International Entertainment Corporation
國際娛樂有限公司
(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8118

Annual Report 2009/10

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The English text of this annual report shall prevail over the Chinese text in case of inconsistencies.

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

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 1207–8
New World Tower 1
16–18 Queen's Road Central
Hong Kong

STOCK CODE

8118

COMPANY WEBSITE

http://www.ientcorp.com

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
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
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 2010.

The Group is slowly recovering from the economic downturn, which particularly affected the hotel operations in the Philippines, by making cost savings and seeking out additional business opportunities. The revenue of the Group from continuing operations for the year was approximately HK$425.2 million, representing a decrease of approximately 6.1% compared with the previous year's revenue of approximately HK$453.0 million.

Located in Metro Manila, the Hyatt Hotel and Casino Manila development covers a gross floor area of more than 90,000 square metres and comprising over 370 deluxe rooms and suites, a casino and entertainment areas. The hotel operations contributed approximately 29% of the Group's total revenue from continuing operations this year, while approximately 71% of the Group's total revenue from continuing operations was contributed by the leasing of properties. Last year, the hotel operations and the leasing of properties contributed approximately 35% and 65% of the total revenue from continuing operations respectively.

Fortune Gate Overseas Limited ("Fortune Gate"), a wholly owned subsidiary of the Company, held 40% equity interest in Arc of Triumph Development Company Limited ("ATD"). ATD developed 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) in Macau into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking. The hotel and casino were open to guests in September 2009. The hotel is a 5-star hotel with 301 hotel rooms and the casino includes over 100 gaming tables and around 400 slot machines. As a result of the commencement of the hotel and entertainment operations and recognition of sales of residential units, ATD and its subsidiaries (collectively the "ATD Group") recorded a profit for the year ended 31 March 2010. The Group's share of profit from the ATD Group was approximately HK$248.2 million for the year as compared to a share of loss of approximately HK$9.1 million for the preceding year.

We consider that it was not in the best interest of the Company to devote any resources to other existing entertainment business of the Group in North America. Accordingly, the Group applied for and in March 2010, the Superior Court of Quebec, Canada, Province of Quebec, District of Montreal (the "Superior Court") issued an order liquidating M8 Entertainment Inc. ("M8") pursuant to the provisions of the Canada Business Corporations Act. and appointed a liquidator in respect of M8. M8 ceased be a subsidiary of the Company immediately after the appointment of the liquidator, and in consequence thereof the assets, liabilities and financial results of M8 and its subsidiaries were deconsolidated from the consolidated financial statements of the Group. As a result of the deconsolidation, the Group recorded an accounting gain of approximately HK$49.5 million.

In May 2010, the Company announced that it conditionally agreed to sell its equity interest in Fortune Gate and the entire amount of interest free shareholder's loan owing from Fortune Gate to the Company at a consideration of HK$1,830 million (subject to the adjustments as provided in the agreement). Although the Company originally intended to hold its investment in ATD, through its interest in Fortune Gate, as a long-term investment, we took into account the attractive offer made and entered into the agreement for sale and purchase with the purchaser.

Following the order issued by the Superior Court liquidating M8 and the entering into of the conditional agreement for the sale of Fortune Gate, the Group has focused on its existing hotel operations and the leasing of properties for casino and ancillary leisure and entertainment operations in the Philippines, and will continue to do so as well as exploring other businesses or opportunities to strive for a better return to the shareholders of the Company.

The management team believes that concentrating on the Group's core business, while adopting a prudent approach to containing overheads and seeking higher returns on investments, will help sustain the recovery from the recent recessionary period.

Finally, I would like to thank the management team and employees for their hard work and proactive approach during the period of adverse market conditions, and I would also wish to express my sincere gratitude to all our customers, shareholders and suppliers for their support.

Dr. Cheng Kar Shun
Chairman

Hong Kong, 28 June 2010

FINANCIAL REVIEW

The Group's revenue from continuing operations for the year ended 31 March 2010 was approximately HK$425.2 million, representing a decrease of approximately 6.1%, as compared with approximately HK$453.0 million in the last year. The decrease in revenue from continuing operations was mainly due to the decrease in revenue from hotel operations in the Philippines during the year. The Group reported a gross profit from continuing operations of approximately HK$198.8 million for the year under review, representing a decrease of approximately 0.8%, as compared with approximately HK$200.4 million in the last year. There was no material fluctuation on the gross profit.

Other income from continuing operations for the year ended 31 March 2010 was approximately HK$38.5 million, representing an increase of approximately 53.2%, as compared with approximately HK$25.1 million in the last year. The increase was mainly due to the increase in interest income during the year.

Other gain and loss from continuing operations represented the net foreign exchange gain or loss recognised during the year under review. The Group recorded a net foreign exchange loss of approximately HK$26.2 million for the year ended 31 March 2010, while it was a net foreign exchange gain of approximately HK$8.0 million for the last year.

Selling and distribution costs, and general and administrative expenses from continuing operations decreased by approximately 12.6% to approximately HK$119.0 million for the year ended 31 March 2010 from approximately HK$136.1 million in the last year. The decrease was mainly due to the cost savings.

During the year, the Group recorded a gain of approximately HK$8.0 million on change in fair value of conversion option derivative as compared with a gain of approximately HK$73.2 million in the last year, representing a decrease of approximately 89.1%.

Share of profit from an associated company for the year ended 31 March 2010 was approximately HK$248.2 million while it was a share of loss from an associated company of approximately HK$9.1 million in the last year. The share of profit from an associated company was mainly due to the commencement of the hotel and entertainment operations, and recognition of sales of residential units during the year.

Finance costs from continuing operations for the year ended 31 March 2010 were approximately HK$44.8 million, representing an increase of approximately 3.8%, as compared with approximately HK$43.2 million in last year.

The Group recorded a profit from continuing operations for the year ended 31 March 2010, amounted to approximately HK$304.1 million, representing an increase of 93.5%, as compared with approximately HK$157.1 million in the last year. The increase in profit from continuing operations was mainly due to the net effect of the increase in share of profit from an associated company, the decrease in the gain on change in fair value of conversion option derivative, and the decrease in the deferred tax credit for the year ended 31 March 2010 as compared to last year.

On 19 March 2010 (Montreal time), the Superior Court of Quebec in Canada issued an order liquidating M8 Entertainment Inc. ("M8") and appointed a liquidator in respect of M8. Immediately after the appointment of the liquidator, M8 ceased to be a subsidiary of the Group. The Group ceased to carry on the entertainment business regarding the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres. Details of the development of the liquidation of M8 were set out in the announcements of the Company dated 18 July 2008, 11 September 2008, 16 March 2010 and 22 March 2010. Besides, the Group ceased to carry on the entertainment business regarding the investments in production of television series, music concerts and music records during the year ended 31 March 2010.

FINANCIAL REVIEW *(Continued)*

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 provision of 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 profit for the year ended 31 March 2010 from the discontinued operations, including the entertainment business only, was approximately HK$38.0 million and the loss for the year ended 31 March 2009 from the discontinued operations, including the entertainment business, and the provision of the network solutions and project services, was approximately HK$18.4 million.

BUSINESS REVIEW

The principal activities of the Group are hotel operations, and leasing of properties for casino and ancillary leisure and entertainment operations. During the year under review, the Group ceased to carry on the entertainment business in respect of 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.

1. Leasing of properties

The revenue derived from leasing of properties for the year ended 31 March 2010 was approximately HK$300.3 million, representing an increase of approximately 1.6%, as compared with approximately HK$295.5 million in the last corresponding period. There was no material change in the revenue from leasing of properties.

2. Hotel operations

The revenue derived from hotel operations for the year ended 31 March 2010 was approximately HK$124.9 million, representing a decrease of approximately 20.7%, as compared with approximately HK$157.5 million in the last corresponding period. The decrease in revenue from hotel operations was mainly due to the decrease in both the occupancy rate and average room rate during the year as compared with last 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 and entertainment operations in Macau. ATD developed 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) in Macau into a complex comprising the high-end residential units, a super-deluxe hotel with casino facilities, commercial units and parking. The hotel and casino were open to guests in September 2009. The hotel is a 5-star hotel with 301 hotel rooms and the casino includes over 100 gaming tables and around 400 slot machines.

The Group's share of profit in the associated company for the year ended 31 March 2010 was approximately HK$248.2 million while it was a share of loss of approximately HK$9.1 million in the last year. The share of profit from an associated company was mainly due to the commencement of the hotel and entertainment operations, and recognition of sales of residential units during the year.

FUTURE OUTLOOK

Following the order issued by the Superior Court of Quebec in Canada liquidating M8 and the entering into of the conditional agreement for the sale of the equity interest of Fortune Gate Overseas Limited, which held 40% equity interest in ATD, the Group would focus on its existing hotel operations, and the leasing of properties for casino and ancillary leisure and entertainment operations in the Philippines, and will continue to do so as well as exploring other businesses or opportunities to strive for a better return to the shareholders of the Company. The Directors consider that the existing hotel operations and the leasing of properties in the Philippines will continue to contribute significantly towards the Group's revenue and results.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2010, the Group's net current assets amounted to approximately HK$756.8 million (as at 31 March 2009: approximately HK$787.1 million). Current assets amounted to approximately HK$1,435.0 million (as at 31 March 2009: approximately HK$1,291.3 million), of which approximately HK$1,279.1 million (as at 31 March 2009: approximately HK$704.6 million) was cash and bank deposits, approximately HK$87.9 million (as at 31 March 2009: approximately HK$492.3 million) was amount due from an associate, approximately HK$33.2 million (as at 31 March 2009: approximately HK$34.2 million) was trade receivables, approximately HK$8.1 million (as at 31 March 2009: approximately HK$2.0 million) was available-for-sale financial assets, approximately HK$23.7 million (as at 31 March 2009: approximately HK$39.0 million) was other receivables, deposits and prepayments, and approximately HK$3.0 million (as at 31 March 2009: approximately HK$2.6 million) was inventories. The carrying value of film costs was nil as at 31 March 2010 (as at 31 March 2009: approximately HK$16.0 million).

The Group had current liabilities amounted to approximately HK$678.1 million (as at 31 March 2009: approximately HK$504.2 million), of which approximately HK$5.3 million (as at 31 March 2009: approximately HK$64.1 million) was trade payables, approximately HK$27.6 million (as at 31 March 2009: approximately HK$54.8 million) was other payables and accrued charges, approximately HK$205.2 million (as at 31 March 2009: approximately HK$316.4 million) was promissory notes, approximately HK$60.0 million was the fair value of conversion option derivative (as at 31 March 2009: approximately HK$68.0 million), and approximately HK$379.0 million was convertible note (as at 31 March 2009: approximately HK$338.2 million which classified as non-current liabilities).

The promissory notes amounted to approximately HK$205.2 million (as at 31 March 2009: approximately HK$316.4 million) denominated in Hong Kong Dollar. The amounts were unsecured, interest-free and repayable on demand. During the year, the Group settled part of the promissory notes.

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 2010 and 31 March 2009 was HK$400,000,000.

The gearing ratio, measured in terms of total borrowings (including convertible note and promissory notes) divided by total assets, was approximately 14.9% as at 31 March 2010, compared to approximately 18.3% as at 31 March 2009.

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 2010 and 31 March 2009, the Group did not have any charges on the Group's assets.

MATERIAL ACQUISITIONS AND DISPOSALS AND SIGNIFICANT INVESTMENTS

There was no acquisition or disposal of subsidiary and affiliated company, which would have been required to be disclosed under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), for the year ended 31 March 2010.

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 2010, 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 and Philippine Peso while the Group primarily incurs costs and expenses mainly in Hong Kong dollars and Philippine Peso. The Group has not implemented any formal hedging policy. However, the management would monitor foreign currency exposure and consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2010 and 31 March 2009, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees of the Group was 337 as at 31 March 2010 (as at 31 March 2009: 391). The staff costs for the year ended 31 March 2010 was approximately HK$57.0 million (for the year ended 31 March 2009: approximately HK$64.8 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 2009 to 30 September 2009

Business objectives stated in the Circular	Actual business progress
System improvement	
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Lotus Notes system program scripts and approvers have been upgraded to align the current system flows.
New computer equipment acquisition	
Acquire network attached storage device and high-speed tape drive for data storage	The Group is evaluating different kinds of data storage.
Purchase hardware and software modules for Voice over IP implementation	The use of Voice over IP is under evaluation by the management.
Marketing activities	
Estimated marketing budget will be approximately Peso 24 million	Actual marketing expenses amounted to approximately Peso 17 million.
Set up fairs in Tokyo, Osaka, Nagoya and Fukuoka	Visit has been made to accounts in Nagoya and the Group has joined the Hyatt® Fairs in Tokyo, Osaka and Shanghai during the period.
Make sales calls in Bangkok, Kuala Lumpur and Singapore	Sales trips have been made to Singapore. The Group has participated the Arabian Travel Mart in Dubai and the China Outbound Tours and Travel Mart in Beijing.
Set up trade shows in London and United States of America	Setting up trade shows in London was postponed.
Form partnership with airline, credit card and telecommunication companies	The Group has formed new partnerships with airlines and credit card companies.

Business objectives stated in the Circular	Actual business progress
Macau operation	
Complete renting of the commercial areas	The hotel and casino were open to guests in September 2009. Certain commercial areas were rented out.
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 the major cities in the PRC and Asia	The production of new music concerts is under review due to downturn of media business.

For the period from 1 October 2009 to 31 March 2010

Business objectives stated in the Circular	Actual business progress
System improvement	
Implement workflow applications using Lotus Notes as the platform as may be required by operations	Lotus Notes system program scripts and approvers have been upgraded to align the current system flows. Module in Lotus Notes for security log report has been added for paperless reporting.
New computer equipment acquisition	
Upgrade server disk array and memory	The Group deferred the upgrading of server disk array and memory.
Acquire network attached storage device and high speed tape drive for data storage	Acquiring of the USB port external hard drive for back-up purposes is being under evaluation.

Business objectives stated in the Circular	Actual business progress
Marketing activities	
Estimated marketing budget will be approximately Peso 24 million	Actual marketing expenses amounted to approximately Peso 22.3 million.
Set up fairs in Hong Kong, Singapore, Beijing and Shanghai	Setting up fairs in Hong Kong, Singapore, Beijing and Shanghai were postponed.
Make sales calls in Taipei, Seoul and Hong Kong	Making sales calls in Taipei, Seoul and Hong Kong were postponed.
Set up trade shows in Berlin and Dubai	The Group did not set up trade shows in Berlin and Dubai due to the minimal projected production from these markets.
Set up travel and trade shows in Manila	Setting up travel and trade shows in Manila were postponed.
Form partnership with airline, credit card and telecommunication companies	The Group has formed partnership with certain airlines.
Set up roadshow with Philippines Department of Tourism and PAGCOR	The Group has attended the MICE Fair in Australia and the roadshow in Middle East with Philippines Department of Tourism.
Media business	
Attend film festivals	The Group decided not to devote any further resources to the media business.
Continue to recruit staff to develop the business in Asia	The Group would not recruit any staff to develop the media business.
Continue to explore the strategic partnership in major cities in the PRC and Asia	The exploration of strategic partnership in media business would be ceased.
Produce music concerts in the major cities in the PRC and Asia	The Group would cease to invest in any production of music concerts.

EXECUTIVE DIRECTORS

Dr. Cheng Kar Shun, aged 63, 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), the chairman and executive director of NWS Holdings Limited (stock code: 659), 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, CTF Properties (Philippines), Inc., CTF Hotel and Entertainment, Inc. and Marina Square Properties, 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 previously held directorship as the chairman and executive director of Taifook Securities Group Limited (stock code: 665) (resigned on 13 January 2010).

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 54, 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 Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) (stock code: 862), 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. Lo previously held directorship as the deputy chairman and executive director of Taifook Securities Group Limited (stock code: 665) (resigned with effect from 1 July 2009).

EXECUTIVE DIRECTORS *(Continued)*

Mr. To Hin Tsun, Gerald, aged 61, 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. Mr. To is also a non-executive director of 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.

Mr. To previously held directorship as a non-executive director of Taifook Securities Group Limited (stock code: 665) (resigned on 13 January 2010).

Mr. Cheng Kam Chiu, Stewart, aged 55, was appointed as an executive Director in January 2008 and is the authorised representative of the Company. 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. Being a member of the Hong Kong Institution of Engineers, Mr. Cheng is a professional engineer with extensive experience in property development and construction management. 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 joined Hip Hing Construction Company Limited in 1984 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 Energy Corporation Limited (formerly known as New Times Group Holdings Limited) (stock code: 166), a company whose issued shares are listed on the Stock Exchange.

Mr. Cheng previously held directorship as an executive director of Grand T G Gold Holdings Limited (stock code: 8299) (resigned with effect from 15 May 2009).

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 51, 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 over 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.

EXECUTIVE DIRECTORS *(Continued)*

Mr. Cheng Chi Kong, aged 30, was appointed as an executive Director in January 2008. He is an 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 corporate finance. Mr. Cheng holds a Bachelor of Arts Degree *(cum laude)* from Harvard University. He is a Committee Member of All-China Youth Federation, a Member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference, a Consultant of the Beijing Municipal Committee of The Chinese People's Political Consultative Conference, Chairman of China Young Leaders Foundation and the Honorary Chairman of Fundraising Committee, Wu Zhi Qiao (Bridge to China) Charitable Foundation.

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

Mr. Cheng Chi Him, aged 31, 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 an executive director of New World China Land Limited (stock code: 917), a company whose issued shares are listed on the Stock Exchange.

Mr. Cheng previously held directorship as an executive director of New Times Energy Corporation Limited (formerly known as New Times Group Holdings Limited) (stock code: 166) (resigned with effect from 19 October 2009).

Mr. Cheng is the nephew of Dr. Cheng Kar Shun, Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Kam Biu, Wilson, 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 56, 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 and executive director of ITC Properties Group Limited (stock code: 199) and Rosedale Hotel Holdings Limited (formerly known as 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 companies whose issued shares are listed on the Stock Exchange.

Mr. Kwee Chong Kok, Michael, aged 63, 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. Kwee previously held directorship as an independent non-executive director of Loudong General Nice Resources (China) Holdings Limited (stock code: 988) (resigned on 30 December 2008).

Mr. Lau Wai Piu, aged 46, 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. He is also an independent non-executive director of Mongolia Energy Corporation Limited (stock code: 276), Taifook Securities Group Limited (stock code: 665) and Vision Values Holdings Limited (formerly known as 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 58, 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 Mongolia Energy Corporation Limited (stock code: 276), Taifook Securities Group Limited (stock code: 665) and Vision Values Holdings Limited (formerly known as New World Mobile Holdings Limited) (stock code: 862), all of which are companies whose issued shares are listed on the Stock Exchange.

SENIOR MANAGEMENT

Mr. Tse Cho Tseung, aged 56, 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 28 years of experience in accounting and finance, construction, property development and investment, and trading business.

Mr. Kwok Chi Kin, aged 33, 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 of the Company present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2010.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries and associate are set out in notes 40 and 19 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 68% and 71% 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 Group's five largest suppliers or customers.

RESULTS

The results of the Group for the year ended 31 March 2010 are set out in the consolidated income statement and statement of comprehensive income on pages 31 to 32.

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 97.

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 16 and 17 respectively to the consolidated financial statements.

PRINCIPAL PROPERTIES OWNED BY THE GROUP

Details of the principal properties of the Group are set out on page 98.

SHARE CAPITAL

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

CONVERTIBLE NOTE

Details of the convertible note of the Company are set out in note 32 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 of the Company, the reserves of the Company available for distribution to shareholders at 31 March 2010 were approximately HK$370,003,000 (2009: HK$348,378,000).

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

Independent non-executive directors

Mr. Cheung Hon Kit
Mr. Kwee Chong Kok, Michael
Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William *JP*

In accordance with article 87A of the Company's articles of association and the GEM Listing Rules, Mr. Cheng Kam Chiu, Stewart, Mr. Cheng Kam Biu, Wilson, Mr. Cheng Chi Kong and Mr. Cheng Chi Him 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 proposed for re-election at the forthcoming annual general meeting of the Company 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 GEM Listing Rules and the Company considers all of the independent non-executive directors are independent.

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

Save as disclosed below, as at 31 March 2010, 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 taken or deemed 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 the 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 2010, 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, and 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, and 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 M8 Entertainment Inc. are set out in note 34 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 39 to the consolidated financial statements and the section headed "Connected Transactions" 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.

COMPLIANCE ADVISER'S INTEREST

As updated and notified by the compliance adviser of the Company, Cinda International Capital Limited (the "Compliance Adviser"), as at 31 March 2010, 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	executive director, optionholder and shareholder *(Note 1)*
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 *(Note 2)*
Cheng Kar Shun	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	executive director, optionholder and shareholder *(Note 3)*
Cheng Chi Kong	New World Development Company Limited and its subsidiaries	Investment in hotel property in Makati, Manila, Philippines	executive director and optionholder *(Note 4)*

Notes:

(1) As at 31 March 2010, Mr. Cheung Hon Kit is personally interested in 3,900,000 share options and 12,000,000 shares of ITC Properties Group Limited, together representing approximately 3.37% of the issued share capital of ITC Properties Group Limited.

(2) Many Town Company Limited is owned as to 93.3% by United Worldwide Investment S.A., of which 50% is owned by Dr. Cheng Kar Shun.

(3) As at 31 March 2010, Dr. Cheng Kar Shun is personally interested in 36,710,652 share options and his spouse is personally interested in 300,000 shares of New World Development Company Limited respectively, together representing approximately 0.96% of the issued share capital of New World Development Company Limited.

(4) As at 31 March 2010, Mr. Cheng Chi Kong is personally interested in 502,885 share options of New World Development Company Limited, representing approximately 0.01% of the issued share capital of New World Development Company Limited.

COMPETING BUSINESS *(Continued)*

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 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.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

The Group has the following continuing connected transactions during the year ended 31 March 2010 and up to the date of this report:

(1) Pursuant to the tenancy agreement dated 29 January 2007 entered into between Future Growth Limited ("Future Growth"), a wholly owned subsidiary of the Company, and New World Tower Company Limited ("NWT"), an associate of a substantial shareholder of the Company, for the lease of office premises at Rooms 1207-8, 12th Floor, New World Tower, Nos. 16-18 Queen's Road Central, Hong Kong with gross floor area of approximately 1,800 square feet for two years and ten months commencing from 15 January 2007 to 14 November 2009 (both dates inclusive) at a monthly rental of HK$48,600 together with monthly air-conditioning charges and management charges of HK$8,100 (subject to adjustment by NWT or the management company of the building).

(2) On 3 November 2009, Future Growth entered into an offer letter with NWT to renew the lease of office premises at Rooms 1207-8, 12th Floor, New World Tower, Nos. 16-18 Queen's Road Central, Hong Kong for three years commencing from 15 November 2009 to 14 November 2012 (both dates inclusive) at a monthly rental of HK$77,400 together with monthly air-conditioning charges and management charges of HK$8,100 (subject to adjustment by NWT or the management company of the building).

(3) On 27 January 2010, Future Growth entered into an offer letter with NWT for the lease of office premises at Rooms 1507-8, 15th Floor, New World Tower, Nos. 16-18 Queen's Road Central, Hong Kong with gross floor area of approximately 1,750 square feet for two years commencing from 1 May 2010 to 30 April 2012 (both dates inclusive) at a monthly rental of HK$75,250 together with monthly air-conditioning charges and management charges of HK$7,875 (subject to adjustment by NWT or the management company of the building).

CONNECTED TRANSACTIONS *(Continued)*

Continuing Connected Transactions *(Continued)*

During the year ended 31 March 2010, the total amount of rental, air-conditioning and management charges in respect of the leases of the aforesaid premises paid by the Group to NWT was approximately HK$811,000. Details of the leases of the aforesaid premises were set out in the announcements of the Company dated 3 November 2009 and 27 January 2010.

The independent non-executive directors confirm that the continuing connected transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the relevant agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 20.38 of the GEM Listing Rules, the board of directors of the Company (the "Board") engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected transactions of the Group. The auditor of the Company has reported to the Board that:

(a) the transactions have received the approval of the Board;

(b) the transactions have been entered into in accordance with the relevant agreements; and

(c) the transactions have not exceeded the cap disclosed in the relevant announcements.

Save as disclosed above, certain connected transactions entered by the Group during the year are disclosed as related party transactions in note 39 to the consolidated financial statements.

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

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 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 Company'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 2010.

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 does not recommend the payment of a final dividend for the year ended 31 March 2010 (2009: nil).

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 41 to the consolidated financial statements.

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, 28 June 2010

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 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 2010, 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 12 to 16 of this Annual Report.

The Board held nine meetings during the year ended 31 March 2010. The attendance records of individual Directors are set out below:

Directors	Attendance
Executive directors	
Dr. Cheng Kar Shun *(Chairman)*	4/9
Mr. Lo Lin Shing, Simon *(Deputy Chairman)*	5/9
Mr. To Hin Tsun, Gerald	8/9
Mr. Cheng Kam Chiu, Stewart	7/9
Mr. Cheng Kam Biu, Wilson	9/9
Mr. Cheng Chi Kong	1/9
Mr. Cheng Chi Him	9/9
Independent non-executive directors	
Mr. Cheung Hon Kit	6/9
Mr. Kwee Chong Kok, Michael	8/9
Mr. Lau Wai Piu	8/9
Mr. Tsui Hing Chuen, William *JP*	9/9

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 27 August 2009 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 all of 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 2010.

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 one meeting during the year ended 31 March 2010. The attendance records of the members of Remuneration Committee are set out below:

Committee members	**Attendance**
Mr. Lau Wai Piu *(Chairman)*	1/1
Mr. Kwee Chong Kok, Michael	1/1
Mr. Cheung Hon Kit	1/1
Mr. Tsui Hing Chuen, William *JP*	1/1

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.

AUDITOR'S REMUNERATION

For the year ended 31 March 2010, approximately HK$2,050,000 (2009: HK$1,819,000) was charged to the Group's income statement for the audit service provided by the auditor of the Company. During the year, the auditor of the Company have performed the following non-audit services.

Description of service performed	**Fees paid** HK$'000
Tax consultancy services	64
Services related to agreed-upon procedures	30
	94

Note: The auditor of the Company have been appointed as the tax representative of the Company and its certain subsidiaries and the services fee is subject to negotiation.

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 held four meetings to review the financial reporting process, internal controls of the Group, the Company's reports and accounts including the quarterly, interim and annual results of the Group, and provided advice and recommendations to the Board. The Audit Committee also met with the management and the external auditors once to discuss the financial reporting process and internal controls of the Group during the year and has reviewed the annual report for the year ended 31 March 2010.

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

Committee members	**Attendance**
Mr. Cheung Hon Kit *(Chairman)*	3/4
Mr. Lau Wai Piu	4/4
Mr. Tsui Hing Chuen, William *JP*	4/4

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.

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 2010. 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 GEM Listing Rules and by the Hong Kong Companies Ordinance.

The auditor of the Company also set out their reporting responsibilities on the Independent Auditor's Report on pages 29 to 30 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 31 to 96, which comprise the consolidated statement of financial position as at 31 March 2010, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 consolidated 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 2010 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

28 June 2010

Consolidated Income Statement

For the Year Ended 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Continuing operations			
Revenue	7	**425,169**	452,976
Cost of sales		**(226,413)**	(252,570)
Gross profit		**198,756**	200,406
Other income	9	**38,512**	25,135
Other gain and loss		**(26,219)**	8,021
Change in fair value of conversion option derivative		**8,000**	73,200
Selling and distribution costs		**(4,628)**	(5,851)
General and administrative expenses		**(114,388)**	(130,262)
Impairment loss recognised in respect of available-for-sale financial assets		**–**	(11,081)
Share of profit (loss) of an associate		**248,221**	(9,131)
Finance costs	10	**(44,825)**	(43,165)
Profit before taxation	11	**303,429**	107,272
Taxation credit	13	**661**	49,862
Profit for the year from continuing operations		**304,090**	157,134
Discontinued operations			
Profit (loss) for the year from discontinued operations	14	**37,992**	(18,363)
Profit for the year		**342,082**	138,771
Attributable to:			
Owners of the Company		**275,660**	115,254
Minority interests		**66,422**	23,517
		342,082	138,771
Earnings per share	15		
From continuing and discontinued operations			
Basic		**HK$0.23**	HK$0.10
Diluted		**HK$0.23**	HK$0.06
From continuing operations			
Basic		**HK$0.20**	HK$0.11
Diluted		**HK$0.20**	HK$0.07

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**342,082**	138,771
Other comprehensive income and expenses		
Exchange differences arising on translation	**155,989**	(313,492)
Release of translation reserve on deconsolidation of subsidiaries	**(1,132)**	–
Fair value change in available-for-sale financial assets	**5,142**	(10,684)
Reclassification adjustment upon impairment loss on available-for-sale financial assets	**–**	11,081
Other comprehensive income and expenses for the year	**159,999**	(313,095)
Total comprehensive income and expenses for the year	**502,081**	(174,324)
Total comprehensive income and expenses attributable to:		
Owners of the Company	**385,391**	(95,586)
Minority interests	**116,690**	(78,738)
	502,081	(174,324)

Consolidated Statement of Financial Position

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	*16*	**541,067**	565,177
Investment properties	*17*	**1,133,308**	1,166,117
Goodwill	*18*	**–**	–
Investment in an associate	*19*	**789,547**	546,316
Held-to-maturity investments	*20*	**15,365**	–
Other assets	*21*	**6,401**	6,596
		2,485,688	2,284,206
Current assets			
Inventories	*22*	**3,001**	2,644
Film costs	*23*	**–**	15,993
Available-for-sale financial assets	*24*	**8,093**	1,988
Trade receivables	*25*	**33,218**	34,209
Other receivables, deposits and prepayments	*25*	**23,685**	39,027
Amount due from a related company	*26*	**–**	539
Amount due from an associate	*27*	**87,907**	492,271
Bank balances and cash	*28*	**1,279,074**	704,644
		1,434,978	1,291,315
Current liabilities			
Trade payables	*29*	**5,304**	64,063
Other payables and accrued charges	*29*	**27,647**	54,756
Tax liabilities		**1,000**	1,000
Promissory notes	*31*	**205,185**	316,402
Conversion option derivative	*32*	**60,000**	68,000
Convertible note	*32*	**379,010**	–
		678,146	504,221
Net current assets		**756,832**	787,094
Total assets less current liabilities		**3,242,520**	3,071,300

At 31 March 2010

	Notes	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	33	**1,179,157**	1,179,157
Share premium and reserves		**1,194,684**	809,293
Equity attributable to owners of the Company		**2,373,841**	1,988,450
Minority interests		**753,849**	637,159
Total equity		**3,127,690**	2,625,609
Non-current liabilities			
Convertible note	32	**–**	338,185
Deferred tax liabilities	30	**113,801**	106,791
Other liabilities		**1,029**	715
		114,830	445,691
		3,242,520	3,071,300

The consolidated financial statements on pages 31 to 96 were approved and authorised for issue by the Board of Directors on 28 June 2010 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 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Merger reserve HK$'000 *(Note 1)*	Investment revaluation reserve HK$'000	Other reserve HK$'000 *(Note 2)*	Exchange reserve HK$'000	(Accumulated losses) Retained profits HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
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
Profit for the year	–	–	–	–	–	–	115,254	115,254	23,517	138,771
Reclassification adjustment upon impairment loss on available-for-sale financial assets	–	–	–	11,081	–	–	–	11,081	–	11,081
Fair value change in available-for-sale financial assets	–	–	–	(10,684)	–	–	–	(10,684)	–	(10,684)
Exchange differences arising on translation	–	–	–	–	–	(211,237)	–	(211,237)	(102,255)	(313,492)
Total comprehensive income and expenses 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
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**275,660**	**275,660**	**66,422**	**342,082**
Fair value change in available-for-sale financial assets	**-**	**-**	**-**	**5,142**	**-**	**-**	**-**	**5,142**	**-**	**5,142**
Exchange differences arising on translation	**-**	**-**	**-**	**-**	**-**	**105,721**	**-**	**105,721**	**50,268**	**155,989**
Release of translation reserve on deconsolidation of subsidiaries *(note 38)*	**-**	**-**	**-**	**-**	**-**	**(1,132)**	**-**	**(1,132)**	**-**	**(1,132)**
Total comprehensive income for the year	**-**	**-**	**-**	**5,142**	**-**	**104,589**	**275,660**	**385,391**	**116,690**	**502,081**
At 31 March 2010	**1,179,157**	**720,408**	**53,022**	**4,613**	**362,982**	**(39,866)**	**93,525**	**2,373,841**	**753,849**	**3,127,690**

Notes:

1. *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.*

2. *The other reserve represents discount on acquisition of subsidiaries from a subsidiary of an intermediate parent arising in the year ended 31 March 2008.*

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
OPERATING ACTIVITIES			
Profit for the year		**342,082**	138,771
Adjustments for:			
Interest income		**(37,160)**	(24,780)
Interest expense		**44,825**	43,165
Taxation credit		**(661)**	(49,862)
Allowance for bad and doubtful debts for trade and other receivables		**202**	3,333
Allowance for obsolete inventories		**–**	2,971
Loss on disposal and write-off of property, plant and equipment		**–**	105
Impairment loss recognised in respect of film costs		**–**	9,418
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		**(8,000)**	(73,200)
Depreciation of property, plant and equipment		**85,341**	103,998
Depreciation of investment properties		**112,060**	116,116
Gain on deconsolidation/disposal of subsidiaries	*14*	**(49,458)**	(364)
Amortisation of film costs		**8,121**	12,352
Share of (profit) loss of an associate		**(248,221)**	9,131
Dividend income		**–**	(72)
Operating cash flows before movements in working capital		**249,131**	302,176
Decrease in other assets		**196**	4,219
Increase in film costs		**(1,791)**	(6,734)
Increase in inventories		**(548)**	(477)
(Increase) decrease in trade receivables		**(1,740)**	4,302
(Increase) decrease in other receivables, deposits and prepayments		**(4,437)**	1,114
Decrease (increase) in amount due from a related company		**500**	(545)
Increase (decrease) in trade payables		**2,839**	(10,166)
Increase in other payables and accrued charges		**5,661**	3,463
Decrease in amounts due to related companies		**–**	(2,591)
Increase in other liabilities		**314**	37
Cash generated from operations		**250,125**	294,798
Hong Kong Profits Tax paid		**–**	(165)
NET CASH FROM OPERATING ACTIVITIES		**250,125**	294,633

For the year ended 31 March 2010

	Note	2010 HK$'000	2009 HK$'000
INVESTING ACTIVITIES			
Interest received		**47,197**	34,633
Dividend income		**–**	72
Deconsolidation/disposal of subsidiaries	*38*	**(11,031)**	(1,525)
Purchase of property, plant and equipment		**(23,680)**	(36,784)
Purchase of investment properties		**(68)**	(420)
Proceeds on disposal of property, plant and equipment		**112**	298
Purchase of held-to-maturity investments		**(15,250)**	–
Purchase of available-for-sale investments		**(963)**	–
Decrease in pledged bank deposits		**–**	330,349
Advance to an associate		**(400,320)**	(341,514)
Repayment from an associate		**799,520**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**395,517**	(14,891)
FINANCING ACTIVITIES			
Interest paid		**(4,000)**	(6,982)
Repayment of bank borrowings		**–**	(184,875)
Repayment of promissory notes		**(88,408)**	(264,077)
NET CASH USED IN FINANCING ACTIVITIES		**(92,408)**	(455,934)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**553,234**	(176,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**704,644**	915,265
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**21,196**	(34,429)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**1,279,074**	704,644
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**1,279,074**	704,644

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 parent is Mediastar International Limited (incorporated in the British Virgin Islands ("BVI")). Its intermediate parent and ultimate parent 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 of the Company 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 40 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 new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

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

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14 (see note 8), and has changed the basis of measurement of segment profit or loss.

Improving disclosures about financial instruments (amendments to HKFRS 7 Financial instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Revised)	First-time adoption of HKFRSs[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[6]

1 *Effective for annual periods beginning on or after 1 July 2009*
2 *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
3 *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*
4 *Effective for annual periods beginning on or after 1 January 2010*
5 *Effective for annual periods beginning on or after 1 February 2010*
6 *Effective for annual periods beginning on or after 1 July 2010*
7 *Effective for annual periods beginning on or after 1 January 2011*
8 *Effective for annual periods beginning on or after 1 January 2013*

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

The application 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.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies.

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 statement of financial position 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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets are mainly loans and receivables, available-for-sale financial assets and held-to-maturity investments. The accounting policies adopted in respect of each category of financial assets are set out below.

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 to the net carrying amount on initial recognition.

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. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amount due from a related company, amount due from an associate and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of 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.

Available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. The Group designated its investments in bond acquired and intended to hold to maturity as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. 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 payments and observable changes in national or local economic conditions that correlate with default on receivables.

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 other comprehensive income and accumulated in investment revaluation reserve.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

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.

Financial liabilities at fair value through profit or loss

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

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity *(Continued)*

Other financial liabilities

Other financial liabilities including trade payables, other payables and accrued charges, and promissory notes 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 other comprehensive income 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.

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 profit or loss 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 the end of the reporting period, 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 or retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 completed, 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.

Rental income from properties let to Philippine Amusement and Gaming Corporation ("PAGCOR") under operating leases, less franchise tax, 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 profit or loss on a straight-line basis over the lease term with PAGCOR. Contingent rental income is recognised in the profit or loss 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 on initial recognition.

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 subsequent for use in the supply of goods or services, or for administrative purposes are stated at cost less subsequent 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 profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss in the period in which the item is derecognised.

Impairment losses of tangible assets

At the end of the reporting period, 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 profit or loss based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 profit or loss 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 profit or loss in the period 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

Operating lease payments are recognised as an expense 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 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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 associated with investments in subsidiaries and associates, 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowings costs are recognised as finance costs in profit or loss 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 the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that 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 retranslation 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 other comprehensive income and accumulated in equity (the exchange reserve).

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve). Exchange differences in relation to foreign operations are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. 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 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 end of the reporting period, 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 accounts 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 2010, the carrying amount of the trade receivables was HK$33,218,000 (2009: HK$34,209,000).

Deferred income tax assets

At the end of the reporting period, the Group had unused tax losses amounted to approximately HK$208,593,000 (2009: HK$658,093,000) (details disclosed in note 30). 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.

Fair value of conversion option derivative

The directors of the Company engaged an independent 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 binomial tree option pricing model that incorporated market data and involved uncertainty in estimates in the assumptions. Because binomial 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 32. As at 31 March 2010, the carrying amount of conversion option derivative was HK$60,000,000 (2009: HK$68,000,000).

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 years.

The capital structure of the Group consists of debts, which include promissory notes and convertible note which were disclosed in notes 31 and 32 respectively, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company 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

	2010 HK$'000	2009 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,414,976**	1,259,961
Held-to-maturity investments	**15,365**	–
Available-for-sale financial assets	**8,093**	1,988
Financial liabilities		
Financial liabilities at FVTPL	**60,000**	68,000
Other financial liabilities at amortised cost	**608,830**	735,990

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, held-to-maturity investments, available-for-sale financial assets, bank balances and cash, trade payables, other payables and accrued charges, amount due from an associate, amount due from a related company, convertible note and promissory notes. 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.

Market risk

Currency risk

Currency risk exists with respect to the held-to-maturity investments, amount due from an associate, bank balances and cash, promissory notes and convertible note denominated in currencies other than the functional currency of respective group entities as disclosed in notes 20, 27, 28, 31 and 32 respectively. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2010 HK$'000	2009 HK$'000	2010 HK$'000	2009 HK$'000
United States Dollars ("USD")	**281,528**	320,928	**–**	–
HK$	**915,808**	563,606	**584,195**	654,587

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Currency risk (Continued)

Other than above, several subsidiaries of the Group have the following intra-group balances denominated in HK$ and USD, which are other than the functional currency of respective group entities.

	Amounts due from intra-group		Amounts due to intra-group	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**1,174,264**	986,445	**1,174,264**	986,445
HK$	**963,397**	1,211,191	**963,397**	1,211,191

In addition, the Group is also exposed to currency risk in respect of its conversion option derivative (see note 32) denominated in HK$, which is other than the functional currency of respective group entity.

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% (2009: 10%) increase and decrease in Peso against USD and HK$. 10% (2009: 10%) 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 sensitivity analysis includes only outstanding foreign currency denominated monetary items as well as intra-group balances and adjusts their translation at the year end for a 10% (2009: 10%) 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% (2009: 10%) against Peso, and vice versa. For a 10% (2009: 10%) 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	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in post-tax profit for the year	**45,274**	2,982	**22,338**	38,504

This is mainly attributable to the exposure on held-to-maturity investments, bank balances and cash, intra-group balances, amount due from an associate, promissory notes and convertible note denominated in either USD or HK$ at the end of the reporting period.

Other than above, for HK$ strengthen/weakening 10% (2009: 10%) against Peso, the Group's post-tax profit for the year would decrease/increase by approximately HK$6,000,000 (2009: HK$6,800,000) as a result of the exposure on HK$ denominated conversion option derivative.

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)*

Market risk *(Continued)*

Interest rate risk

The Group's interest rate risk arises from bank balances, held-to-maturity investments and liability component of convertible note. The Group is exposed to the fair value interest rate risk in relation to its fixed-rate held-to-maturity investments (see note 20 for details) and liability component of convertible note issued at fixed-rate (see notes 32 for details). The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (details disclosed in note 28). 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 analysis below have been determined based on the exposure to interest rates for variable-rate bank balances deposited in the banks in the Philippines at the end of the reporting period. The analysis is prepared assuming these bank balances outstanding at the end of the reporting period is outstanding for the whole year. A 50 basis point (2009: 50 basis point) is used in estimating the potential change in interest rate 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$1,463,000 (2009: HK$1,222,000).

The management considers that the impact on the Group's result in respect of the change in interest rate on the Group's bank balances deposited in the banks located outside the Philippines is minimal as the prevailing interest rates of these bank balances are already at a low level.

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 monitors 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 the end of the reporting period with change in fair value to be recognised in profit or loss 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 option derivative are set out in note 32.

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 end of the reporting period. If the prices of respective equity instruments had been 10% (2009: 10%) higher, the Group's investment revaluation reserve would increase by approximately HK$809,000 (2009: HK$198,000) as a result of the change in fair value of available-for-sale financial assets. If the prices of respective equity investments had been 10% lower, the Group's investment valuation reserve and post-tax profit for the year would decrease by approximately HK$515,000 (2009: nil) as a result of the change in fair value of available-for-sale financial assets and HK$294,000 (2009: HK$198,000) as a result of impairment on available-for-sale financial assets respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

Other price risk (Continued)

Sensitivity analysis on conversion option derivative

The sensitivity analysis below has been determined based on the exposure to the Company's share price and volatility risk at the end of the reporting period only as the management considers that the change in risk-free interest rate may not be significant through the expected remaining life of conversion option derivative. For sensitivity analysis purpose, the sensitivity rates for share price and volatility are adjusted to 20% and 15% (2009: 10% and 20%) respectively, as a result of volatile financial market.

(i) Changes in share price

If the Company's share price had been 20% (2009: 10%) higher/lower and all other variables were held constant, the Group's post-tax profit for the year (as a result of change in fair value of conversion option derivative) would decrease/increase by approximately HK$48,000,000/HK$35,000,000 (2009: HK$16,000,000/HK$15,000,000).

(ii) Changes in volatility

If the volatility to the valuation model had been 15% (2009: 20%) higher/lower while all other variables were held constant, the Group's post-tax profit for the year (as a result of change in fair value of conversion option derivative) would decrease/increase by approximately HK$10,000,000 (2009: HK$20,000,000).

In management's opinion, the sensitivity analysis is unrepresentative as certain variables input into the option pricing model are not independent, 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 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. 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 the end of the reporting period 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 bank balances is limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies.

At 31 March 2010, the Group has concentration of credit risk in respect of amount due from an associate and trade receivable from PAGCOR of approximately HK$87,907,000 (2009: HK$492,271,000) and HK$26,029,000 (2009: HK$24,966,000) respectively. In order to minimise the credit risk on the amount due from an associate, the Group signed loan agreement with the associate. The agreement specified the shareholders' loan shall be repaid to the shareholders 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 Philippine government and with a good repayment history.

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

6. FINANCIAL INSTRUMENTS *(Continued)*

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

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 following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative 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 end of the reporting period) 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.

Liquidity tables

	Weighted average interest rate %	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$'000	Carrying amounts at 31 March 2010 HK$'000
2010							
Non-derivative financial liabilities							
Trade payables	–	3,091	173	2,040	–	5,304	5,304
Other payables and accrued charges	–	8,103	5,138	6,090	–	19,331	19,331
Promissory notes	–	205,185	–	–	–	205,185	205,185
Convertible note *(note)* – fixed rate	1.00	–	–	404,000	–	404,000	439,010
		216,379	5,311	412,130	–	633,820	668,830

	Weighted average interest rate %	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$'000	Carrying amounts at 31 March 2009 HK$'000
2009							
Non-derivative financial liabilities							
Trade payables	–	61,616	221	2,226	–	64,063	64,063
Other payables and accrued charges	–	13,914	3,390	36	–	17,340	17,340
Promissory notes	–	316,402	–	–	–	316,402	316,402
Convertible note *(note)* – fixed rate	1.00	–	–	4,000	404,000	408,000	406,185
		391,932	3,611	6,262	404,000	805,805	803,990

Note: The carrying amounts represent the total carrying amounts of the convertible note and conversion option derivative of approximately HK$379,010,000 (2009: HK$338,185,000) and HK$60,000,000 (2009: HK$68,000,000) respectively.

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value

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

- the fair values 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 values of other financial assets and financial liabilities (excluding conversion option derivative) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

- the fair value of conversion option derivative is estimated using binomial tree option pricing model which requires the input of highly subjective assumptions, including the volatility of the Company's share price.

Except for the held-to-maturity investments and the liability component of the convertible note of as set out in notes 20 and 32 respectively, 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.

The Group's financial instruments that are measured subsequent to initial recognition at fair value include available-for-sale financial assets and conversion option derivative, which are grouped into level 1 and level 3 respectively.

For available-for-sale financial assets of HK$8,093,000 (2009: HK$1,988,000) that are grouped as level 1, the fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities. For conversion option derivative of HK$60,000,000 (2009: HK$68,000,000) that are grouped as level 3, the fair value measurements are those derived from valuation techniques that include inputs for the liability that are not based on observable market data (unobservable inputs). The reconciliation from the beginning balances to the ending balances of the conversion option derivative are disclosed in note 32. A fair value gain of approximately HK$8,000,000 (2009: HK$73,200,000) relates to the conversion option derivative was recognised in the consolidated income statement. In addition, the potential financial impact on the fair value measurement of the level 3 financial instruments as a result of change in the unobservable inputs are set out in sensitivity analysis on conversion option derivative in this note. There were no transfers between level 1 and level 3 in the current year.

7. REVENUE

	2010 HK$'000	2009 HK$'000
The Group's revenue from continuing operations comprises:		
Hotel		
Room revenue	**74,278**	93,303
Food and beverages	**44,076**	55,208
Other hotel service income	**6,562**	8,942
	124,916	157,453
Leasing of investment properties equipped with entertainment equipment	**300,253**	295,523
	425,169	452,976

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the board of directors of the Company, for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical) using a risk and return approach. In the past, the Group's primary reporting format was business segments (from both continuing and discontinued operations). The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14. The measurement of segment profit or loss under HKFRS 8 has changed to include taxation and interest income in the operating segments.

In prior years, primary segment information was analysed based on the types of the Group's operating divisions as follows:

(i)	Hotel	– Operation of hotel business
(ii)	Leasing	– Leasing of investment properties equipped with entertainment equipment
(iii)	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
(iv)	Network solutions and project services	– Provision of total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution; and provision of infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service.

8. SEGMENT INFORMATION *(Continued)*

The entertainment business was discontinued with effect from 19 March 2010 and the network solutions and project services operations were discontinued with effect from 25 April 2008 (see note 14 for details). Since the operations of division (iii) and (iv) had accumulated losses in the past several years, the chief operating decision maker has not reviewed those operations since March 2008 for the purposes of resources allocation and performance assessment.

Information regarding the Group's operating segments in accordance with HKFRS 8 is presented below.

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segment.

For the year ended 31 March 2010

	Continuing operations			
	Hotel HK$'000	Leasing HK$'000	Elimination HK$'000	Total HK$'000
REVENUE				
External sales	124,916	300,253	–	425,169
Inter-segment sales	638	629	(1,267)	–
Total	125,554	300,882	(1,267)	425,169
RESULTS				
Segment (loss) profit	(28,778)	135,181	–	106,403
Unallocated other income				27,438
Change in fair value of conversion option derivative				8,000
Other gain and loss				(26,219)
Unallocated expenses				(14,928)
Share of profit of an associate				248,221
Finance costs				(44,825)
Profit for the year				304,090

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

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the year ended 31 March 2009

	Continuing operations			
	Hotel HK$'000	Leasing HK$'000	Elimination HK$'000	Total HK$'000
REVENUE				
External sales	157,453	295,523	–	452,976
Inter-segment sales	–	645	(645)	–
Total	157,453	296,168	(645)	452,976
RESULTS				
Segment (loss) profit	(12,333)	153,280	–	140,947
Unallocated other income				9,537
Change in fair value of conversion option derivative				73,200
Other gain and loss				8,021
Unallocated expenses				(11,194)
Impairment loss recognised in respect of available-for-sale financial assets				(11,081)
Share of loss of an associate				(9,131)
Finance costs				(43,165)
Profit for the year				157,134

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

8. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit after taxation earned by or loss after taxation suffered from each segment without allocation of unallocated expenses (including corporate expenses) other gain and loss, share of profit (loss) of an associate, impairment loss recognised in respect of available-for-sale financial assets, change in fair value of conversion option derivative, unallocated other income (i.e. investment income) and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

At 31 March 2010

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	572,211	1,529,744	2,101,955
Investment in an associate			789,547
Unallocated assets			1,029,164
Consolidated total assets			3,920,666
LIABILITIES			
Segment liabilities	69,481	75,206	144,687
Unallocated liabilities			648,289
Consolidated total liabilities			792,976

8. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 March 2009

	Hotel HK$'000	Leasing HK$'000	Consolidated HK$'000
ASSETS			
Segment assets	562,998	1,516,746	2,079,744
Assets related to discontinued operations			68,490
Investment in an associate			546,316
Unallocated assets			880,971
Consolidated total assets			3,575,521
LIABILITIES			
Segment liabilities	66,568	67,689	134,257
Liabilities related to discontinued operations			89,230
Unallocated liabilities			726,425
Consolidated total liabilities			949,912

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments, other than assets related to discontinued operations, investment in an associate and unallocated assets (including plant and equipment for corporate use, available-for-sale financial assets, held-to-maturity investments, other receivables, deposits and prepayments for the corporate, amounts due from a related company and an associate, and bank balances and cash for the corporate).

- all liabilities are allocated to operating segments, other than liabilities related to discontinued operations and unallocated liabilities (including corporate tax liabilities, promissory notes, conversion option derivative, convertible note, and other payables and accrued charges for the corporate).

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March 2010

	Continuing operations				
	Hotel HK$'000	Leasing HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	**2,984**	**20,660**	**23,644**	**–**	**23,644**
Allowance for bad and doubtful debts for trade and other receivables	**136**	**–**	**136**	**–**	**136**
Depreciation	**58,117**	**139,019**	**197,136**	**141**	**197,277**
Interest income	**921**	**10,153**	**11,074**	**26,086**	**37,160**
Taxation credit	**452**	**209**	**661**	**–**	**661**

For the year ended 31 March 2009

	Continuing operations				
	Hotel HK$'000	Leasing HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to property, plant and equipment and investment properties	2,407	34,711	37,118	–	37,118
Allowance for bad and doubtful debts for trade and other receivables	139	–	139	–	139
Depreciation	67,556	152,090	219,646	209	219,855
Loss on disposal and write-off of property, plant and equipment	51	–	51	2	53
Interest income	2,462	13,136	15,598	8,871	24,469
Taxation credit	15,194	34,668	49,862	–	49,862

8. SEGMENT INFORMATION *(Continued)*

Geographical segments

The Group's operations are mainly located in the Republic of the Philippines (the "Philippines").

All the Group's revenue from continuing operations are generated from external customers in the Philippines. The non-current assets excluded those relating to discontinued operations and held-to-maturity investments which are mainly located in the Philippines. The investment in an associate is located in Macau.

Revenue from major services

The analysis of the Group's revenue from continuing operations from its major services was disclosed in note 7.

Information about major customer

Included in the revenue generated from hotel segment and leasing segment of approximately HK$5,124,000 (2009: HK$7,261,000) and HK$300,253,000 (2009: HK$295,523,000) respectively was contributed by a single customer and the aggregate revenue from this customer represented approximately 72% (2009: 67%) of the total revenue from continuing operations of the Group. There is no other customer contributing over 10% of the Group's total revenue from continuing operations.

9. OTHER INCOME

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Interest income	**37,160**	24,469
Sundry income	**1,352**	594
Dividend income from listed securities	**–**	72
	38,512	25,135

10. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Interest on bank borrowings – repayable within five years	**–**	2,982
Effective interest expense on convertible note *(note 32)*	**44,825**	40,183
	44,825	43,165

11. PROFIT BEFORE TAXATION

	2010 **HK$'000**	2009 HK$'000
Continuing operations:		
Profit before taxation has been arrived at after charging (crediting):		
Allowance for bad and doubtful debts for trade and other receivables	**136**	139
Auditor's remuneration	**2,050**	1,819
Cost of inventories recognised as an expense	**13,238**	16,801
Depreciation of property, plant and equipment	**85,217**	103,739
Depreciation of investment properties	**112,060**	116,116
Impairment loss recognised in respect of amount due from a related company	**–**	13
Loss on disposal and write-off of property, plant and equipment	**–**	53
Net foreign exchange loss (gain) (included in other gain and loss)	**26,219**	(8,021)
Rental expenses under operating leases on premises	**6,512**	6,470
Gross revenue from leasing of investment properties equipped with entertainment equipment	**(300,253)**	(295,523)
Less: Direct operating expenses that generated revenue from leasing of investment properties equipped with entertainment equipment *(Note)*	**175,434**	190,047
	(124,819)	(105,476)
Staff costs, including directors' emoluments		
– salaries and allowances	**45,909**	51,762
– retirement benefits schemes contributions *(note 35)*	**288**	183
	46,197	51,945

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

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the eleven (2009: 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$'000	Cheung Hon Kit HK$'000	Kwee Chong Kok, Michael HK$'000	Lau Wai Piu HK$'000	Tsui Hing Chuen, William JP HK$'000	Total HK$'000
2010												
Fees:												
Executive directors	500	500	500	100	100	100	100	–	–	–	–	1,900
Non-executive directors	–	–	–	–	–	–	–	140	130	140	140	550
Total emoluments	500	500	500	100	100	100	100	140	130	140	140	2,450

	Dr. Cheng HK$'000	Mr. Lo HK$'000	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
Total emoluments	500	500	500	100	100	100	100	39	120	110	58	81	81	2,389

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.

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.

12. DIRECTORS' EMOLUMENTS AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

The five individuals with the highest emoluments in the Group did not include any directors of the Company for both years. The emoluments of the five (2009: five) individuals were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**11,130**	10,374
Contributions to retirement benefits scheme	**79**	161
Discretionary or performance related incentive payments	**100**	433
	11,309	10,968

Their emoluments were within the following bands:

	2010 No. of employees	2009 No. of employees
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**2**	3
HK$2,500,001 to HK$3,000,000	**1**	1
HK$3,000,001 to HK$3,500,000	**–**	1
HK$3,500,001 to HK$4,000,000	**1**	–
	5	5

The discretionary of performance related incentive payments are determined by reference to the individual performance of the employees.

13. TAXATION CREDIT

	2010 HK$'000	2009 HK$'000
Continuing operations:		
Deferred taxation *(note 30)*		
Current year	**661**	29,000
Attributable to a change in tax rate	**–**	20,862
Taxation credit	**661**	49,862

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% 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 both years.

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

The corporate income profits 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 was credited to the consolidated income statement for the year ended 31 March 2009.

13. TAXATION CREDIT *(Continued)*

The taxation for the year can be reconciled to the profit from continuing operations per the consolidated income statement as follows:

	The Philippines		Hong Kong and BVI		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation from continuing operations	**140,051**	2,360	**163,378**	104,912	**303,429**	107,272
Taxation at the domestic rates applicable to profits in the country concerned	**42,015**	787	**26,957**	17,310	**68,972**	18,097
Tax effect of expenses not deductible for tax purpose	**776**	1,742	**17,316**	9,066	**18,092**	10,808
Tax effect of income not taxable for tax purpose	**(3,322)**	(5,276)	**(6,801)**	(32,261)	**(10,123)**	(37,537)
Tax effect of net income derived from leasing of properties to PAGCOR not taxable for tax purpose	**(40,807)**	(39,665)	**–**	–	**(40,807)**	(39,665)
Tax effect of utilisation of tax losses or deductible temporary difference not previously recognised	**(6,370)**	–	**–**	–	**(6,370)**	–
Tax effect of tax losses and deductible temporary difference not recognised	**7,158**	13,412	**3,484**	4,378	**10,642**	17,790
Tax effect of share of results of an associate	**–**	–	**(40,956)**	1,507	**(40,956)**	1,507
Decrease in opening deferred tax liability resulting from an decrease in applicable tax rate	**–**	(20,862)	**–**	–	**–**	(20,862)
Others	**(111)**	–	**–**	–	**(111)**	–
Taxation credit for the year from continuing operations	**(661)**	(49,862)	**–**	–	**(661)**	(49,862)

Details of the deferred taxation are set out in note 30 to the consolidated financial statements.

14. DISCONTINUED OPERATIONS

	2010	2009
	HK$'000	HK$'000
Profit (loss) for the year from discontinued operations		
– Entertainment business	**37,992**	(17,351)
– Network solutions and project services	**–**	(1,012)
	37,992	(18,363)

14. DISCONTINUED OPERATIONS *(Continued)*

(a) On 15 March 2010, the Company has instructed its Canadian legal advisers to submit a petition for the appointment of a liquidator and for the issuance of a liquidation order by the Superior Court of Quebec, Province of Quebec, District of Montreal ("Superior Court"), in relation to the proposed liquidation of M8 Entertainment Inc. ("M8"). On 19 March 2010, the Superior Court issued an order liquidating M8 pursuant to the provisions of the Canada Business Corporations Act and appointed a liquidator in respect of M8. As a result, the Group is not able to exercise any control on M8 and its subsidiaries (the "M8 Group"). The liquidator has been empowered and authorised by the Superior Court, among other things, to take procession and control of any and all of M8's current and future assets and to manage, operate and carry on the business of M8 at the sole discretion of the liquidator. Also, the liquidator has been empowered to inquire into and analyse the assets and business operations of the M8 Group, and ordered to report back to the Superior Court by no later than 15 July 2010, with respect to the most advantageous and efficient way to dispose of, operate or otherwise deal with (as the liquidator deems appropriate) the M8 Group and/or the assets and business operations of the M8 Group. Accordingly, the Group is not able to exercise any control on the M8 Group anymore. The M8 Group has ceased to be subsidiaries of the Group immediate after the appointment of the liquidator and thus, the M8 Group which carried out the entertainment business of the Group mainly in the North America, was classified as discontinued operations for both years.

In addition, the Group also discontinued its entertainment business carried out in Asia during the year, and the results for both years ended 31 March 2010 and 2009 were classified as discontinued operations.

The comparative loss for the year from discontinued operations have been re-presented to include entertainment business classified as discontinued in the current year.

(b) On 27 December 2007, the Company entered into a conditional sale and purchase agreement with Vision Values Holdings Limited (formerly known as "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 Cyber On-Air Group Limited and its subsidiaries ("COAG Group"), which carried out all the Group's network solutions and project services operations, for a cash consideration of HK$2,000,000. Accordingly, the operating segments of these operations were presented as discontinued operations during the year ended 31 March 2009. The disposal was completed on 25 April 2008. 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.

	2010 **HK$'000**	2009 HK$'000
The profit (loss) for the year from discontinued operations are analysed as follows:		
Loss for the year from discontinued operations:		
– Entertainment business	**(11,466)**	(17,351)
– Network solutions and project services	**–**	(1,376)
	(11,466)	(18,727)
Gain on deconsolidation/disposal of discontinued operations:		
– Entertainment business *(note 38)*	**49,458**	–
– Network solutions and project services *(note 38)*	**–**	364
	37,992	(18,363)

14. DISCONTINUED OPERATIONS *(Continued)*

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	Entertainment business		Network solutions and project services		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**26,997**	30,491	**–**	851	**26,997**	31,342
Cost of sales	**(11,166)**	(31,833)	**–**	(683)	**(11,166)**	(32,516)
Other income	**218**	516	**–**	1	**218**	517
Selling and distribution costs	**(4,870)**	(5,510)	**–**	–	**(4,870)**	(5,510)
General and administrative expenses	**(22,645)**	(11,015)	**–**	(1,545)	**(22,645)**	(12,560)
Loss before taxation	**(11,466)**	(17,351)	**–**	(1,376)	**(11,466)**	(18,727)
Taxation	**–**	–	**–**	–	**–**	–
Loss for the year from discontinued operations attributable to owners of the Company	**(11,466)**	(17,351)	**–**	(1,376)	**(11,466)**	(18,727)

Loss for the year from discontinued operations include the following:

	Entertainment business		Network solutions and project services		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Allowance for bad and doubtful debts for trade and other receivables	**66**	3,194	**–**	–	**66**	3,194
Allowance for obsolete inventories (included in cost of sales)	**–**	2,971	**–**	–	**–**	2,971
Amortisation of film costs (included in cost of sales)	**8,121**	12,352	**–**	–	**8,121**	12,352
Cost of inventories recognised as an expense	**–**	3,395	**–**	618	**–**	4,013
Depreciation of property, plant and equipment	**124**	259	**–**	–	**124**	259
Impairment loss recognised in respect of film costs (included in cost of sales) *(note 23)*	**–**	9,418	**–**	–	**–**	9,418
Loss on disposal and write-off of property, plant and equipment	**–**	52	**–**	–	**–**	52
Net foreign exchange loss (gain)	**22**	(40)	**–**	–	**22**	(40)
Rental expenses under operating leases on						
– premises	**1,684**	1,666	**–**	43	**1,684**	1,709
– equipment	**127**	82	**–**	2	**127**	84
	1,811	1,748	**–**	45	**1,811**	1,793
Staff costs						
– salaries and allowances	**10,620**	12,211	**–**	394	**10,620**	12,605
– retirement benefits schemes contributions *(note 35)*	**214**	234	**–**	15	**214**	249
	10,834	12,445	**–**	409	**10,834**	12,854

The carrying amounts of the assets and liabilities of discontinued operations at the date of deconsolidation/disposal are disclosed in note 38.

15. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of basic and diluted earnings per share attributable to the owners of the Company for the year ended 31 March 2010 together with the comparative figures for 2009 are based on the following data:

	2010 HK$'000	2009 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**275,660**	115,254
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(8,000)**	(73,200)
– Effective interest expense	**44,825**	40,183
Earnings for the purpose of diluted earnings per share	**312,485**	82,237

	2010 In thousand	2009 In thousand
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,179,157**	1,179,157
Effect of dilutive potential ordinary shares from convertible note	**200,000**	200,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,379,157**	1,379,157

The computation of diluted earnings per share for each of the year ended 31 March 2010 and 2009 did not assume the exercise of M8's outstanding share options. In the opinion of the directors of the Company, the exercise price of M8's share options was higher than the fair value of M8's share since M8 was delisted from Toronto Stock Exchange in March 2007 and it was put into liquidation on 19 March 2010. In addition, M8 had consolidated net total liabilities as at 19 March 2010 and 31 March 2009.

15. EARNINGS PER SHARE *(Continued)*

From continuing operations

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

Earnings figures are calculated as follows:

	2010 HK$'000	2009 HK$'000
Profit for the year attributable to owners of the Company	**275,660**	115,254
Less:		
Profit (loss) for the year from discontinued operations attributable to owners of the Company	**37,992**	(18,363)
Earnings for the purpose of basic earnings per share from continuing operations	**237,668**	133,617
Effect of dilutive potential ordinary shares in respect of convertible note:		
– Change in fair value of conversion option derivative	**(8,000)**	(73,200)
– Effective interest expense	**44,825**	40,183
Earnings for the purpose of diluted earnings per share from continuing operations	**274,493**	100,600

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

From discontinued operations

Basic earnings per share from the discontinued operations is HK3.22 cents per share (2009: basic loss per share from discontinued operations of HK1.56 cents per share) and diluted earnings per share from the discontinued operations is HK2.75 cents per share (2009: diluted loss per share from discontinued operations of HK1.56 cents per share), based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK$37,992,000 (2009: loss for the year from discontinued operations attributable to owners of the Company of approximately HK$18,363,000) and the same denominators detailed above for both basic and diluted earnings per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improve-ments HK$'000	Machinery HK$'000	Furniture, fixtures and equipment HK$'000	Entertainment equipment HK$'000	Computer hardware HK$'000	Motor vehicles HK$'000	Total HK$'000
COST								
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
Exchange adjustments	35,197	246	6,054	3,973	6,544	1	55	52,070
Additions	2,020	–	478	1,598	19,289	–	295	23,680
Disposals	–	–	–	(1,013)	(73)	(2)	(48)	(1,136)
Deconsolidation of subsidiaries *(note 38)*	–	(672)	–	(872)	–	–	–	(1,544)
Write-off	–	(355)	–	–	–	(4)	–	(359)
At 31 March 2010	**524,242**	**4,281**	**90,218**	**60,628**	**104,926**	**621**	**907**	**785,823**
DEPRECIATION								
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
Exchange adjustments	3,453	25	4,452	2,807	3,341	–	11	14,089
Provided for the year	23,263	617	25,797	14,876	20,649	49	90	85,341
Eliminated on disposals	–	–	–	(955)	(53)	(2)	(14)	(1,024)
Eliminated on deconsolidation of subsidiaries *(note 38)*	–	(672)	–	(554)	–	–	–	(1,226)
Eliminated on write-off	–	(355)	–	–	–	(4)	–	(359)
At 31 March 2010	**60,554**	**881**	**76,410**	**48,310**	**57,824**	**583**	**194**	**244,756**
CARRYING VALUES								
At 31 March 2010	**463,688**	**3,400**	**13,808**	**12,318**	**47,102**	**38**	**713**	**541,067**
At 31 March 2009	453,187	3,796	37,525	24,806	45,279	86	498	565,177

16. 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 shorter of the remaining term of the land leases on which the buildings are located, or 25 years
Leasehold improvements	Over the shorter of the remaining term of the land leases on which the buildings are located, or 25 years
Machinery	20% – $33^1/_3$%
Furniture, fixtures and equipment	20% – $33^1/_3$%
Entertainment equipment	20%
Computer hardware	$33^1/_3$%
Motor vehicles	20%

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

At 31 March 2010, the carrying value of entertainment equipment of approximately HK$47,102,000 (2009: HK$45,279,000) was held for use under operating leases to PAGCOR.

17. INVESTMENT PROPERTIES

	HK$'000
COST	
At 1 April 2008	1,514,761
Exchange adjustments	(209,334)
Additions	420
At 31 March 2009	1,305,847
Exchange adjustments	94,140
Additions	68
At 31 March 2010	**1,400,055**
DEPRECIATION	
At 1 April 2008	34,279
Exchange adjustments	(10,665)
Provided for the year	116,116
At 31 March 2009	139,730
Exchange adjustments	14,957
Provided for the year	112,060
At 31 March 2010	**266,747**
CARRYING VALUES	
At 31 March 2010	**1,133,308**
At 31 March 2009	1,166,117

17. 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 2010 was approximately HK$1,220 million (2009: HK$1,254 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. 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.

18. GOODWILL

	HK$'000
COST	
At 1 April 2008 and 31 March 2009	14,843
Deconsolidation of subsidiaries *(note 38)*	(14,843)
At 31 March 2010	**–**
AMORTISATION AND IMPAIRMENT	
At 1 April 2008 and 31 March 2009	14,843
Eliminated on deconsolidation of subsidiaries *(note 38)*	(14,843)
At 31 March 2010	**–**
CARRYING VALUES	
At 31 March 2010 and 31 March 2009	**–**

19. INVESTMENT IN AN ASSOCIATE

	2010 HK$'000	2009 HK$'000
Cost of investment in an associate, unlisted	**567,416**	567,416
Share of post-acquisition profit (loss)	**242,053**	(6,168)
Unrealised profit *(note)*	**(19,922)**	(14,932)
	789,547	546,316

As at 31 March 2010 and 2009, 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 2010 %	Proportion of interest held indirectly by the Company 2009 %	Proportion of voting power held indirectly by the Company 2010 %	Proportion of voting power held indirectly by the Company 2009 %	Principal activities
Arc of Triumph Development Company Limited ("ATD")	Incorporated	Macau Special Administrative Region of the People's Republic of China ("Macau")	MOP180,000	**40**	40	**40**	40	Property development and investment, hotel and entertainment operations

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

	2010 HK$'000	2009 HK$'000
Total assets	**3,591,563**	4,029,830
Total liabilities	**(1,567,891)**	(2,626,710)
Net assets	**2,023,672**	1,403,120
Group's share of net assets of an associate	**809,469**	561,248
Unrealised profit	**(19,922)**	(14,932)
	789,547	546,316
Revenue	**3,381,167**	–
Profit (loss) for the year	**620,553**	(22,828)
Group's share of result of an associate for the year	**248,221**	(9,131)

Note: *The amount represents the interest expenses paid to the Group being capitalised by the associate. The details of the amount due from an associate is set out in note 27.*

20. HELD-TO-MATURITY INVESTMENTS

	2010 **HK$'000**	2009 HK$'000
Debt securities, listed on the Luxembourg Stock Exchange	**15,365**	–

The debt securities have maturity date of 15 November 2011 and carry interest at a coupon rate of 8% per annum. The debt securities are denominated in USD, other than the functional currency of the relevant group entity. As at 31 March 2010, the fair value of the debt securities is approximately HK$16,895,000 (2009: nil), with reference to the indicative market prices.

21. OTHER ASSETS

The amounts mainly represent the value added tax recoverable 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 end of the reporting period would not be utilised in the next twelve months from the end of the reporting period. According to the regulation of the Philippines, the value added tax recoverable can be carried forward indefinitely.

22. INVENTORIES

The amounts represent the hotel consumable, food and beverages.

23. FILM COSTS

	HK$'000
COST	
At 1 April 2008	653,112
Exchange adjustments	(808)
Additions	6,734
At 31 March 2009	659,038
Exchange adjustments	(1,889)
Additions	1,791
Deconsolidation of subsidiaries *(note 38)*	(624,288)
At 31 March 2010	34,652
AMORTISATION AND IMPAIRMENT	
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
Exchange adjustments	(1,325)
Provided for the year	8,121
Eliminated on deconsolidation of subsidiaries *(note 38)*	(615,189)
At 31 March 2010	34,652
CARRYING VALUES	
At 31 March 2010	–
At 31 March 2009	15,993

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% and the directors determined that an impairment loss of approximately HK$9,418,000 was recognised in the consolidated income statement.

24. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2010 HK$'000	2009 HK$'000
Equity securities listed in Hong Kong at fair value	**8,093**	1,988

25. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2010 HK$'000	2009 HK$'000
Trade receivables	**33,345**	34,421
Less: Allowance for doubtful debts for trade receivables	**(127)**	(212)
	33,218	34,209
Other receivables, deposits and prepayments	**26,823**	46,902
Less: Allowance for doubtful debts for other receivables	**(3,138)**	(7,875)
	23,685	39,027
Total trade receivables, other receivables, deposits and prepayments	**56,903**	73,236

The average credit terms for trade 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 following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2010 HK$'000	2009 HK$'000
Aged:		
0 – 30 days	**28,087**	28,947
31 – 60 days	**2,491**	3,443
61 – 90 days	**1,959**	515
Over 90 days	**681**	1,304
	33,218	34,209

25. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. At 31 March 2010, trade receivables with an aggregate carrying amount of approximately HK$29,211,000 (2009: HK$28,380,000) were neither past due nor impaired. The directors of the Company consider these trade receivables are of good credit quality as these amounts had been substantially settled subsequent to the end of the reporting period.

Included in the Group's trade receivables are debtors with an aggregate carrying amount of approximately HK$4,007,000(2009: HK$5,829,000) which were past due at the end of the reporting period for which the Group did not provide for impairment loss as these trade receivables were either settled subsequent to the end of the reporting period or the respective customers had good repayment history. Accordingly, the directors of the Company believe that there is no further credit provision required in excess of the allowance of doubtful debts as at the end of the reporting period. The Group does not hold any collateral over these balances. The average age of these receivables is 67 days (2009: 45 days).

Ageing of trade receivables which are past due but not impaired

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	**–**	567
31 – 60 days	**1,366**	3,443
61 – 90 days	**1,959**	515
Over 90 days	**682**	1,304
Total	**4,007**	5,829

The Group has provided fully for all trade 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

	2010 **HK$'000**	2009 HK$'000
Balance at beginning of the year	**8,087**	4,798
Exchange adjustments	**(44)**	(29)
Impairment losses recognised on trade and other receivables	**202**	3,333
Amounts written off as uncollectible	**(4,980)**	(15)
Balance at end of the year	**3,265**	8,087

Included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of approximately HK$3,265,000 (2009: HK$8,087,000) which have been in severe financial difficulties.

26. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company is disclosed as follows:

Name of related company	Relationship	2010 HK$'000	2009 HK$'000	Maximum amount of outstanding during the year HK$'000
Foreign Holiday Philippines Inc.	Beneficially owned by CTF	–	539	539

The amount was trading nature and aged within 30 days. The amount was unsecured, non-interest bearing and repayable on demand.

27. AMOUNT DUE FROM AN ASSOCIATE

As at 31 March 2010, the amount due from an associate is the first shareholder's loan of approximately HK$88 million. As at 31 March 2009, the amount due from an associate comprised of the first, second, additional shareholder's loans and related accrued interest amounting to approximately HK$88 million, HK$40 million, HK$359 million and HK$5 million respectively. The first shareholder's loan is unsecured, interest-free and repayable on demand. The second and additional shareholder's loans were unsecured and carried interest at 6% per annum. The second shareholder's loan was repayable on demand and the additional shareholder's loan was originally 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. During the year ended 31 March 2010, the second and additional shareholder's loans as well as all the accrued interest were fully repaid. The directors of the Company anticipated that all the amount due from an associate will be settled within 12 months and are therefore classified as current assets.

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. During the year ended 31 March 2010, approximately HK$401 million (2009: HK$359 million) was advanced to the associate. The second and additional shareholder's loan of approximately HK$800 million (2009: nil) was repaid during the year ended 31 March 2010. At 31 March 2009, the Group has an outstanding committed loan facilities of approximately HK$401 million.

On 29 July 2009, Fortune Gate and ATD entered into the conditional supplemental loan agreement (the "Supplemental Loan Agreement") to extend the repayment date of the loan advanced to ATD to 31 August 2010. The Supplemental Loan Agreement was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 27 August 2009. Details of the transaction are set out in the announcement of the Company dated 29 July 2009 and the circular of the Company dated 11 August 2009.

The interest income from the associate during the year ended 31 March 2010 was approximately HK$29 million (2009: HK$15 million).

As at 31 March 2010 and 2009, the entire amount is denominated in HK$, which is other than the functional currency of respective group entity.

28. BANK BALANCES AND CASH

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 Group's bank balances deposited in the banks in Hong Kong carry at prevailing market interest rates ranging from 0.001% to 0.500% (2009: 0.010% to 4.140%) per annum. Other than that, the Group has bank balances deposited in the banks in the Philippines which carry at prevailing market interest rates ranging from 0.235% to 6.000% (2009: 0.750% to 7.750%) per annum.

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

	2010 **HK$'000**	2009 HK$'000
Denominated in USD	**266,163**	320,928
Denominated in HK$	**827,901**	71,335

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

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

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2010 **HK$'000**	2009 HK$'000
Aged:		
0 – 30 days	**3,054**	3,501
31 – 60 days	**173**	217
61 – 90 days	**–**	–
Over 90 days	**2,077**	60,345
	5,304	64,063

The average credit period on purchase of goods is 90 days.

30. 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	Total HK$'000
At 1 April 2008	50,246	126,714	176,960
Exchange adjustments	(5,439)	(14,868)	(20,307)
Credit to profit or loss *(note 13)*	(26,426)	(2,574)	(29,000)
Effect of change in tax rate *(note 13)*	(3,036)	(17,826)	(20,862)
At 31 March 2009	15,345	91,446	106,791
Exchange adjustments	1,160	6,511	7,671
Charge (credit) to profit or loss *(note 13)*	1,197	(1,858)	(661)
At 31 March 2010	**17,702**	**96,099**	**113,801**

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 subsidiaries operating in the Philippines.

As at 31 March 2010, the Group had estimated unused tax losses of approximately HK$208,593,000 (2009: HK$658,093,000) and deductible temporary differences of approximately HK$5,414,000 (2009: HK$18,789,000) available for offset against future profits. As at 31 March 2010 and 2009, no deferred tax assets was recognised of such losses due to the unpredictability of future profit streams. Tax losses amounting to approximately HK$121,314,000 (2009: HK$116,937,000) may be carried forward indefinitely.

The remaining tax losses will be expired as follows:

	2010 HK$'000	2009 HK$'000
Year 2009	**–**	59,735
Year 2010	**37,329**	36,950
Year 2011	**20,573**	23,016
Year 2012	**28,544**	5,624
Year 2013	**833**	–
Before year 2018	**–**	270,434
Before year 2029	**–**	145,397

No deferred tax liability has been recognised in respect of the 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.

31. 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 CTF, to replace the shareholders' loans of HK$642 million assigned by shareholders which arose from the acquisition of Fortune Gate Overseas Limited ("Fortune Gate"). Pursuant to the terms of the Promissory Notes, the amounts are unsecured, non-interest bearing and repayable on demand. During the year, the Group settled Promissory Notes amounting to approximately HK$111 million (2009: HK$245 million).

As at 31 March 2010 and 2009, the entire amount was denominated in HK$, which is other than the functional currency of respective group entity.

32. CONVERTIBLE NOTE AND CONVERSION OPTION DERIVATIVE

On 11 October 2007, the Company issued a convertible note of HK$400 million due in three years, which is beneficially owned by Cross-Growth Co., Ltd., a company wholly owned by CTF, as part of the consideration in the acquisition of the entire equity interest of Fortune Gate. Details of the acquisition are set out in 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 up to the maturity date of the convertible note. Neither the Company nor the holder does 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 the end of each reporting period 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. As at 31 March 2010, the amount is presented as current liabilities (2009: non-current liabilities) according to its maturity date.

(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. As at 31 March 2010 and 2009, the amount is presented as current liabilities as it is a derivative classified as held for trading.

32. 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
As at 1 April 2009	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
Interest charge *(note 10)*	44,825	–	44,825
Interest paid	(4,000)	–	(4,000)
Gain arising on change of fair value	–	(8,000)	(8,000)
As at 31 March 2010	379,010	60,000	439,010

The fair value of conversion option derivative was calculated using the binomial tree option pricing model by an independent valuer as at the end of each reporting period. The inputs into the model as at 31 March 2010 and 2009 are as follows:

	2010	2009
Share price of the Company	HK$1.91	HK$1.49
Exercise price	HK$2.00	HK$2.00
Expected volatility	61%	67%
Expected remaining life	0.53 year	1.53 years
Risk-free interest rate	0.15%	0.6%
Expected dividend yield	0%	0%

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

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

Because the binomial 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.

The fair value of liability component of convertible note at the end of the reporting period is approximately HK$383,418,000 (2009: HK$351,649,000) which is determined assuming redemption on the maturity date of the convertible note, using an interest rate of 9.91% (2009: 10.11%).

33. SHARE CAPITAL

	Par value of shares HK$	Number of shares	Value HK$'000
Authorised:			
Ordinary shares			
At 1 April 2008, 31 March 2009 and 2010	1 each	2,000,000,000	2,000,000
Issued and fully paid:			
Ordinary shares			
At 1 April 2008, 31 March 2009 and 2010	1 each	1,179,157,235	1,179,157

34. 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.

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. Share 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.

34. SHARE OPTION SCHEMES *(Continued)*

THE COMPANY *(Continued)*

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

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 favor 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.

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 end of the reporting period.

34. SHARE OPTION SCHEMES *(Continued)*

M8

Share option scheme of 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 that M8 ceased to be a subsidiary of the Group.

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 2008 (Toronto Time).

34. SHARE OPTION SCHEMES *(Continued)*

M8 *(Continued)*

Share option scheme of M8 *(Continued)*

The Plan shall continue as long as the board of directors of M8 does not terminate it. On 19 March 2010, a liquidator was appointed in respect of M8. Since then, M8 ceased to be a subsidiary of the Group. Details of the share options outstanding as at 19 March 2010 (immediately before the appointment of a liquidator) and 31 March 2009 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	Number of share options at 1 April 2008, 31 March 2009 and 19 March 2010
				Canadian dollars	
Employee	25 May 2000	–	26 May 2000 – 25 May 2010	0.120	100,000
Employee	29 August 2000	30 August 2000 – 29 August 2003	30 August 2003 – 29 August 2010	0.100	93,750
Employee	29 August 2000	30 August 2000 – 29 August 2004	30 August 2004 – 29 August 2010	0.100	306,250
Employee	24 May 2001	–	25 May 2001 – 24 May 2011	0.035	100,000
Employee	15 February 2002	16 February 2002 – 15 February 2003	16 February 2003 – 15 February 2012	0.075	410,000
Employee	13 May 2002	14 May 2002 – 13 May 2004	14 May 2004 – 13 May 2012	0.170	1,100,000
Employee	13 May 2002	14 May 2002 – 13 May 2005	14 May 2005 – 13 May 2012	0.170	1,100,000
Employee	13 May 2002	14 May 2002 – 13 May 2006	14 May 2006 – 13 May 2012	0.170	1,100,000
Employee	28 August 2002	29 August 2002 – 28 August 2004	29 August 2004 – 28 August 2012	0.160	1,000,000
Employee	1 May 2003	–	2 May 2003 – 1 May 2013	0.075	3,320,000
Total					8,630,000

No option was exercised, cancelled or granted during the period from 1 April 2009 to 19 March 2010 and the year ended 31 March 2009.

35. RETIREMENT BENEFITS SCHEMES

The Group participates 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 the higher of 5% of the employees' relevant income (as defined in the Mandatory Provident Fund Scheme Ordinance) on a monthly basis and HK$1,000.

The relevant Philippine 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 requirements of the relevant regulations and the historical turnover rate of the employees. In the opinion of the directors, the long service payment provision is considered adequate as at the end of the reporting period. 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 Group's contributions to the retirement benefits schemes charged to the consolidated income statement are as follows:

	2010			2009		
	Hong Kong	**The Philippines**	**Total**	Hong Kong	The Philippines	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Continuing operations						
Employers' contributions	**36**	**252**	**288**	45	138	183

36. 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 investment properties equipped with entertainment equipment 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$16,000 (2009: HK$17,000)), 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$300,253,000 (2009: HK$295,523,000), including contingent rental charges amounting to approximately HK$300,061,000 (2009: HK$295,319,000).

The Group as lessee

At 31 March 2010, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2010 **HK$'000**	2009 HK$'000
Within one year	**7,064**	7,184
In the second to fifth year inclusive	**24,065**	25,399
Over five years	**75,409**	75,370
	106,538	107,953

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.

37. CAPITAL COMMITMENTS

	2010 HK$'000	2009 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**2,104**	122

Other commitments

Apart from the commitment disclosed in note 27, 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 2010 was HK$1,646,000 (2009: HK$2,406,000).

(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 2010 was HK$2,509,000 (2009: HK$3,146,000).

38. DECONSOLIDATION/DISPOSAL OF SUBSIDIARIES

(i) As disclosed in note 14, the Group ceased its entertainment business including the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres on 19 March 2010, the date which the Superior Court issued a liquidation order and appointed a liquidator to take over the control of M8.

	HK$'000
Net liabilities in respect of deconsolidated subsidiaries:	
Plant and equipment	318
Film costs	9,099
Trade receivables	63
Other receivables, deposits and prepayments	16,966
Bank balances and cash	11,031
Trade payables	(56,980)
Other payables and accrual charges	(28,823)
	(48,326)
Exchange gain realised	(1,132)
Gain on deconsolidation of the M8 Group	49,458
Total consideration	–
Cash outflow arising on deconsolidation:	
Bank balances and cash in respect of deconsolidated subsidiaries	(11,031)

The impact of the M8 Group on the results of the Group for the period from 1 April 2009 to 19 March 2010 was disclosed in note 14. The deconsolidation of the M8 Group has no material impact on the cash flow of the Group.

38. DECONSOLIDATION/DISPOSAL OF SUBSIDIARIES *(Continued)*

(ii) As referred in note 14, the Group disposed of the COAG Group on 25 April 2008. 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 impact of the COAG Group on the results of the Group for the period from 1 April 2008 to 25 April 2008 was disclosed in note 14. The disposal of the COAG Group had no material impact on the cash flow of the Group.

39. RELATED PARTY TRANSACTIONS

A. Apart from the related party transactions as disclosed in notes 14, 26, 27, 31, 32 and 38(ii), the Group entered into the following transactions with related parties during the year:

	2010 **HK$'000**	2009 HK$'000
Accommodation and beverages income *(note a)*	**663**	981
Financial advisory and professional fees to related companies *(note b)*	**298**	618
Rental expenses *(note c)*	**811**	741

Notes:

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

(b) During the year, a related company, in which Dr. Cheng and Mr. Lo, directors of the Company, have managerial duties and significant influence in the financial and operating policy, provided financial advisory services to the Group. The amount represented the professional fees in respect of financial advisory services occurred during the period from 1 April 2009 to 13 January 2010, as Dr. Cheng ceased to have managerial duties and significant influence in that related company with effect from 13 January 2010 while Mr. Lo ceased to have managerial duties and significant influence in that related company with effect from 1 July 2009.

(c) 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.

B. Compensation of key management personnel

The remuneration of directors and other members of key management are disclosed in note 12. 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.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries at 31 March 2010 and 31 March 2009 are as follows:

Name of subsidiary	Place/ country of incorporation/ operations	Form of business structure	Class of shares held	Paid up issued capital	Proportion of nominal value of issued capital held by the Company				Principal activities
					Directly		Indirectly		
					2009 %	**2010 %**	2009 %	**2010 %**	
Lucky Genius Limited	BVI	Limited company	Ordinary	US$1	100	**100**	–	**–**	Investment holding
Fortune Gate	BVI	Limited company	Ordinary	US$1	100	**100**	–	**–**	Investment holding
Maxprofit International Limited	BVI	Limited company	Ordinary	US$100	–	**–**	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

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.

41. EVENTS AFTER THE REPORTING PERIOD

On 7 May 2010, the Company entered into a conditional sale and purchase agreement (the "Agreement") pursuant to which the Company conditionally agreed to sell and assign, and the purchaser, Power Link Fortune Limited, wholly owned by major shareholder of ATD, conditionally agreed to purchase of the entire issued share capital of Fortune Gate (the "Sale Share") and to accept the assignment of the entire amount of the interest free shareholder's loan owing from Fortune Gate to the Company as at the Completion (as defined in the Agreement) (the "Sale Loan") at a consideration of HK$1,830 million, subject to adjustments set out in the Agreement. Before the Completion, Fortune Gate will be reorganised so that as at the date of the Completion, Fortune Gate will only have the investment in ATD and the Sale Loan. Immediately after the Completion, Fortune Gate will cease to be a wholly owned subsidiary of the Company. As at the date of this report, the proposed disposal of the Sale Share and the Sale Loan by the Company to the purchaser (the "Disposal") has not been completed. Details of the Disposal were set out in the announcement of the Company dated 11 May 2010.

Financial Summary

For the year ended 31 March 2010

RESULTS

	Year ended 31 March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Revenue	274,311	137,310	331,980	484,318	**452,166**
(Loss) profit before taxation	(173,012)	(109,553)	120,663	88,909	**341,421**
Taxation (charge) credit	(22,049)	(1,260)	(12,871)	49,862	**661**
(Loss) profit for the year	(195,061)	(110,813)	107,792	138,771	**342,082**
Attributable to:					
Owners of the Company	(117,063)	(110,813)	76,455	115,254	**275,660**
Minority interests	(77,998)	–	31,337	23,517	**66,422**
	(195,061)	(110,813)	107,792	138,771	**342,082**

ASSETS AND LIABILITIES

	At 31 March				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010 HK$'000**
Total assets	542,567	310,881	4,314,379	3,575,521	**3,920,666**
Total liabilities	(255,075)	(133,194)	(1,514,446)	(949,912)	**(792,976)**
	287,492	177,687	2,799,933	2,625,609	**3,127,690**
Equity attributable to owners of the Company	287,492	177,687	2,084,036	1,988,450	**2,373,841**
Minority interests	–	–	715,897	637,159	**753,849**
	287,492	177,687	2,799,933	2,625,609	**3,127,690**

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%