



UNITED POWER INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

The board of directors (the “Board”) of United Power Investment Limited (the “Company”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

		Six months ended 30 September	
		2009	2008
	Notes	(Unaudited) HK\$	(Unaudited) HK\$
Continuing operations			
Turnover	2	96,455,686	102,935,921
Cost of sales		(25,295,996)	(26,664,028)
Gross profit		71,159,690	76,271,893
Other income and gains		5,959,043	2,295,021
Net operating expenses		(662,340,323)	(110,286,241)
Loss before income tax expense	3	(585,221,590)	(31,719,327)
Income tax expense	4	(499,049)	(4,065,492)
Loss for the period from continuing operations		(585,720,639)	(35,784,819)
Discontinued operations			
Loss for the period from discontinued operations	5	—	(472,383)
Loss for the period		<u>(585,720,639)</u>	<u>(36,257,202)</u>
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(2,672,087)	6,579,959
Total comprehensive income for the period		<u>(588,392,726)</u>	<u>(29,677,243)</u>
Loss for the period attributable to:			
Equity holders of the Company		(585,229,598)	(21,844,295)
Minority interests		(491,041)	(14,412,907)
		<u>(585,720,639)</u>	<u>(36,257,202)</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		(587,901,685)	(16,090,658)
Minority interests		(491,041)	(13,586,585)
		<u>(588,392,726)</u>	<u>(29,677,243)</u>

		Six months ended 30 September 2009 (Unaudited) HK\$	2008 (Unaudited) HK\$
	<i>Notes</i>		
Loss per share	6		
From continuing operations			
Basic (HK cents)		<u>(6.89)</u>	<u>(0.63)</u>
Diluted (HK cents)		<u>(6.89)</u>	<u>(0.63)</u>
From discontinued operations			
Basic (HK cents)		<u>—</u>	<u>(0.01)</u>
Diluted (HK cents)		<u>—</u>	<u>(0.01)</u>
From continuing and discontinued operations			
Basic (HK cents)		<u>(6.89)</u>	<u>(0.64)</u>
Diluted (HK cents)		<u>(6.89)</u>	<u>(0.64)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

		30 September 2009 (Unaudited) Notes HK\$	31 March 2009 (Audited) HK\$
Assets			
Non-current assets			
Property, plant and equipment	8	186,417,611	194,699,327
Intangible assets	9	120,218,297	—
Investment properties		176,899,000	176,899,000
Payments for leasehold land held for own use under operating leases		287,845,110	290,625,600
Deferred expenditure		2,756,288	6,987,783
Goodwill	10	612,779,165	—
Interest in an associate	11	—	—
Held-to-maturity investment	12	—	—
Deferred tax assets		3,430,103	3,458,132
Total non-current assets		1,390,345,574	672,669,842
Current assets			
Inventories		7,935,512	8,352,532
Trade and other receivables	13	49,454,850	61,093,968
Deferred expenditure		15,178,378	17,079,137
Film and movie rights		—	36,813,416
Tax prepayment		171,407	171,407
Cash and cash equivalents		351,542,695	218,370,788
Total current assets		424,282,842	341,881,248
Assets classified as held for sale	14	40,726,415	—
Total assets		1,855,354,831	1,014,551,090
Liabilities			
Current liabilities			
Trade and other payables	15	75,538,330	54,396,113
Amounts due to minority shareholders		91,244,975	102,073,016
Current tax liabilities		2,343,738	74,138
Total current liabilities		169,127,043	156,543,267

		30 September 2009 (Unaudited) <i>Notes</i> HK\$	31 March 2009 (Audited) <i>HK\$</i>
Net current assets		295,882,214	185,337,981
Total assets less current liabilities		1,686,227,788	858,007,823
Non-current liabilities			
Provision for long service payments		1,813,736	2,159,770
Deferred tax liabilities		89,340,919	61,757,729
Total non-current liabilities		91,154,655	63,917,499
Total liabilities		260,281,698	220,460,766
Net assets		1,595,073,133	794,090,324
Capital and reserves attributable to equity holders of the Company			
Share capital	16	496,091,570	169,911,570
Reserves		1,070,491,662	597,363,228
		1,566,583,232	767,274,798
Minority interests		28,489,901	26,815,526
Total equity		1,595,073,133	794,090,324

NOTES:

1. Basis of preparation

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

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

Except as described below, the accounting policies and method of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2009.

In the current period, the Group has applied, where considered appropriate and relevant to its operations, the new interpretations and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued

by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2009. The adoption of these new interpretations and amendments had no material effect on the results and the financial position of the Group for the current or prior accounting periods, except for certain presentational changes as a result of the adoption of HKAS 1 (Revised) and HKFRS 8.

HKAS 1 (Revised) introduces a number of terminology changes, including revised titles, changes in presentation and the Group has decided to present a single statement of comprehensive income. Comparative information has been re-presented in order to achieve a consistent presentation.

HKFRS 8 replaces HKAS 14 "Segment Reporting", and specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. Due to the adoption of HKFRS 8 during the current period, certain comparative amounts have been reclassified to conform with the current period's presentation.

In addition, the Group has acquired a number of intangible assets as part of a business combination as detailed in note 9. The intangibles are initially recognised at cost, being their fair value at the date of acquisition in a business combination. Subsequently, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided on a straight-line basis over their estimated useful lives and recognised in profit or loss. Intangible assets are assessed for impairment loss at the end of each reporting period with reference to their value-in-use or fair value less costs to sell.

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKFRS 1 (Revised)	First-time Adoption of HKFRSs ⁴
Amendments to HKAS 32	Classification of Rights Issues ⁶
Amendment to HKAS 39	Eligible Hedged Items ⁴
Amendments to HKFRS 1	Amendments to HKFRS 1 First-time Adoption of HKFRSs — Additional Exemptions for First-time Adopters ³
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions ³
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 24 (Revised)	Related Party Disclosures ⁷
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁴
HKFRS 3 (Revised)	Business Combinations ⁴
HKFRS 9	Financial Instruments ⁸
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners ⁴
HK(IFRIC) — Interpretation 18	Transfers of Assets from Customers ⁵

¹ Amendments to HKFRS 5, 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 January 2010

⁴ Effective for annual periods beginning on or after 1 July 2009

⁵ Effective for transfers of assets from customers received on or after 1 July 2009

⁶ Effective for annual periods beginning on or after 1 February 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

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

2. Segment information

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

Principal activities are as follows:

Restaurant operations	— sales of food and beverages
Property investment	— leasing of investment properties
Wedding services	— provision of wedding services
Entertainment business	— provision of talent management and entertainment business
Licence fee collection business	— collection of licence fee from karaoke operators in the People's Republic of China ("PRC")
Hotel operations	— ownership, operation and management of hotel

Segment information is presented below:

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

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

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

Six months ended 30 September 2008 (Unaudited)

	Continuing operations								Discontinued operations	Total
	Restaurant operations HK\$	Property investment HK\$	Wedding services HK\$	Entertainment business HK\$	Licence fee collection business HK\$	Hotel operations HK\$	Inter-segment elimination HK\$	Sub-total HK\$	Retail operations HK\$	
Reportable segment revenue										
External sales	18,302,462	2,854,419	36,041,050	4,807,364	1,127,244	39,803,382	—	102,935,921	77,035,716	179,971,637
Inter-segment sales	—	2,720,000	—	—	—	—	(2,720,000)	—	—	—
	<u>18,302,462</u>	<u>5,574,419</u>	<u>36,041,050</u>	<u>4,807,364</u>	<u>1,127,244</u>	<u>39,803,382</u>	<u>(2,720,000)</u>	<u>102,935,921</u>	<u>77,035,716</u>	<u>179,971,637</u>
Reportable segment profit/(loss) before income tax expense	<u>186,637</u>	<u>3,323,721</u>	<u>295,715</u>	<u>(1,437,244)</u>	<u>(25,493,880)</u>	<u>(7,244,686)</u>	<u>—</u>	<u>(30,369,737)</u>	<u>(445,634)</u>	<u>(30,815,371)</u>
Other segment information										
Interest income	19,771	—	11,568	121	63,933	—	—	95,393	4,309	99,702
Depreciation of property, plant and equipment	(343,582)	(1,185,925)	(991,386)	(668,135)	(53,459)	(8,607,972)	—	(11,850,459)	(284,197)	(12,134,656)
Amortisation of deferred expenditure	—	—	—	—	(22,633,812)	—	—	(22,633,812)	—	(22,633,812)
Amortisation of payments for leasehold land held for own use under operating leases	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,295,840)</u>	<u>—</u>	<u>(2,295,840)</u>	<u>—</u>	<u>(2,295,840)</u>

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

(b) Reconciliation of reportable segment profit or loss

	Six months ended 30 September 2009 (Unaudited) HK\$	2008 (Unaudited) HK\$
Reportable segment loss before income tax expense	(579,322,645)	(30,815,371)
Unallocated interest income	66,115	1,071,871
Unallocated head office and corporate expenses	(5,965,060)	(2,421,461)
Elimination of loss before income tax expense from discontinued operations	—	445,634
Loss before income tax expense from continuing operations	<u>(585,221,590)</u>	<u>(31,719,327)</u>

(c) Total segment assets

	30 September 2009 (Unaudited) HK\$	31 March 2009 (Audited) HK\$
Restaurant operations	108,263,194	111,730,479
Property investment	224,733,765	206,634,112
Wedding services	21,668,246	15,640,215
Entertainment business	45,979,260	64,334,704
Licence fee collection business (note)	866,412,529	69,130,516
Hotel operations	363,811,157	385,168,676
Unallocated	224,486,680	161,912,388
	<u>1,855,354,831</u>	<u>1,014,551,090</u>

Note: During the six months ended 30 September 2009, the segment assets of licence fee collection business significantly increased mainly due to the acquisition of subsidiaries as detailed in note 17.

3. Loss before income tax expense

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

	Six months ended 30 September 2009 (Unaudited) HK\$	2008 (Unaudited) HK\$
Crediting		
Bank interest income	101,044	1,171,573
Loan interest income	811,500	717,900
Gain on disposal of film and movie rights	4,241,200	—
Charging		
Cost of inventories recognised as an expense	23,436,769	95,744,192
Depreciation of property, plant and equipment	14,759,991	12,134,656
Amortisation of deferred expenditure	15,132,254	22,633,812
Impairment loss on goodwill (recognised in net operating expenses)	543,875,276	—
Operating lease rentals in respect of land and buildings	5,679,762	5,783,355
Staff costs — wages and salaries	31,607,150	34,408,368

4. Income tax expense

Income tax expense in the condensed consolidated statement of comprehensive income represents:

	Continuing operations		Discontinued operations		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2009	2008	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Under-provision in prior year:						
— Profits tax in Macau	—	—	—	6,756	—	6,756
Current tax						
— Income tax in the PRC	2,269,570	24,742	—	—	2,269,570	24,742
Deferred tax	(1,770,521)	4,040,750	—	19,993	(1,770,521)	4,060,743
	<u>499,049</u>	<u>4,065,492</u>	<u>—</u>	<u>26,749</u>	<u>499,049</u>	<u>4,092,241</u>

No provision for Hong Kong profits tax has been made for subsidiaries within the Group as these subsidiaries have either sufficient tax losses brought forward to offset against the estimated assessable profits or no material estimated assessable profits for the period on an individual basis. Overseas tax is calculated at the rates applicable in the respective tax jurisdictions.

5. Discontinued operations in prior period

The retail operation of wine was discontinued subsequent to the closure of retail outlet in Macau in prior period. The retail operation of watches was disposed of upon the disposal of subsidiaries, Witty Ventures Limited and HMS Watches Company Limited (collective referred as the “WV Group”). On 30 September 2008, the Group signed an agreement with the minority shareholder of WV Group to dispose of the Group’s 51% equity interests in the WV Group and the benefit of loans of HK\$5,941,241 advanced to the WV Group at a total consideration of HK\$9,870,982. The disposal was completed on 10 November 2008.

The turnover and results of the retail operations of wine and watches were as follows:

	Six months ended 30 September 2008 (Unaudited) HK\$
Loss for the period from discontinued operations:	
Turnover	77,035,716
Cost of sales	(71,349,277)
Gross profit	5,686,439
Other revenue	11,399
Net operating expenses	(5,899,329)
Finance costs	(244,143)
Loss before income tax expense	(445,634)
Income tax expense	(26,749)
Loss for the period	<u>(472,383)</u>

6. Loss per share

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

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$	HK\$
<i>Loss for the purpose of basic and diluted loss per share</i>		
Loss for the period attributable to equity holders of the Company		
— from continuing operations	(585,229,598)	(21,371,912)
— from discontinued operations	<u>—</u>	<u>(472,383)</u>
— from continuing and discontinued operations	<u>(585,229,598)</u>	<u>(21,844,295)</u>
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note</i>)	<u>8,493,808,640</u>	<u>3,398,231,392</u>

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

7. Dividends

No dividend was paid or proposed during the period, nor has any dividend been proposed since the end of the reporting period (2008: Nil).

8. Property, plant and equipment

During the six months ended 30 September 2009, the Group acquired property, plant and equipment at cost of HK\$11,265,483 (30 September 2008: HK\$16,008,435).

9. Intangible assets

As disclosed in note 17, the Group acquired the following intangible assets as part of a business combination. The intangible assets are held by jointly controlled entities of the acquiree, which have been accounted for using proportionate consolidation. Accordingly, the following represents the Group's proportionate share of the intangible assets.

	Karaoke CMS <i>(note a)</i> HK\$	Operation right <i>(note b)</i> HK\$	Golf club membership <i>(note c)</i> HK\$	Website <i>(note d)</i> HK\$	Total HK\$
Cost					
At 1 April 2009 (Audited)	—	—	—	—	—
Acquired through business combination <i>(note 17)</i>	6,859,042	120,210,480	515,700	146,230	127,731,452
At 30 September 2009 (unaudited)	6,859,042	120,210,480	515,700	146,230	127,731,452
Accumulated amortisation					
At 1 April 2009 (Audited)	—	—	—	—	—
Amortisation for the period	—	7,513,155	—	—	7,513,155
At 30 September 2009 (Unaudited)	—	7,513,155	—	—	7,513,155
Net book value					
At 30 September 2009 (Unaudited)	6,859,042	112,697,325	515,700	146,230	120,218,297
At 31 March 2009 (Audited)	—	—	—	—	—

Notes:

- (a) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management service system in the PRC for a term of 10 years from 15 July 2007.
- (b) Operation right represents the exclusive right to provide copyright licence fees settlement and collection services in respect of the karaoke music products and videos managed and administered by China Audio-Video Association, China Audio-Video Copyright Association and Karaoke Copyright Operation Centre of China Audio and Video Association for a period of 10 years from 27 December 2007.
- (c) Golf club membership has an indefinite useful life.
- (d) Website has a useful life of three years.

10. Goodwill and impairment

HK\$

Cost

At 1 April 2008 (Audited)	25,210,921
Addition	<u>5,000,000</u>

At 31 March 2009 and 1 April 2009 (Audited)	30,210,921
Arising from business combinations (<i>note 17</i>)	<u>1,156,654,441</u>

At 30 September 2009 (Unaudited)	<u><u>1,186,865,362</u></u>
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Impairment

At 1 April 2008 (Audited)	24,650,921
Impairment loss	<u>5,560,000</u>

At 31 March 2009 and 1 April 2009 (Audited)	30,210,921
Impairment loss	<u>543,875,276</u>

At 30 September 2009 (Unaudited)	<u><u>574,086,197</u></u>
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Carrying value

At 30 September 2009 (Unaudited)	<u><u>612,779,165</u></u>
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At 31 March 2009 (Audited)	<u><u>—</u></u>
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In accordance with HKAS 36 “Impairment of assets”, management of the Group performed impairment test for goodwill allocated to the Group’s various cash generating units (“CGUs”) by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

Goodwill of HK\$1,156,654,441 has been recognised upon completion of the acquisition detailed in note 17.

The carrying amount of goodwill (net of impairment loss) is as follows:

	30 September 2009 (Unaudited) HK\$	31 March 2009 (Audited) HK\$
Entertainment business	—	—
Licence fee collection business	612,779,165	—
	<u>612,779,165</u>	<u>—</u>

The recoverable amounts of goodwill in connection with the entertainment business and licence fee collection business have been determined from value-in-use calculation based on cash flow projections covering a five- (31 March 2009: five-) and eight- (31 March 2009: N/A) year period respectively. Key assumptions are as follows:

	30 September 2009		31 March 2009	
	Licence fee collection business (Unaudited)	Entertainment business (Unaudited)	Licence fee collection business (Audited)	Entertainment business (Audited)
Discount rate	15%	8.5%	—	8.5%
Growth rate (<i>note</i>)	90%	—	—	—

As the market price of the consideration shares at the acquisition date was increased by over 80% of their issue price as mentioned in the announcement dated 13 February 2009, an impairment loss of HK\$543,875,276 is recognised.

Note: The licence fee collection business is in its early development stage. After considering the future prospects of the entertainment industry in the PRC and the exclusive rights for the relevant operations, the management estimates a growth rate of approximate 90 per cent per annum for the first four years of development and the net cash inflow would then remain constant for subsequent years.

11. Interest in an associate

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

12. Held-to-maturity investment

The investment was a convertible note of Opal Technologies Inc. for a principal amount of US\$10 million (the “Note”). The directors of the Company were of the opinion that the recoverability of the Note was doubtful and a full provision on the Note was made in 2001. For details please refer to note 24 to the consolidated financial statements for the year ended 31 March 2009 as contained in the 2009 annual report.

13. Trade and other receivables

	30 September 2009 (Unaudited) HK\$	31 March 2009 (Audited) HK\$
Amount due from a related company (<i>note (a)</i>)	26,200,000	26,200,000
Impairment loss	(21,200,000)	(21,200,000)
	<u>5,000,000</u>	<u>5,000,000</u>
Trade debtors (<i>note (b)</i>)	17,351,518	17,407,628
Deposits, prepayments and other receivables	27,103,332	35,935,940
Other loan	—	2,750,400
	<u>49,454,850</u>	<u>61,093,968</u>

Notes:

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

	30 September 2009 (Unaudited) HK\$	31 March 2009 (Audited) HK\$
Current	<u>4,467,159</u>	<u>8,985,081</u>
Less than 1 month past due	881,621	4,624,273
1 to 3 months past due	2,011,449	3,035,694
More than 3 months but less than 12 months past due	9,991,289	—
More than 12 months past due	—	762,580
Amount past due at the end of reporting period but not impaired (<i>note</i>)	<u>12,884,359</u>	<u>8,422,547</u>
	<u>17,351,518</u>	<u>17,407,628</u>

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

14. Assets classified as held for sale

On 12 September 2009, the Group entered into an agreement with a minority owner for the disposal of its entire equity interests of a subsidiary, 北京金英馬國際文化交流有限公司, at a consideration of RMB25,982,472 (approximate to HK\$29,485,329). The Board anticipates that the disposal will be completed in 2009. The assets of the subsidiary have been classified as held for sale in these condensed consolidated statement of financial position.

	30 September 2009 (Unaudited) HK\$
Property, plant and equipment	6,079,732
Trade and other receivables	11,511,654
Film and movie rights	23,057,844
Cash and cash equivalents	77,185
	<u>40,726,415</u>

15. Trade and other payables

Included in trade and other payables are trade payables of HK\$31,611,797 (31 March 2009: HK\$7,915,944). The ageing analysis of trade payables at the end of each reporting period is as follows:

	30 September 2009 (Unaudited) HK\$	31 March 2009 (Audited) HK\$
Current or within 30 days	14,005,155	6,110,827
31 to 60 days	5,467,666	571,153
61 to 90 days	5,776,191	601,380
Over 90 days	6,362,785	632,584
	<u>31,611,797</u>	<u>7,915,944</u>

16. Share capital

	As at 30 September 2009 (Unaudited)		As at 31 March 2009 (Audited)	
	<i>Number of shares</i>	<i>HK\$</i>	<i>Number of shares</i>	<i>HK\$</i>
Authorised:				
Ordinary shares of HK\$0.05 each				
At beginning of period/year	18,568,181,818	928,409,091	10,000,000,000	500,000,000
Increase in authorised ordinary shares	—	—	8,568,181,818	428,409,091
At end of the period/year	<u>18,568,181,818</u>	<u>928,409,091</u>	<u>18,568,181,818</u>	<u>928,409,091</u>
Convertible preference shares of HK\$0.05 each				
At the beginning of period/year	1,431,818,182	71,590,909	—	—
Increase in authorised convertible preference shares	—	—	1,431,818,182	71,590,909
At the end of period/year	<u>1,431,818,182</u>	<u>71,590,909</u>	<u>1,431,818,182</u>	<u>71,590,909</u>
Total	<u>20,000,000,000</u>	<u>1,000,000,000</u>	<u>20,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.05 each				
At beginning of period/year	3,398,231,392	169,911,570	3,398,231,392	169,911,570
New shares issued for acquisition of subsidiaries (note (a))	4,568,181,818	228,409,091	—	—
Placement of shares (note (b))	523,600,000	26,180,000	—	—
Conversion of convertible preference shares (note (c))	1,431,818,182	71,590,909	—	—
At end of the period/year	<u>9,921,831,392</u>	<u>496,091,570</u>	<u>3,398,231,392</u>	<u>169,911,570</u>
Convertible preference shares of HK\$0.05 each				
At the beginning of period/year	—	—	—	—
New shares issued for acquisition of subsidiaries (note (a))	1,431,818,182	71,590,909	—	—
Conversion during the period/ year (note (c))	<u>(1,431,818,182)</u>	<u>(71,590,909)</u>	<u>—</u>	<u>—</u>
At the end of period/year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>9,921,831,392</u>	<u>496,091,570</u>	<u>3,398,231,392</u>	<u>169,911,570</u>

Notes:

- (a) On 6 April 2009, the Company issued 4,568,181,818 ordinary shares and 1,431,818,182 convertible preference shares as part of the consideration for the Group's acquisition of the HR Group (see note 17).
- (b) On 13 August 2009, 523,600,000 ordinary shares of HK\$0.05 each were issued at an issue price of HK\$0.36 each, raising net proceeds of approximately HK\$183 million for additional working capital for the operation of the Group.
- (c) On 9 June 2009, 431,818,182 ordinary shares of HK\$0.05 each were issued as a result of the conversion of 431,818,182 convertible preference shares.

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

17. Acquisition during the period

On 13 February 2009, the Group entered into an agreement with Mr. Yeung Chi Hang ("Mr. Yeung"), an executive director of the Company, and Mr. Chu Ying Man ("Mr. Chu"), an independent third party, to acquire the entire equity interests of the entire equity interests of Hua Rong Sheng Shi Holding Limited, its subsidiary and jointly controlled entities (collectively referred to as the "HR Group") and all loans due to Mr. Yeung and Mr. Chu by the HR Group for a total gross consideration of HK\$750,000,000 to be satisfied by the issuance of 4,568,181,818 ordinary shares, 1,431,818,182 convertible preference shares and cash of HK\$90,000,000.

On 6 April 2009, the Group completed the acquisition of the entire equity interests in the HR Group and the loans due to the vendors (totalling about HK\$82,863,845 at the date of completion) for a total gross consideration of HK\$1,290,000,000 (as adjusted for the fair value of shares issued at the date of completion).

The fair value of the ordinary shares issued was determined by reference to their quoted market price of HK\$0.20 each at the date of completion of the transaction. The fair value of the convertible preference shares issued was also determined by reference to the quoted market price of the Company's ordinary shares at the date of completion as the convertible preference shares can be converted into ordinary shares on 1 for 1 basis subject to certain conditions.

The HR Group is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. Details of the transaction were disclosed in the Company's circular dated 6 March 2009.

The goodwill arising on the acquisition of the HR Group is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the licence fee collection business. The economic benefits from these factors are not recognised separately from goodwill as they cannot be identified or distinguished from the business as a whole.

The net assets acquired in the transaction, and the excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, are as follows:

	The HR Group		
	Acquiree's carrying amount at acquisition <i>HK\$</i>	Fair value adjustment <i>HK\$</i>	Fair value at acquisition <i>HK\$</i>
Fair value of net assets acquired			
Property, plant and equipment	3,703,423	—	3,703,423
Intangible assets	7,520,972	120,210,480	127,731,452
Deferred tax assets/(liabilities)	596,976	(30,052,620)	(29,455,644)
Cash and cash equivalents	57,404,044	—	57,404,044
Trade and other receivables	2,108,816	—	2,108,816
Amount due from the Group	22,793,323	—	22,793,323
Trade and other payables	(12,991,581)	—	(12,991,581)
Amounts due to the former shareholders	(22,793,323)	—	(22,793,323)
Amount due to shareholders	(82,863,845)	—	(82,863,845)
Amounts due to related companies	(1,343,178)	—	(1,343,178)
Net (liabilities)/assets acquired	(25,864,373)	90,157,860	64,293,487
Goodwill			1,156,654,441
Total consideration			<u>1,220,947,928</u>
Satisfied by:			
Cash			90,000,000
Issue of 4,568,181,818 ordinary shares			913,636,364
Issue of 1,431,818,182 convertible preference shares			286,363,636
Costs associated with the acquisition			<u>13,811,773</u>
			1,303,811,773
Assignment of shareholders' loans to the Group			<u>(82,863,845)</u>
			<u>1,220,947,928</u>
Net cash outflow arising on acquisition			
Cash consideration paid			90,000,000
Costs associated with the acquisition			13,811,773
Cash and cash equivalents acquired			<u>(57,404,044)</u>
			<u>46,407,729</u>

This transaction has been accounted for using the purchase method of accounting. The HR Group contributed HK\$7,253,549 to the Group's turnover and HK\$9,215,338 to the Group's loss before income tax expense for the period between the date of acquisition and the end of reporting period. If the acquisition had been completed on 1 April 2009, the Group's turnover for the period would have been HK\$96,455,686 and loss for the period would have been HK\$585,720,639. The proforma information is for illustrative purpose only and is not necessary an indication of revenue and operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2009, nor is it intended to be a projection of future results.

DIVIDENDS

The directors have resolved not to pay an interim dividend for the six months ended 30 September 2009 (2008: Nil).

BUSINESS REVIEW AND PROSPECTS

Consolidated results

The turnover of the Group from continuing operations for the six months ended 30 September 2009 was about HK\$96.5 million. Loss of HK\$585.7 million for the period was recorded as compared to loss of HK\$36.3 million in the previous period. The loss was mainly due to the impairment loss of about HK\$543.8 million in respect of goodwill arising from the acquisition of Hua Rong Sheng Shi Holding Limited (which holds a wholly owned subsidiary and jointly controlled entities, Tian He Culture Holding Co. Ltd and its subsidiaries) (together the “HR Group”). Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and an amortisation of about HK\$7.5 million in respect of intangible assets arising from the acquisition. The Group also record an amortisation of deferred expenditures of about HK\$15.1 million, and loss in hotel operations and wedding services. Such loss was partially offset by income from investment properties, restaurant operations and entertainment business.

Hotel operations

The business of Dynasty Hotel in Zhaoqing, the PRC recorded a turnover of HK\$35.7 million and a loss of HK\$11.2 million. The loss was mainly due to depreciation of its assets of HK\$10.5 million and amortisation of payments for leasehold land held for own use under operating leases of about HK\$2.6 million. This business had been affected by the economic downturn in the PRC during the period.

It is expected that the business of Dynasty Hotel will gradually improve in the remaining part of the financial year with improvement in the economic environment in the PRC.

Restaurant operations

The business of the Chiu Chau restaurant in Star House had been affected by the economic downside during the period. It contributed profit of about HK\$0.1 million to the Group.

With improvement in the economic environment in Hong Kong, the management believe the business of the Chiu Chau restaurant will show better results in the latter half of the financial year.

Investment properties

The investment properties contributed steady rental income to the Group. The investment property located at the commercial district of Guangzhou, the PRC has been leased for ten years from 9 October 2008. The increase in turnover during this period was due to the rental received from the investment property in Guangzhou and the increase in rental of the investment property at Carnarvon Road, Kowloon. The business contributed a profit of about HK\$5.2 million to the Group.

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

Wedding services operations

The Group's wedding services business is operated under the trade names of "Cite Du Louvre 羅浮宮婚紗影城" and "Wonderful Arts Wedding Services 新天地婚紗攝影" in Hong Kong. The business incurred a loss of about HK\$2.4 million due to the economic downturn in Hong Kong and keen competition from local and Taiwan wedding services companies.

Given the fierce competitive environment, this business is not expected to improve in the foreseeable future.

Entertainment operations

A wholly-owned subsidiary of the Company, Win Sea Group Limited, entered into an agreement on 12 September 2009 for the disposal of 60% of the equity interest in 北京金英馬國際文化交流有限公司 (Beijing Jinyingma International Cultural Exchange Company Limited) for a consideration of RMB25,982,472 (about HK\$29,485,329) in cash. The purchaser is 北京金英馬影視文化有限責任公司 (Beijing Jinyingma Film and Television Culture Company Limited). The purchase price is due in cash before 31 December 2009. There is an estimated gain before tax of about HK\$3.8 million arising on the disposal.

Win Sea Group Limited also entered into an agreement on 12 September 2009 for the disposal of the copyright in a television series 《關中義事》 to 北京嘉蘭影視文化藝術有限責任公司 for a consideration of RMB20,000,000 (about HK\$22,696,323) in cash. The cash was received on 18 September 2009.

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK\$0.1 million.

Chance Music Limited, a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, achieved a profit of about HK\$0.01 million.

The Group will concentrate on music related entertainment business after disposal of its film and television series production operations.

Collection of fees for licensing of karaoke music products

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

The Group acquired in April 2009 the HR Group, which is principally engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC. The acquisition of the HR Group will enable the Group to quickly scale up and become a platform to consolidate operations for collection of copyright fees for both content distribution and infrastructure in respect of karaoke music products in the PRC.

For the period, the business recorded a turnover of HK\$9.9 million and a loss of HK\$573.1 million. The loss was mainly due to the impairment loss of about HK\$543.9 million in respect of goodwill arising from the acquisition of the HR Group. Such impairment loss was mainly due to the increase in the market price of the consideration shares issued for the acquisition of the HR Group on the date of completion over their issue price and an amortisation of about HK\$7.5 million in respect of intangible assets arising from the acquisition. The loss was further increased by an amortisation of deferred expenditure of about HK\$15 million.

The directors are optimistic about the future prospects of the entertainment industry in the PRC. The Group's business relating to collection of fees for licensing of copyright to karaoke music products to karaoke operators in the PRC is gradually yielding income to the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company's securities by the Company or any of its subsidiaries during the six months ended 30 September 2009.

CODE OF CORPORATE GOVERNANCE PRACTICES

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Corporate Governance Practices, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited at any time during the six months ended 30 September 2009, save that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed with the management of the Group the accounting principles and practices adopted by the Group, its internal controls and financial reporting matters and the interim results for the six months ended 30 September 2009.

By order of the Board
Yeung Chi Hang
Chief Executive Officer

Hong Kong, 11 December 2009

As at the date of this announcement, the non-executive chairperson and director of the Company is Madam Ma Shuk Kam, the executive directors of the Company are Mr. Yeung Chi Hang, Mr. Liu Yu Mo and Mr. Au Edmond Wah and the independent non-executive directors are Ms. Chan Lai Mei, Mr. Lee Wai Loun and Mr. Lee Yuk Sang, Angus.