CULTURE LANDMARK INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

FINAL RESULTS

The board of directors of Culture Landmark Investment Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2011 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 HK$	2010 HK$
Continuing operations			
Turnover	3	**173,791,595**	151,357,369
Other income and gains		**33,201,016**	15,364,140
Amortisation	4	**(64,235,278)**	(51,900,434)
Costs of inventories		**(39,102,938)**	(34,820,241)
Depreciation on property, plant and equipment		**(27,759,030)**	(29,859,289)
Other operating expenses		**(77,695,641)**	(54,528,417)
Impairment losses	4	**(224,127,756)**	(1,131,069,860)
Operating lease payments		**(7,919,369)**	(2,293,301)
Staff costs		**(81,709,147)**	(72,659,830)
Fair value gain on investment properties		**27,637,000**	41,519,000
Share of loss of associates		**(320,928)**	—
Finance costs	5	**(56,953)**	(15,568)
Loss before income tax credit	4	**(288,297,429)**	(1,168,906,431)
Income tax credit	6	**24,751,161**	15,778,654

	Notes	2011 HK$	2010 HK$
Loss for the year from continuing operations		**(263,546,268)**	(1,153,127,777)
Discontinued operation			
Loss for the year from discontinued operation		**(16,181,209)**	(6,118,294)
Loss for the year		**(279,727,477)**	(1,159,246,071)
Other comprehensive income			
Exchange differences on translating foreign operations		**19,334,682**	(5,928,148)
Gain on revaluation of properties		**36,338,882**	42,619,830
Tax expense related to changes on revaluation of properties		**(5,995,916)**	(7,032,272)
Other comprehensive income for the year, net of tax		**49,677,648**	29,659,410
Total comprehensive income for the year		**(230,049,829)**	(1,129,586,661)
Loss for the year attributable to:			
Owners of the Company		**(266,227,812)**	(1,153,700,747)
Non-controlling interests		**(13,499,665)**	(5,545,324)
		(279,727,477)	(1,159,246,071)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(216,604,624)**	(1,124,060,383)
Non-controlling interests		**(13,445,205)**	(5,526,278)
		(230,049,829)	(1,129,586,661)
Loss per share	*8*		
From continuing operations			
Basic (HK cents)		**(2.50)**	(12.47)
Diluted (HK cents)		**(2.50)**	(12.47)
From discontinued operation			
Basic (HK cents)		**(0.16)**	(0.06)
Diluted (HK cents)		**(0.16)**	(0.06)
From continuing and discontinued operations			
Basic (HK cents)		**(2.66)**	(12.53)
Diluted (HK cents)		**(2.66)**	(12.53)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	**2011** *HK$*	2010 *HK$*
Assets			
Non-current assets			
Property, plant and equipment		**45,861,259**	219,237,766
Investment properties		**80,655,000**	203,418,000
Payments for leasehold land held for own use under operating leases		**212,859,250**	207,312,219
Goodwill	*9*	**79,427,363**	121,815,830
Intangible assets	*10*	**109,931,613**	111,667,878
Interests in associates		**23,035,875**	—
Available-for-sale investment		**16,550,554**	—
Deferred expenditure		**2,629,300**	2,789,383
Deferred tax assets		**—**	3,409,658
Total non-current assets		**570,950,214**	869,650,734
Current assets			
Inventories		**7,913,385**	7,184,224
Trade and other receivables	*11*	**57,306,832**	53,643,350
Deferred expenditure		**30,438,146**	26,370,596
Tax recoverable		**—**	48,386
Cash and cash equivalents		**251,800,764**	325,733,132
		347,459,127	412,979,688
Assets classified as held for sale		**241,166,342**	3,745,500
Total current assets		**588,625,469**	416,725,188
Total assets		**1,159,575,683**	1,286,375,922

	Notes	**2011**	2010
		HK$	*HK$*
Liabilities			
Current liabilities			
Trade and other payables	*12*	**89,580,119**	64,435,994
Amounts due to non-controlling shareholders		**92,994,313**	99,901,150
Current tax liabilities		**3,390,458**	2,860,325
		185,964,890	167,197,469
Liabilities associated with assets classified as held for sale		**25,229,331**	—
Total current liabilities		**211,194,221**	167,197,469
Net current assets		**377,431,248**	249,527,719
Total assets less current liabilities		**948,381,462**	1,119,178,453
Non-current liabilities			
Provision for long service payments		**42,373**	1,856,254
Deferred tax liabilities		**59,197,705**	79,726,564
Total non-current liabilities		**59,240,078**	81,582,818
Total liabilities		**270,434,299**	248,780,287
NET ASSETS		**889,141,384**	1,037,595,635
Capital and reserves attributable to owners of the Company			
Share capital		**511,091,570**	496,091,570
Reserves		**220,964,681**	534,332,964
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets/disposal group classified as held for sale		**145,715,936**	—
		877,772,187	1,030,424,534
Non-controlling interests		**11,369,197**	7,171,101
TOTAL EQUITY		**889,141,384**	1,037,595,635

NOTES

1. **Basis of preparation**

   (a) Statement of compliance

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

   (b) Basis of measurement

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

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

   (c) Functional and presentation currency

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

2. **Adoption of HKFRSs**

   (a) Adoption of new/revised HKFRSs — effective 1 April 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 32	Classification of Right Issues
Amendments to HKFRS 2	Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) — Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements — Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these new/revised standards and interpretations has no significant impact on the reported results or financial position of the Group for the current or prior reporting periods, except for the following:

• *HKAS 27 (revised), "Consolidated and Separate Financial Statements"*

  The revised standard applies prospectively for annual periods beginning on or after 1 July 2009, requires the effects of all transactions with non-controlling interest (previously minority interest) to be recognised within equity if there is no loss in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. Furthermore, losses of non-wholly-owned subsidiary are attributed to the owners of the Company and non-controlling interest even if that results in a deficit balance. Losses prior to 1 April 2010 were not re-allocated between owners of the Company and non-controlling interests. The Group applied the revised standard to prepare its consolidated financial statements during the year ended 31 March 2011 and the adoption of the revised standard has no significant impact on the Group's consolidated financial statements.

• *HKFRS 3 (revised), "Business Combinations"*

  The revised standard introduces significant changes in the accounting for business combinations for annual periods beginning on or after 1 July 2009. Changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combination achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that at an acquisition occurs and future reported results. The Group applied HKFRS 3 (revised) to account for the acquisition of additional interests in a joint venture during the year as set out in notes to the Group's consolidated financial statements.

  The change in accounting policy upon adoption of HKFRS 3 (revised) has resulted in the recognition of HK$950,577 acquisition-related costs in profit or loss. In addition, upon the acquisition date, the Group derecognised its previously held interests in joint venture at fair value and recognised a gain of HK$452,054. This has had immaterial effect on the loss per share calculation for the year.

• *HKAS 17 (Amendment), "Leases"*

  The amendment to HKAS 17 made under "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgment to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group has reassessed the classification of land elements of unexpired leases at the date it adopts the amendments on the basis of information existing at the inception of the lease and concluded that the classification of such land leases as operating leases continues to be appropriate.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 [1&2]
HK(IFRIC) — Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments [1]
HKAS 24 (Revised)	Related Party Disclosures [2]
Amendments to HKFRS 7	Disclosure — Transfers of Financial Assets [3]
Amendments to HKAS 12	Deferred Tax — Recovery of Underlying Assets [4]
HKFRS 9	Financial Instruments [5]

1 Effective for annual periods beginning on or after 1 July 2010
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2011
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

The disclosure exemptions introduced in HKAS 24 (Revised) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the revised standard.

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

The directors anticipate that HKFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 April 2013 and that the application of HKFRS 9 may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

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

3. Segment reporting

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

Principal activities are as follows:

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

The Group was also involved in the wedding services business. During the year ended 31 March 2011, the Group ceased the wedding services business as detailed in notes to the Group's financial statements.

Segment information is presented below:

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

	2011								
	Continuing operations							Discontinued operation	
	Hotel operations *HK$*	Restaurant operations *HK$*	Licence fee collection business *HK$*	Property investment *HK$*	Entertainment business *HK$*	Elimination *HK$*	Sub-total *HK$*	Wedding services *HK$*	Total *HK$*
Reportable segment revenue									
External sales	71,914,053	44,555,585	43,865,367	9,960,350	3,496,240	–	173,791,595	16,288,171	190,079,766
Inter-segment sales	–	–	–	5,710,000	–	(5,710,000)	–	–	–
	71,914,053	44,555,585	43,865,367	15,670,350	3,496,240	(5,710,000)	173,791,595	16,288,171	190,079,766
Reportable segment (loss)/profit before income tax credit	(25,233,315)	5,868,406	(278,346,228)	57,669,102	(1,086,168)	–	(241,128,203)	(16,181,209)	(257,309,412)
Other segment information									
Interest income	174,818	232	250,472	1,017	112	–	426,651	762	427,413
Interest expenses	–	–	56,953	–	–	–	56,953	–	56,953
Depreciation of property, plant and equipment	20,114,132	150,126	1,689,969	4,238,882	404,240	–	26,597,349	2,503,950	29,101,299
Amortisation of payments for leasehold land held for own use under operating leases	3,892,025	–	–	–	–	–	3,892,025	–	3,892,025
Amortisation of intangible assets	–	–	18,714,107	–	–	–	18,714,107	–	18,714,107
Amortisation of deferred expenditure	–	–	41,629,146	–	–	–	41,629,146	–	41,629,146
Written off of property, plant and equipment	706,844	334,430	–	–	39,280	–	1,080,554	1,682,893	2,763,447
Impairment loss on property, plant and equipment	–	–	2,564,936	–	–	–	2,564,936	–	2,564,936
Impairment loss on goodwill	–	–	121,815,830	–	–	–	121,815,830	–	121,815,830
Impairment loss on intangible assets	–	–	96,081,987	–	–	–	96,081,987	–	96,081,987
Impairment loss on trade and other receivables	–	–	3,171,025	–	493,978	–	3,665,003	–	3,665,003
Share of loss of associates	–	–	–	–	320,928	–	320,928	–	320,928
Fair value gain on investment properties	–	–	–	27,637,000	–	–	27,637,000	–	27,637,000
Gain on disposal of investment property	–	–	–	26,887,000	–	–	26,887,000	–	26,887,000
Gain on step acquisition	–	–	452,054	–	–	–	452,054	–	452,054
Reportable segment assets	261,648,506	4,443,810	330,156,927	328,322,191	29,662,020	–	954,233,454	993,968	955,227,422
Expenditure for reportable segment non-current assets	1,127,949	6,100	624,616	–	35,813	–	1,794,478	790,256	2,584,734
Interests in associates	–	–	–	–	23,356,803	–	23,356,803	–	23,356,803
Reportable segment liabilities	41,660,042	2,561,618	141,970,423	64,990,472	4,424,318	–	255,606,873	8,586	255,615,459

	2010								
	Continuing operations							Discontinued operation	
	Hotel operations	Restaurant operations	Licence fee collection business	Property investment	Entertainment business	Elimination	Sub-total	Wedding services	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Reportable segment revenue									
External sales	72,602,180	42,346,672	20,339,822	11,628,283	4,440,412	–	151,357,369	47,466,299	198,823,668
Inter-segment sales	–	–	–	5,905,000	50,000	(5,955,000)	–	–	–
	72,602,180	42,346,672	20,339,822	17,533,283	4,490,412	(5,955,000)	151,357,369	47,466,299	198,823,668
Reportable segment (loss)/profit before income tax credit	(109,234,950)	6,168,021	(1,095,852,256)	47,278,680	2,410,358	–	(1,149,230,147)	(6,118,294)	(1,155,348,441)
Other segment information									
Interest income	110,376	241	1,876,352	14,435	21,520	–	2,022,924	1,005	2,023,929
Interest expenses	–	–	15,568	–	–	–	15,568	–	15,568
Depreciation of property, plant and equipment	23,821,972	2,892,954	1,487,645	291,892	1,364,826	–	29,859,289	3,623,049	33,482,338
Amortisation of payments for leasehold land held for own use under operating leases	5,256,422	–	–	–	–	–	5,256,422	–	5,256,422
Amortisation of intangible assets	–	–	15,858,471	–	–	–	15,858,471	–	15,858,471
Amortisation of deferred expenditure	–	–	30,785,541	–	–	–	30,785,541	–	30,785,541
Impairment loss on property, plant and equipment	14,575,409	–	–	–	–	–	14,575,409	–	14,575,409
Impairment loss on payments for leasehold land held for own use under operating leases	71,281,145	–	–	–	–	–	71,281,145	–	71,281,145
Impairment loss on goodwill	–	–	1,034,838,611	–	5,000,000	–	1,039,838,611	–	1,039,838,611
Impairment loss on intangible assets	–	–	132,341	–	–	–	132,341	–	132,341
Impairment loss on assets classified as held for sale	242,354	–	–	–	–	–	242,354	–	242,354
Impairment loss on an amount due from a related company	–	–	5,000,000	–	–	–	5,000,000	–	5,000,000
Fair value gain on investment properties	–	–	–	41,519,000	–	–	41,519,000	–	41,519,000
Gain on disposal of a subsidiary	–	–	–	–	4,658,187	–	4,658,187	–	4,658,187
Gain on disposal of film and movie rights	–	–	–	–	4,241,200	–	4,241,200	–	4,241,200
Reportable segment assets	273,116,376	141,078,231	365,404,764	210,350,863	3,831,219	–	993,781,453	45,847,626	1,039,629,079
Expenditure for reportable segment non-current assets	6,019,403	226,224	838,813	–	29,960	–	7,114,400	12,889,241	20,003,641
Reportable segment liabilities	39,349,826	5,768,481	144,263,595	40,752,884	4,698,987	–	234,833,773	3,662,469	238,496,242

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

Loss before income tax credit

	2011	2010
	HK$	*HK$*
Reportable segment loss before income tax credit	**(257,309,412)**	(1,155,348,441)
Unallocated interest income and other income	**4,376,223**	228,153
Unallocated head office and corporate expenses	**(51,545,449)**	(19,904,437)
Segment loss from discontinued operation	**16,181,209**	6,118,294
Loss before income tax credit from continuing operations	**(288,297,429)**	(1,168,906,431)

Assets

	2011	2010
	HK$	*HK$*
Reportable segment assets	**955,227,422**	1,039,629,079
Cash and cash equivalents	**155,740,824**	245,378,927
Unallocated head office and corporate assets	**48,607,437**	1,367,916
Total assets	**1,159,575,683**	1,286,375,922

Liabilities

	2011	2010
	HK$	*HK$*
Reportable segment liabilities	**255,615,459**	238,496,242
Unallocated head office and corporate liabilities	**14,818,840**	10,284,045
Total liabilities	**270,434,299**	248,780,287

(c) ***Geographical information***

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

An analysis of the Group's turnover and non-current assets by geographical location is set out as follows:

	2011					
	Hong Kong		**PRC**		**Total**	
	Continuing operations ***HK$***	**Discontinued operation** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operation** ***HK$***	**Continuing operations** ***HK$***	**Discontinued operation** ***HK$***
Turnover	**53,226,172**	**16,288,171**	**120,565,423**	**—**	**173,791,595**	**16,288,171**
Non-current assets other than financial instruments and deferred tax assets	**28,832,055**	**—**	**502,531,730**	**—**	**531,363,785**	**—**

	2010					
	Hong Kong		PRC		Total	
	Continuing operations *HK$*	Discontinued operation *HK$*	Continuing operations *HK$*	Discontinued operation *HK$*	Continuing operations *HK$*	Discontinued operation *HK$*
Turnover	53,706,505	47,466,299	97,650,864	—	151,357,369	47,466,299
Non-current assets other than financial instruments and deferred tax assets	378,026,569	—	488,214,507	—	866,241,076	—

4. Loss before income tax credit

Loss before income tax credit from continuing operations is arrived at after charging:

	2011	2010
	HK$	*HK$*
Amortisation on		
— payments for leasehold land held for own use under operating leases	**3,892,025**	5,256,422
— intangible assets	**18,714,107**	15,858,471
— deferred expenditure	**41,629,146**	30,785,541
	64,235,278	51,900,434
Direct operating expenses from investment properties that generated rental income during the year	**1,330,624**	1,463,347
Written off of property, plant and equipment	**1,086,158**	—
Impairment losses on		
— property, plant and equipment	**2,564,936**	14,575,409
— payments for leasehold land held for own use under operating leases	**—**	71,281,145
— goodwill	**121,815,830**	1,039,838,611
— intangible assets	**96,081,987**	132,341
— assets classified as held for sale	**—**	242,354
— an amount due from a related company	**—**	5,000,000
— trade and other receivables	**3,665,003**	—
	224,127,756	1,131,069,860
Auditor's remuneration	**2,205,442**	2,220,000

5. Finance costs

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Interest on other borrowings	**56,953**	15,568	**—**	—	**56,953**	15,568

6. Income tax credit

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

	Continuing operations		Discontinued operation		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Current tax — Hong Kong profits tax						
— tax for the year	**21,040**	81,424	**—**	—	**21,040**	81,424
— under provision in respect of prior years	**—**	3,252	**—**	—	**—**	3,252
	21,040	84,676	**—**	—	**21,040**	84,676
Current tax — PRC Enterprise Income Tax						
— tax for the year	**1,144,282**	2,785,194	**—**	—	**1,144,282**	2,785,194
— under/(over) provision in respect of prior years	**4,953**	(144,522)	**—**	—	**4,953**	(144,522)
	1,149,235	2,640,672	**—**	—	**1,149,235**	2,640,672
Deferred tax						
— current year	**(25,921,436)**	(18,504,002)	**—**	—	**(25,921,436)**	(18,504,002)
	(24,751,161)	(15,778,654)	**—**	—	**(24,751,161)**	(15,778,654)

Hong Kong profits tax has been provided for certain subsidiaries within the Group and is calculated at 16.5% (2010: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong profits tax has been made for other subsidiaries within the Group as those subsidiaries have sufficient tax losses brought forward to offset against the estimated profits for the year on an individual basis.

PRC subsidiaries and jointly controlled entities are subject to PRC Enterprise Income Tax at rates ranging from 22% to 25% (2010: 20% to 25%).

7. Dividends

No dividend was paid or proposed in respect of the year ended 31 March 2011, nor has any dividend been proposed since the end of reporting period (2010: Nil).

8. 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:

	2011	2010
	HK$	*HK$*
Loss for the purpose of basic and diluted loss per share		
Loss for the year attributable to owners of the Company		
— from continuing operations	**(250,046,603)**	(1,147,582,453)
— from discontinued operation	**(16,181,209)**	(6,118,294)
— from continuing and discontinued operations	**(266,227,812)**	(1,153,700,747)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**10,008,132,762**	9,205,863,820
Effect of dilutive potential ordinary shares:		
— Share options *(note)*	**—**	—
— Convertible preference shares *(note)*	**—**	—
— Contingently issuable shares for acquisition of subsidiaries *(note)*	**—**	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	**10,008,132,762**	9,205,863,820

Note:

There are no dilutive effects on the share options granted, convertible preference shares issued and contingently issuable shares as they are anti-dilutive. Share options that were not dilutive may affect earnings per share in future periods.

9. Goodwill and impairment

Group

	Provision of copyright licence fees settlement and collection services (note (a)) HK$	Provision of intellectual property enforcement services (note (b)) HK$	Wedding services HK$	Entertainment business (note (c)) HK$	Restaurant operations HK$	Others HK$	Total HK$
Cost							
At 1 April 2009	—	—	18,988,140	10,287,287	920,494	15,000	30,210,921
Addition	—	—	—	5,000,000	—	—	5,000,000
Arising from business combinations	1,156,654,441	—	—	—	—	—	1,156,654,441
At 31 March 2010 and 1 April 2010	1,156,654,441	—	18,988,140	15,287,287	920,494	15,000	1,191,865,362
Arising from business combinations *(note 13)*	—	79,427,363	—	—	—	—	79,427,363
At 31 March 2011	1,156,654,441	79,427,363	18,988,140	15,287,287	920,494	15,000	1,271,292,725
Impairment							
At 1 April 2009	—	—	18,988,140	10,287,287	920,494	15,000	30,210,921
Impairment loss	1,034,838,611	—	—	5,000,000	—	—	1,039,838,611
At 31 March 2010 and 1 April 2010	1,034,838,611	—	18,988,140	15,287,287	920,494	15,000	1,070,049,532
Impairment loss	121,815,830	—	—	—	—	—	121,815,830
At 31 March 2011	1,156,654,441	—	18,988,140	15,287,287	920,494	15,000	1,191,865,362
Carrying value							
At 31 March 2011	—	79,427,363	—	—	—	—	79,427,363
At 31 March 2010	121,815,830	—	—	—	—	—	121,815,830

Note:

(a) During the year ended 31 March 2011, the result of the provision of copyright licence fees settlement and collection services had not improved and the Group had disputes with the other venturer in respect of the operations and future development of the business, which the joint ventures operate. Following the unsuccessful discussions with the other venturer, the Group commenced arbitration proceedings after the end of the reporting period against the other venturer to claim for return of 20% equity interests in the joint ventures, and prepared to cease the provision of copyright licence fees settlement and collection services in December 2011.

In determining the recoverable amount of the related goodwill and intangible assets, the directors have taken the assumptions that the operation of the provision of copyright licence fees settlement and collection services would be adversely affected by the above incident together with the unfavorable result of operations, and any possible claims against the Group by the other venturer and other parties including China Audio-Video Copyright Association for early termination of the service agreement in respect of the exclusive right granted to the Group as detailed in note 10(a).

As a result, impairment losses of HK$121,815,830 and HK$95,547,837 were provided on goodwill and intangible assets from provision of copyright licence fees settlement and collection services.

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

For the year ended 31 March 2010, the recoverable amount of the cash generating unit ("CGU") in relation to the provision of copyright licence fees settlement and collection services has been determined from value-in-use calculation based on cash flow projections covering an eight-year period. Impairment was provided on goodwill from provision of copyright licence fees settlement and collection services as cashflow forecast indicates that there will be net cash outflows from this CGU.

The key assumptions used for cash flow projections for this CGU as at 31 March 2010 are as follows:

	2011	**2012**	**2013**	**2014**	**2015**
Growth rate	78%	100%	154%	56%	67%
Discount rate	18%	18%	18%	18%	18%

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2%.

The Group has also performed sensitivity analysis calculations on the future cash flows adopted in the cash flow projections. Sensitivity analysis is based on a 10% decline in future cash flows because changes up to this magnitude are reasonably possible. If the actual present value of future cash flows was 10% lower than the anticipated present value, the carrying amount of goodwill in connection with the provision of copyright licence fees settlement and collection services would be subject to further impairment of HK$22,642,000.

In considering the impairment loss in connection with the provision of copyright licence fees settlement and collection services for the year ended 31 March 2010, substantial increase in market price of the consideration shares issued for the acquisition on the date of completion over their issue price and delay in rollout of service are also taken into account.

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

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

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

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

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

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

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

(c) On 31 October 2007, the Group acquired 60% of the issued share capital of Chance Music Limited ("CML") at a consideration of HK$5,000,000. Pursuant to the agreement, the Group had committed to make further annual payments of HK$5,000,000 for the period from 1 November 2008 to 31 October 2013 to the vendor if the turnover of CML cannot reach the specified amounts as stated in the agreement. During the year ended 31 March 2010, the Group paid HK$5,000,000 to the vendor in accordance with the agreement, which result in additional goodwill of HK$5,000,000. During the year ended 31 March 2011, the Group terminated its obligations to make further payment to the vendor under the agreement and demanded the vendor to buy back its 60% interest in CML at HK$15,000,000 pursuant to such agreement.

The recoverable amount of goodwill in connection with the entertainment business as at 31 March 2010 has been determined from value-in-use calculation based on cash flow projections covering a five-year period with discount rate of 8.5% and at zero growth rate. Impairment was provided on goodwill from entertainment business as cashflow forecasts indicate that there will be net cash outflows from the CGU.

10. Intangible assets

Group

	Provision of copyright licence fees settlement and collection services *(note a)* HK$	Provision of intellectual property enforcement services *(note b)* HK$	Karaoke CMS *(note c)* HK$	Golf club memberships *(note d)* HK$	Website *(note e)* HK$	Total HK$
Cost						
At 1 April 2009	—	—	—	—	—	—
Acquired through business combination	120,210,480	—	6,859,042	515,700	146,230	127,731,452
Exchange differences	—	—	(65,837)	(4,950)	(1,404)	(72,191)
At 31 March 2010 and 1 April 2010	120,210,480	—	6,793,205	510,750	144,826	127,659,261
Acquired through business combination *(note 13)*	—	111,221,900	—	—	—	111,221,900
Addition	—	—	—	1,500,000	—	1,500,000
Exchange differences	5,507,440	—	311,231	23,400	6,635	5,848,706
At 31 March 2011	125,717,920	111,221,900	7,104,436	2,034,150	151,461	246,229,867
Accumulated amortisation and impairment						
At 1 April 2009	—	—	—	—	—	—
Amortisation for the year	15,026,310	—	819,676	—	12,485	15,858,471
Impairment loss	—	—	—	—	132,341	132,341
Exchange differences	—	—	571	—	—	571
At 31 March 2010 and 1 April 2010	15,026,310	—	820,247	—	144,826	15,991,383
Amortisation for the year	15,077,423	2,780,547	846,397	9,740	—	18,714,107
Impairment loss	90,157,860	—	5,389,977	534,150	—	96,081,987
Exchange differences	5,456,327	—	47,815	—	6,635	5,510,777
At 31 March 2011	125,717,920	2,780,547	7,104,436	543,890	151,461	136,298,254
Net book value						
At 31 March 2011	—	108,441,353	—	1,490,260	—	109,931,613
At 31 March 2010	105,184,170	—	5,972,958	510,750	—	111,667,878

(a) Provision of copyright licence fees settlement and collection services represents the exclusive right in respect of the karaoke copyright in the PRC managed and administered by the China Audio-Video Copyright Association for a period of 10 years from 27 December 2007. The recoverable amount of the CGU of the provision of copyright licence fees settlement and collection services to which the licence fee collection right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 9(a). During the year ended 31 March 2011, an impairment loss of HK$90,157,860 in respect of the licence fee collection right was recognised, since the Group intends to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures in December 2011.

(b) During the year ended 31 March 2011, the Group obtained an exclusive right to provide intellectual property enforcement services in respect of karaoke copyright in the PRC through the acquisition of subsidiaries as disclosed in note 13, in return for certain percentage of the licence fee collected from karaoke venues.

The recoverable amount of the CGU of provision of intellectual property enforcement services to which the intellectual property enforcement services right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 9(b). At the end of the reporting period, management of the Group determines that there was no impairment as the recoverable amount exceeds its carrying amount.

(c) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management service system in the PRC for a term of 10 years from 15 July 2007. The recoverable amount of the CGU of the provision of copyright licence fees settlement and collection services to which the Karaoke CMS right is allocated has been determined by the value-in-use calculation, details of which are disclosed in note 9(a). During the year ended 31 March 2011, an impairment loss of the Karaoke CMS of HK$5,389,977 was recognised since the Group intends to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures.

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

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

11. Trade and other receivables

Included in trade and other receivables are trade debtors with the following aging analysis as of the end of reporting period.

	2011	2010
	HK$	*HK$*
Current *(note i)*	**14,560,220**	9,537,592
Less than 1 month past due	**13,994,181**	5,963,935
1 to 3 months past due	**13,914,157**	5,932,046
More than 12 months past due	**251,530**	78,500
Amount past due at the end of reporting period but not impaired *(note ii)*	**28,159,868**	11,974,481
	42,720,088	21,512,073

Notes:

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

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

12. Trade and other payables

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

	2011	2010
	HK$	*HK$*
Current or within 30 days	**9,369,099**	10,546,361
31 to 60 days	**4,492,284**	6,594,101
61 to 90 days	**175,688**	8,009,899
Over 90 days	**7,566,062**	5,056,816
	21,603,133	30,207,177

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

13. Acquisition during the year

On 17 December 2010, the Group entered into agreements with Mr. Zeng Guannian and Mr. Zeng Guanming (the "Vendors"), independent third parties, to acquire the entire equity interests in Wide Stand Holdings Limited ("Wide Stand") and Win Success Enterprises Limited ("Win Success") and the right to receive repayment of shareholders' loans granted by the Vendors to Wide Stand and Win Success for a total gross consideration of HK$180,000,000 to be satisfied by the issuance of 300,000,000 ordinary shares of the Company and cash of HK$120,000,000. Win Success and Wide Stand together holds 60.8% equity interests in Song Labs Co., Limited ("Song Labs"), which in turn owns a 50% interest in a joint venture. Wide Stand, Win Success, Song Labs and the joint venture are collectively referred to as the "WS Group".

The joint venture was set up by Song Labs and China Music Video Broadcast (Shenzhen) Company Limited, one of the non-wholly owned subsidiaries of the Company, in 2006 with a 50%:50% profit sharing basis. Song Labs holds the exclusive right to provide intellectual property enforcement services as more fully explained in note 10(b). The joint venture is principally engaged in provision of intellectual property enforcement services.

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

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

The WS Group is principally engaged in the intellectual property enforcement activities in the PRC by taking legal actions against karaoke venues for their illegal use of licenced musical products in return for certain percentage of the licence fee collected from karaoke venues.

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

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

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

The WS Group contributed HK$22,705,938 to the Group's turnover and HK$3,946,019 to the Group's loss before income tax credit for the period from the date of acquisition. If the acquisition had been completed on 1 April 2010, the WS Group contributed HK$24,537,323 to the Group's turnover and HK$90,139,961 to the Group's loss for the year. 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 2010, nor is it intended to be a projection of future results.

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

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

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

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

14. Comparative figures

During the year, the Group ceased its wedding services business. Accordingly, the operating segment of wedding services is classified as discontinued operation and the comparative information of this segment has been re-classified from continuing operation to discontinued operation.

15. Events after the reporting period

(a) The disposal of leasehold land and building previously occupied for the Group's restaurant operations was completed on 1 April 2011.

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

(c) On 3 May 2011, the Group further acquired 16.65% equity interests in KH Investment Holdings Limited ("KH Investment") at a consideration of HK$28,000,000, which increased the Group's equity interests in KH Investment from 12.43% to 29.08%.

(d) On 20 May 2011, the Company completed a share subscription agreement in which the subscriber agreed to subscribe for 1,333,333,333 ordinary shares of the Company at a subscription price of HK$0.12 per share, totaling HK$160,000,000. At the same time, the Company acquired the entire equity interests in China Resources Advertising & Exhibition Company Limited and its subsidiaries from the subscriber's parent at a consideration of HK$110,000,000. The total share subscription price of HK$160,000,000 was settled in cash of HK$50,000,000, with the balance set off with the acquisition consideration.

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

(e) On 27 May 2011, the Group agreed to acquire, subject to the fulfilment of certain conditions, the entire equity interests in BoRen Culture Development Limited and its subsidiaries at a consideration of RMB90,000,000, RMB25,000,000 of which will be paid in cash and the remaining balance of RMB65,000,000 will be satisfied by the issue of 420,176,215 ordinary shares of the Company. Details of the transaction have been disclosed in the Company's announcement dated 27 May 2011. Management of the Group expects that the transaction will be completed in the latter half of 2011.

(f) On 27 May 2011, the Group entered into a sale and purchase agreement with an independent third party to acquire the business of Number One Hot Pot Restaurant Limited at a consideration of HK$1,280,000.

(g) On 10 June 2011, the Group entered into a provisional sale and purchase agreement with an independent third party for the disposal of certain properties at a consideration of HK$108,000,000.

FINAL DIVIDEND

The directors have resolved not to pay a final dividend for the year ended 31 March 2011 (2010: Nil).

BUSINESS REVIEW AND OUTLOOK

Financial Review

Consolidated results

The turnover of the Group from continuing operations for the year ended 31 March 2011 was about HK$174 million, representing an increase of about 15% as compared to that of last year. The Group incurred a loss of about HK$280 million this year mainly due to the impairment loss of about HK$224 million in respect of goodwill, intangible asset and other assets 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. ("Tian He") and its subsidiaries) (together the "HR Group").

Review

Hotel operations

The Group owns 94% interest in 肇慶星湖俱樂部 (Star-Lake Club Zhaoqing) which owns and operates the hotel under the business name of Dynasty Hotel in Zhaoqing, the PRC. The business recorded a turnover of HK$72 million and a loss of HK$25 million. The loss was mainly due to depreciation of its assets of HK$20 million and amortisation of payments for leasehold land held for own use under operating leases of about HK$4 million. This business had been affected by the keen competition from other hotels during the year.

Restaurant operations

The business of the Group's Chiu Chow restaurant at Star House contributed operating profit of about HK$6 million to the Group for the year. The operation of the restaurant at Star House ceased in end of March 2011 as the Group disposed of the property.

In May 2011, the Group acquired the business of a hot pot restaurant under the name of "Number One Hot Pot（第一火鍋）" at Jaffe Road, Hong Kong. The Group is renovating the restaurant premises and the restaurant is expected to commence business soon.

Entertainment business

Baron Production and Artiste Management Company Limited, a 51% owned subsidiary engaged in providing services relating to production and artist management in the entertainment industry, incurred a loss of about HK$0.4 million.

Chance Music Limited ("CML"), a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, recorded a loss of about HK$0.3 million. The Group has terminated its obligations to make further payment to the non-controlling shareholder of CML under an agreement dated 24 October 2007 and has demanded this non-controlling shareholder to buy back its 60% interest in CML at HK$15,000,000 pursuant to such agreement.

In February 2011, the Group acquired about 18.79% of the outstanding voting securities of Xinya Media Private Limited ("Xinya"), a company incorporated in Singapore with limited liability, for a total consideration of US$3,000,000. It is principally engaged in programming, broadcasting and operating a satellite entertainment television channel "Xinya Azio" in Singapore which covers audience in countries in North America, Europe and Asia, including China. It has a business plan to expand its penetration in the PRC. In April 2011, the Group increased its interest in the outstanding voting securities of Xinya to 22.27% for a total consideration of US$1,000,000. The Group intends to leverage Xinya's broadcasting coverage, programming capability and networks established in the entertainment industry to broaden the Group's content offering to its customers, expand licensing revenue sources and bolster content procurement ability.

Property investment

The investment properties of the Group in Hong Kong and the PRC contributed rental income to the Group during the year. The investment property located at the commercial district of Guangzhou, the PRC has been leased for ten years from 9 October 2008.

During the year, the Group disposed of an investment property in Sheung Wan with a gain of about HK$28 million. Together with this gain, the business contributed a profit of about HK$58 million to the Group.

Licence fee collection business

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

The Group 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.

For the year, the licence fee collection business recorded a turnover of HK$44 million and a loss of HK$278 million. The loss was mainly due to impairment losses of about HK$224 million in respect of goodwill, intangible assets and other assets arising from the acquisition of the HR Group and depreciation of property, plant and equipment and amortisation of intangible assets and deferred expenditure of about HK$62 million.

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

The Group had experienced delays in rollout of copyright licence fees settlement and collection services in respect of karaoke music products and videos in various provinces in the PRC as a result of disagreement with CCDDT in respect of the operations and future development of the business. On 22 June 2011, Shenzhen Hua Rong started arbitration proceedings in Beijing, the PRC against CCDDT for its breach of the terms of a shareholders' agreement dated 15 July 2007 and an agreement signed in 2007 for the transfer of 20% of the registered capital of Tian He by Shenzhen Hua Rong to CCDDT to claim for termination of the shareholders' agreement, return of the 20% interest in Tian He and damages of RMB10 million. The Group has prepared to cease provision of copyright licence fees settlement and collection services through the Karaoke CMS in December 2011.

Provision of intellectual property enforcement services

In December 2010, the Group acquired 60.8% interest in 北京天語同聲信息技術有限公司 (Song Labs Co., Limited) ("Song Labs"), a company established in the PRC and principally engaged in the provision of intellectual property enforcement services in return for certain percentage of the licence fee collected from karaoke venues. It has also entered into contracts with various owners of copyrights to audio-visual works for vocal accompaniment whereby it acquires the exclusive rights to, inter alia, grant licence to karaoke operators in the PRC the rights to replicate and play audio-visual works with vocal accompaniment. The acquisition allows the Group to expand its business to provision of intellectual property enforcement services in respect of karaoke music products in the PRC and to receive copyright fees as a results of Song Labs' rights under such contracts.

Prospects

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

The Group will continue its current principal activities of hotel operations, restaurant operations, licence fee collection business in the PRC, property investment and entertainment business. The Group's financial position is strong with a net asset value of HK$889 million.

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the year ended 31 March 2011.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company complied with the code provisions in the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 March, 2011, 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.

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 including the above annual results.

By Order of the Board
Cheng Yang
Chairman

Hong Kong, 30 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Yang (the Chairman), Mr. Zheng Yuchun, Mr. Liu Yu Mo and Mr. Li Weipeng and the independent non-executive directors are Mr. Tong Jingguo, Mr. Yang Rusheng and Mr. So Tat Keung.