CULTURE LANDMARK INVESTMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 674)

ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

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 2012 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** **HK$**	2011 *HK$*
Continuing operations			
Turnover	*3*	**298,982,929**	173,791,595
Other income and gains		**119,422,274**	33,201,016
Costs of inventories		**(26,678,968)**	(39,102,938)
Amortisation		**(62,698,665)**	(64,235,278)
Depreciation on property, plant and equipment		**(35,601,756)**	(27,759,030)
Other operating expenses		**(175,748,480)**	(77,695,641)
Impairment losses		**(296,863,322)**	(224,127,756)
Operating lease payments		**(42,479,622)**	(7,919,369)
Staff costs		**(86,922,835)**	(81,709,147)
Fair value gain on investment properties		**13,207,565**	27,637,000
Share of loss of associates		**(8,905,212)**	(320,928)
Finance costs	*5*	**(11,111,432)**	(56,953)
Loss before income tax credit	*4*	**(315,397,524)**	(288,297,429)
Income tax credit	*6*	**4,680,828**	24,751,161

	Notes	2012 HK$	2011 HK$
Loss for the year from continuing operations		**(310,716,696)**	(263,546,268)
Discontinued operation			
Loss for the year from discontinued operation		—	(16,181,209)
Loss for the year		**(310,716,696)**	(279,727,477)
Other comprehensive income			
Exchange differences arising on translating foreign operations		**21,805,048**	19,334,682
Available-for-sale investments, change in fair value		**(102,176,062)**	—
Available-for-sale investments, reclassify from equity to profit or loss		**102,176,062**	—
Gain on revaluation of properties		**351,624**	36,338,882
Tax expense related to changes on revaluation of properties		**(58,018)**	(5,995,916)
Tax credit related to release of other properties Revaluation reserve, upon disposal of properties		**15,359,968**	—
Other comprehensive income for the year, net of tax		**37,458,622**	49,677,648
Total comprehensive income for the year		**(273,258,074)**	(230,049,829)
Loss for the year attributable to:			
Owners of the Company		**(293,520,701)**	(266,227,812)
Non-controlling interests		**(17,195,995)**	(13,499,665)
		(310,716,696)	(279,727,477)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(255,956,227)**	(216,604,624)
Non-controlling interests		**(17,301,847)**	(13,445,205)
		(273,258,074)	(230,049,829)
Loss per share	*8*		
From continuing operations			
Basic (HK cents)		**(2.52)**	(2.50)
Diluted (HK cents)		**(2.52)**	(2.50)
From discontinued operation			
Basic (HK cents)		—	(0.16)
Diluted (HK cents)		—	(0.16)
From continuing and discontinued operations			
Basic (HK cents)		**(2.52)**	(2.66)
Diluted (HK cents)		**(2.52)**	(2.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$	2011 HK$
Assets			
Non-current assets			
Property, plant and equipment		**159,847,706**	45,861,259
Investment properties		**82,873,000**	80,655,000
Payments for leasehold land held for own use under operating leases		**200,840,319**	212,859,250
Goodwill	*9*	**156,830,935**	79,427,363
Intangible assets	*10*	**134,228,952**	109,931,613
Interests in associates	*15*	**—**	23,035,875
Available-for-sale investments	*14*	**184,637,923**	16,550,554
Deferred expenditure		**4,563,214**	2,629,300
Total non-current assets		**923,822,049**	570,950,214
Current assets			
Inventories		**23,995,115**	7,913,385
Trade and other receivables	*11*	**210,949,737**	57,306,832
Deferred expenditure		**11,710,428**	30,438,146
Amounts due from non-controlling shareholders		**4,000**	—
Amounts due from related parties		**17,538,001**	—
Cash and cash equivalents		**241,293,743**	251,800,764
		505,491,024	347,459,127
Assets classified as held for sale		**102,075,776**	241,166,342
Total current assets		**607,566,800**	588,625,469
Total assets		**1,531,388,849**	1,159,575,683

	Notes	2012 HK$	2011 HK$
Liabilities			
Current liabilities			
Trade and other payables	*12*	**149,638,532**	89,580,119
Amounts due to non-controlling shareholders		**102,494,172**	92,994,313
Amounts due to related parties		**50,517,012**	—
Bank borrowings		**100,883,650**	—
Other borrowing		**19,000,000**	—
Convertible bonds		**74,477,355**	—
Current tax liabilities		**12,198,694**	3,390,458
		509,209,415	185,964,890
Liabilities associated with assets classified as held for sale		**448,581**	25,229,331
Total current liabilities		**509,657,996**	211,194,221
Net current assets		**97,908,804**	377,431,248
Total assets less current liabilities		**1,021,730,853**	948,381,462
Non-current liabilities			
Bank borrowings		**10,855,768**	—
Provision for long service payments		**224,689**	42,373
Deferred tax liabilities		**64,317,850**	59,197,705
Total non-current liabilities		**75,398,307**	59,240,078
Total liabilities		**585,056,303**	270,434,299
NET ASSETS		**946,332,546**	889,141,384
Capital and reserves attributable to owners of the Company			
Share capital		**598,767,047**	511,091,570
Reserves		**289,672,251**	220,964,681
Amounts recognised in other comprehensive income and accumulated in equity relating to non-current assets/disposal group classified as held for sale		**25,130,925**	145,715,936
		913,570,223	877,772,187
Non-controlling interests		**32,762,323**	11,369,197
TOTAL EQUITY		**946,332,546**	889,141,384

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 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 ("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 investments, which are measured at revalued amount or fair value, as explained in the accounting policies set out below.

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

(c) Functional and presentation currency

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

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

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

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

- *HKFRS 3 (Amendments) — Business Combinations*

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

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

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

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

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

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

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

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

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

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

Amendments to HKFRS 7 — Disclosures — Transfers of Financial Assets

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

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

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

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

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

HKFRS 9 — Financial Instruments

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

HKFRS 10 — Consolidated Financial Statements

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

HKFRS 11 — Joint Arrangements

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

HKFRS 12 — Disclosure of Interests in Other Entities

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

HKFRS 13 — Fair Value Measurement

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

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

3. SEGMENT REPORTING

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

Principal activities are as follows:

Licence fee collection business	—	Provision of karaoke music product copyright licence fees settlement and collection services and intellectual property enforcement services in respect of karaoke music product copyright in the PRC as managed and administered by the China Audio-Video Copyright Association, the sole official recognised national audio-video organisation in the PRC
Hotel operations	—	ownership, operation and management of hotel
Exhibition-related business	—	organising all kinds of exhibition events and meeting events
Property sub-leasing business	—	sub-leasing of properties in the PRC
Entertainment business	—	provision of artist and talent management and entertainment related business
Property investment	—	leasing of investment properties
Restaurant operations	—	sale of food and beverages

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

The Group acquired exhibition-related business and property sub-leasing business during the year ended 31 March 2012. Detail descriptions of the businesses are mentioned in note 13(a) and (b).

Segment information is presented below:

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

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

	2011										
	Continuing operations									Discontinued operation	
	License fee collection business HK$	Hotel operations HK$	Exhibition-related business HK$	Property sub-leasing business HK$	Entertainment business HK$	Property investment HK$	Restaurant operations HK$	Inter-segment Elimination HK$	Sub-total HK$	Wedding services HK$	Total HK$
Reportable segment revenue											
External sales	43,865,367	71,914,053	—	—	3,496,240	9,960,350	44,555,585	—	173,791,595	16,288,171	190,079,766
Inter-segment sales	—	—	—	—	—	5,710,000	—	(5,710,000)	—	—	—
	43,865,367	71,914,053	—	—	3,496,240	15,670,350	44,555,585	(5,710,000)	173,791,595	16,288,171	190,079,766
Reportable segment (loss)/profit before income tax credit	(278,346,228)	(25,233,315)	—	—	(1,086,168)	57,669,102	5,868,406	—	(241,128,203)	(16,181,209)	(257,309,412)
Other segment information											
Interest income	250,472	174,818	—	—	112	1,017	232	—	426,651	762	427,413
Interest expenses	56,953	—	—	—	—	—	—	—	56,953	—	56,953
Depreciation of property, plant and equipment	1,689,969	20,114,132	—	—	404,240	4,238,882	150,126	—	26,597,349	2,503,950	29,101,299
Amortisation of payments for leasehold land held for own use under operating leases	—	3,892,025	—	—	—	—	—	—	3,892,025	—	3,892,025
Amortisation of intangible assets	18,714,107	—	—	—	—	—	—	—	18,714,107	—	18,714,107
Amortisation of deferred expenditure	41,629,146	—	—	—	—	—	—	—	41,629,146	—	41,629,146
Written off of property, plant and equipment	—	706,844	—	—	39,280	—	334,430	—	1,080,554	1,682,893	2,763,447
Impairment loss on property, plant and equipment	2,564,936	—	—	—	—	—	—	—	2,564,936	—	2,564,936
Impairment loss on goodwill	121,815,830	—	—	—	—	—	—	—	121,815,830	—	121,815,830
Impairment loss on intangible assets	96,081,987	—	—	—	—	—	—	—	96,081,987	—	96,081,987

	2011										
	Continuing operations									Discontinued operation	
	License fee collection business HK$	Hotel operations HK$	Exhibition-related business HK$	Property sub-leasing business HK$	Entertainment business HK$	Property investment HK$	Restaurant operations HK$	Inter-segment Elimination HK$	Sub-total HK$	Wedding services HK$	Total HK$
Impairment loss on trade and other receivables	3,171,025	—	—	—	493,978	—	—	—	3,665,003	—	3,665,003
Share of losses of associates	—	—	—	—	320,928	—	—	—	320,928	—	320,398
Fair value gain on investment properties	—	—	—	—	—	27,637,000	—	—	27,637,000	—	27,637,000
Gain on disposal of investment property	—	—	—	—	—	26,887,000	—	—	26,887,000	—	26,887,000
Gain on step acquisition	452,054	—	—	—	—	—	—	—	452,054	—	452,054
Reportable segment assets	330,156,927	261,648,506	—	—	29,662,020	328,322,191	4,443,810	—	954,233,454	993,968	955,227,422
Expenditure for reportable segment non-current assets	624,616	1,127,949	—	—	35,813	—	6,100	—	1,794,478	790,256	2,584,734
Interests in associates	—	—	—	—	23,035,875	—	—	—	23,035,875	—	23,035,875
Reportable segment liabilities	141,970,423	41,660,042	—	—	4,424,318	64,990,472	2,561,618	—	255,606,873	8,586	255,615,459

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

Loss before income tax credit

	2012	2011
	HK$	*HK$*
Reportable segment loss before income tax credit	**(135,042,678)**	(257,309,412)
Unallocated interest income and other income	**3,930,914**	4,376,223
Unallocated impairment loss on available-for-sale investment	**(102,176,062)**	—
Unallocated finance cost	**(2,096,534)**	—
Unallocated head office and corporate expenses	**(80,013,164)**	(51,545,449)
Segment loss from discontinued operation	—	16,181,209
Loss before income tax credit from continuing operations	**(315,397,524)**	(288,297,429)

Assets

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

Liabilities

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

(c) Geographical information

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

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

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

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

* It represented interests in associates which are located in Singapore.

4. LOSS BEFORE INCOME TAX CREDIT

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

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

5. FINANCE COSTS

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

6. INCOME TAX CREDIT

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

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

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

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

7. DIVIDENDS

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

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:

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

Note:

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

9. GOODWILL AND IMPAIRMENT

Group	Provision of copyright licence fees settlement and collection services *(note (a))* *HK$*	Provision of intellectual property enforcement services *(note (b))* *HK$*	Exhibition-relation business *(note (c))* *HK$*	Property sub-leasing business *(note (d))* *HK$*	Restaurant operations *(note (e))* *HK$*	Entertainment business *(note (f))* *HK$*	Wedding services *HK$*	Others *HK$*	Total *HK$*
Cost									
At 1 April 2010	1,156,654,441	—	—	—	920,494	15,287,287	18,988,140	15,000	1,191,865,362
Arising from business combination *(note 13 (e))*	—	79,427,363	—	—	—	—	—	—	79,427,363
At 31 March 2011 and 1 April 2011	1,156,654,441	79,427,363	—	—	920,494	15,287,287	18,988,140	15,000	1,271,292,725
Arising from business combinations *(note 13(a), (b), (c), (d))*	—	—	113,345,357	18,311,567	1,280,000	84,078,892	—	—	217,015,816
At 31 March 2012	1,156,654,441	79,427,363	113,345,357	18,311,567	2,200,494	99,366,179	18,988,140	15,000	1,488,308,541
Impairment									
At 1 April 2010	1,034,838,611	—	—	—	920,494	15,287,287	18,988,140	15,000	1,070,049,532
Impairment loss	121,815,830	—	—	—	—	—	—	—	121,815,830
At 31 March 2011 and 1 April 2011	1,156,654,441	—	—	—	920,494	15,287,287	18,988,140	15,000	1,191,865,362
Impairment loss	—	—	113,345,357	—	1,280,000	24,986,887	—	—	139,612,244
At 31 March 2012	1,156,654,441	—	113,345,357	—	2,200,494	40,274,174	18,988,140	15,000	1,331,477,606
Carrying value									
At 31 March 2012	—	79,427,363	—	18,311,567	—	59,092,005	—	—	156,830,935
At 31 March 2011	—	79,427,363	—	—	—	—	—	—	79,427,363

In accordance with HKAS 36 "Impairment of assets", management of the Group performed impairment test for goodwill allocated to the Group's various cash generating units ("CGUs") by comparing their recoverable amounts to their carrying amounts at the end of the reporting period. The recoverable amount of a CGU is determined based on value-in-use calculation.

(a) During the year ended 31 March 2012, the results of provision of copyright licence fees settlement and collection services has not improved and the Group had disputes with the other venturer in respect of the operations and future development of the business, which the joint ventures operate. Following the unsuccessful discussions with the other venturer, the Group commenced arbitration proceedings in June 2011 against the other venturer to claim for return of 20% equity interests in the joint ventures, and prepared to cease the provision of copyright licence fees settlement and collection services undertaken by its joint ventures.

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

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

Goodwill and intangible assets (note 10(a), (c)) in respect of the provision of copyright licence fees settlement and collection services have been fully impaired and there is no indication that the impairment loss of intangible assets can be reversed.

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

Management of the Group has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill and intangible assets (note 10(b)):

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

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

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

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

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

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

The directors considered that the recoverable amount of the related goodwill and portion of intangible assets as details in note 10(f) was irrecoverable due to the occurrence of business interruptions in relation to the termination of rental of certain exhibition heels and the unstable global economic environment occurred after the date of acquisition.

As a result, impairment losses of HK$113,345,357 and HK$6,130,525 were provided on goodwill and intangible assets (note 10(f)) in connection with the exhibition-relation business.

(d) On 8 July 2011, the Group acquired the entire issued share capital of BoRen Cultural Development Limited ("BoRen") which is engaged in sub-leasing of properties and facilities in Nanjing, the PRC. The estimated recoverable amount is determined based on value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 5% revenue growth rate per annum. Discount rate of 19% per annum is used in the calculation. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. No impairment was provided on goodwill from the sub-leasing business as cashflow forecast indicates that there will be net cash inflow from the CGU.

(e) On 27 May 2011, the Group acquired the business of hot pot restaurant carried on under the name of Number One Hot Pot ("Number One") at a consideration of HK$1,280,000. The estimated recoverable amount is determined based on value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 3% revenue growth rate per annum. Discount rate of 8% per annum is used in the calculation. The key assumptions for the Group have been determined by the Group's management based on past performance and its expectations for the industry development.

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

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

The impairment loss of the goodwill was mainly due to decrease in closing price of shares of KH Investment quoted on the Stock Exchange from the acquisition date of KH Investment.

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

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$*	Customer relationship and customer contracts *(note (f))* *HK$*	Film rights *(note (g))* *HK$*	Films in progress *(note (h))* *HK$*	Total *HK$*
Cost									
At 1 April 2010	120,210,480	—	6,793,205	510,750	144,826	—	—	—	127,659,261
Acquired through business combination *(note 13(e))*	—	111,221,900	—	—	—	—	—	—	111,221,900
Addition	—	—	—	1,500,000	—	—	—	—	1,500,000
Exchange differences	5,507,440	—	311,231	23,400	6,635	—	—	—	5,848,706
At 31 March 2011 and 1 April 2011	125,717,920	111,221,900	7,104,436	2,034,150	151,461	—	—	—	246,229,867
Acquired through business combinations *(note 13(a), (d))*	—	—	—	—	—	38,410,000	1,188,218	413,422	40,011,640
Exchange differences	5,603,010	5,184,053	278,970	20,975	11,376	—	—	—	11,098,384
At 31 March 2012	131,320,930	116,405,953	7,383,406	2,055,125	162,837	38,410,000	1,188,218	413,422	297,339,891
Accumulated amortisation and impairment									
At 1 April 2010	15,026,310	—	820,247	—	144,826	—	—	—	15,991,383
Amortisation for the year	15,077,423	2,780,547	846,397	9,740	—	—	—	—	18,714,107
Impairment loss	90,157,860	—	5,389,977	534,150	—	—	—	—	96,081,987
Exchange differences	5,456,327	—	47,815	—	6,635	—	—	—	5,510,777
At 31 March 2011 and 1 April 2011	125,717,920	2,780,547	7,104,436	543,890	151,461	—	—	—	136,298,254
Amortisation for the year	—	11,640,595	—	116,884	—	2,880,750	—	—	14,638,229
Impairment loss	—	—	—	—	—	6,130,525	—	—	6,130,525
Exchange differences	5,603,010	129,601	278,970	20,974	11,376	—	—	—	6,043,931
At 31 March 2012	131,320,930	14,550,743	7,383,406	681,748	162,837	9,011,275	—	—	163,110,939
Net book value									
At 31 March 2012	—	101,855,210	—	1,373,377	—	29,398,725	1,188,218	413,422	134,228,952
At 31 March 2011	—	108,441,353	—	1,490,260	—	—	—	—	109,931,613

(a) Provision of copyright licence fees settlement and collection services represents the exclusive right in respect of the karaoke copyright in the PRC managed and administered by the China Audio-Video Copyright Association for a period of 10 years from 27 December 2007. The recoverable amount of the CGU of provision of copyright licence fees settlement and collection services to which the licence fee collection right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 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. The Group intended 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(e), in return for certain percentage of the licence fee collected from karaoke venues. The recoverable amount of the CGU of provision of intellectual property enforcement services to which the intellectual property enforcement services right is allocated has been determined by the value-in-use calculation, the details of which are disclosed in note 9(b). At the end of the reporting period, management of the Group determined that there was no impairment as the recoverable amount exceeded its carrying amount.

(c) Karaoke CMS represents the exclusive right to use a nationwide karaoke content management service system in the PRC for a term of 10 years from 15 July 2007. The recoverable amount of the CGU of provision of copyright licence fees settlement and collection services to which the Karaoke CMS right is allocated has been determined by the value-in-use calculation, details of which are disclosed in note 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 intended 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 with indefinite useful life, the recoverable amount has been determined based on fair value less costs to sell. The fair value less costs to sell is referenced to the second-hand market price of the golf club memberships less estimated cost of disposal. During the year ended 31 March 2011, an impairment loss of the golf club memberships of HK$534,150 was recognised since the recoverable amount of the golf club memberships was less than its carrying amount.

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

(f) Customer relationship and customer contracts represent the long established relationship of the CRA Group with the Hong Kong Trade Development Council ("HKTDC") and various sub-councils of the China Council for the Promotion of International Trade in the PRC for some large-scale trade fairs, which are mostly organized by HKTDC. The CRA Group had been consistently appointed by HKTDC as the sole agent of China Pavilion for the Hong Kong Fashion Week for Fall/Winter. These customer relationship and customer contracts have estimated useful life of ten years. During the year ended 31 March 2012, an impairment loss of HK$6,130,525 in respect of the customer relationship and customer contracts was recognised due to the reason described in note 9(c).

(g) During the year ended 31 March 2012, the Group acquired film rights in relation to the broadcasting of the film "Written By" through the media of regional internet worldwide market. The estimated recoverable amount of the CGU of film rights to which the film rights is allocated has been determined by the value-in-use calculation. These calculations use post-tax cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using a 10% revenue growth rate per annum. Discount rate of 15% per annum is used in the calculation. The key assumptions have been determined by the Group's management based on past performance and its expectations for the industry development. At the end of the reporting period, management of the Group determined that there was no impairment as the recoverable amount exceeded its carrying amount.

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

11. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

Notes:

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

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

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

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

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

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

(d) Loan receivables presented:

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

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

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

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

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

12. TRADE AND OTHER PAYABLES

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

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

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

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

13. ACQUISITION OF SUBSIDIARIES/BUSINESS

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

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

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

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

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

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

	HK$
Property, plant and equipment	364,520
Intangible assets — customer relationship and customer contracts	38,410,000
Trade and other receivables	14,458,678
Cash and cash equivalents	20,523,737
Trade and other payables	(22,318,674)
Current tax liabilities	(2,576,178)
Provision for long term services payment	(55,363)
Deferred tax liabilities	(6,318,744)
Net assets acquired	42,487,976
Goodwill *(note 9(c))*	113,345,357
Total consideration	155,833,333
Satisfied by:	
Issue of 916,666,667 ordinary shares under share subscription arrangement	155,833,333
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired	20,523,737

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the exhibition-related business, which the Group intends to develop.

Since its acquisition, the CRA Group contributed revenue of HK$81,468,152 and net profit of HK$8,619,653 to the Group for the period from 20 May 2011 to 31 March 2012.

Had the combination taken place on 1 April 2011, the revenue and loss before income tax credit of the Group's results for the year ended 31 March 2012 would have been HK$302,014,959 and HK$311,873,989 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor is intended to be a projection of future results.

The acquisition-related costs of HK$2,064,645 have been expensed and are included in other operating expenses.

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

(b) On 8 July 2011, the Group completed an agreement dated 27 May 2011 with HaoRan Cultural Development Limited ("BoRen Vendor"), an independent third party, to acquire the entire issued share capital of BoRen from BoRen Vendor for a consideration of RMB90 million, RMB25 million (equivalent to HK$29,897,153) of which was paid in cash and the balance of RMB65 million by the issue of 420,176,215 ordinary shares of the Company (the "BoRen Agreement"). The closing price per share of the Company quoted on the Stock Exchange on that date was HK$0.191.

The BoRen Agreement contained a profit guarantee from BoRen Vendor whereby BoRen Vendor guaranteed that the total audited combined net profits after taxation and non-controlling interest of Elite-China Cultural Development Limited ("Elite-China") and its subsidiaries (the "Elite Group") for the three financial years ending 31 December 2013 (the "Guaranteed Period") shall be not less than RMB75 million (the "Guaranteed Profit"). Meanwhile, the Group is obligated to advance loans ("Advanced loans") in the total principal amount in Hong Kong dollars of not less than a sum equivalent to RMB50 million each financial year during the Guaranteed Period to the Elite Group for the development of the business of BoRen and its subsidiaries (the "BoRen Group"). In case of the Elite Group failed to meet the Guaranteed profit, the maximum amount to be received by the Group from BoRen Vendor shall not exceed RMB90 million.

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

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

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

	HK$
Property, plant and equipment	115,985,504
Inventories	1,786
Trade and other receivables	15,689,860
Amount due from related parties	8,544,402
Cash and cash equivalents	7,829,713
Trade and other payables	(23,766,233)
Amount due to related parties	(42,226,418)
Amount due to a former shareholder	(27,040,427)
Bank borrowings	(62,740,848)
Current tax liabilities	(1,113,912)
Deferred tax liabilities	(3,693,708)
Net liabilities assumed	(12,530,281)
Non-controlling interests	5,621,931
	(6,908,350)
Goodwill *(note 9(d))*	18,311,567
Total consideration, net of fair value of contingent consideration	11,403,217
Satisfied by:	
Cash	29,897,153
Issue of 420,176,215 ordinary shares	80,253,657
Fair value of contingent consideration *(note 14)*	(98,747,593)
	11,403,217
Net cash (outflow)/inflow arising on acquisition	
Cash consideration paid	(29,897,153)
Cash and cash equivalents acquired	7,829,713
	(22,067,440)

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the synergy, revenue growth and future market development in the property sub-leasing business, which the Group intends to develop.

Since its acquisition, the Boren Group contributed revenue of HK$54,560,565 and net profit of HK$8,316,897 to the Group for the period from 27 May 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$304,104,855 and HK$313,833,012 respectively. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and result of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor it is intended to be a projection of future results.

The Group has engaged Savills Valuation and Professional Services Limited ("Savills"), an independent valuer, to assess the fair value of the assets and liabilities and the contingent consideration at the acquisition date.

The acquisition-related costs of HK$628,301 have been expensed and are included in other operating expenses. The attributable costs of the issuance of the equity instruments are insignificant.

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

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

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

(c) On 27 May 2011, the Group completed an agreement with an independent third party to acquire the business of Number One at a consideration of HK$1,280,000 in cash. Number One is principally engaged in operation of hot pot restaurant in Hong Kong. The fair value of net assets acquired at the date of acquisition is as follows:

	HK$
Property, plant and equipment	—
Net assets acquired	—
Goodwill *(note 9(e))*	1,280,000
Total consideration	1,280,000
Satisfied by:	
Cash	1,280,000
Net cash (outflow) arising on acquisition:	
Cash consideration paid	(1,280,000)

The goodwill arising on the acquisition is attributable to the anticipated profitability generated from the reputation of the brand name and future market development in the hot pot business. The acquisition was made as part of the Group's strategy to develop its business in hot pot industry in Hong Kong.

Since its acquisition, Number One contributed revenue of HK$1,593,626 and a loss of HK$6,220,619 to the Group for the period from 27 May 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$298,982,929 and HK$315,397,524 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor it is intended to be a projection of future results.

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

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

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

On 30 December 2011, the Group further acquired a total of 45.88% equity interests in KH Investment for a total consideration of HK$81,200,000, which increased the Group's equity interests in KH Investment from 29.08% to 74.96% and obtained control of KH Investment on such day. The gain on re-measurement of interest in associate to its acquisition date fair value amounting to HK$5,278,168 has been recognised and included in other income and gains.

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

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

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

	HK$
Property, plant and equipment	363,620
Intangible assets — film rights and films in progress	1,601,640
Trade receivables	1,299,580
Deposits, prepayments and other receivables	8,705,830
Cash and bank balances	97,557,977
Bank overdrafts	(360)
Trade payables	(10,871)
Accruals and other payables	(3,740,721)
Receipts in advance	(6,250,501)
Liability impairment of convertible loan notes	(4,950,571)
Net assets acquired	94,575,623
Non-controlling interests	(45,566,333)
	49,009,290
Goodwill *(note 9(f))*	84,078,892
Total consideration	133,088,182

	HK$
Satisfied by:	
Cash	81,200,000
Interests in associates	51,888,182
	133,088,182
Net cash (outflow)/inflow arising on acquisition	
Cash consideration paid	(81,200,000)
Cash and cash equivalents acquired	97,557,977
Bank overdrafts	(360)
	16,357,617

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

Since its acquisition, KH Investment contributed revenue of HK$6,055,000 and net loss of HK$3,002,000 to the Group for the period from 30 December 2011 to 31 March 2012. Had the combination taken place on 1 April 2011, the revenue and the loss before income tax credit of the Group for the year ended 31 March 2012 would have been HK$334,292,929 and HK$333,395,524 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2011, nor it is intended to be a projection of future results.

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

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

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

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

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

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 on a 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 enables the Group to exercise control over the business of the joint venture. This acquisition of the WS Group has been accounted for using the acquisition method.

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

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

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

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

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

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

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

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

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

14. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$	*HK$*
Listed securities in Hong Kong, at fair value *(note a)*	**85,890,330**	16,550,554
Contingent consideration in related to acquisition of subsidiaries *(note b, 13(b))*	**98,747,593**	—
	184,637,923	16,550,554

Notes:

(a) Available-for-sale investments at 31 March 2012 represented 12.27% and 0.1% equity interests in Cosmopolitan International Holdings Limited ("Cosmopolitan") and Wah Nam held by the Group respectively. Both companies are listed on the Main Board of the Stock Exchange. As at 31 March 2012, the carrying amounts of available-for-sale investments in Cosmopolitan and Wah Nam were HK$82,425,690 and HK$3,464,640 respectively.

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

Available-for-sale investments at 31 March 2011 represented 12.43% equity interests in KH Investment held by the Group.

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

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

(b) The contingent consideration in related to acquisition of subsidiaries was secured by 40% equity interests in Elite China (a 60% owned subsidiary of the Company) held by FeiFan Cultural Development Limited, a non-controlling interest of the Group.

The contingent consideration in related to acquisition of subsidiaries was valued at 31 March 2012 on option pricing model basis by Savills, an independent professional valuer.

15. INTERESTS IN ASSOCIATES

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

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

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

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

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

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

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

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

Note:

Included in the Group's share of losses of associate was the share of results of KH Investment during April 2011 to December 2011 during which the equity interests in KH Investment was accounted for as associate. Please refer to note 13(d).

16. EVENTS AFTER THE REPORTING PERIOD

(a) On 30 April 2012, the Company entered into an agreement with Long Sincere and Wang Wei for the acquisition of 10 shares of US$1 each, representing 4.235% of the issued share capital of, and the benefits of 50% of all amounts as at the completion date due from, Welly Champ for an aggregate consideration of HK$9 million in cash. Long Sincere is a company wholly owned by Wang Wei, a director of Welly Champ and Well Allied Investments Limited, a subsidiary of the Company. This agreement was completed on 30 April 2012.

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

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

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

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

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

(e) On 25 May 2012, a subsidiary of the Group which hold a money lending licence granted a secured interest-bearing loan amounting to HK$22.5 million to an independent third party at interest rate of 8% per annum.

(f) On 28 May 2012, Eternity and the Company entered into a sale and purchase agreement, pursuant to which Eternity Investment Limited ("Eternity") has conditionally agreed to purchase (or procure the purchase) and the Company has conditionally agreed to procure the sale of approximately 29% of the entire issued share capital of KH Investment as at the date of the sale and purchases agreement, for a consideration of HK$51,324,000 (equivalent to HK$0.35 per share). The consideration shall be settled in cash coupon completion.

    Upon the execution the sale and purchase agreement, the Company's convertible bonds in the face value of HK$23,000,000 was redeemed in accordance with the terms of the Company's convertible bonds.

FINAL DIVIDEND

The directors have resolved not to pay a final dividend for the year ended 31 March 2012 (2011: Nil).

BUSINESS REVIEW AND OUTLOOK

Financial Review

Consolidated results

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

Review

Property investment

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

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

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

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

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

Property sub-leasing business

In July 2011, the Group acquired BoRen Culture Development Limited (博仁文化發展有限公司) ("BoRen"), which holds 60% interest in three companies in the PRC principally engaged in sub-leasing of properties and facilities in Nanjing, the PRC. This business contributed income of HK55 million and profit of HK$7 million to the Group during the year.

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

Licence fee collection business

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

The Group is also engaged in the provision of copyright licence fees settlement and collection services in respect of karaoke music products and videos in the PRC, and the provision of intellectual property enforcement services in respect of karaoke music products in the PRC in return of certain percentage of the licence fee collected from karaoke venues.

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

As mentioned in the annual report for the year ended 31 March 2011, the Group had experienced delays in rollout of copyright licence fees settlement and collection services in respect of karaoke music products and videos in various provinces in the PRC as a result of disagreement with CCDDT in respect of the operation and future development of the business. On 22 June 2011, Shenzhen Hua Rong started arbitration proceedings in Beijing, the PRC against CCDDT for its breach of the terms of a shareholders' agreement dated 15 July 2007 and an agreement signed in 2007 for the transfer of 20% of the registered capital of Tian He by Shenzhen Hua Rong to CCDDT to claim for termination of the shareholders' agreement, return of the 20% interest in Tian He and damages of RMB10 million. On 23 February 2012, the arbitration hearing commenced and as at 31 March 2012, the arbitration proceedings were still continuing.

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

Entertainment business

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

Chance Music Limited ("CML"), a 60% owned subsidiary engaged in entertainment and related business and owns intellectual property rights to lyrics of various songs, recorded a profit of about HK$0.2 million. The Group has terminated its obligations to make further payment to the non-controlling shareholder of CML under an agreement dated 24 October 2007 and has demanded this non-controlling shareholder to buy back its 60% interest in CML at HK$15,000,000 pursuant to such agreement. The Group received deposit of HK$1,000,000 from CML's non-controlling shareholder as part of the share buy back payment on 8 May 2012.

In February 2011, the Group acquired about 18.79% of the outstanding voting securities of Xinya Media Private Limited ("Xinya"), a company incorporated in Singapore with limited liability, for a total consideration of US$3,000,000. In April, 2011, the Group and another shareholder of Xinya each entered into subscription agreement to subscribe for 351,062 preference shares of Xinya at a consideration of about US$1,000,000. After the subscription, the Group's equity interests in Xinya increased from 18.79% to 22.27%. The Group's total investment in Xinya was amounted to about

HK$31,000,000. Xinya is principally engaged in programming, broadcasting and operating a satellite entertainment television channel "Xinya Azio" in Singapore which covers audience in countries in North America, Europe and Asia, including China. The Group adopted time-block swap arrangement in entering the PRC market. In November 2011, Xinya entered into an agreement with a media group in the Anhui Province to swap programs and bring in advertising benefits and as a stepstone to develop internet protocol television in entering the PRC market. However, due to unsatisfactory income and the high costs for exploring the market and its operations, Xinya has experienced cash flow problem. The shareholders failed to agree on the development plan and the funding arrangement of Xinya. On 30 April 2012, its shareholders passed a resolution for creditors' voluntary winding up of Xinya. A liquidator has been appointed to wind up its affairs. The Group has made a provision of about HK$27,000,000 for this investment.

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

Exhibition-related business

In May 2011, the Group completed the acquisition of China Resources Advertising & Exhibition Company Limited. It and its subsidiaries (the "CRA Group") are principally engaged in exhibition-related business and act as an organizer and contractor for all kinds of exhibition events and meeting events mainly in Hong Kong. The CRA Group has developed over 20 years of relationship with the Hong Kong Trade Development Council and has become one of the major agents of Mainland China groups for their trade fairs, which are mostly organised by the Hong Kong Trade Development Council. Its other principal customers included various sub-councils of the China Council for the Promotion of International Trade in the PRC. This business contributed turnover of about HK$81 million and operating profit of about HK$5.7 million to the Group. However after the impairment of goodwill and intangible assets of HK$119 million, this business recorded net loss of about HK$114 million. The business is expected to continue to contribute stable income to the Group in the future.

Hotel operations

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

Restaurant operations

In May 2011, the Group acquired the business of a hot pot restaurant under the name of "Number One Hot Pot (第一火鍋)" at Jaffe Road, Hong Kong. The restaurant was renovated and commenced business under the Group on 18 October 2011. This business contributed a turnover of HK$2.5 million and incurred a loss of HK$6 million during the year. An impairment to fixed assets of HK$3.5 million was made during the year as the performance of the restaurant was unsatisfactory.

Outlook

The Group has increased its property leasing activities in the PRC by the acquisition of BoRen, which engages in sub-leasing of properties and facilities in Nanjing, the PRC. It has also invested in exhibition-related business by the acquisition of the CRA Group which engages in all kinds of exhibitions and meeting events mainly in Hong Kong.

The Group's licence fee collection business in respect of karaoke copyright in the PRC and provision of intellectual property enforcement services in respect of karaoke music products to karaoke operators in the PRC are gradually yielding income to the Group.

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

The Group will continue its current activities of property investment, property sub-leasing, licence fee collection business in the PRC, entertainment business, exhibition-related business, hotel operations and restaurant operations.

The Group's financial position is strong with a net asset value of HK$946 million. The management will look for suitable investment opportunities to expand the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

CODE OF CORPORATE GOVERNANCE PRACTICES

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

(a) the non-executive directors are not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company at least once every three years in accordance with the Bye-laws of the Company; and

(b) the roles of the chairman and chief executive officer of the Company are not segregated and are exercised by the same individual.

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, 15 June 2012

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.