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美亞娛樂資訊集團有限公司
MEI AH ENTERTAINMENT GROUP LTD.

(Incorporated in Bermuda with limited liability)

(Stock code: 391)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
Revenue	2	**153,362**	191,559
Cost of sales	4	**(91,992)**	(145,635)
Gross profit		**61,370**	45,924
Other income	2	**18,439**	21,901
Other gains/(losses) — net	3	**43,920**	(12,693)
Selling and marketing expenses	4	**(9,242)**	(14,586)
Administrative expenses	4	**(52,618)**	(87,528)
Impairment of goodwill		**—**	(22,413)
Operating profit/(loss)		**61,869**	(69,395)
Finance income	5	**1,405**	3,344
Finance cost	5	**(3,435)**	(8,414)
Finance costs — net		**(2,030)**	(5,070)
Share of losses of associated companies		**—**	(1,570)
Profit/(loss) before income tax		**59,839**	(76,035)
Income tax (expense)/credit	6	**(7,631)**	4,062
Profit/(loss) for the year		**52,208**	(71,973)
Attributable to:			
Equity holders of the Company		**51,965**	(71,529)
Minority interests		**243**	(444)
		52,208	(71,973)
		HK cents	*HK cents*
Profit/(loss) per share			
Basic	7	**1.06**	(1.46)
Diluted	7	**1.06**	(1.46)
Dividend	8	**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
Profit/(loss) for the year		**52,208**	(71,973)
Other comprehensive income/(loss):			
(Deficit)/surplus on revaluation of buildings		**(2,418)**	3,440
Deferred taxation arising from revaluation deficit/(surplus) of buildings		**399**	(568)
Fair value gains/(losses) on available-for-sale financial assets		**26,906**	(40,602)
Currency translation differences		**(1,599)**	(803)
Other comprehensive income/(loss) for the year, net of tax		**23,288**	(38,533)
Total comprehensive income/(loss) for the year		**75,496**	(110,506)
Attributable to:			
— Equity holders of the Company		**75,270**	(110,062)
— Minority interest		**226**	(444)
Total comprehensive income/(loss) for the year		**75,496**	(110,506)

CONSOLIDATED BALANCE SHEET

As at 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**32,025**	11,946
Property, plant and equipment		**105,852**	106,129
Intangible assets		**—**	—
Investment properties		**123,898**	84,261
Interests in associated companies		**—**	—
Interest in a jointly controlled entity		**—**	—
Available-for-sale financial assets		**45,086**	18,180
Film rights, films in progress and film royalty deposits		**74,198**	55,582
		381,059	276,098
Current assets			
Inventories		**6,951**	6,945
Trade and other receivables	9	**36,794**	68,712
Financial assets at fair value through profit or loss		**50,124**	22,476
Pledged bank deposit		**43,517**	43,500
Cash and cash equivalents		**24,628**	56,620
		162,014	198,253
Total assets		**543,073**	474,351
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**98,209**	98,209
Share premium		**—**	167,569
Reserves		**314,477**	71,638
Shareholders' funds		**412,686**	337,416
Minority interests		**2,434**	265
Total equity		**415,120**	337,681

	Note	2010 HK$'000	2009 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*11(a)*	**19,721**	—
Obligations under finance leases	*11(b)*	—	3,023
Deferred income tax liabilities		**11,052**	7,612
		30,773	10,635
Current liabilities			
Trade and other payables	*10*	**68,718**	78,848
Borrowings	*11(a)*	**19,950**	22,387
Obligations under finance leases	*11(b)*	**3,023**	3,677
Derivative financial instrument		—	36
Convertible notes — liability portion		—	19,404
Current income tax liabilities		**5,489**	1,683
		97,180	126,035
Total liabilities		**127,953**	136,670
Total equity and liabilities		**543,073**	474,351
Net current assets		**64,834**	72,218
Total assets less current liabilities		**445,893**	348,316

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2010

	Attributable to equity holders of the Company										
	Share capital	Share premium	Share redemption reserve	Share-based payment reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Accumulated losses	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2008	98,209	167,569	12	22,197	107,099	(16)	11,485	56,358	(15,435)	41	447,519
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(71,529)	(444)	(71,973)
Other comprehensive income/(loss)											
Surplus on revaluation of buildings	–	–	–	–	–	–	3,440	–	–	–	3,440
Deferred taxation arising from revaluation of buildings	–	–	–	–	–	–	(568)	–	–	–	(568)
Fair value loss on available-for-sale financial assets	–	–	–	–	–	–	–	(40,602)	–	–	(40,602)
Currency translation differences	–	–	–	–	–	(803)	–	–	–	–	(803)
Total other comprehensive loss	–	–	–	–	–	(803)	2,872	(40,602)	–	–	(38,533)
Total comprehensive loss	–	–	–	–	–	(803)	2,872	(40,602)	(71,529)	(444)	(110,506)
Transaction with owners											
Expiry of share-based compensation	–	–	–	(22,197)	–	–	–	–	22,197	–	–
Minority interests arising on business combination	–	–	–	–	–	–	–	–	–	668	668
Total transactions with owners	–	–	–	(22,197)	–	–	–	–	22,197	668	668
At 31st March 2009	98,209	167,569	12	–	107,099	(819)	14,357	15,756	(64,767)	265	337,681

	Attributable to equity holders of the Company									
	Share capital HK$'000	Share premium HK$'000	Share redemption reserve HK$'000	Contributed surplus HK$'000	Exchange difference HK$'000	Buildings revaluation reserve HK$'000	Available-for-sale financial assets revaluation reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st April 2009, as per above	98,209	167,569	12	107,099	(819)	14,357	15,756	(64,767)	265	337,681
Comprehensive income										
Profit for the year	—	—	—	—	—	—	—	51,965	243	52,208
Other comprehensive income/(loss)										
Deficit on revaluation of buildings	—	—	—	—	—	(2,418)	—	—	—	(2,418)
Deferred taxation arising from revaluation of buildings	—	—	—	—	—	399	—	—	—	399
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	26,906	—	—	26,906
Currency translation differences	—	—	—	—	(1,582)	—	—	—	(17)	(1,599)
Total other comprehensive income	—	—	—	—	(1,582)	(2,019)	26,906	—	(17)	23,288
Total comprehensive income	—	—	—	—	(1,582)	(2,019)	26,906	51,965	226	75,496
Transactions with owners										
Transfer from share premium *(note a)*	—	(167,569)	—	81,910	—	—	—	85,659	—	—
Capital injection from minority interests arising from incorporation of a new subsidiary	—	—	—	—	—	—	—	—	1,943	1,943
Total transactions with owners	—	(167,569)	—	81,910	—	—	—	85,659	1,943	1,943
At 31st March 2010	98,209	—	12	189,009	(2,401)	12,338	42,662	72,857	2,434	415,120

Note a: On 21st December 2009, a special resolution was passed to cancel the share premium to eliminate the accumulated losses of the Company as of 22nd December 2009, and the remaining balance of the credit arising therefrom be credited to the contributed surplus account of the Company.

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, investment properties, available-for-sale financial assets, financial assets at fair value through profit or loss and derivative financial instruments.

2. **Revenues and segment information**

Revenues recognised during the year are as follows:

	2010	2009
	HK$'000	*HK$'000*
Revenue		
Television operations	**104,130**	84,487
Film exhibition and film rights licensing and sub-licensing	**10,845**	62,839
Sale and distribution of films and programs in audio visual product format	**38,387**	44,233
	153,362	191,559
Other income		
Rental income from investment properties	**7,064**	6,449
Other rental income	**4,926**	8,989
Distribution commission income	**3,731**	2,884
Others	**2,718**	3,579
	18,439	21,901
Total revenues	**171,801**	213,460

The chief operating decision maker has been identified as the Executive Directors of the Group. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on the Group's internal reporting.

For the year ended 31st March 2010, the Group operates in four business segments:

— Television operations

— Film exhibition and film rights licensing and sub-licensing

— Sale and distribution of films and programs in audio visual product format

— Property investment

The segment results for the year ended 31st March 2010 by each principal activity is as follows:

	Year ended 31st March 2010					
	Television operations *HK$'000*	**Film exhibition and film rights licensing and sub-licensing** *HK$'000*	**Sale and distribution of films and programs in audio visual product format** *HK$'000*	**Property investment** *HK$'000* *(note (b))*	**Elimination** *HK$'000*	**Group** *HK$'000*
External sales	**104,130**	**10,845**	**38,387**	**—**	**—**	**153,362**
Inter-segment sales	**—**	**4,504**	**—**	**—**	**(4,504)**	**—**
Segment revenue	**104,130**	**15,349**	**38,387**	**—**	**(4,504)**	**153,362**
Reportable segment profit	**15,444**	**1,512**	**1,676**	**29,225**	**1,778**	**49,635**
Reportable segment assets	**53,537**	**46,564**	**84,091**	**132,779**	**(1,797)**	**315,174**
Reportable segment liabilities	**(19,883)**	**(20,281)**	**(38,797)**	**(20,775)**	**—**	**(99,736)**
Depreciation and amortisation for property, plant and equipment and leasehold land and land use rights	**(1,044)**	**(54)**	**(597)**	**—**	**—**	**(1,695)**
Amortisation for film rights	**(28,771)**	**(2,980)**	**(6,792)**	**—**	**6,281**	**(32,262)**
Provision for impairment of film rights	**—**	**(1,763)**	**(792)**	**—**	**—**	**(2,555)**
Additions to property, plant and equipment	**418**	**45**	**52**	**—**	**—**	**515**
Additions to investment properties	**—**	**—**	**—**	**17,133**	**—**	**17,133**
Additions to film rights, films in progress and film royalty deposits	**40,863**	**9,764**	**7,264**	**—**	**(4,503)**	**53,388**

	Year ended 31st March 2009					
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Sale and distribution of films and programs in audio visual product format *HK$'000*	Property investment *HK$'000* *(note (b))*	Elimination *HK$'000*	Group *HK$'000*
Revenue from external customers	84,487	62,839	44,233	—	—	191,559
Inter-segment revenue	—	10,450	—	—	(10,450)	—
Segment revenue	84,487	73,289	44,233	—	(10,450)	191,559
Reportable segment (loss)/profit	(18,755)	4,163	(27,067)	584	(913)	(41,988)
Reportable segment assets	39,108	42,764	132,976	93,892	(3,531)	305,209
Reportable segment liabilities	(16,721)	(34,742)	(33,449)	(9,603)	—	(94,515)
Depreciation and amortisation for property, plant and equipment and leasehold land and land use rights	(656)	(27)	(671)	—	—	(1,354)
Amortisation for film rights	(30,824)	(22,134)	(9,587)	—	9,537	(53,008)
Provision for impairment of film rights	—	(4,105)	(402)	—	—	(4,507)
Provision for impairment of trade receivables	—	—	(9,514)	—	—	(9,514)
Amortisation of intangible assets	(419)	—	(4,000)	—	—	(4,419)
Provision for impairment of contractual supplier relationship	(4,610)	—	—	—	—	(4,610)
Provision for impairment of goodwill	(22,413)	—	—	—	—	(22,413)
Additions to property, plant and equipment	784	160	53	—	—	997
Additions to film rights, films in progress and film royalty deposits	26,831	—	11,930	—	(10,450)	28,311

(a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit that is used by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance. Income tax expense is not allocated to reportable segments.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

Reportable segments profit is profit before income tax, excluding unallocated share of results of associated companies, other income, finance costs, depreciation and amortisation of property, plant and equipment and leasehold land and land use rights that are used by all segments and other corporate expenses (mainly including staff costs and other general administrative expenses) of the head office.

Reportable segment assets exclude interests in associated companies, available-for-sale financial assets, financial assets at fair value through profit or loss, restricted bank deposits and cash and cash equivalents and unallocated corporate assets (mainly including property, plant and equipment and leasehold land and land use rights that are used by all segments).

Reportable segment liabilities exclude current income tax liabilities, deferred income tax liabilities and unallocated corporate liabilities (mainly including accrued charges of the head office).

(b) The revenue attributable to the segment "property investment" has been included in other income.

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

Reportable segment profit or loss, assets and liabilities are reconciled to results and total assets and total liabilities of the Group as follows:

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

Profit or loss

	2010	2009
	HK$'000	*HK$'000*
Reportable segment profit/(loss)	**49,635**	(41,988)
Unallocated amounts:		
Unallocated other income	**2,603**	4,800
Unallocated other gains/(losses) — net	**21,416**	(1,358)
Unallocated finance costs — net	**(1,939)**	(6,571)
Depreciation and amortisation of property, plant and equipment and leasehold land and land use rights	**(7,243)**	(6,693)
Share of results of associated companies	**—**	(1,570)
Unallocated corporate expenses	**(4,633)**	(22,655)
Profit/(loss) before income tax per consolidated income statement	**59,839**	(76,035)

Assets

	2010 *HK$'000*	2009 *HK$'000*
Reportable segment assets	**315,174**	305,209
Unallocated assets:		
Unallocated leasehold land and land use rights and buildings	**121,894**	96,788
Unallocated available-for-sale financial assets	**45,086**	18,180
Unallocated financial assets at fair value through profit or loss	**50,124**	22,476
Unallocated cash and cash equivalents	**802**	49
Unallocated corporate assets	**9,993**	31,649
Total assets per consolidated balance sheet	**543,073**	474,351

Liabilities

	2010 *HK$'000*	2009 *HK$'000*
Reportable segment liabilities	**99,736**	94,515
Unallocated liabilities:		
Unallocated bank borrowings	**26,330**	17,307
Unallocated corporate liabilities	**1,887**	24,848
Total liabilities per consolidated balance sheet	**127,953**	136,670

The entity is domiciled in the Hong Kong. The result of its revenue from external customers and non-current assets other than financial instruments and deferred tax assets located in Hong Kong and other countries are summarised below:

	Revenue from external customers		**Non-current assets (other than financial instruments)**	
	2010 *HK$'000*	2009 *HK$'000*	**2010** *HK$'000*	2009 *HK$'000*
Hong Kong	**95,834**	153,622	**269,481**	244,553
Singapore	**47,650**	32,070	**—**	—
People's Republic of China	**—**	—	**64,400**	12,646
Other countries	**9,878**	5,867	**2,092**	719
	153,362	191,559	**335,973**	257,918

Revenue generated from external customers from other countries is mainly revenue from television operations.

Revenues of approximately HK$52,146,000 and HK$47,650,000 (2009: HK$50,094,000 and HK$31,485,000) are derived from two single external customers. These revenues are attributable to the television operations segment.

3. Other gains/(losses) — net

	2010	2009
	HK$'000	*HK$'000*
Fair value gain on derivative financial instrument	**36**	13,951
Loss on repurchase of convertible notes	**—**	(544)
Surplus/(deficits) on revaluation of investment properties	**22,504**	(11,335)
Deficit on revaluation of building	**(87)**	—
Fair value gains/(losses) on financial assets at fair value through profit or loss	**21,467**	(14,765)
	43,920	(12,693)

4. Expenses by nature

Expenses included in cost of sales, selling and marketing expenses, administrative expenses are analysed as follows:

	2010	2009
	HK$'000	*HK$'000*
Cost of inventories	**6,430**	8,053
Depreciation		
— owned property, plant and equipment	**5,520**	4,834
— leased property, plant and equipment	**2,863**	2,889
Amortisation of intangible assets	**—**	4,419
Amortisation of leasehold land and land use rights	**555**	324
Amortisation of film rights	**32,262**	53,008
Provision for impairment of contractual supplier relationships	**—**	4,610
Provision for impairment of film rights	**2,555**	4,507
Provision for impairment of trade receivables	**—**	9,514
Provision for impairment of amount due from a jointly controlled entity	**—**	443
(Reversal of)/provision for impairment of amount due from an associated company	**(1,780)**	14,740
Provision for impairment of available-for-sale financial assets	**—**	625
Provision for obsolescence of inventories	**487**	3,237
Loss on disposal of film rights	**—**	164
Employee benefit expenses (including directors' emoluments)	**25,065**	21,801
Auditor's remuneration		
— current year	**1,295**	1,350
— (over)/under provision in prior years	**(18)**	70
Direct operating expenses arising from investment properties that generate rental income	**987**	883
Theatrical costs	**2,938**	25,441

5. Finance costs — net

	2010	2009
	HK$'000	*HK$'000*
Finance income		
— Interest income on short-term bank deposits	**168**	1,935
— Interest income on loans to third parties	**1,237**	933
— Unwinding of discount in respect of non-current receivables	**—**	476
	1,405	3,344
Finance cost		
— Interest on loans and overdrafts	**(938)**	(627)
— Interest element of finance leases	**(287)**	(425)
— Interest accretion in respect of convertible notes wholly repayable within five years	**(2,210)**	(7,362)
	(3,435)	(8,414)
Finance costs — net	**(2,030)**	(5,070)

6. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2010	2009
	HK$'000	*HK$'000*
Current income tax — Hong Kong profits tax	**4,014**	370
Over-provision in prior year	**(222)**	—
Deferred income tax	**3,839**	(4,432)
	7,631	(4,062)

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2010	2009
	HK$'000	*HK$'000*
Profit/(loss) before income tax	**59,839**	(76,035)
Tax calculated at domestic tax rates applicable to profits/(loss) in the respective countries	**8,714**	(13,388)
Tax effects of:		
Income not subject to tax	**(1,196)**	(1,412)
Expenses not deductible for tax purposes	**1,101**	11,216
Tax losses for which no deferred income tax assets were recognised	**4,881**	4,853
Over-provision in prior year	**(222)**	—
Utilisation of previously unrecognised tax losses	**(5,647)**	(5,331)
Income tax expense/(credit)	**7,631**	(4,062)

The weighted average applicable tax rate was 15% (2009: 18%).

7. Profit/(loss) per share

Basic profit per share is calculated by dividing the profit attributable to equity holders of the Company of HK$51,965,000 (2009: loss of HK$71,529,000) by the weighted average number of ordinary shares of 4,910,455,000 (2009: 4,910,455,000 (note a)) in issue during the year.

Diluted profit/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has two categories of dilutive potential ordinary shares: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the year ended 31st March 2010, the diluted profit per share was the same as the basic profit per share as the conversion of the Company's outstanding convertible notes during the year would be anti-dilutive.

For the year ended 31st March 2009, the diluted loss per share was the same as the basic loss per share as the conversion of the Company's outstanding convertible notes and options would be anti-dilutive.

Note a: Pursuant to a specific resolution passed on 21st December 2009, each of the existing issued and unissued ordinary shares of HK$0.1 each in the share capital of the Company was subdivided into five ordinary shares of HK$0.02 each (the "Share Subdivision"), which was approved by the shareholders of the Company and became effective on 22nd December 2009. The basic and diluted loss per share for 2009 presented above is adjusted to reflect the Share Subdivision in the current year

8. Dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2010 (2009: Nil).

9. Trade and other receivables

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**30,732**	43,746
Less: provision for impairment of receivables	**(22,596)**	(23,045)
Trade receivables — net	**8,136**	20,701
Prepayments, deposits and other receivables	**28,658**	48,011
	36,794	68,712

The ageing analysis of trade receivables is as follows:

	2010	2009
	HK$'000	*HK$'000*
Current to 3 months	**8,081**	19,620
4 to 6 months	**47**	70
Over 6 months	**22,604**	24,056
	30,732	43,746

The Group's credit terms to trade receivables generally range from 7 to 90 days (2009: same).

10. Trade and other payables

	2010	2009
	HK$'000	*HK$'000*
Trade payable	**11,749**	5,755
Receipts in advance	**16,770**	19,179
Other payable and accruals	**40,199**	53,914
	68,718	78,848

The ageing analysis of trade payables was as follows:

	2010	2009
	HK$'000	*HK$'000*
Current to 3 months	**9,933**	2,483
4 to 6 months	**5**	485
Over 6 months	**1,811**	2,787
	11,749	5,755

11. Borrowings and obligations under finance leases

	2010	2009
	HK$'000	*HK$'000*
Bank overdrafts, secured	**7,095**	6,387
Secured bank loans — current portion	**12,855**	16,000
Bank borrowings — current portion *(note (a))*	**19,950**	22,387
Secured bank loans — non-current portion *(note (a))*	**19,721**	—
Total borrowings	**39,671**	22,387
Obligations under finance leases *(note (b))*		
— Current portion	**3,023**	3,677
— Non-current portion	**—**	3,023
	3,023	6,700

(a) Bank borrowings

The bank borrowings are repayable in the following periods:

	2010	2009
	HK$'000	*HK$'000*
No later than 1 year	**19,950**	—
Between 1 to 2 years	**2,403**	—
Between 2 to 5 years	**7,526**	—
Later than 5 years	**9,792**	—
	39,671	—

The bank borrowings are denominated in the following currencies:

	2010	2009
	HK$'000	*HK$'000*
HK$	**32,117**	22,387
RMB	**7,554**	—
Total	**39,671**	22,387

At 31st March 2010, banking facilities amounting to HK$87,576,000 (2009: HK$60,500,000) granted by banks to the Group are secured by the following:

(i) legal charges over certain of the Group's buildings with carrying value of HK$80,192,000 (2009: HK$84,842,000) and certain investment properties with carrying value of HK$70,348,000 (2009: HK$23,411,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged deposits of HK$43,517,000 (2009: HK$43,500,000) of the Group;

(iv) financial assets at fair value through profit or loss of HK$18,454,000 (2009: nil) of the Group.

At 31st March 2010, the Group's bank borrowings bear floating interest rate of HIBOR plus 0.5% to 1.5%. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2010 is 2.31% (2009: 2.80%).

The carrying amounts of the borrowings approximate their fair values at 31st March 2010 as the borrowings carry floating interest rates.

(b) Obligations under finance leases

At 31st March 2010, the Group's finance lease liabilities were repayable as follows:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**3,164**	3,964
In the second year	**—**	3,164
	3,164	7,128
Future finance charges on finance leases	**(141)**	(428)
Present value of finance lease liabilities	**3,023**	6,700

The present value of finance lease liabilities were repayable in the following periods:

	2010	2009
	HK$'000	*HK$'000*
Within one year	**3,023**	3,677
In the second year	**—**	3,023
	3,023	6,700

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2010, the Group recorded a consolidated turnover of HK$153,362,000 (2009: HK$191,559,000) and a profit attributable to equity holders of the Company of HK$51,965,000 (2009: loss of HK$71,529,000). Benefited from the market rebound during the year, the Group recorded fair value gains on financial assets at fair value through profit or loss and investment properties amounting to approximately HK$21,467,000 and HK$22,504,000 respectively (2009: loss of HK$14,765,000 and HK$11,335,000 respectively). The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2010 (2009: Nil).

The Group operates in four major business segments, television operations, film exhibition and film rights licensing and sub-licensing, sale and distribution of films and programs in audio visual product format and property investment.

The contribution of revenues from the Group's television segment has increased to the level of approximately HK$104,130,000 (2009: HK$84,487,000), representing approximately 68% (2009: 44%) of the Group's turnover. Since the launch of its first channel in 2001, which broadcasts movies from the Group's film library and other programs from its business partners, the Group has continuously explored opportunities to broaden the revenue streams of its television operations. As at 31st March 2010, the Group provided three channels to now TV in Hong Kong. In July 2007 and October 2008, the Group launched a movie channel and a drama channel respectively through the network of SingTel in Singapore. The full year effect of Singapore drama channel contributed the increase in segmental revenue during the year. These channels contributed steady and secured contributions to the Group.

In September 2008, the Group penetrated into the market of Japan through the acquisition of a channel supply company in Japan which broadcast through the platform of Sky PerfecTV in Japan. In October 2009, that channel became one of the basic package channels of Sky PerfecTV and since then has exposed to its wide subscriber population. The Group will continue to explore opportunities to co-operate with other cable TV and internet TV operators in Japan.

In November 2009, the Group entered into an agreement with HBO to provide contents of films and drama through the launch of "Red Channel" in different territories by stages. This co-operation has enhanced the Group's exposure to the global entertainment market and also helped the Group to establish its channel brandname.

Looking forward, the Group will continue to develop and launch more channels with increasing varieties to different regions and explore to secure advertising income from available air-time in those TV channels.

The Group will continue to strengthen its film library through acquisition, own production and co-production. Equipped by the Group's film library and through the Group's experience and network in program sourcing, the Group is confident that it will continue to provide high quality and customised TV programs to its audiences. The Group also believes that its television segment has huge potential of growth and will continue to bring significant and increasing contribution to the Group's results. Following the increasing popularity of pay TV in Hong Kong and digitalisation of TV signal in Hong Kong and China which allows more broadcasting channels than the analogue system, the demand for TV contents is expected to increase significantly and the Group believes that it will receive encouraging results and fruitful rewards from these new market opportunities.

The contribution of revenues from the Group's segment of film exhibition and film rights licensing and sub-licensing decreased from HK$62,839,000 to HK$10,845,000 which is mainly attributable to the release of "Red Cliff" which contributed significant theatrical release revenue to the Group last year. Since 2007, the Group has been appointed as the exclusive distribution agent to market and license films produced by BIG Pictures Limited ("BIG"), a film production house, and also to support its content requirement in respect of the Group's television, licensing and distribution operations by acquiring those relevant film rights, and favour from the synergy in respect of the collaboration of BIG's film library and the Group's distribution network. The Group will also continue to support Hong Kong's film industry by looking for opportunities to invest in high quality and popular films.

The revenues attributable to sale and distribution of films and programs in audio visual product format decreased from HK$44,233,000 to HK$38,387,000, which is mainly attributable to the overall industrial climate and less new titles were released during the year. Since April 2008, the Group has widened its network and source of audio visual products distribution by distributing titles for an international entertainment and media company. The Group will continue to acquire customized and popular films and diversify its distribution channels in order to maintain its competitiveness.

During the year, the Group acquired an office premise in Beijing, China and a storey of commercial properties in Xiamen, China respectively. These have enhanced the property portfolio of the Group and the Board believes the Group will benefit from the anticipated growth in value of these properties in the long-term prospect. During the year, the Group recorded rental revenue from its investment properties of HK$7,064,000 (2009: HK$6,449,000).

Subsequent to the year end date, the Company completed the top-up placing of 722,580,000 new shares and raised gross receipt of approximately HK$150 million for the Group's future business development and working capital requirement. Following the top-up placing, the equity base of the Company was further broadened and strengthened and the Group believes that it will continue to be benefited from that and its increasing exposure to the global entertainment industry.

Looking forward, the Group will explore opportunities to enter into China's theatrical market, and exploit opportunities to generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 31st March 2010, the Group had available banking facilities of approximately HK$87.6 million, of which approximately HK$41.4 million were utilised. Certain of the Group's bank deposits, financial assets at fair value through profit and loss and properties with net book values of HK$212.5 million were pledged to secure banking facilities. The Group's gearing ratio of 10.4% as at 31st March 2010 was based on the total of bank loans and overdrafts (of which HK$19,950,000, HK$2,403,000, HK$7,526,000 and HK$9,792,000 are repayable within one year, in the second year, in the third to fifth year and after the fifth year respectively) and obligations under finance leases of HK$3,023,000 (repayable within one year) of HK$42,694,000 in aggregate and the shareholders' funds of approximately HK$412,686,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollars and Renminbi and the Group has no significant exposure to foreign currency fluctuations.

At 31st March 2010, the Company had contingent liabilities in respect of guarantees given to banks for facilities of its subsidiaries amounting to approximately HK$36.7 million, and commitments in respect of film production, film and program licensing agreements, property, plant and equipment amounting to approximately HK$8.9 million. The commitments will be financed by the Group's internal resources and banking facilities.

Employees

At 31st March 2010, the Group employed 101 staff. Remuneration is reviewed periodically based on individual staff's performance. In addition to the basic salaries, staff benefits include discretionary bonus, medical insurance scheme and contributory provident fund. The Group also has a share option scheme whereby qualified participants may be granted options to acquire shares of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions set out in the Code of Corporate Governance Practices under Appendix 14 of the Rules Governance the Listing of Securities on the Stock Exchange of Hong Kong Limited, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to rotation in accordance with the Bye-laws of the Company. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

REVIEW BY AUDIT COMMITTEE

The annual results have been reviewed by the audit committee of the Company.

On behalf of the Board
Li Kuo Hsing
Chairman

Hong Kong, 20th July 2010

As at the date of this announcement, the executive directors of the Company are Mr Li Kuo Hsing, Mr Tong Hing Chi and Mr Chau Kei Leung, the non-executive directors are Mr Hugo Shong and Mr Chan Ngan Piu and the independent non-executive directors are Ms Wang Huarong, Mr Cheung Ming Man and Dr Lee G. Lam.