages	**55,208**	32,035
Other hotel service income	**8,942**	4,618
	157,453	85,276
Leasing of properties	**295,523**	142,806
	483,467	303,732
Discontinued operations		
Sales of goods	**448**	12,282
Service income	**403**	15,966
	851	28,248
	484,318	331,980

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions, namely hotel, leasing and entertainment business. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Hotel	–	Operation of hotel business
Leasing	–	Leasing of properties
Entertainment business	–	Production and licensing of theatrical motion pictures in a variety of genres and investments in production of television series, music concerts and sales of music records.

The Group also engaged in the businesses of network solutions and project services. These operations were discontinued immediately after the disposal of Cyber On-Air Group Limited ("COAG") and its subsidiaries (collectively the "COAG Group") on 25 April 2008. Details are disclosed in notes 15 and 29.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Segment information about these businesses is presented below.

Consolidated income statement for the year ended 31 March 2009

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Elimination HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE										
External sales	157,453	295,523	30,491	-	483,467	448	331	72	851	484,318
Inter-segment sales	-	645	-	(645)	-	-	-	-	-	-
Total	157,453	296,168	30,491	(645)	483,467	448	331	72	851	484,318
RESULTS										
Segment results	(29,989)	111,257	(25,619)	-	55,649	113	29	26	168	55,817
Other income					34,036				1	34,037
Change in fair value of conversion option derivative					73,200				-	73,200
Unallocated corporate expenses					(9,223)				(1,545)	(10,768)
Impairment loss recognised in respect of available-for-sale financial assets					(11,081)				-	(11,081)
Share of loss of an associate					(9,131)				-	(9,131)
Finance costs					(43,165)				-	(43,165)
Profit (loss) before taxation					90,285				(1,376)	88,909
Taxation credit					49,862				-	49,862
Profit (loss) for the year					140,147				(1,376)	138,771

Note: Inter-segment sales are charged at prevailing market rates.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Consolidated balance sheet at 31 March 2009

	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Consolidated HK$'000
ASSETS				
Segment assets	526,437	1,264,856	36,513	1,827,806
Investment in an associate				546,316
Unallocated corporate assets				1,201,399
Consolidated total assets				3,575,521
LIABILITIES				
Segment liabilities	21,609	4,319	89,230	115,158
Unallocated corporate liabilities				834,754
Consolidated total liabilities				949,912

Other information for the year ended 31 March 2009

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Others HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
Additions to property, plant and equipment and investment properties	2,407	34,711	86	-	37,204	-	-	-	-	37,204
Depreciation	67,556	152,090	259	209	220,114	-	-	-	-	220,114
Loss on disposal and write-off of property, plant and equipment	51	-	52	2	105	-	-	-	-	105
Impairment loss recognised in respect of film costs	-	-	9,418	-	9,418	-	-	-	-	9,418
Impairment loss recognised in respect of amount due from a related company	-	-	-	13	13	-	-	-	-	13
Impairment loss recognised in respect of available-for-sale financial assets	-	-	-	11,081	11,081	-	-	-	-	11,081
Allowance for obsolete inventories	-	-	2,971	-	2,971	-	-	-	-	2,971
Allowance for bad and doubtful debts for trade and other receivables and deposits	139	-	3,194	-	3,333	-	-	-	-	3,333

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Consolidated income statement for the year ended 31 March 2008

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Elimination HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
REVENUE										
External sales	85,276	142,806	75,650	–	303,732	12,282	14,690	1,276	28,248	331,980
Inter-segment sales	–	355	–	(355)	–	–	–	–	–	–
Total	85,276	143,161	75,650	(355)	303,732	12,282	14,690	1,276	28,248	331,980
RESULTS										
Segment results	(12,807)	75,325	(10,233)	(355)	51,930	2,769	2,887	963	6,619	58,549
Other income					50,937				540	51,477
Change in fair value of conversion option derivative					64,800				–	64,800
Unallocated corporate expenses					(23,623)				(5,963)	(29,586)
Share of profit of an associate					2,963				–	2,963
Finance costs					(27,540)				–	(27,540)
Profit before taxation					119,467				1,196	120,663
Taxation charge					(12,641)				(230)	(12,871)
Profit for the year					106,826				966	107,792

Note: Inter-segment sales are charged at prevailing market rates.

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

Consolidated balance sheet at 31 March 2008

	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Consolidated HK$'000 (Restated)
ASSETS							
Segment assets	682,983	1,589,461	56,037	1,563	3,062	25	2,333,131
Investment in an associate							570,379
Unallocated corporate assets							1,410,869
Consolidated total assets							4,314,379
LIABILITIES							
Segment liabilities	27,197	4,912	88,277	1,506	3,179	534	125,605
Unallocated corporate liabilities							1,388,841
Consolidated total liabilities							1,514,446

Other information for the year ended 31 March 2008

	Continuing operations					Discontinued operations				
	Hotel HK$'000	Leasing HK$'000	Entertainment business HK$'000	Others HK$'000	Total HK$'000	Network solutions HK$'000	Project services HK$'000	Others HK$'000	Total HK$'000	Consolidated HK$'000
Additions to property, plant and equipment and investment properties	2,623	2,249	982	53	5,907	46	5	476	527	6,434
Additions to property, plant and equipment and investment properties arising from acquisition of subsidiaries *(note 39)*	648,863	1,505,649	–	–	2,154,512	–	–	–	–	2,154,512
Depreciation	36,990	52,906	574	309	90,779	102	1	238	341	91,120
Loss on disposal of property, plant and equipment	–	–	–	–	–	–	–	1	1	1
Impairment loss recognised in respect of film costs	–	–	26,681	–	26,681	–	–	–	–	26,681
Allowance for obsolete inventories	–	–	444	–	444	–	–	–	–	444
Allowance for bad and doubtful debts for trade and other receivables and deposits	28	–	651	–	679	–	–	–	–	679

8. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Geographical segments

The Group's operations are located in Hong Kong, elsewhere in the People's Republic of China (the "PRC"), the United States of America (the "USA") and the Republic of the Philippines (the "Philippines").

The Group's hotel and leasing business are carried out in the Philippines. Entertainment business is derived from geographical locations other than the Philippines. In addition, the Group discontinued all businesses related to network solutions and project services that are mainly carried out in Hong Kong.

The following table provides an analysis of the Group's revenue by geographical location of the Group's customers:

	Revenue by geographical market	
	2009	2008
	HK$'000	HK$'000
Hong Kong	**5,740**	35,958
Elsewhere in the PRC	**–**	350
USA	**11,359**	44,005
Europe	**14,120**	22,310
The Philippines	**452,976**	228,082
Asia other than Hong Kong, elsewhere in the PRC and the Philippines	**123**	1,275
	484,318	331,980

Note: The revenue derived from geographical locations other than Hong Kong, elsewhere in the PRC and the Philippines were contributed by the subsidiaries of which the Group proposed to voluntarily liquidate them and had appointed a Canadian legal advisers to proceed a filing of a petition for the issuance of a liquidation order before the superior court of Quebec in Canada.

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and investment properties, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and investment properties		Additions to property, plant and equipment and investment properties arising from acquisition of subsidiaries (note 39)	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**5,445**	20,518	**3**	1,559	**–**	–
Elsewhere in the PRC	**53**	950	**–**	3	**–**	–
The Philippines	**1,791,293**	2,272,444	**37,118**	4,872	**–**	2,154,512
USA	**31,015**	39,219	**83**	–	**–**	–
	1,827,806	2,333,131	**37,204**	6,434	**–**	2,154,512

9. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Continuing operations		
Gain on disposal of subsidiaries	**364**	1,796
Interest income	**24,779**	40,408
Sundry income	**760**	1,144
Dividend income from listed securities	**72**	712
Net foreign exchange gain	**8,061**	6,877
	34,036	50,937
Discontinued operations		
Interest income on bank deposits	**1**	78
Sundry income	**–**	462
	1	540
	34,037	51,477

10. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Continuing operations		
Interest on bank borrowings – repayable within five years	**2,982**	9,538
Effective interest expense on convertible note *(note 33)*	**40,183**	18,002
	43,165	27,540

11. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation has been arrived at after charging (crediting):						
Allowance for bad and doubtful debts for trade and other receivables and deposits	**3,333**	679	**–**	–	**3,333**	679
Allowance for obsolete inventories (included in cost of sales)	**2,971**	444	**–**	–	**2,971**	444
Amortisation of film costs (included in cost of sales)	**12,352**	24,304	**–**	–	**12,352**	24,304
Auditor's remuneration	**1,819**	3,593	**–**	70	**1,819**	3,663
Cost of inventories recognised as an expense	**20,196**	10,755	**618**	20,859	**20,814**	31,614
Depreciation of property, plant and equipment	**103,998**	56,503	**–**	341	**103,998**	56,844
Depreciation of investment properties	**116,116**	34,276	**–**	–	**116,116**	34,276
Impairment loss recognised in respect of film costs (included in cost of sales) *(note 24)*	**9,418**	26,681	**–**	–	**9,418**	26,681
Impairment loss recognised in respect of amount due from a related company	**13**	–	**–**	–	**13**	–
Loss on disposal and write-off of property, plant and equipment	**105**	–	**–**	1	**105**	1
Net foreign exchange (gain) loss	**(8,061)**	(6,877)	**–**	11	**(8,061)**	(6,866)
Rental expenses under operating leasing on						
– premises	**8,136**	6,442	**43**	512	**8,179**	6,954
– equipment	**82**	195	**2**	28	**84**	223
	8,218	6,637	**45**	540	**8,263**	7,177
Gross rental income from leased properties and entertainment equipment	**(295,523)**	(142,806)	**–**	–	**(295,523)**	(142,806)
Less: Direct operating expenses from leased properties and entertainment equipment that generated rental income *(Note)*	**184,911**	67,836	**–**	–	**184,911**	67,836
	(110,612)	(74,970)	**–**	–	**(110,612)**	(74,970)
Staff costs, including directors' emoluments						
– salaries and allowances	**63,973**	40,580	**394**	4,486	**64,367**	45,066
– retirement benefits schemes contributions *(note 38)*	**417**	401	**15**	193	**432**	594
	64,390	40,981	**409**	4,679	**64,799**	45,660

Note: The amount mainly represents depreciation of leased properties and entertainment equipment.

12. DIRECTORS' EMOLUMENTS

	2009 HK$'000	2008 HK$'000
Directors' fees	**2,389**	2,204
Other emoluments:		
Salaries and other benefits	**–**	397
Contributions to retirement benefits scheme	**–**	10
	–	407
	2,389	2,611

The emoluments paid or payable to each of the thirteen (2008: thirteen) directors were as follows:

	Cheng Kar Shun ("Dr. Cheng") HK$'000	Lo Lin Shing, Simon ("Mr. Lo") HK$'000	To Hin Tsun, Gerald ("Mr. To") HK$'000	Cheng Kam Chiu, Stewart HK$'000	Cheng Kam Biu, Wilson HK$'000	Cheng Chi Kong HK$'000	Cheng Chi Him HK$'000	Wu Wing Kin HK$'000 *(Note i)*	Cheung Hon Kit HK$'000	Kwee Chong Kok, Michael HK$'000	Wong Chi Keung HK$'000 *(Note ii)*	Lau Wai Piu HK$'000 *(Note iii)*	Tsui Hing Chuen, William *JP* HK$'000 *(Note iii)*	Total HK$'000
2009														
Fees:														
Executive directors	500	500	500	100	100	100	100	-	-	-	-	-	-	1,900
Non-executive directors	-	-	-	-	-	-	-	39	120	110	58	81	81	489
Other emoluments:														
Salaries and other benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contributions to retirement benefits scheme	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total emoluments	500	500	500	100	100	100	100	39	120	110	58	81	81	2,389

12. DIRECTORS' EMOLUMENTS *(Continued)*

	Dr. Cheng HK$'000	Mr. Lo HK$'000	Mr. To HK$'000	Choi Wing Kin HK$'000 *(Note iv)*	So Kam Wing HK$'000 *(Note iv)*	Cheng Kam Chiu, Stewart HK$'000 *(Note v)*	Cheng Kam Biu, Wilson HK$'000 *(Note v)*	Cheng Chi Kong HK$'000 *(Note v)*	Cheng Chi Him HK$'000 *(Note v)*	Wu Wing Kin HK$'000	Cheung Hon Kit HK$'000	Kwee Chong Kok, Michael HK$'000	Wong Chi Keung HK$'000	Total HK$'000
2008														
Fees:														
Executive directors	500	500	500	83	83	17	17	17	17	–	–	–	–	1,734
Non-executive directors	–	–	–	–	–	–	–	–	–	120	120	110	120	470
Other emoluments:														
Salaries and other benefits	–	–	–	–	397	–	–	–	–	–	–	–	–	397
Contributions to retirement benefits scheme	–	–	–	–	10	–	–	–	–	–	–	–	–	10
Total emoluments	500	500	500	83	490	17	17	17	17	120	120	110	120	2,611

Notes:

(i) *Mr. Wu Wing Kin resigned as the Company's non-executive director on 30 July 2008.*
(ii) *Mr. Wong Chi Keung retired as the Company's independent non-executive director on 23 September 2008.*
(iii) *Mr. Lau Wai Piu and Mr. Tsui Hing Chuen, William JP were appointed as the Company's independent non-executive directors on 30 July 2008.*
(iv) *Mr. Choi Wing Kin and Mr. So Kam Wing resigned as the Company's executive directors on 29 January 2008.*
(v) *Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Biu, Wilson, Mr. Cheng Chi Kong and Mr. Cheng Chi Him were appointed as the Company's executive directors on 29 January 2008.*

During the year, no emolument was paid by the Group to the directors as discretionary bonus or an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director had waived or agreed to waive any remuneration.

13. EMPLOYEES' EMOLUMENTS

The five individuals with the highest emoluments in the Group did not include any director of the Company for both years. The emoluments of the five (2008: five) individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**10,374**	7,941
Contributions to retirement benefits scheme	**161**	62
Discretionary or performance related incentive payments	**433**	–
	10,968	8,003

13. EMPLOYEES' EMOLUMENTS *(Continued)*

Their emoluments were within the following bands:

	2009 No. of employees	2008 No. of employees
HK$1,000,001 to HK$1,500,000	**–**	3
HK$1,500,001 to HK$2,000,000	**3**	–
HK$2,000,001 to HK$2,500,000	**–**	2
HK$2,500,001 to HK$3,000,000	**1**	–
HK$3,000,001 to HK$3,500,000	**1**	–
	5	5

The discretionary or performance related incentive payment is determined by reference to the individual performance of the directors and approved by the Remuneration Committee.

14. TAXATION CREDIT (CHARGE)

	2009 HK$'000	2008 HK$'000
Continuing operations		
Deferred taxation *(note 35)*		
Current year	**29,000**	(12,641)
Attributable to a change in tax rate	**20,862**	–
	49,862	(12,641)
Discontinued operations		
Current tax – Hong Kong	**–**	(235)
Overprovision in prior year – Hong Kong	**–**	5
	–	(230)
Taxation credit (charge)	**49,862**	(12,871)

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong had no assessable profits for the year. Hong Kong Profits Tax was calculated at 17.5% of the estimated assessable profit derived from the discontinued operations for the year ended 31 March 2008.

No provision for taxation in other jurisdictions was made in the consolidated financial statements for both years as the Group's operations outside Hong Kong either had no assessable profits or were exempted from profits tax in respective jurisdictions.

A subsidiary operating in the Philippines had entered into a lease agreement with PAGCOR, a company solely owned by the Philippines government, such that the subsidiary is entitled to the tax exemption in respect of the rental income received or receivable from PAGCOR being exempted from the Philippines corporate income tax. In addition, according to the lease agreement, if the subsidiary is required to make any payment of the Philippines corporate tax in relation to any rental income received or receivable from PAGCOR, PAGCOR shall indemnity the subsidiary such payment.

14. TAXATION CREDIT (CHARGE) *(Continued)*

The corporate income tax rate in the Philippines changed from 35% to 30% with effective on 1 January 2009. The deferred tax liabilities has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled. Accordingly, reduction in opening deferred tax liabilities in relation to change in tax rate of approximately HK$20,862,000 has been credited to the consolidated income statement.

The profits tax rate of the Company's subsidiaries operating in the USA is 36.8% for both years.

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

	Philippines		**USA**		**Hong Kong and BVI**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (loss) before taxation								
– Continuing operations	**2,360**	76,593	**(4,505)**	(1,757)	**92,430**	44,631	**90,285**	119,467
– Discontinued operations	**–**	–	**–**	–	**(1,376)**	1,196	**(1,376)**	1,196
	2,360	76,593	**(4,505)**	(1,757)	**91,054**	45,827	**88,909**	120,663
Taxation at the domestic rates applicable to profits in the country concerned	**787**	26,808	**(1,658)**	(647)	**15,024**	8,019	**14,153**	34,180
Tax effect of expenses not deductible for tax purpose	**1,742**	1,732	**236**	1,542	**9,850**	3,493	**11,828**	6,767
Tax effect of income not taxable for tax purpose	**(5,276)**	(2,727)	**(360)**	(32)	**(32,200)**	(15,382)	**(37,836)**	(18,141)
Tax effect of net income derived from leasing of property to PAGCOR not taxable for tax purpose	**(39,665)**	(18,831)	**–**	–	**–**	–	**(39,665)**	(18,831)
Tax effect of utilisation of tax losses or deductible temporary difference not previously recognised	**–**	–	**–**	(6,065)	**–**	(38)	**–**	(6,103)
Tax effect of tax losses and deductible temporary not recognised	**13,412**	5,659	**1,782**	5,411	**5,819**	4,888	**21,013**	15,958
Tax effect of share of results of an associate	**–**	–	**–**	–	**1,507**	(519)	**1,507**	(519)
Overprovision in prior year	**–**	–	**–**	–	**–**	(5)	**–**	(5)
Decrease in opening deferred tax liability resulting from a decrease in applicable tax rate	**(20,862)**	–	**–**	–	**–**	–	**(20,862)**	–
Others	**–**	–	**–**	(209)	**–**	(226)	**–**	(435)
Taxation (credit) charge for the year	**(49,862)**	12,641	**–**	–	**–**	230	**(49,862)**	12,871

Details of the deferred taxation are set out in note 35 to the consolidated financial statements.

15. DISCONTINUED OPERATIONS

On 27 December 2007, the Company entered into a conditional sale and purchase agreement with New World Mobile Holdings Limited, a related company beneficially owned by a director of the Company, Mr. Lo, for the disposal of its entire interest in COAG Group for a cash consideration of HK$2,000,000. The assets and liabilities attributable to the business, which are expected to be sold within twelve months, were classified as a disposal group held for sale and were presented separately in the consolidated balance sheet for the year ended 31 March 2008 (see note 29). COAG Group was engaged in the operations on network solutions and project services. The Group was no longer engaged in these operations upon disposal. The business segments of these operations were presented as discontinued operations for both years ended 31 March 2008 and 2009. Details of the disposal are set out in the announcements of the Company dated 2 January 2008 and 3 March 2008, and the circular of the Company dated 23 January 2008. The disposal was completed on 25 April 2008.

The consolidated results of the network solutions and project services operations for the period from 1 April 2008 to 25 April 2008 (2008: from 1 April 2007 to 31 March 2008), which were included in the consolidated income statement, are as follows:

	1 April 2008 to 25 April 2008 HK$'000	1 April 2007 to 31 March 2008 HK$'000
Revenue	**851**	28,248
Cost of sales	**(683)**	(21,629)
Other income	**1**	540
General and administrative expenses	**(1,545)**	(5,963)
(Loss) profit before taxation	**(1,376)**	1,196
Taxation	**–**	(230)
(Loss) profit for the year, attributable to equity holders of the Company	**(1,376)**	966

16. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the equity holders of the Company for the year ended 31 March 2009 together with the comparative figures for 2008 are based on the following data:

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to equity holders of the Company)	**115,254**	76,455
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(73,200)**	(64,800)
– Effective interest expense	**40,183**	18,002
Earnings for the purpose of diluted earnings per share	**82,237**	29,657

	2009 In thousand	2008 In thousand
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,157**	981,881
Effect of dilutive potential ordinary shares from convertible note	**200,000**	94,535
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,379,157**	1,076,416

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2008 had been adjusted for the effect of rights issue in August 2007.

The calculation of diluted earnings per share of each of the year ended 31 March 2009 and 2008 does not assume the exercise of a subsidiary's outstanding share options. The directors consider that the value of the subsidiary is lower than the exercise price as the subsidiary was delisted in March 2007 and had consolidated net liabilities as at 31 March 2009 and 2008.

16. EARNINGS PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the equity holders of the Company is based on the following data:

Earnings figures are calculated as follows:

	2009 HK$'000	2008 HK$'000
Profit for the year attributable to equity holders of the Company	**115,254**	76,455
Less:		
(Loss) profit for the year from discontinued operations attributable to equity holders of the Company	**(1,376)**	966
Earnings for the purpose of basic earnings per share from continuing operations	**116,630**	75,489
Effect of dilutive potential ordinary shares in respect of convertible note:		
Change in fair value of conversion option derivative	**(73,200)**	(64,800)
Effective interest expense	**40,183**	18,002
Earnings for the purpose of diluted earnings per share from continuing operations	**83,613**	28,691

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operations

Basic loss per share from the discontinued operations for the year ended 31 March 2009 was HK0.12 cent per share (2008: earnings per share of HK0.10 cent) and diluted loss per share from the discontinued operations for the year ended 31 March 2009 was nil (2008: earnings per share of HK0.09 cent), based on the loss for the year from discontinued operations of approximately HK$1,376,000 (2008: profit of approximately HK$966,000) and the same denominators detailed above for basis earnings per share (2008: basic and diluted earnings per share).

No diluted loss per share for the year ended 31 March 2009 has been presented as the conversion of the Company's outstanding convertible note would result in a decrease in loss per share from the discontinued operations.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Entertain-ment equipment HK$'000	Computer hardware HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
At 1 April 2007	–	1,245	–	548	–	6,371	–	8,164
Exchange adjustments	36,429	322	6,758	4,315	4,013	6	9	51,852
Acquired on acquisition of subsidiaries *(note 39)*	527,280	4,243	87,665	56,526	52,064	–	114	727,892
Additions	225	375	1,947	1,614	1,054	489	730	6,434
Disposals	–	–	–	(489)	–	(29)	–	(518)
Write-off	–	(9)	–	(6)	–	(4,097)	–	(4,112)
Reclassified as assets held for sale	–	(269)	–	(6)	–	(2,059)	–	(2,334)
At 1 April 2008	563,934	5,907	96,370	62,502	57,131	681	853	787,378
Exchange adjustments	(77,980)	(845)	(13,351)	(8,607)	(9,505)	1	(84)	(110,371)
Additions	1,071	–	667	3,260	31,540	–	246	36,784
Disposals	–	–	–	(206)	–	–	(410)	(616)
Write-off	–	–	–	(7)	–	(56)	–	(63)
At 31 March 2009	**487,025**	**5,062**	**83,686**	**56,942**	**79,166**	**626**	**605**	**713,112**
DEPRECIATION								
At 1 April 2007	–	373	–	414	–	5,904	–	6,691
Exchange adjustments	3	2	5	1	3	1	–	15
Provided for the year	13,000	778	17,816	12,515	12,242	415	78	56,844
Eliminated on disposals	–	–	–	(446)	–	(29)	–	(475)
Eliminated on write-off	–	(9)	–	(6)	–	(4,097)	–	(4,112)
Reclassified as assets held for sale	–	(214)	–	(1)	–	(1,668)	–	(1,883)
At 1 April 2008	13,003	930	17,821	12,477	12,245	526	78	57,080
Exchange adjustments	(3,014)	(26)	(4,120)	(2,749)	(2,947)	1	(12)	(12,867)
Provided for the year	23,849	362	32,460	22,563	24,589	67	108	103,998
Eliminated on disposals	–	–	–	(148)	–	–	(67)	(215)
Eliminated on write-off	–	–	–	(7)	–	(54)	–	(61)
At 31 March 2009	**33,838**	**1,266**	**46,161**	**32,136**	**33,887**	**540**	**107**	**147,935**
CARRYING VALUES								
At 31 March 2009	**453,187**	**3,796**	**37,525**	**24,806**	**45,279**	**86**	**498**	**565,177**
At 31 March 2008	550,931	4,977	78,549	50,025	44,886	155	775	730,298

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the remaining term of the land leases on which the buildings are located
Leasehold improvements	Over the remaining term of the land leases on which the buildings are located
Plant and machinery	20% – 33$^1/_3$%
Furniture, fixtures and equipment	15% – 33$^1/_3$%
Entertainment equipment	20% – 33$^1/_3$%
Computer hardware	15% – 33$^1/_3$%
Motor vehicles	20% – 33$^1/_3$%

All the buildings are located on the land under medium-term leases in the Philippines.

At 31 March 2009, the carrying value of entertainment equipment of approximately HK$45,279,000 (2008: HK$44,886,000) was held for use under operating leases to PAGCOR.

18. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 April 2007	–
Exchange adjustments	88,141
Acquired on acquisition of subsidiaries *(note 39)*	1,426,620
At 31 March 2008	1,514,761
Exchange adjustments	(209,334)
Additions	420
At 31 March 2009	**1,305,847**
DEPRECIATION	
At 1 April 2007	–
Exchange adjustments	3
Provided for the year	34,276
At 31 March 2008	34,279
Exchange adjustments	(10,665)
Provided for the year	116,116
At 31 March 2009	**139,730**
CARRYING VALUES	
At 31 March 2009	**1,166,117**
At 31 March 2008	1,480,482

18. INVESTMENT PROPERTIES *(Continued)*

The above investment properties are located on the land under medium-term lease in the Philippines. Depreciation is provided to write off the cost of investment properties over the lease term of the lease contract signed with PAGCOR and after taking into account of the residual value, using the straight-line method.

The fair value of the Group's investment properties at 31 March 2009 was approximately HK$1,254 million (2008: HK$1,502 million). The fair value has been arrived at based on a valuation carried out by Jones Lang LaSalle Sallmanns Limited ("Jones Lang"), independent valuer not connected with the Group. Jones Lang is a member of the Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by capitalising the estimated net rental income derived from the existing tenancies and taking into account the future growth potential with reference of historical rental trend achieved in previous years.

19. GOODWILL

	HK$'000
COST	
At 1 April 2007, 31 March 2008 and 31 March 2009	14,843
AMORTISATION AND IMPAIRMENT	
At 1 April 2007, 31 March 2008 and 31 March 2009	14,843
CARRYING VALUES	
At 31 March 2008 and 31 March 2009	–

20. INVESTMENT IN AN ASSOCIATE

	2009 HK$'000	2008 HK$'000
Cost of investment in an associate, unlisted	**567,416**	567,416
Share of post-acquisition (loss) profit	**(6,168)**	2,963
Unrealised profit	**(14,932)**	–
	546,316	570,379

20. INVESTMENT IN AN ASSOCIATE *(Continued)*

As at 31 March 2009 and 2008, the Group had interest in the following associate:

Name of associate	Form of business structure	Place of incorporation	Issued and fully paid registered capital	Proportion of interest held indirectly by the Company		Proportion of voting power held indirectly by the Company		Principal activities
				2009	2008	**2009**	2008	
				%	%	**%**	%	
Arc of Triumph Development Company Limited ("ATD")	Incorporated	Macau Special Administrative Region of the PRC ("Macau")	MOP180,000	**40**	40	**40**	40	Property development and investment and hotel business

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

	2009 **HK$'000**	2008 HK$'000
Total assets	**4,029,830**	3,895,089
Total liabilities	**(2,626,710)**	(2,469,141)
Net assets	**1,403,120**	1,425,948
Group's share of net assets of an associate	**561,248**	570,379
Unrealised profit	**(14,932)**	–
	546,316	570,379
Revenue	**–**	–
(Loss) profit for the year	**(22,828)**	7,408
Group's share of result of an associate for the year	**(9,131)**	2,963

21. OTHER ASSETS

The amounts mainly represent the value added tax receivables which can be utilised to set off the value added tax payables in the future. In the opinion of the directors of the Company, the amounts at the balance sheet date would not be utilised in the next twelve months from the balance sheet date. According to the regulation of the Philippines, the value added tax receivables can be carried forward indefinitely.

22. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits carry interest at fixed interest rate which range from 1.83% to 2.68% (2008: 2.3% to 5.57%) per annum.

During the year ended 31 March 2009, all pledged bank deposits were released upon the early full payment of the bank loans.

As at 31 March 2008, all pledged bank deposits were pledged to banks to secure the bank loans that were classified as current and non-current bank borrowings at the balance sheet date. The pledged bank deposits would be released upon the settlement of entire bank loans and were therefore classified as non-current assets.

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank deposits carry at prevailing market interest rates which range from 0.01% to 7.75% (2008: 0.75% to 6.5%) per annum.

The Group's bank balances and pledged bank deposits that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Bank balances		Pledged bank deposits	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Denominated in USD	**320,928**	201,487	**–**	349,924
Denominated in HK$	**71,335**	388,268	**–**	–

23. INVENTORIES

	2009	2008
	HK$'000	HK$'000
Finished goods	**–**	286
Hotel consumable, food and beverages	**2,644**	4,267
	2,644	4,553

24. FILM COSTS

	HK$'000
COST	
At 1 April 2007	629,696
Exchange adjustments	1,118
Additions	22,298
At 1 April 2008	653,112
Exchange adjustments	(808)
Additions	6,734
At 31 March 2009	**659,038**
AMORTISATION AND IMPAIRMENT	
At 1 April 2007	570,607
Exchange adjustments	1,067
Provided for the year	24,304
Impairment loss recognised	26,681
At 1 April 2008	622,659
Exchange adjustments	(1,384)
Provided for the year	12,352
Impairment loss recognised	9,418
At 31 March 2009	**643,045**
CARRYING VALUES	
At 31 March 2009	**15,993**
At 31 March 2008	30,453

Amortisation of film costs is determined on a film-by-film basis in accordance with the proportion of actual income earned during the year to the total estimated income from the sale of films.

The recoverable amount of the film costs as at 31 March 2009 was determined using the value in use with reference to the future prospect and present value of expected revenue to be generated from the films derived from discounting the projected cash flows by a discount rate of 13.50% (2008: 12.50%) and the directors determined that an impairment loss of approximately HK$9,418,000 (2008: HK$26,681,000) be recognised in the consolidated income statement.

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009 HK$'000	2008 HK$'000
Equity securities listed in Hong Kong at fair value	**1,988**	12,672

26. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2009 HK$'000	2008 HK$'000
Trade receivables	**34,421**	32,556
Less: Allowance for doubtful debts for trade receivables	**(212)**	(70)
	34,209	32,486
Other receivables, deposits and prepayments	**46,902**	47,999
Less: Allowance for doubtful debts for other receivables and deposits	**(7,875)**	(4,728)
	39,027	43,271
Total trade receivables, other receivables, deposits and prepayments	**73,236**	75,757

The average credit terms for trade and other receivables granted by the Group range from 0 to 90 days. A longer period is granted to customers with whom the Group has a good business relationship and which are in sound financial condition. The aged analysis of trade receivables net of allowance for doubtful debts at balance sheet date is as follows:

	2009 HK$'000	2008 HK$'000
Aged:		
0 – 30 days	**28,947**	31,231
31 – 60 days	**3,443**	307
61 – 90 days	**515**	141
Over 90 days	**1,304**	807
	34,209	32,486

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. At 31 March 2009, trade receivables with an aggregate carrying amount of HK$28,380,000 (2008: HK$29,637,000) were neither past due nor impaired. The directors of the Company consider these trade receivables are of good credit quality.

26. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately HK$5,829,000 (2008: HK$2,849,000) which were past due at the balance sheet date for which the Group did not provide for impairment loss as these trade receivables were either settled subsequent to the balance sheet date or the respective customers had good repayment history. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance of doubtful debts as at balance sheet date. The Group does not hold any collateral over these balances. The average age of these receivables is 45 days (2008: 45 days).

Ageing of trade receivables which are past due but not impaired

	2009 HK$'000	2008 HK$'000
0 – 30 days	**567**	1,594
31 – 60 days	**3,443**	307
61 – 90 days	**515**	141
Over 90 days	**1,304**	807
Total	**5,829**	2,849

The Group has provided fully for all trade and other receivables over 1 year because historical experience is such that receivables that are past due beyond 1 year are generally not recoverable.

Movement in the allowance for doubtful debts for trade and other receivables and deposits

	2009 HK$'000	2008 HK$'000
Balance at beginning of the year	**4,798**	3,964
Exchange adjustments	**(29)**	187
Impairment losses recognised on trade and other receivables and deposits	**3,333**	679
Amounts written off as uncollectible	**(15)**	–
Amount classified as assets held for sale	**–**	(32)
Balance at end of the year	**8,087**	4,798

Included in the allowance for doubtful debts are individually impaired trade and other receivables and deposits with an aggregate balance of approximately HK$8,087,000 (2008: HK$4,798,000) which have been in severe financial difficulties.

27. AMOUNTS DUE FROM RELATED COMPANIES

Amounts due from related companies are disclosed as follows:

Name of related company	Relationship	2009 HK$'000	2008 HK$'000	Maximum amount of outstanding during the year HK$'000
Mongolia Energy Corporation (Greater China) Limited	Common key management personnel, Mr. Lo	–	13	13
Foreign Holiday Philippines Inc.	Beneficially owned by CTF	539	–	539
		539	13	

The amounts are unsecured, non-interest bearing and repayable on demand.

28. AMOUNT DUE FROM AN ASSOCIATE

Included in the amount due from an associate of approximately HK$487 million (2008: HK$128 million) are first, second and additional shareholder's loans of approximately HK$88 million (2008: HK$88 million), HK$40 million (2008: 40 million) and HK$359 million (2008: nil), respectively. The first shareholder's loan is unsecured, interest-free and repayable on demand. The second and additional shareholder's loans are unsecured and bear interest at 6% per annum, of which the second shareholder's loan is repayable on demand and the additional shareholder's loan shall be repayable in full on the earlier of the second anniversary of the loan agreement dated 8 April 2008 and the seventh day after the issue of the certificate of compliance and occupation permit for the properties held by the associate in Macau. The directors of the Company anticipated that the entire shareholder's loans of approximately HK$487 million will be repaid within 12 months and are therefore classified as current asset. The remaining balance was the accrued interest of the shareholder's loans and the amount shall be paid every three months.

Pursuant to the loan agreement dated 8 April 2008, the additional shareholder's loan granted by the Group was at maximum of HK$760 million. At 31 March 2009, the Group advanced approximately HK$359 million additional shareholder's loan to ATD. Accordingly, the Group has an outstanding committed loan facilities of approximately HK$401 million.

The interest income from the associate during the year ended 31 March 2009 was approximately HK$15 million. Such amount was eliminated to the investment in an associate under the equity method of accounting.

As at 31 March 2009 and 2008, the entire amount is denominated in HK$, which is other than the functional currency of respective group entity.

29. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As explained in note 15, the assets and liabilities of COAG Group were classified as assets held for sale and liabilities associated with assets classified as held for sale respectively as at 31 March 2008.

29. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

The major classes of assets and liabilities of the COAG Group as at 31 March 2008, which had been presented separately in the consolidated balance sheet, were as follows:

	HK$'000
Property, plant and equipment	451
Inventories	634
Trade receivables	3,884
Other receivables, deposits and prepayments	228
Amounts due from related companies	892
Pledged bank deposits	1,000
Bank balances and cash	2,003
Total assets classified as held for sale	9,092
Trade payables	4,052
Other payables and accrued charges	1,638
Amounts due to related companies	1,257
Tax liabilities	165
Total liabilities associated with assets classified as held for sale	7,112

The average credit term granted by the COAG Group to its customers is 60 days. The average credit period on purchase of goods was 90 days. The aged analysis of trade receivables net of allowance for doubtful debts and trade payables at 31 March 2008 were as follows:

	Trade receivables HK$'000	**Trade payables** HK$'000
Aged:		
0 – 30 days	3,135	3,369
31 – 60 days	411	359
61 – 90 days	62	5
Over 90 days	276	319
	3,884	4,052

29. ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE *(Continued)*

Amounts due from related companies were disclosed as follows:

Name of related company	Relationship	As at 31 March 2008 HK$'000	Maximum amount of outstanding during the year ended 31 March 2008
New World Mobile Holdings Limited	Common key management personnel, Mr. Lo	10	10
New World Telecommunication Limited	Common key management personnel, Mr. Lo	882	1,560
		892	

The amounts were unsecured, non-interest bearing and repayable on demand.

30. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

Trade payables, other payables and accrued charges comprise amounts outstanding for the purchase and ongoing costs.

The aged analysis of trade payables at the balance sheet date is as follows:

	2009 HK$'000	2008 HK$'000
Aged:		
0 – 30 days	**3,501**	4,962
31 – 60 days	**217**	1,786
61 – 90 days	**–**	60
Over 90 days	**60,345**	67,527
	64,063	74,335

The average credit period on purchase of goods is 90 days. There is no fixed repayment term for trade payables arising from film production.

31. AMOUNTS DUE TO RELATED COMPANIES

These related companies were companies in which the shareholders were close members of the family of a key management personnel of the Company.

The amounts were unsecured, non-interest bearing and repayable on demand.

32. PROMISSORY NOTES

In October 2007, promissory notes ("Promissory Notes") with an aggregate amount of approximately HK$642 million were issued by a subsidiary of the Company in favor of two related companies, which are beneficially owned by the intermediate holding company, CTF. The Promissory Notes were issued to replace the shareholders' loans of HK$642 million assigned by shareholders which arise from the acquisition of Fortune Gate Overseas Limited ("Fortune Gate"). The details are disclosed in note 39. Pursuant to the terms of the Promissory Notes, the amounts are unsecured, non-interest bearing and are repayable on demand. During the year, the Group has settled part of the Promissory Notes.

As at 31 March 2009 and 2008, the entire amount was denominated in HK$, which is other than the functional currency of respective group entity.

33. CONVERTIBLE NOTE AND CONVERSION OPTION DERIVATIVE

On 11 October 2007, the Company issued a convertible note of HK$400 million as part of the consideration in the acquisition of the entire equity interest of Fortune Gate. Details of the acquisition are set out in note 39 and the circular of the Company dated 29 June 2007.

The convertible note is denominated in HK$ and is unsecured. The convertible note entitles the holder to convert into ordinary shares of the Company in amounts or integral multiples of HK$4,000,000 at any time after the date of issue of the convertible note until the business day immediate prior to the maturity date of the convertible note at an initial conversion price of HK$2 per share subject to customary adjustments for among other things, subdivision or consolidation of shares, bonus issues, rights issues and other events which have diluting effects on the issued share capital of the Company. If the whole amount of the convertible note is converted on the conversion price of HK$2 per share, the Company will issue 200,000,000 ordinary shares of the Company. If the convertible note has not been converted, it will be repaid on the maturity date at its principal amount. Interest of 1% per annum will be paid annually in arrear upto the maturity date of the convertible note. Both the Company or the holder do not have the rights to redeem the convertible note prior to the maturity date of the convertible note. The fair values of conversion option derivative as at the issue date of 11 October 2007 and as at each balance sheet date were determined by the valuation performed by an independent valuer.

The convertible note contains the following components that are required to be separately accounted for in accordance with HKAS 32 "Financial instruments: Disclosure and Presentation" and HKAS 39 "Financial instruments: Recognition and Measurement":

(a) Liability component of the convertible note represents the present value of the contractually determined stream of future cash flows discounted at the rate of interest at that time by the market to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion and redemption option. The effective interest rate of the liability component is 13.41% per annum.

(b) Embedded conversion option of the convertible note to be accounted for as a separate financial liability represents the fair value of the option to convert the liability into equity of the Company but the conversion will be settled other than by the exchange of a fixed number of the Company's own equity.

33. CONVERTIBLE NOTE AND CONVERSION OPTION DERIVATIVE *(Continued)*

The movement of the liability component and conversion option derivative of the convertible note for the year is set out as below:

	Liability component HK$'000	Conversion option derivative HK$'000	Total HK$'000
Carrying amount at 11 October 2007, date of issue	284,000	206,000	490,000
Interest charge *(note 10)*	18,002	–	18,002
Gain arising on change of fair value	–	(64,800)	(64,800)
As at 31 March 2008	302,002	141,200	443,202
Interest charge *(note 10)*	40,183	–	40,183
Interest paid	(4,000)	–	(4,000)
Gain arising on change of fair value	–	(73,200)	(73,200)
As at 31 March 2009	338,185	68,000	406,185

The fair value of conversion option derivative was calculated using the Black-Scholes pricing model (as at 11 October 2007) and binominal tree option pricing model (as at 31 March 2008 and 2009) by an independent valuer as at issue date and each balance sheet date. The inputs into the model at issue date and each balance sheet date are as follows:

	As at 11 October 2007	As at 31 March 2008	**As at 31 March 2009**
Share price of the Company	HK$1.87	HK$1.50	**HK$1.49**
Exercise price	HK$2.00	HK$2.00	**HK$2.00**
Expected volatility	90%	90.85%	**67%**
Expected remaining life	3 years	2.5 years	**1.53 years**
Risk-free interest rate	3.88%	1.39%	**0.6%**
Expected dividend yield	0%	0%	**0%**

Expected volatility was determined by using the historical volatility of the price return of the ordinary shares of the Company and comparable companies.

Expected dividend yield was determined by using the historical dividend yield of the Company.

Because the Black-Scholes pricing model and binomial tree option pricing model require the input of highly subject assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

34. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Secured bank loans	–	195,795
Carrying amount repayable:		
On demand or within one year	–	75,875
More than one year, but not exceeding two years	–	105,115
More than two years but not more than five years	–	14,805
	–	195,795
Less: Amounts due within one year shown under current liabilities	–	(75,875)
	–	119,920

At 31 March 2008, all secured bank borrowings were under the guarantee of letters of credit issued by a bank in Hong Kong. The letters of credit were secured by the Group's pledged bank deposits of approximately US$44,862,000 (equivalent to approximately HK$349,924,000).

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2008 & 2009
Effective interest rate:	
Variable-rate borrowings	1.5% over the Philippine Interbank Offered Rate

At 31 March 2008, all the bank borrowings were denominated in Peso, which was the same as the functional currency of the relevant group entities.

35. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and the movements thereon during the current and the prior years:

	Unrealised foreign exchange gain HK$'000 *(Note)*	Fair value adjustments arising on property, plant and equipment and investment properties HK$'000 (Restated)	Total HK$'000 (Restated)
At 1 April 2007	–	–	–
Exchange adjustments	2,012	6,700	8,712
Acquisition of subsidiaries *(note 39)*	26,046	129,561	155,607
Charge (credit) to consolidated income statement *(note 14)*	22,188	(9,547)	12,641
At 31 March 2008	50,246	126,714	176,960
Exchange adjustments	(5,439)	(14,868)	(20,307)
Credit to consolidated income statement *(note 14)*	(26,426)	(2,574)	(29,000)
Effect of change in tax rate *(note 14)*	(3,036)	(17,826)	(20,862)
At 31 March 2009	15,345	91,446	106,791

Note: The amount represents the deferred tax liabilities in relation to the unrealised foreign exchange gain arising from the monetary assets and liabilities denominated in foreign currencies in the Philippines' subsidiaries.

As at 31 March 2009, the Group had estimated unused tax losses of approximately HK$658,093,000 (2008: HK$762,466,000) and deductible temporary differences of approximately HK$18,789,000 (2008: HK$2,020,000) available for offset against future profits. As at 31 March 2009 and 2008, no deferred tax assets was recognised of such losses due to the unpredictability of future profit streams. Tax losses amounting to approximately HK$116,937,000 (2008: HK$115,495,000) may be carried forward indefinitely.

The remaining tax losses will be expired as follows:

	2009 HK$'000	2008 HK$'000
Year 2008	**–**	82,619
Year 2009	**59,735**	69,312
Year 2010	**36,950**	42,874
Year 2011	**23,016**	9,689
Year 2012	**5,624**	–
Before year 2018	**270,434**	264,095
Before year 2029	**145,397**	178,382

No deferred tax liability has been recognised in respect of temporary differences associated with undistributed earnings of subsidiaries operating in the Philippines because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

36. SHARE CAPITAL

	Par value of shares HK$	Number of shares	Value HK$'000
Authorised:			
Ordinary shares			
At 1 April 2007	1 each	500,000,000	500,000
Increase during the year *(note a)*	1 each	1,500,000,000	1,500,000
At 31 March 2008 and 2009		2,000,000,000	2,000,000
Issued and fully paid:			
Ordinary shares			
At 1 April 2007	1 each	235,831,447	235,831
Issued on rights issue *(note b)*	1 each	943,325,788	943,326
At 31 March 2008 and 2009		1,179,157,235	1,179,157

(a) Pursuant to the resolutions passed at the extraordinary general meeting held on 1 August 2007, the authorised share capital of the Company was increased to HK$2,000,000,000 divided into 2,000,000,000 shares of HK$1 each in the share capital of the Company (the "Shares") by creation of 1,500,000,000 new Shares of HK$1 each.

(b) On 28 August 2007, the Company allotted and issued 943,325,788 Shares by way of a rights issue at a subscription price of HK$1.50 per share to the qualifying shareholders, on the basis of four rights shares for every existing Share then held. These new Shares rank pari passu with the then existing Shares in all respects.

37. SHARE OPTION SCHEMES

THE COMPANY

Share option scheme adopted on 20 August 2004

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 20 August 2004, a share option scheme was adopted to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the shares of the Company for the benefit of the Company and the shareholders of the Company as a whole.

The categories of the participant under this share option scheme are any full-time employee, any director (whether executive or non-executive including independent non-executive director), any supplier, independent contractor, consultant, and/or adviser of the Company or any subsidiary of the Company.

37. SHARE OPTION SCHEMES *(Continued)*

THE COMPANY *(Continued)*

Share option scheme adopted on 20 August 2004 *(Continued)*

The maximum number of shares in respect of which share options may be granted to grantees under this share option scheme and other share option scheme(s) of the Company shall not exceed 30% of the issued share capital of the Company from time to time (the "Scheme Limit"). The maximum number of the Company's shares in respect of which share options may be granted under this share option scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10% of the issued share capital of the Company on the adoption date of this share option scheme (the "Scheme Mandate Limit"), which is 20,483,144 shares, representing approximately 1.74% of the issued share capital as at the date of this annual report. Option lapsed in accordance with the terms of this share option scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. The Company may grant share options beyond the scheme mandate if approval is obtained from Company's shareholders in general meetings.

The maximum number of the Company's shares in respect of which share options may be granted to a participant under this share option scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12 month period exceed 1% of the Company's shares in issue (the "Individual Limit"). The Company may grant share options beyond the Individual Limit to a participant at any time if approval is obtained from Company's shareholders in general meetings.

Each grant of share options to any director, chief executive, management shareholder or substantial shareholder of the Company, or any of their respective associates shall be subject to the prior approval of the independent non-executive directors of the Company (excluding an independent non-executive director who is the grantee of the options). Where any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares of the Company issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled or outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Company's shares in issue; and

(ii) having an aggregate value, based on the closing price of the shares on the date of grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange), such grant of share options shall be subject to prior approval by resolution of the shareholders of the Company (voting by way of poll) on which all connected persons of the Company shall abstain from voting in favour but (for the avoidance of doubt), any connected person may without affecting the validity of the relevant resolution vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the shareholders in connection therewith.

The period within which the Company's shares must be taken up under the share option, which is to be notified by the committee of the board of directors (the "Committee") to each grantee at the time of making an offer of a grant of a share option which shall not expire later than 10 years from the date of grant of a share option.

Share options granted must be taken up within 28 days of the date of grant upon payment of HK$10 as consideration for the grant.

37. SHARE OPTION SCHEMES *(Continued)*

THE COMPANY *(Continued)*

Share option scheme adopted on 20 August 2004 *(Continued)*

The exercise price is determined by the Company's board of directors in its absolute discretion and will not be less than the average closing price of the Company's shares for the five trading days immediately preceding the offer date or the closing price of the shares on the offer date, whichever is the higher, provided that the exercise price should not be lower than the nominal value of a share.

This share option scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 20 August 2004.

There was no share option granted under this share option scheme during the year and no share option outstanding at the balance sheet date.

A SUBSIDIARY OF THE COMPANY

Share option scheme of M8 Entertainment Inc. ("M8")

During 1994, the board of directors of M8 formally established the Amended and Restated 1994 Stock Option Plan (the "Plan"), which provides for the granting of stock options to acquire Class B M8 shares to employees, officers, directors and independent service providers to M8 or any of its subsidiaries.

The total number of shares of M8 available for issue under the Plan is 23,582,762 shares, representing approximately 5.62% of the issued share capital of M8 as at the date of this annual report.

The number of shares of M8 which may be reserved for issuance to any one person shall not exceed 5% of the issued shares of M8.

The exercise period of share option granted under the Plan may not exceed 10 years from the date of grant.

Save as determined by the board of directors of M8 and provided in the offer of the grant of the relevant share options, there is no general requirement that a share option must be held for any minimum period nor a performance target which must be achieved before it can be exercised.

No payment is required on acceptance of a share option.

The exercise price of a share option granted under the Plan is set at the time of grant, but cannot in any event be less than the closing price of the Class B M8 shares on the Toronto Stock Exchange on the last business day prior to the trading day the share option is granted. M8 was delisted on the Toronto Stock Exchange at the close of market on 15 March 2007 (Toronto Time).

37. SHARE OPTION SCHEMES *(Continued)*

A SUBSIDIARY OF THE COMPANY *(Continued)*

Share option scheme of M8 Entertainment Inc. ("M8") *(Continued)*

The Plan shall continue as long as the board of directors of M8 does not terminate it. Details of the share options outstanding as at 31 March 2009 and 2008 which have been granted under the Plan to employees are as follows:

Name or category of participant	Date of grant	Vesting period	Exercisable period	Exercise price per share CAD	Number of share options: At 1 April 2007	Options cancelled during the year *(Note)*	At 31 March 2008 and 2009
Employee	25 May 2000	–	26 May 2000 – 25 May 2010	0.120	100,000	–	100,000
Employee	29 August 2000	30 August 2000 – 29 August 2003	30 August 2003 – 29 August 2010	0.100	93,750	–	93,750
Employee	29 August 2000	30 August 2000 – 29 August 2004	30 August 2004 – 29 August 2010	0.100	306,250	–	306,250
Employee	24 May 2001	–	25 May 2001 – 24 May 2011	0.035	100,000	–	100,000
Employee	15 February 2002	16 February 2002 – 15 February 2003	16 February 2003 – 15 February 2012	0.075	510,000	(100,000)	410,000
Employee	13 May 2002	14 May 2002 – 13 May 2003	14 May 2003 – 13 May 2012	0.170	50,000	(50,000)	–
Employee	13 May 2002	14 May 2002 – 13 May 2004	14 May 2004 – 13 May 2012	0.170	1,150,000	(50,000)	1,100,000
Employee	13 May 2002	14 May 2002 – 13 May 2005	14 May 2005 – 13 May 2012	0.170	1,150,000	(50,000)	1,100,000
Employee	13 May 2002	14 May 2002 – 13 May 2006	14 May 2006 – 13 May 2012	0.170	1,150,000	(50,000)	1,100,000
Employee	28 August 2002	29 August 2002 – 28 August 2004	29 August 2004 – 28 August 2012	0.160	1,200,000	(200,000)	1,000,000
Employee	1 May 2003	–	2 May 2003 – 1 May 2013	0.075	5,920,000	(2,600,000)	3,320,000
Total					11,730,000	(3,100,000)	8,630,000

Note: The share options were cancelled due to cessation of employment of participants with M8 and its subsidiaries.

No option was exercised or granted during the year ended 31 March 2009 and 2008.

38. RETIREMENT BENEFITS SCHEMES

The Group participate in two mandatory provident fund schemes in Hong Kong. The relevant scheme assets are held under mandatory provident funds operated by HSBC Life (International) Limited and Manulife Provident Funds Trust Company Limited. Under these schemes, the Group is required to make contributions to the schemes calculated at 5% of the employees' relevant income (as defined in the Mandatory Provident Fund Scheme Ordinance) on a monthly basis.

The relevant PRC subsidiaries are required to make contributions to the state retirement schemes in the PRC based on 32% to 33% (2008: 31% to 32%) of the monthly basic salaries of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The PRC government is responsible for the pension liability to the retired staff.

The relevant USA subsidiaries partcipates in a 401K retirement plan, a defined contribution scheme. The administrator of the plan is Nationalwide Life Insurance. During the year ended 31 March 2009, the relevant subsidiaries make contributions to the plan in a range of 1.5% to 4.0% (2008: 1.5% to 4.0%) of the basic salary of the employees under the plan on a bi-weekly basis.

The relevant Philippines subsidiaries have provided long service payments for employees who have provided at least five years services to the subsidiaries in accordance with the regulations in the Philippines. The Group has not joined any retirement benefits scheme for long service payment as all of its employees have been employed for less than five years. The directors provided the long service payment provision based on the historical turnover rate of the employees. In the opinion of the directors, the long services payment provision is considered adequate as at the balance sheet date. In addition, the Group operates a defined contribution retirement benefit plans for several executive employees and the assets of the plans are held separately from those of the Group in funds under the control of trustee. The only obligation of the Group with respect of the defined contribution retirement benefit plans is to make the specific contributions. The amounts have been made based on the management estimation of expected obligation. In the opinion of the directors, the provision for long service payment is insignificant.

The Group's contributions to the retirement benefits schemes charged to the consolidated income statements are as follows:

	2009					2008				
	Hong Kong	**PRC**	**USA**	**The Philippines**	**Total**	Hong Kong	PRC	USA	The Philippines	Total
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations										
Employers' contributions	**137**	**45**	**97**	**138**	**417**	145	34	39	183	401
Discontinued operations										
Employers' contributions	**15**	**-**	**-**	**-**	**15**	193	–	–	–	193

39. ACQUISITION OF SUBSIDIARIES

Pursuant to the sale and purchase agreement dated 23 November 2004, the Company conditionally agreed to acquire and Cross-Growth Co., Ltd. ("Cross-Growth"), a wholly owned subsidiary of CTF, conditionally agreed to sell the entire issued share capital of Fortune Gate, all the amounts due from Fortune Gate and its subsidiaries to CTF and its subsidiaries as at the date of completion of the acquisition and 40% equity interests in ATD. After the group reorganisation, details of which are set out in the circular dated 29 June 2007 issued by the Company, Fortune Gate has a 51% equity interest of the subsidiaries operating the hotel and leasing businesses in the Philippines and a 40% equity interest in ATD (the "Fortune Gate Group"). The total consideration for the acquisition was approximately HK$1,492 million of which approximately HK$1,091 million was settled by cash and HK$400 million was settled by issue of convertible note.

The acquisition was completed on 11 October 2007. This acquisition had been accounted for using the purchase method. Discount on acquisition arising as a result of the acquisition was approximately HK$362,982,000 and was credited to the other reserve as deemed contribution from the shareholders.

The Fortune Gate Group is principally engaged in investment holding, hotel operation and leasing of properties. The net assets acquired in the transaction and the discount on acquisition (treated as shareholders' contribution recognised in other reserve) are as follows:

	Acquiree's carrying amount before combination HK$'000	**Fair value adjustments** HK$'000 (Restated) *(Note a & b)*	**Fair value** HK$'000 (Restated)
Net assets acquired:			
Property, plant and equipment	566,540	161,352	727,892
Investment properties	428,655	997,965	1,426,620
Investment in an associate	567,416	–	567,416
Amount due from an associate	81,581	–	81,581
Other non-current assets	15,905	–	15,905
Pledged bank deposits	505,456	–	505,456
Inventories	2,523	–	2,523
Trade receivables	40,024	–	40,024
Other receivables, deposits and prepayments	8,760	–	8,760
Bank balances and cash	255,819	–	255,819
Trade payables	(11,398)	–	(11,398)
Other payables and accrued charges	(22,897)	–	(22,897)
Shareholders' loans	(642,294)	–	(642,294)
Amounts due to related companies	(4,868)	–	(4,868)
Bank borrowings	(206,182)	–	(206,182)
Deferred tax liabilities	(26,046)	(129,561)	(155,607)
Other non-current liabilities	(459)	–	(459)
Net assets	1,558,535	1,029,756	2,588,291
Minority interests			(621,105)
Discount on acquisition recognised in other reserve as deemed shareholders' contribution			(362,982)
Total consideration			1,604,204

39. ACQUISITION OF SUBSIDIARIES *(Continued)*

	Acquiree's carrying amount before combination HK$'000	Fair value adjustments HK$'000 (Restated) *(Note a & b)*	Fair value HK$'000 (Restated)
Satisfied by:			
Cash			1,091,645
Convertible note at fair value (note 33)			490,000
Incidental costs			22,559
			1,604,204
Net cash outflow arising on acquisition:			
Cash consideration paid			1,091,645
Bank balances and cash acquired			(255,819)
Incidental costs			22,559
			858,385

Notes:

(a) The fair value adjustments in respect of building (included in property, plant and equipment) and investment properties located in the Philippines were determined based on the valuation carried out by Jones Lang. The valuation of the investment properties was arrived at by capitalising the estimated net rental income derived from the existing tenancies of investment properties and taking into account the future growth potential with reference of historical rental income trend achieved in previous years. A steady annual growth rate is assumed over the period of the lease term with the existing tenancies. The valuation of the building was arrived by capitalising the estimated net revenue generated from hotel operations and taking into account future growth potential with reference of historical hotel revenue. The steady annual growth rate is assumed over the next 10 years and a nil growth rate is extrapolated for the remaining years up to the expiry of the lease term of the land of which the hotel building is located.

(b) During the year, the deferred tax liability in relation to the fair value adjustment arising from investment properties has been revised by taking into consideration of the rental income from PAGCOR which is exempted from Philippines corporate income tax. A zero tax rate has been applied over the lease term with PAGCOR and a tax rate of 35% after the expiry of the lease with PAGCOR, The comparative information has been represented. The deferred tax liabilities at 31 March 2008 was decreased by approximately HK$276,200,000, the other reserve was increased by approximately HK$140,862,000 and the minority interests was increased by approximately HK$135,338,000. The profit or loss for the year ended 31 March 2008 is not restated as the impact on the change of deferred tax liabilities to consolidated income statement resulting from the recalculation is considered immaterial.

Fortune Gate Group contributed approximately HK$228 million and approximately HK$88 million to the Group's revenue and profit for the period between the date of acquisition and 31 March 2008 respectively.

39. ACQUISITION OF SUBSIDIARIES *(Continued)*

If the acquisition had been completed on 1 April 2007, the total Group's total revenue and profit for the year ended 31 March 2008 would have been approximately HK$501 million and HK$191 million respectively. The pro forma information is for illustrative purpose 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 2007, nor is it intended to be a projection of future results.

40. DISPOSAL OF SUBSIDIARIES

(i) As referred to notes 15 and 29, on 25 April 2008, the Group disposed of the COAG Group. The net assets of the COAG Group at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Plant and equipment	431
Inventories	678
Trade receivables	2,222
Other receivables, deposits and prepayments	180
Amounts due from related companies	898
Pledged bank deposit	1,000
Bank balances and cash	3,525
Trade payables	(4,158)
Other payables and accrued charges	(1,883)
Amounts due to related companies	(1,257)
	1,636
Gain on disposal	364
Total consideration	2,000
Satisfied by:	
Cash	2,000
Net cash outflow arising on disposal:	
Cash consideration	2,000
Bank balances and cash disposed of	(3,525)
	(1,525)

The consideration for the disposal of the COAG Group was HK$2,000,000. The disposal of the COAG Group did not have any significant impact on the results and cash flows of the Group for the period from 1 April 2008 to 25 April 2008.

40. DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) On 31 March 2008, the Group disposed Cyber On-Air Multimedia Limited and its subsidiaries (the "COAM Group"). The net liabilities of the COAM Group at the date of disposal were as follows:

	HK$'000
Net liabilities disposed of:	
Amounts due from related companies	61
Bank balances and cash	22
Trade payables	(48)
Other payables and accrued charges	(788)
Amounts due to related companies	(1,043)
	(1,796)
Gain on disposal	1,796
Total consideration	–
Satisfied by:	
Cash	–
Net cash outflow arising on disposal:	
Cash consideration	–
Bank balances and cash disposed of	(22)
	(22)

The consideration for the disposal of the COAM Group was HK$1. The disposal of the COAM Group did not have any significant impact on the results and cash flows of the Group for the period from 1 April 2007 to 31 March 2008.

41. PLEDGE OF ASSETS

At 31 March 2008, apart from the pledged bank deposits as set out in note 22, a share with nominal value of MOP72,000 in ATD, an associated company of the Company, representing 40% equity interest, has been pledged to certain financial institutions in Hong Kong and Macau for a syndicated loan facility of HK$1.5 billion obtained by ATD. The syndicated loan facility had been released during the year and no pledge of share in ATD at 31 March 2009.

42. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2008, the Company issued a convertible note with a principal amount of HK$400 million as part of the consideration for acquisition of the equity interest in the Fortune Gate Group. Details of the convertible note and the acquisition are set out in notes 33 and 39 respectively.

The shareholders loans of HK$642 million assigned on acquisition of subsidiaries are offset by the Promissory Notes issued in October 2007. The details of the Promissory Notes are set out in note 32.

43. OPERATING LEASE COMMITMENTS

The Group as lessor

Marina Square Properties, Inc. ("MSPI"), an indirect subsidiary of the Company acquired on 11 October 2007 signed a contract with PAGCOR on 14 March 2003 to lease equipped gaming premises and office premises for a period of twelve years commencing from 31 March 2004. The monthly rental would be based on a certain percentage of net gaming revenue of the casino operated by PAGCOR or a fixed amount of Peso100,000 (equivalent to approximately HK$17,000 (2008: HK$18,500), whichever is higher.

PAGCOR is chartered under Presidential Decore No. 1869, as amended ("PAGCOR Charter") to operate the casino in the Philippines. The PAGCOR Charter was expired on 10 July 2008 and renewal was granted in June 2007 for 25 years from 11 July 2008. Casino rental income earned during the year was approximately HK$295,523,000 (2008: from 11 October 2007 to 31 March 2008: HK$142,806,000), including contingent rental charges amounting to approximately HK$295,319,000 (2008: from 11 October 2007 to 31 March 2008: HK$142,695,000).

The Group as lessee

At 31 March 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 **HK$'000**	2008 HK$'000
Within one year	**7,184**	8,656
In the second to fifth year inclusive	**25,399**	31,173
Over five years	**75,370**	93,471
	107,953	133,300

Operating lease payments represent rentals payable by the Group in respect of leasehold land, condominium-units, office premises and staff quarters. Leases are negotiated for terms ranging from two to twenty years and rentals are fixed for the lease period.

44. CAPITAL COMMITMENTS

	2009 **HK$'000**	2008 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**122**	5,086

44. CAPITAL COMMITMENTS *(Continued)*

Other commitments

Apart from the commitment disclosed in note 28, the Group also has the following commitments:

(i) New Coast Hotel, Inc. ("NCHI"), an indirect subsidiary of the Company entered into a license agreement on 12 December 2003 with Hotel Project Systems Pte Limited ("HPSL"), a wholly-owned subsidiary of Hyatt International Corporation, to lease the technology and know-how of hotel technical systems and related services, and license the name "Hyatt" and related trademarks for use in the hotel to be owned by NCHI. In consideration thereof, NCHI will pay a royalty during the operating term based on a certain percentage of the gross operating profit as agreed by NCHI and HPSL. The license agreement is effective for an initial term from 12 December 2003 to the fifth anniversary date of the formal opening of the hotel ("Initial Period of HPSL"). NCHI and HPSL will each have the option to extend the agreement for an additional period of five years after the Initial Period of HPSL, and thereafter for another additional period of three years. On 3 April 2009, HPSL has exercised its rights to extend the agreement for an additional period of five years. The royalty charges paid by NCHI for the year ended 31 March 2009 was HK$2,406,000 (since acquisition date on 11 October 2007 to 31 March 2008: HK$1,364,000).

(ii) NCHI entered into a sale and marketing agreement on 12 December 2003 with Hyatt International –SEA (Pte) Limited ("HISPL"), a wholly owned subsidiary of Hyatt International Corporation, pursuant to which HISPL agreed to provide (a) appropriate sale and marketing services and (b) advertising and promotional services for the hotel operation. In consideration thereof, HISPL will be entitled to receive a certain percentage of the total revenue of the hotel operation as a sale and marketing fee. The agreement is effective from 12 December 2003 to the fifth anniversary date of the formal opening of the hotel ("Initial Period of HISPL"). NCHI and HISPL will each have the option to extend the agreement for an additional period of five years after the Initial Period of HISPL, and thereafter for another additional period of three years. On 3 April 2009, HISPL has exercised its rights to extend the agreement for an additional period of five years. The sale and marketing fee paid or payable by NCHI for the year ended 31 March 2009 was HK$3,146,000 (since acquisition date on 11 October 2007 to 31 March 2008: HK$1,689,000).

45. RELATED PARTY TRANSACTIONS

A. Apart from the related party transactions as disclosed in notes 15, 27, 28, 29, 31, 32, 33, 39, 40 and 41, the Group entered into the following transactions with related parties during the year:

	2009 **HK$'000**	2008 HK$'000
Accommodation and beverages income *(note a)*	**981**	–
Financial advisory and professional fee to related companies *(note b)*	**618**	5,003
Rentals and office administrative expenses *(note c)*	**–**	26
Rental expenses *(note d)*	**741**	737
Project service income *(note e)*	**–**	3,542
Underwriting commission *(note f)*	**–**	13,009

45. RELATED PARTY TRANSACTIONS *(Continued)*

A. *(Continued)*

Notes:

(a) *Accommodation and beverages income were received from a subsidiary indirectly owned by CTF during the year.*

(b) *The amounts represented professional fees in respect of providing financial advisory services for disposal of subsidiaries and acquisition of subsidiaries occurred for the year ended 31 March 2009 and 2008 respectively and were paid to related companies, in which Dr. Cheng, Mr. Lo and Mr. To, directors of the Company, have managerial duties and significant influence in the financial and operating policy.*

(c) *A company, in which Mr. Lo, a director of the Company, has a beneficial interest, provided office space for the Group and shared certain office administrative expenses and the above sum was charged.*

(d) *A company, in which Dr. Cheng and Mr. Cheng Chi Kong, directors of the Company, have managerial duties and significant influence in the financial and operating policy, leased office premises to the Group.*

(e) *Project service income represented service provided to a company, in which Dr. Cheng is a director of the Company and Dr. Cheng has managerial duties and significant influence in the financial and operating policy.*

(f) *The underwriting commission was paid to CTF, for acting as an underwriter of the Shares under the rights issue during the year ended 31 March 2008.*

B. Compensation of key management personnel

The remuneration of other members of key management are disclosed in notes 12 and 13. The remuneration of directors and key management personnel is based on the performance and experience of individuals and is determined with reference to the Group's performance, the remuneration benchmark in the industry and the prevailing market conditions.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 March 2009 and 31 March 2008 are as follows:

Name of subsidiary	Place/country of incorporation or registration/ operations	Form of business structure	Class of shares held	Paid up issued/ registered capital	Proportion pf nominal value of issued/registered capital held by the Company Directly 2008 %	Directly 2009 %	Indirectly 2008 %	Indirectly 2009 %	Principal activities
Gugo Entertainment Company Limited	Hong Kong	Limited company	Ordinary	HK$21,260,100	–	-	75	**75**	Animation/development of carton services, licensing and merchandising distribution
Happy Noodle	USA	Limited company	Ordinary	US$1,000	–	-	50.4	**50.4**	Film production and financing
Loverwrecked, Inc.	USA	Limited company	Ordinary	US$1,000	–	-	50.4	**50.4**	Film production
Lucky Genius Limited	BVI	Limited company	Ordinary	US$1	100	**100**	–	-	Investment holding
M8 Entertainment Inc.	Canada	Limited company	Ordinary	Class A CAD4,520,000 Class B CAD103,246,000 "Class B M8 Shares" Class C CAD24,171,000 "Class C M8 Shares"	–	-	50.4	**50.4**	Film production and distribution
M8 Production 2 Inc.	Canada	Limited company	Ordinary	CAD1	–	-	50.4	**50.4**	Film production
Man About Town Films Inc.	Canada	Limited company	Ordinary	CAD1	–	-	50.4	**50.4**	Film production and distribution
Media 8 Distribution II	USA	Limited company	Ordinary	US$1,000	–	-	50.4	**50.4**	Film production and financing
Media 8 Distribution V	USA	Limited company	Ordinary	US$1,000	–	-	50.4	**50.4**	Film production and financing
Media 8 Distribution VI	USA	Limited company	Ordinary	US$1,000	–	-	50.4	**50.4**	Film production and financing

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place/country of incorporation or registration/ operations	Form of business structure	Class of shares held	Paid up issued/ registered capital	Proportion pf nominal value of issued/registered capital held by the Company				Principal activities
					Directly		Indirectly		
					2008 %	**2009 %**	2008 %	**2009 %**	
IEC Production Limited	Hong Kong	Limited company	Ordinary	HK$1	–	**-**	100	**100**	Media related business
IEC Record Production Company Limited	Hong Kong	Limited company	Ordinary	HK$1	–	**-**	100	**100**	Record production
Media 8 Entertainment	USA	Limited company	Ordinary	US$10,000	–	**-**	50.4	**50.4**	Film production and distribution
Mediamaster Limited	BVI	Limited company	Ordinary	HK$1	100	**100**	–	**-**	Investment holding
Running Scared, Inc.	USA	Limited company	Ordinary	US$1,000	–	**-**	50.4	**50.4**	Film production
Tropical Production Inc.	USA	Limited company	Ordinary	US$1,000	–	**-**	50.4	**50.4**	Film production
Zodiac Productions Inc.	USA	Limited company	Ordinary	US$2,000	–	**-**	50.4	**50.4**	Film production
Fortune Gate Overseas Limited	BVI	Limited company	Ordinary	US$1	100	**100**	–	**-**	Investment holding
Maxprofit International Limited	BVI	Limited company	Ordinary	US$1	–	**-**	51	**51**	Investment holding
Starcharm Limited	BVI	Limited company	Ordinary	US$1	–	**-**	51	**51**	Investment holding
MSPI	Philippines	Limited company	Ordinary	Peso2,722,930,653	–	**-**	51	**51**	Property investment
NCHI	Philippines	Limited company	Ordinary	Peso621,444,867	–	**-**	51	**51**	Hotel owner
北京國娛匯星文化傳播有限公司	PRC	Wholly-owned foreign enterprise	–	Registered capital of HK$3,000,000	–	**-**	100	**100**	Media related business

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

The above table lists 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 assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Financial Summary

For the Year Ended 31 March 2009

RESULTS

	Year ended 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Revenue	34,448	274,311	137,310	331,980	**484,318**
(Loss) profit before taxation	(29,878)	(173,012)	(109,553)	120,663	**88,909**
Taxation (charge) credit	–	(22,049)	(1,260)	(12,871)	**49,862**
(Loss) profit for the year	(29,878)	(195,061)	(110,813)	107,792	**138,771**
Attributable to:					
Equity holders of the Company	(19,295)	(117,063)	(110,813)	76,455	**115,254**
Minority interests	(10,583)	(77,998)	–	31,337	**23,517**
	(29,878)	(195,061)	(110,813)	107,792	**138,771**

ASSETS AND LIABILITIES

	At 31 March				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000 (Restated)	**2009** **HK$'000**
Total assets	951,792	542,567	310,881	4,314,379	**3,575,521**
Total liabilities	(469,986)	(255,075)	(133,194)	(1,514,446)	**(949,912)**
	481,806	287,492	177,687	2,799,933	**2,625,609**
Equity attributable to equity holders of the Company	404,429	287,492	177,687	2,084,036	**1,988,450**
Minority interests	77,377	–	–	715,897	**637,159**
	481,806	287,492	177,687	2,799,933	**2,625,609**

Schedule of Principal Properties

Company	Address	Existing use	Lease term	Site area	Gross area	% of interest
New Coast Hotel, Inc.	Hyatt Hotel and Casino Manila 1588 Pedro Gil cor. M.H. Del Pilar, Malate Manila The Philippines	Hotel operation	Medium-term lease	8,770 sq.m.	44,625 sq.m.	51%
Marina Square Properties, Inc.	Hyatt Hotel and Casino Manila 1588 Pedro Gil cor. M.H. Del Pilar, Malate Manila The Philippines	Leasing of properties	Medium-term lease	8,770 sq.m.	48,250 sq.m.	51%