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 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2011

	Note	**2011** **HK$'000**	2010 *HK$'000* (Restated) *(Note 1(b))*
Revenue	*2*	**200,169**	157,093
Cost of sales	*4*	**(119,509)**	(91,992)
Gross profit		**80,660**	65,101
Other income	*2*	**18,314**	14,708
Other gains — net	*3*	**29,202**	43,920
Selling and marketing expenses	*4*	**(9,569)**	(9,242)
Administrative expenses	*4*	**(59,252)**	(52,618)
Operating profit		**59,355**	61,869
Finance income	*5*	**638**	1,405
Finance costs	*5*	**(821)**	(3,435)
Finance costs — net		**(183)**	(2,030)
Share of profit of associated companies		**276**	—
Profit before income tax		**59,448**	59,839
Income tax expense	*6*	**(11,004)**	(7,631)
Profit for the year		**48,444**	52,208
Profit/(loss) attributable to:			
Equity holders of the Company		**55,000**	51,965
Non-controlling interests		**(6,556)**	243
		48,444	52,208
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company during the year			
Basic earnings per share	*7*	**0.99**	1.06
Diluted earnings per share	*7*	**0.99**	1.06
		HK$'000	*HK$'000*
Dividends	*8*	**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Profit for the year		**48,444**	52,208
Other comprehensive income/(loss):			
Surplus/(deficit) on revaluation of buildings		**4,735**	(2,418)
Deferred taxation arising from revaluation (surplus)/deficit of buildings		**(734)**	399
Fair value (losses)/gains on available-for-sale financial assets		**(17,333)**	26,906
Release upon disposal of available-for-sale financial assets		**(7,055)**	—
Impairment loss on available-for-sale financial assets		**1,261**	—
Currency translation differences		**397**	(1,599)
Other comprehensive (loss)/income for the year, net of tax		**(18,729)**	23,288
Total comprehensive income for the year		**29,715**	75,496
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**36,365**	75,270
Non-controlling interests		**(6,650)**	226
Total comprehensive income for the year		**29,715**	75,496

CONSOLIDATED BALANCE SHEET

As at 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**31,237**	32,025
Property, plant and equipment		**118,256**	105,852
Intangible assets		**—**	—
Investment properties		**146,725**	123,898
Interests in associated companies		**276**	—
Interest in a jointly controlled entity		**—**	—
Available-for-sale financial assets		**22,096**	45,086
Film rights, films in progress and film royalty deposits		**121,567**	74,198
		440,157	381,059
Current assets			
Inventories		**5,732**	6,951
Trade and other receivables	*9*	**29,258**	36,794
Amount due from an associated company		**3,479**	—
Financial assets at fair value through profit or loss		**51,095**	50,124
Pledged bank deposits		**43,500**	43,517
Cash and cash equivalents		**102,445**	24,628
		235,509	162,014
Total assets		**675,666**	543,073
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**112,661**	98,209
Share premium		**126,733**	—
Reserves		**350,842**	314,477
Shareholders' funds		**590,236**	412,686
Non-controlling interests		**(3,147)**	2,434
Total equity		**587,089**	415,120

	Note	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*11(a)*	**6,235**	19,721
Obligations under finance leases	*11(b)*	**252**	—
Deferred income tax liabilities		**16,789**	11,052
		23,276	30,773
Current liabilities			
Trade and other payables	*10*	**49,408**	68,718
Borrowings	*11(a)*	**5,381**	19,950
Obligations under finance leases	*11(b)*	**755**	3,023
Current income tax liabilities		**9,757**	5,489
		65,301	97,180
Total liabilities		**88,577**	127,953
Total equity and liabilities		**675,666**	543,073
Net current assets		**170,208**	64,834
Total assets less current liabilities		**610,365**	445,893

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2011

	Attributable to equity holders of the Company									
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	(Accumulated losses)/ retained earnings	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2009	**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 deficit of buildings	–	–	–	–	–	399	–	–	–	399
Fair value gains 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	–	(167,569)	–	81,910	–	–	–	85,659	–	–
Capital injection from non-controlling 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**
Balance at 31st March 2010	**98,209**	**–**	**12**	**189,009**	**(2,401)**	**12,338**	**42,662**	**72,857**	**2,434**	**415,120**

	Attributable to equity holders of the Company									
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2010, as per above	**98,209**	**—**	**12**	**189,009**	**(2,401)**	**12,338**	**42,662**	**72,857**	**2,434**	**415,120**
Comprehensive income										
Profit for the year	—	—	—	—	—	—	—	55,000	(6,556)	48,444
Other comprehensive income/(loss)										
Surplus on revaluation of buildings	—	—	—	—	—	4,735	—	—	—	4,735
Deferred taxation arising from revaluation surplus of buildings	—	—	—	—	—	(734)	—	—	—	(734)
Fair value losses on available-for-sale financial assets	—	—	—	—	—	—	(17,333)	—	—	(17,333)
Release upon disposal of available-for-sale financial assets	—	—	—	—	—	—	(7,055)	—	—	(7,055)
Impairment loss on available-for-sale financial assets	—	—	—	—	—	—	1,261	—	—	1,261
Currency translation differences	—	—	—	—	491	—	—	—	(94)	397
Total other comprehensive income	—	—	—	—	491	4,001	(23,127)	—	(94)	(18,729)
Total comprehensive income	**—**	**—**	**—**	**—**	**491**	**4,001**	**(23,127)**	**55,000**	**(6,650)**	**29,715**
Transactions with owners										
Capital injection from share placement	14,452	126,733	—	—	—	—	—	—	—	141,185
Capital injection from non-controlling interests on a subsidiary	—	—	—	—	—	—	—	—	1,069	1,069
Total transactions with owners	**14,452**	**126,733**	**—**	**—**	**—**	**—**	**—**	**—**	**1,069**	**142,254**
Balance at 31st March 2011	**112,661**	**126,733**	**12**	**189,009**	**(1,910)**	**16,339**	**19,535**	**127,857**	**(3,147)**	**587,089**

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 and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

This consolidated financial information is presented in Hong Kong dollars, unless otherwise stated.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st April 2010.

- HKAS 27 (Revised) specifies the accounting when the control of a previous subsidiary is lost. Any remaining interest in the entity is re-measured to fair value and the resulting gain or loss is recognised in the consolidated income statement.

  The revised standard was applied to the disposal of the controlling interest in a subsidiary during the year. The remaining interest in the entity was re-measured to a fair value and accounted for as an investment in an associated company on the date when the Group's control ceased. Gain on disposal of a subsidiary of HK$3,265,000 has been recognised in the consolidated income statement (note 3). Prior to this revision, the remaining interest in an associated company was recognised at cost.

- HKAS 27 (Revised) specifies that total comprehensive income is attributed to the owners of the parent and to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to this revision, non-controlling interests will only share losses up to the non-controlling interests in the subsidiary's equity, except when the non-controlling interests has a binding obligation and is able to make an additional investment to cover the losses.

This revised standard has been applied beginning 1st April 2010 in accordance with the effective date and transitional provisions of the revision. The effect of the adoption of this revision is as below:

	For the year ended 31st March 2011 *HK$'000*
Increase in loss for the year attributable to non-controlling interests	6,799
Decrease in non-controlling interests	(6,799)
Increase in basic earnings per share attributable to equity holders of the Company *(HK cents)*	0.12
Increase in diluted earnings per share attributable to equity holders of the Company *(HK cents)*	0.12

(b) Change in presentation on distribution commission income

During the year ended 31st March 2011, the Group changed its presentation on distribution commission income which was previously included in other income in the consolidated income statement. Subsequent to the change in presentation, distribution commission income of HK$4,704,000 (2010: HK$3,731,000) was included in revenue in the consolidated income statement.

Management believes that the change in presentation results in providing a more appropriate presentation of financial information of the Group as the royalty rights distribution service has become one of the ordinary course of business activities of the Group. The change in presentation has been accounted for retrospectively and the revenue, other income and segment revenue in the consolidated financial statements have been restated in prior year.

There was no impact on profit for the year and earnings per share for year ended 31st March 2011 and 2010. Prior year consolidated balance sheets were not affected by this reclassification of items and hence the consolidated balance sheet as at 1st April 2009 was not presented.

2. Revenue and segment information

	2011	2010
	HK$'000	*HK$'000*
		(Restated)
		(Note 1(b))
Revenue		
Television operations	**120,705**	104,130
Film exhibition and film rights licensing and sub-licensing	**53,193**	14,576
Sale and distribution of films and programs in audio visual product format	**21,607**	38,387
Artiste management	**4,664**	—
	200,169	157,093
Other income		
Rental income from investment properties	**6,904**	7,064
Other rental income	**3,000**	4,926
Management fee income	**3,325**	—
Others	**5,085**	2,718
	18,314	14,708
	218,483	171,801

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

For the year ended 31st March 2011, the Group operates in five 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

— Artiste management

— Property investment

The segment information for the year ended 31st March 2011 by each principal activity is as follows:

	Year ended 31st March 2011						
	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$'000*	Artiste management *HK$'000*	Property investment *HK$'000* *(note (b))*	Elimination *HK$'000*	Group *HK$'000*
External sales	120,705	53,193	21,607	4,664	—	—	200,169
Inter-segment sales	—	3,451	—	—	—	(3,451)	—
Segment revenue	120,705	56,644	21,607	4,664	—	(3,451)	200,169
Reportable segment profit	17,247	6,173	5,436	2,671	35,808	(483)	66,852
Reportable segment assets	56,683	97,528	153,751	—	148,486	(2,281)	454,167
Reportable segment liabilities	(23,828)	(22,321)	(10,900)	—	(18,275)	—	(75,324)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(585)	(363)	(822)	—	—	—	(1,770)
Amortisation for film rights	(39,120)	(13,730)	(5,883)	—	—	2,968	(55,765)
Provision for impairment of film rights	—	(106)	(854)	—	—	—	(960)
Additions to property, plant and equipment	169	4,449	1,695	—	—	—	6,313
Additions to investment properties	—	—	—	—	170	—	170
Additions to film rights, films in progress and film royalty deposits	43,218	55,385	8,382	—	—	(3,451)	103,534

The segment information 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* (Restated) *(Note 1 (b))*	Sale and distribution of films and programs in audio visual product format *HK$'000*	Artiste management *HK$'000*	Property investment *HK$'000* *(note (b))*	Elimination *HK$'000*	Group *HK$'000*
External sales	104,130	14,576	38,387	—	—	—	157,093
Inter-segment sales	—	4,504	—	—	—	(4,504)	—
Segment revenue	104,130	19,080	38,387	—	—	(4,504)	157,093
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 of property, plant and equipment and amortisation of 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	9,765	7,264	—	—	(4,504)	53,388

(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 profit of associated companies, other income, other (losses)/gains — net, finance costs — net, depreciation of property, plant and equipment and amortisation of 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 and amounts due from associated companies, available-for-sale financial assets, financial assets at fair value through profit or loss, 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 bank borrowings 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 profit before income tax 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

	2011	2010
	HK$'000	*HK$'000*
Reportable segment profit	**66,852**	49,635
Unallocated amounts:		
Unallocated other income	**4,222**	2,603
Unallocated other (losses)/gains — net	**(1,799)**	21,416
Unallocated finance costs — net	**(183)**	(1,939)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(7,316)**	(7,243)
Unallocated share of profit of associated companies	**276**	—
Unallocated corporate expenses	**(2,604)**	(4,633)
Profit before income tax per consolidated income statement	**59,448**	59,839

Assets

	2011	2010
	HK$'000	*HK$'000*
Reportable segment assets	**454,167**	315,174
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights and buildings	**141,669**	121,894
Unallocated available-for-sale financial assets	**22,096**	45,086
Unallocated financial assets at fair value through profit or loss	**51,095**	50,124
Unallocated cash and cash equivalents	**839**	802
Unallocated interests in and amounts due from associated companies	**3,755**	—
Unallocated corporate assets	**2,045**	9,993
Total assets per consolidated balance sheet	**675,666**	543,073

Liabilities

	2011	2010
	HK$'000	*HK$'000*
Reportable segment liabilities	**75,324**	99,736
Unallocated liabilities:		
Unallocated bank borrowings	**11,616**	26,330
Unallocated corporate liabilities	**1,637**	1,887
Total liabilities per consolidated balance sheet	**88,577**	127,953

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

	Revenue from external customers		**Non-current assets (other than interests in associated companies and financial instruments)**	
	2011	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		
		(Note 1(b))		
Hong Kong	**90,373**	99,565	**313,634**	269,481
Singapore	**52,312**	47,650	**—**	—
People's Republic of China	**34,229**	—	**96,981**	64,400
Other countries	**23,255**	9,878	**7,170**	2,092
	200,169	157,093	**417,785**	335,973

Revenues of approximately HK$53,689,000 and HK$52,312,000 (2010: HK$52,146,000 and HK$47,650,000) are derived from two single external customers. These revenues are attributable to the television operations segment.

3. Other gains/(losses) — net

	2011	2010
	HK$'000	*HK$'000*
Surplus/(deficit) on revaluation of building	**87**	(87)
Surplus on revaluation of investment properties	**31,001**	22,504
Gain on disposal of a subsidiary	**3,265**	—
Gain on disposal of available-for-sale financial assets	**7,055**	—
Impairment loss on available-for-sale financial assets	**(1,261)**	—
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(10,945)**	21,467
Fair value gain on derivative financial instruments	**—**	36
	29,202	43,920

4. Expenses by nature

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

	2011 *HK$'000*	2010 *HK$'000*
Cost of inventories	**3,629**	6,430
Provision for obsolescence of inventories	**633**	487
Amortisation of leasehold land and land use rights	**788**	555
Depreciation		
— owned property, plant and equipment	**7,987**	5,520
— leased property, plant and equipment	**311**	2,863
Amortisation of film rights	**55,765**	32,262
Provision for impairment of film rights	**960**	2,555
Write-off of other receivables	**216**	153
Reversal of provision for impairment of amount due from an associated company	**—**	(1,780)
Employee benefit expenses (including directors' emoluments)	**30,430**	25,065
Auditor's remuneration		
— current year	**1,461**	1,295
— over-provision in prior years	**—**	(18)
Marketing and promotion expenses	**6,034**	7,399
Production and origination costs	**23,473**	17,347
Direct operating expenses arising from investment properties that generate rental income	**1,625**	987
Theatrical costs	**17,888**	2,938
Transmission costs	**13,624**	12,870

5. Finance costs — net

	2011 *HK$'000*	2010 *HK$'000*
Finance income		
— Interest income on short-term bank deposits	**543**	168
— Interest income on loans to third parties	**95**	1,237
	638	1,405
Finance costs		
— Interest on loans and overdrafts	**(652)**	(938)
— Interest element of finance leases	**(169)**	(287)
— Interest accretion of convertible notes	**—**	(2,210)
	(821)	(3,435)
Finance costs — net	**(183)**	(2,030)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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.

	2011	2010
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**6,277**	4,014
— Over-provision in prior year	**(243)**	(222)
	6,034	3,792
Deferred income tax	**4,970**	3,839
Income tax expense	**11,004**	7,631

The tax on the Group's profit 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:

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax	**59,448**	59,839
Tax calculated at domestic tax rates applicable to profits in the respective countries	**9,635**	8,714
Tax effects of:		
Associates' results reported net of tax	**(46)**	—
Income not subject to tax	**(7,865)**	(1,196)
Expenses not deductible for tax purposes	**5,160**	1,101
Tax losses for which no deferred income tax assets was recognised	**4,907**	4,881
Over-provision in prior year	**(243)**	(222)
Utilistation of previously unrecognised tax losses	**(544)**	(5,647)
Tax charge	**11,004**	7,631

The weight average applicable tax rate was 16% (2010: 15%).

7. **Earnings per share**

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company of HK$55,000,000 (2010: HK$51,965,000) by the weighted average number of ordinary shares of 5,555,827,000 (2010: 4,910,455,000) in issue during the year.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31st March 2010, the Company has convertible notes as dilutive potential ordinary shares. The convertible notes are 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 year ended 31st March 2011, the diluted earnings per share was the same as the basic earnings per share as there were no outstanding convertible notes during the year.

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

8. **Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2011 (2010: nil).

9. **Trade and other receivables**

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**37,076**	30,732
Less: provision for impairment of receivables	**(22,596)**	(22,596)
Trade receivables — net	**14,480**	8,136
Prepayments, deposits and other receivables	**14,778**	28,658
	29,258	36,794

The ageing analysis of trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 3 months	**14,030**	8,081
4 to 6 months	**450**	47
Over 6 months	**22,596**	22,604
	37,076	30,732

The Group's credit terms to trade receivables generally range from 7 to 90 days (2010: same).

As of 31st March 2011, trade receivables of HK$1,934,000 (2010: HK$2,844,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2011	2010
	HK$'000	*HK$'000*
Up to 3 months	**1,485**	2,789
Over 3 months	**449**	55
	1,934	2,844

As of 31st March 2011, trade receivables of HK$22,596,000 (2010: HK$22,596,000) were impaired and fully provided for. The individually impaired receivables mainly relate to a long-outstanding customer, which is in unexpectedly difficult financial situation.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong dollar ("HK$")	**10,714**	23,524
Renminbi ("RMB")	**16,455**	11,713
Japanese Yen ("JPY")	**1,422**	1,179
New Taiwan dollar ("NTD")	**667**	378
	29,258	36,794

Movements on the Group's provision for impairment of trade receivables are as follows:

	2011	2010
	HK$'000	*HK$'000*
At 1st April 2010 and 2009	**22,596**	23,045
Receivables written off during the year as uncollectible	**—**	(449)
At 31st March 2011 and 2010	**22,596**	22,596

The creation and release of provision for impaired receivables have been included as part of administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

10. Trade and other payables

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**4,011**	11,749
Receipts in advance	**16,643**	16,770
Other payables and accruals	**28,754**	40,199
	49,408	68,718

The ageing analysis of trade payables was as follows:

	2011	2010
	HK$'000	*HK$'000*
Current to 3 months	**2,209**	9,933
4 to 6 months	**—**	5
Over 6 months	**1,802**	1,811
	4,011	11,749

At 31st March 2011 and 2010, carrying value of trade payables approximate their fair values, and were denominated in the following currencies:

	2011	2010
	HK$'000	*HK$'000*
Denominated in:		
HK$	**1,960**	4,172
JPY	**1,400**	745
United States dollar ("USD")	**651**	6,832
	4,011	11,749

At 31st March 2011 and 2010, carrying values of receipts in advance, other payables and accruals approximate their fair values. At 31st March 2011 and 2010, receipts in advance were mainly denominated in Singapore dollar and USD, and other payables and accruals were mainly denominated in HK$.

11. Borrowings and obligations under finance leases

	2011	2010
	HK$'000	*HK$'000*
Bank overdrafts, secured	**4,523**	7,095
Secured bank loans — current portion *(note (a))*	**858**	12,855
Bank borrowings — current portion	**5,381**	19,950
Secured bank loans — non-current portion *(note (a))*	**6,235**	19,721
Total borrowings	**11,616**	39,671
Obligations under finance leases *(note (b))*		
— Current portion	**755**	3,023
— Non-current portion	**252**	—
	1,007	3,023

(a) Borrowings

Group's borrowings are repayable as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 1 year	**858**	19,950
Between 1 to 2 years	**902**	2,403
Between 2 to 5 years	**3,140**	7,526
	4,900	29,879
Later than 5 years	**2,193**	9,792
	7,093	39,671

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2011	2010
	HK$'000	*HK$'000*
HK$	**—**	32,117
RMB	**7,093**	7,554
	7,093	39,671

At 31st March 2011, banking facilities amounting to HK$73,575,000 (2010: HK$87,576,000) 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$91,605,000 (2010: HK$80,192,000) and certain investment properties with carrying value of HK$77,625,000 (2010: HK$70,348,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged deposits of HK$43,500,000 (2010: HK$43,517,000) of the Group.

(iv) financial assets at fair value through profit or loss of HK$22,510,000 (2010: HK$18,454,000) of the Group.

At 31st March 2011, the Group's bank borrowings bear floating interest rate of five-year benchmark interest rate for Renminbi-denominated loans by People's Bank of China. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2011 is 6.60%.

At 31st March 2010, the Group's bank borrowings bear floating interest rates of HIBOR plus 0.5% to 1.5% and five-year benchmark interest rate for Renminbi-denominated loans by People's Bank of China. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2010 is 2.31%.

The carrying amounts of the borrowings approximate their fair values at 31st March 2011 as the borrowings carry floating interest rates.

(b) Obligations under finance leases

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Group's finance lease liabilities were repayable as follows:

	2011	2010
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
Within 1 year	**797**	3,164
Later than 1 year and no later than 5 years	**265**	—
	1,062	3,164
Future finance charges on finance leases	**(55)**	(141)
Present value of finance lease liabilities	**1,007**	3,023

The present value of finance lease liabilities are repayable as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 1 year	**755**	3,023
Later than 1 year and no later than 5 years	**252**	—
	1,007	3,023

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

Management Discussion and Analysis

During the year ended 31st March 2011, the Group recorded a consolidated turnover of HK$200,169,000 (2010 (restated): HK$157,093,000) and a profit attributable to equity holders of the Company of HK$55,000,000 (2010: HK$51,965,000), including fair value gains on investment properties of HK$31,001,000 (2010: HK$22,504,000) and fair value losses on financial assets at fair value through profit and loss of HK$10,945,000 (2010: gains of HK$21,467,000).

The contribution of revenues from the Group's television segment was increased by approximately 16% to the level of approximately HK$121 million (2010: HK$104 million). Since the launch of its first broadcasting 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 2011, 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 and under the name of MioTV in Singapore. These channels contributed steady and secured contribution to the Group.

In November 2009, the Group entered into an agreement with HBO Asia 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. RED Channel has been launched in Indovision and First Media Cable in Indonesia in April and August 2010 respectively and Hypp TV, the IPTV platform of TM Net in Malaysia in October 2010. In Philippines, CableBoss was appointed as a cable TV distributor of RED channel in August 2010 and RED channel was also launched on Philippines Multi-media Systems, Inc.'s direct-to-home platform in November 2010. RED Channel is also seeking the opportunity to launch in Vietnam soon.

In August 2010, the Group also launched a channel through Chunghwa Telecom Movie On Demand (MOD) platform in Taiwan.

The Group has penetrated into the market of Japan since September 2008. At the end of May 2011, the Group ceased its channel in Sky PerfecTV for ease of cost efficiency and is now co-operating with cable and internet operators in Japan such as yahoo BBTV and Gyao for launching its programs. The Group also commenced subscription video-on-demand ("SVOD") service through the platform of J:COM in June 2011.

Looking forward, the Group aims to provide channels to other countries, explore opportunities of additional revenues arising from TV channels such as advertising income from available air-time in those TV channels, and developing channels with increasing varieties.

The contribution of revenues from the Group's film exhibition and film rights licensing and sub-licensing segment was increased from HK$15 million (restated) to HK$53 million and its artiste management sector also contributed approximately HK$5 million (2010: Nil) to the Group.

During the year, the Group acquired the China rights of two films titled "I Love Hong Kong" and "Don't Go Breaking My Heart", the former was released during the financial year while the latter was released immediately after the year end. Both of which received positive responses from the market and contributed satisfactory revenues and return to the Group. As at 31st March 2011, a number of other film and drama projects are being produced and planned and more films are expected to be released in the forthcoming financial years. Besides self-producing and investing, the Group will also make use of its wide distribution network developed for years and develop its business of distribution agency for film and drama projects. This sector also provides steady and secured income source to the Group.

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 programs to its audiences.

Following the number of broadcasting channels in Hong Kong and China, the demand for channel contents is expected to increase continuously and the Group believes that it will receive encouraging results and fruitful rewards from these new market opportunities.

The Group signed up to manage the jobs of a number of pop stars and artistes in Hong Kong and China and commenced the development of the Group's artiste management business during the year. It becomes a base to build our talent management business and the Group will continue to seek potential artistes and performers in order to build up a talent pool from which all future productions will be benefited.

Following the development of its economic environment, China's film exhibition industry and box office income has grown rapidly in the recent years. Taking into account of the huge demand but limited theatre supply in China, the Group started to penetrate into the China theatrical market. During the year, a team was set up for the theatrical operation and the Group has located sites in Tianjin, Yangzhou, Shanghai and Chengdu to develop theatres there. All of those planned theatres have over 1,000 seats and are multiplexes, digital equipped and certain of which are also 3D equipped. These theatres are expected to come into operation within 1-2 years. The Group's another investment in a Guangzhou theatre is also in the process of seeking approval from relevant authority and is expected to be completed shortly.

The revenues attributable to sale and distribution of films and programs in audio and visual product format dropped from HK$38 million to HK$22 million, which is mainly attributable to the overall industrial climate and less new titles were released during the year. Following the shrinkage of video industry and rapid development of technology, the distribution of films and programs is no longer limited to video discs but in digital formats available over the Internet. The Group is now exploring to diversify its distribution network to online downloading and streaming in order to adapt to the expected future consumer behavior. The Group considers the new media investment will ignite a revolution to the video distribution industry and fit the expected market demand.

Benefiting from the rise in property market in Hong Kong and China during the year, the investment properties portfolio of the Group contributed a surplus on revaluation of HK$31 million during the year, and that segment also contributed steady rental income of HK$7 million during the year.

During the year, the Company completed a top-up placing of 722,580,000 new shares and raised net receipt of approximately HK$141 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.

As set out in the Company's announcement dated 15th April 2011 (the "Announcement"), the Company is still consulting legal advice regarding the Case as defined in the Announcement and taking appropriate course of action to defend the Case.

Looking forward, the Group will explore other opportunities to generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 31st March 2011, the Group has available banking facilities of approximately HK$73.6 million, of which approximately HK$11.6 million were utilised. Certain of the Group's deposits and properties with aggregate net carrying values of HK$235.2 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 2% as at 31st March 2011 was based on the total of bank loans and overdrafts of HK$11,616,000 (of which HK$5,381,000, HK$902,000, HK$3,140,000 and HK$2,193,000 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$1,007,000 (of which HK$755,000 and HK$252,000 are repayable within one year and in the second year respectively) and the shareholders' funds of approximately HK$590,236,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollars and Renminbi and has no significant exposure to foreign currency fluctuations.

At 31st March 2011, the Company had contingent liabilities in respect of guarantees given to banks for facilities of its subsidiaries amounting to approximately HK$36,700,000 and commitments in respect of films production, film and program licensing agreements and construction in progress amounting to approximately HK$50 million. The commitments will be financed by the Group's internal resources and banking facilities.

Employees

At 31st March 2011, the Group employed 117 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 employees 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, 29th June 2011

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.