Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2013

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2013

	Note	Year ended 31st March 2013 HK$'000	2012 HK$'000 (Restated)
Revenue	2	**555,777**	358,797
Cost of sales	4	**(486,487)**	(248,213)
Gross profit		**69,290**	110,584
Other income	2	**17,174**	14,898
Other gains/(losses) — net	3	**37,066**	(8,032)
Selling, distribution and marketing expenses	4	**(85,416)**	(36,291)
Administrative expenses	4	**(83,648)**	(81,777)
Operating loss		**(45,534)**	(618)
Finance income	5	**696**	783
Finance costs	5	**(751)**	(893)
Finance costs — net		**(55)**	(110)
Share of loss of associates		**(598)**	(316)
Loss before income tax		**(46,187)**	(1,044)
Income tax expense	6	**(2,889)**	(9,995)
Loss for the year		**(49,076)**	(11,039)
Loss attributable to:			
Owners of the Company		**(48,735)**	(11,413)
Non-controlling interests		**(341)**	374
		(49,076)	(11,039)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company during the year			
Basic loss per share	7	**(0.87)**	(0.20)
Diluted loss per share	7	**(0.87)**	(0.20)
		HK$'000	*HK$'000*
Dividends	8	**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2013

	Year ended 31st March	
	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Loss for the year	**(49,076)**	(11,039)
Other comprehensive income/(loss):		
Surplus on revaluation of buildings	**10,847**	29,682
Deferred taxation arising from revaluation surplus of buildings	**(1,634)**	(4,834)
Fair value losses on available-for-sale financial assets	**(470)**	(9,543)
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	**(2,506)**	—
Impairment loss on available-for-sale financial assets	—	527
Release of exchange difference upon disposal of subsidiaries	—	2,535
Currency translation differences	**267**	1,745
Other comprehensive income for the year, net of tax	**6,504**	20,112
Total comprehensive (loss)/income for the year	**(42,572)**	9,073
Total comprehensive (loss)/income attributable to:		
Owners of the Company	**(42,360)**	8,218
Non-controlling interests	**(212)**	855
Total comprehensive (loss)/income for the year	**(42,572)**	9,073

CONSOLIDATED BALANCE SHEET

As at 31st March 2013

		As at 31st March		
		2013	2012	2011
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Leasehold land and land use rights		**29,660**	30,449	31,237
Property, plant and equipment		**181,643**	160,530	118,256
Intangible assets		**403**	—	—
Investment properties		**223,501**	183,410	146,725
Interests in associates		**773**	—	276
Interest in a jointly controlled entity		—	—	—
Available-for-sale financial assets		**9,146**	12,553	22,096
Film rights, films in progress and film royalty deposits		**46,697**	218,060	121,567
Other receivables and deposits	*9*	**11,562**	5,694	—
		503,385	610,696	440,157
Current assets				
Inventories		**684**	1,578	5,732
Trade and other receivables	*9*	**38,022**	52,239	29,258
Amounts due from associates		**12,397**	18,018	3,479
Financial assets at fair value through profit or loss		**32,722**	49,396	51,095
Pledged bank deposits		**23,500**	23,500	43,500
Cash and cash equivalents		**100,363**	53,464	102,445
		207,688	198,195	235,509
Total assets		**711,073**	808,891	675,666
EQUITY				
Equity attributable to owners of the Company				
Share capital		**112,661**	112,661	112,661
Share premium		**126,733**	126,733	126,733
Reserves		**327,353**	369,713	361,495
Shareholders' funds		**566,747**	609,107	600,889
Non-controlling interests		**8,756**	6,170	(3,147)
Total equity		**575,503**	615,277	597,742

		As at 31st March		
		2013	2012	2011
	Note	***HK$'000***	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
LIABILITIES				
Non-current liabilities				
Borrowings	*11(a)*	**—**	5,506	6,235
Obligations under finance leases	*11(b)*	**—**	—	252
Deferred income tax liabilities		**17,862**	13,660	6,136
		17,862	19,166	12,623
Current liabilities				
Trade and other payables	*10*	**72,817**	53,901	32,765
Receipts in advance		**24,090**	72,623	16,643
Borrowings	*11(a)*	**9,048**	32,458	5,381
Obligations under finance leases	*11(b)*	**—**	252	755
Current income tax liabilities		**11,753**	15,214	9,757
		117,708	174,448	65,301
Total liabilities		**135,570**	193,614	77,924
Total equity and liabilities		**711,073**	808,891	675,666
Net current assets		**89,980**	23,747	170,208
Total assets less current liabilities		**593,365**	634,443	610,365

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2013

	Attributable to owners 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$'000*	Retained earnings *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1st April 2011, as previously reported	112,661	126,733	12	189,009	(1,910)	16,339	19,535	127,857	(3,147)	587,089
Adjustment on change in accounting policy — Adoption of HKAS12 (Amendment) *(note 1a)*	—	—	—	—	—	—	—	10,653	—	10,653
Balance at 1st April 2011, as restated	112,661	126,733	12	189,009	(1,910)	16,339	19,535	138,510	(3,147)	597,742
Comprehensive income/(loss)										
(Loss)/profit for the year, as restated	—	—	—	—	—	—	—	(11,413)	374	(11,039)
Other comprehensive income/(loss)										
Surplus on revaluation of buildings	—	—	—	—	—	29,682	—	—	—	29,682
Deferred taxation arising from revaluation surplus of buildings	—	—	—	—	—	(4,834)	—	—	—	(4,834)
Fair value losses on available-for-sale financial assets	—	—	—	—	—	—	(9,543)	—	—	(9,543)
Impairment loss on available-for-sale financial assets	—	—	—	—	—	—	527	—	—	527
Release of exchange difference upon disposal of subsidiaries	—	—	—	—	2,336	—	—	—	199	2,535
Currency translation differences										
— Group	—	—	—	—	1,424	—	—	—	282	1,706
— Associates	—	—	—	—	39	—	—	—	—	39
Total other comprehensive income/(loss)	—	—	—	—	3,799	24,848	(9,016)	—	481	20,112
Total comprehensive income/(loss), as restated	—	—	—	—	3,799	24,848	(9,016)	(11,413)	855	9,073
Transactions with owners										
Capital injection from non-controlling interests arising from incorporation of a new subsidiary	—	—	—	—	—	—	—	—	4	4
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(675)	(675)
Disposal of subsidiaries	—	—	—	—	—	—	—	—	9,133	9,133
Total transactions with owners	—	—	—	—	—	—	—	—	8,462	8,462
Balance at 31st March 2012, as restated	112,661	126,733	12	189,009	1,889	41,187	10,519	127,097	6,170	615,277

	Attributable to owners 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 2012, previously reported	112,661	126,733	12	189,009	1,889	41,187	10,519	112,756	6,170	600,936
Adjustment on change in accounting policy — Adoption of HKAS12 (Amendment) *(note 1a)*	–	–	–	–	–	–	–	14,341	–	14,341
Balance at 1st April 2012, as restated	112,661	126,733	12	189,009	1,889	41,187	10,519	127,097	6,170	615,277
Comprehensive loss										
Loss for the year	–	–	–	–	–	–	–	(48,735)	(341)	(49,076)
Other comprehensive income/(loss)							–			
Surplus on revaluation of buildings	–	–	–	–	–	10,847	–	–	–	10,847
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	(1,634)	–	–	–	(1,634)
Fair value losses on available-for-sale financial assets	–	–	–	–	–	–	(470)	–	–	(470)
Release of available-for-sale financial assets revaluation reserve upon disposal of available-for-sale financial assets	–	–	–	–	–	–	(2,506)	–	–	(2,506)
Currency translation differences										
— Group	–	–	–	–	65	–	–	–	129	194
— Associates	–	–	–	–	73	–	–	–	–	73
Total other comprehensive income/(loss)	–	–	–	–	138	9,213	(2,976)	–	129	6,504
Total comprehensive income/(loss)	–	–	–	–	138	9,213	(2,976)	(48,735)	(212)	(42,572)
Transactions with owners										
Non-controlling interest arising on business combination	–	–	–	–	–	–	–	–	110	110
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	2,688	2,688
Total transactions with owners	–	–	–	–	–	–	–	–	2,798	2,798
Balance at 31st March 2013	112,661	126,733	12	189,009	2,027	50,400	7,543	78,362	8,756	575,503

Notes:

1. Basis of preparation

The consolidated financial statements of Mei Ah Entertainment Group Limited (the "Company" and its subsidiaries (together, 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, which are carried at fair value.

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 ("HK$"), unless otherwise stated.

(a) New and amended standards and interpretations adopted by the Group

The HKICPA has amended Hong Kong Accounting Standard ("HKAS") 12, "Income taxes", to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st April 2012.

The Group has adopted this amendment retrospectively for the financial year ended 31st March 2013 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK$183,410,000 (1st April 2011: HK$146,725,000) as of 1st April 2012. As required by the amendment, the Group has restated the deferred tax relating to certain investment properties amounting to HK$124,710,000 (1st April 2011: HK$104,055,000) as of 1st April 2012 according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures have been restated to reflect the change in accounting policy as summarised below:

	31st March 2013	31st March 2012	1st April 2011
	HK$'000	*HK$'000*	*HK$'000*
Effect on consolidated balance sheet			
Decrease in deferred tax liabilities	**(19,477)**	(14,341)	(10,653)
Increase in retained earnings	**19,477**	14,341	10,653

	31st March 2013 HK$'000	31st March 2012 HK$'000
Effect on consolidated income statement		
Decrease in income tax expenses	**(5,136)**	(3,688)
Decrease in net loss attributable to owners of the Company	**5,136**	3,688
	HK$ Cent	*HK$ Cent*
Decrease in basic loss per share	**0.09**	0.07
Decrease in diluted loss per share	**0.09**	0.07

For the remaining investment properties that are located outside Hong Kong amounting to HK$58,700,000 as of 1st April 2012 (1st April 2011: HK$42,670,000) with a business model to consume substantially all the economic benefits embodied in the investment properties over time, rather than through sales, the presumption is rebutted and related deferred income tax continued to be determined based on recovery of use.

(b) New standards, amendments to standards and interpretations that are not effective and have not been early adopted by the Group

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st April 2012 and have not been early adopted by the Group:

		Effective for accounting period beginning on or after
Amendment to HKAS 1	Financial statements presentation regarding other comprehensive income	1st July 2012
Amendment to HKAS 19	Employee benefits	1st January 2013
HKAS 27 (revised 2011)	Separate Financial Statements	1st January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1st January 2013
Amendment to HKAS 32	Financial instruments: Presentation on asset and liability offsetting	1st January 2014
Amendment to HKFRS 1	First time adoption, on government loans	1st January 2013
Amendment to HKFRS 7	Financial instruments: Disclosures on asset and liability offsetting	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015

		Effective for accounting period beginning on or after
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
Amendment to HKFRSs 10, 11 and 12	Transition guidance	1st January 2013
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013
Annual improvements 2011	Annual Improvements 2009-2011 cycle	1st January 2013

The Group is in the process of assessing the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on the consolidated financial statements of the Group.

2. Revenue and segment information

	2013	2012
	HK$'000	*HK$'000*
Revenue		
Television operations	**55,879**	108,002
Film exhibition and film rights licensing and sub-licensing	**460,215**	215,448
Sales and distribution of films and programs in audio visual product format	**17,174**	16,724
Artiste management	**14,206**	17,160
Theatre operations	**8,303**	1,463
	555,777	358,797
Other income		
Rental income from investment properties	**6,577**	6,079
Other rental income	**3,000**	3,000
Management fee income	**1,431**	2,370
Dividend income	**1,142**	1,032
Others	**5,024**	2,417
	17,174	14,898
	572,951	373,695

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.

During the year ended 31st March 2013, the Group has started the video online business and the Executive Directors identify the reportable segments by business perspective as follows:

— Television operations

— Film exhibition and film rights licensing and sub-licensing

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

— Artiste management

— Theatre operations

— Property investment

— Video online

The segment information for the year ended 31st March 2013 by each principal activity is as follows:

	Year ended 31st March 2013								
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Artiste management *HK$'000*	Theatre operations *HK$'000*	Property investment *HK$'000* *(note (b))*	Video online *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
External sales	55,879	460,215	17,174	14,206	8,303	—	—	—	555,777
Inter-segment sales	—	3,275	—	—	—	—	—	(3,275)	—
Segment revenue	55,879	463,490	17,174	14,206	8,303	—	—	(3,275)	555,777
Reportable segment (loss)/profit	(8,120)	(42,820)	(4,709)	9,918	(8,753)	47,768	(25,195)	—	(31,911)
Reportable segment assets	25,890	156,939	30,864	2,120	26,216	224,761	2,941	(525)	469,206
Reportable segment liabilities	(29,425)	(54,356)	(5,218)	(724)	(6,476)	(20,351)	(8,219)	—	(124,769)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(295)	(787)	(628)	—	(4,419)	—	(327)	—	(6,456)
Amortisation of intangible assets	—	—	—	—	—	—	(202)	—	(202)
Amortisation of film rights	(17,503)	(137,751)	(1,568)	—	—	—	(555)	3,347	(154,030)
Provision for impairment of film rights and films in progress	(17,147)	(38,828)	(606)	—	—	—	(2,526)	452	(58,655)
Additions to intangible assets	—	—	—	—	—	—	605	—	605
Additions to property, plant and equipment	82	16,142	—	—	1,708	2	2,442	—	20,376
Additions to film rights, films in progress and film royalty deposits	14,023	26,032	1,489	—	—	—	3,082	(3,275)	41,351

The segment information for the year ended 31st March 2012 by each principal activity is as follows:

	Year ended 31st March 2012								
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Artiste management *HK$'000*	Theatre operations *HK$'000*	Property investment *HK$'000* *(note (b))*	Video online *HK$'000*	Elimination *HK$'000*	Group *HK$'000* (Restated)
External sales	108,002	215,448	16,724	17,160	1,463	—	—	—	358,797
Inter-segment sales	—	2,445	—	—	—	—	—	(2,445)	—
Segment revenue	108,002	217,893	16,724	17,160	1,463	—	—	(2,445)	358,797
Reportable segment profit/(loss)	16,939	(2,191)	(3,308)	13,043	(9,361)	37,559	—	1,230	53,911
Reportable segment assets	53,302	252,089	34,746	1,182	29,694	185,320	—	(1,051)	555,282
Reportable segment liabilities	(28,162)	(102,910)	(3,616)	(864)	(2,869)	(15,385)	—	—	(153,806)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(348)	(790)	(995)	—	(1,582)	—	—	—	(3,715)
Amortisation of film rights	(32,231)	(42,166)	(3,122)	—	—	—	—	3,675	(73,844)
Provision for impairment of film rights and films in progress	(8,507)	(5,752)	(224)	—	—	—	—	—	(14,483)
Additions to property, plant and equipment	84	1,449	669	—	21,418	—	—	—	23,620
Additions to investment properties	—	—	—	—	—	649	—	—	649
Additions to film rights, films in progress and film royalty deposits	24,807	159,131	2,633	—	—	—	—	(2,445)	184,126

(a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment (loss)/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. Information provided to the Executive Directors of the Group is measured in a manner consistent with that of the consolidated financial statements.

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

Reportable segment (loss)/profit is loss before income tax, excluding unallocated share of loss of associates, provision for impairment of amounts due from associates, other income, other gains/(losses) — 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 associates, 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 loss 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

	2013	2012
	HK$'000	*HK$'000*
Reportable segment (loss)/profit	**(31,911)**	53,911
Unallocated amounts:		
Unallocated other income	**4,142**	4,133
Unallocated other losses — net	**(5,085)**	(43,095)
Unallocated finance costs — net	**(11)**	(110)
Unallocated depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(7,422)**	(7,976)
Share of loss of associates	**(598)**	(316)
Provision for impairment of amounts due from associates	**(3,191)**	(3,706)
Unallocated corporate expenses	**(2,111)**	(3,885)
Loss before income tax per consolidated income statement	**(46,187)**	(1,044)

Assets

	2013	2012
	HK$'000	*HK$'000*
Reportable segment assets	**469,206**	555,282
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights	**169,403**	163,415
Unallocated available-for-sale financial assets	**9,146**	12,553
Unallocated financial assets at fair value through profit or loss	**32,722**	49,396
Unallocated cash and cash equivalents	**3,790**	616
Unallocated interests in and amounts due from associates	**13,170**	18,018
Unallocated corporate assets	**13,636**	9,611
Total assets per consolidated balance sheet	**711,073**	808,891

Liabilities

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Reportable segment liabilities	**124,769**	153,806
Unallocated liabilities:		
Unallocated bank borrowings	**9,048**	37,964
Unallocated corporate liabilities	**1,753**	1,844
Total liabilities per consolidated balance sheet	**135,570**	193,614

The Group is principally domiciled in Hong Kong and the People's Republic of China (the "PRC"). The result of its revenue from external customers and non-current assets other than interests in associates and financial instruments located in Hong Kong and other countries are summarised below:

	Revenue from external customers	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**65,974**	85,647
PRC	**430,234**	213,454
Singapore	**19,822**	40,014
Other countries	**39,747**	19,682
	555,777	358,797

During the year ended 31st March 2013, there was no single external customer which revenues exceed 10% of the Group's revenues.

During the year ended 31st March 2012, revenues of approximately HK$50,437,000 and HK$40,014,000 were derived from two single external customers attributable to the television operations segment.

	Non-current assets (other than interests in associates and financial instruments)	
	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**303,402**	430,860
PRC	**161,105**	141,822
Other countries	**23,533**	19,767
	488,040	592,449

3. Other gains/ (losses) — net

	2013	2012
	HK$'000	*HK$'000*
Surplus on revaluation of investment properties	**42,151**	35,063
Loss on disposal of subsidiaries	**—**	(10,629)
Gain on disposal of available-for-sale financial assets	**2,506**	—
Impairment loss on available-for-sale financial assets	**—**	(527)
Fair value losses on financial assets at fair value through profit or loss	**(7,591)**	(31,939)
	37,066	(8,032)

4. Expenses by nature

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

	2013 *HK$'000*	2012 *HK$'000*
Cost of inventories	**3,201**	6,892
Provision for/(reversal of) obsolescence of inventories	**566**	(179)
Amortisation of leasehold land and land use rights	**789**	788
Depreciation		
— owned property, plant and equipment	**12,674**	10,323
— leased property, plant and equipment	**415**	580
Loss on disposal of property, plant and equipment	**—**	430
Amortisation of film rights	**154,030**	73,844
Amortisation of intangible assets	**202**	—
Provision for impairment of film rights and films in progress	**58,655**	14,483
Write-off of other receivables	**2,863**	1,651
Provision for impairment of amounts due from associates	**3,191**	3,706
Auditor's remuneration		
— current year	**1,587**	1,517
— under-provision in prior years	**100**	80
Direct operating expenses arising from investment properties that generate rental income	**1,322**	1,553
Distribution commission expenses	**15,496**	9,407
Employee benefit expenses (including directors' emoluments)	**38,700**	36,275
Exchange (gain)/loss	**(620)**	849
Marketing and promotion expenses	**58,770**	24,424
Operating lease rental in respect of buildings	**4,200**	1,926
Production and origination costs	**10,508**	13,675
Theatre circuits' sharing	**225,773**	116,478
Transmission costs	**2,875**	4,565

5. Finance costs — net

	2013 *HK$'000*	2012 *HK$'000*
Finance income		
— Interest income on short-term bank deposits	**227**	462
— Interest income on loans to third parties	**469**	321
	696	783
Finance costs		
— Interest on loans and overdrafts	**(737)**	(851)
— Interest element of finance leases	**(14)**	(42)
	(751)	(893)
Finance costs — net	**(55)**	(110)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. PRC corporate income tax has been provided at the rate of 25% (2012: 25%) on the estimated assessable profit for the year. Taxation on other countries 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.

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Current income tax		
— Hong Kong profits tax	**398**	4,411
— PRC corporate income tax	**—**	2,968
— Over-provision in prior years	**(12)**	(7)
Total current tax	**386**	7,372
Deferred income tax		
Origination and reversal of temporary differences	**7,639**	6,311
Adjustment on change in accounting policy — Adoption of HKAS 12 (Amendment) *(note 1a)*	**(5,136)**	(3,688)
Total deferred tax	**2,503**	2,623
Income tax expense	**2,889**	9,995

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Hong Kong taxation rate, as follows:

	2013	2012
	HK$'000	*HK$'000*
		(Restated)
Loss before income tax	**(46,187)**	(1,044)
Tax calculated at a rate of 16.5% (2012: 16.5%)	**(7,621)**	(172)
Effect of different taxation rates in other countries	**(1,519)**	818
Income not subject to tax	**(5,994)**	(4,312)
Expenses not deductible for tax purposes	**2,843**	9,393
Tax losses for which no deferred income tax assets was recognised	**15,773**	5,757
Utilisation of previously unrecognised tax losses	**(682)**	(1,534)
Associates' results reported net of tax	**101**	52
Over-provision in prior years	**(12)**	(7)
Tax charge	**2,889**	9,995

7. **Loss per share**

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$48,735,000 (2012: HK$11,413,000 as restated) by the weighted average number of ordinary shares of 5,633,035,000 (2012: 5,633,035,000) in issue during the year.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the year ended 31st March 2013, the diluted loss per share was the same as the basic loss per share as there were no outstanding potential ordinary shares during the year (2012: same).

8. **Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2013 (2012: nil).

9. **Trade and other receivables — Group**

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**51,984**	41,877
Less: provision for impairment of trade receivables	**(22,596)**	(22,596)
Trade receivables — net	**29,388**	19,281
Prepayments	**2,995**	3,892
Other receivables and deposits	**17,201**	34,760
	49,584	57,933
Less: Other receivables — non current portion	**(5,426)**	(5,694)
Deposit for acquisition of land and building — non current portion	**(6,136)**	—
Current portion	**38,022**	52,239

The carrying amounts of the Group's trade and other receivables approximate to their fair values due to their short maturities or carry at floating interest rates (2012: same).

At 31st March 2013, trade and other receivables are unsecured and interest-free, except for an other receivable of HK$5,694,000 (2012: HK$5,942,000) is interest bearing at Hong Kong prime rate plus 2% per annum and secured by (i) first legal charge over a property in Hong Kong with fair value of approximately HK$13,477,000 (2012: HK$12,983,000); and (ii) a separate all moneys guarantee and indemnity executed by a third party individual (2012: nil), of which HK$5,426,000 (2012: HK$5,694,000) is not repayable within the next twelve months as at the balance sheet date.

The Group's credit terms to trade receivables generally range from 7 to 90 days (2012: same).

The ageing analysis of trade receivables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 3 months	**4,577**	18,526
4 to 6 months	**1,290**	267
Over 6 months	**46,117**	23,084
	51,984	41,877

At 31st March 2013, trade receivables of HK$27,554,000 (2012: HK$7,552,000) 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:

	2013	2012
	HK$'000	*HK$'000*
Up to 3 months	**2,743**	6,797
Over 3 months	**24,811**	755
	27,554	7,552

At 31st March 2013, trade receivables of HK$22,596,000 (2012: 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:

	2013	2012
	HK$'000	*HK$'000*
HK$	**15,462**	20,368
RMB	**30,463**	35,165
NTD	**3,659**	2,400
	49,584	57,933

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

	HK$'000
At 1st April 2011, 31st March 2012 and 2013	22,596

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement (note 4). 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 carrying value of each class of receivable mentioned above.

10. Trade and other payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**4,157**	2,646
Other payables and accruals	**68,660**	51,255
	72,817	53,901

The ageing analysis of trade payables is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current to 3 months	**2,149**	1,204
4 to 6 months	**78**	—
Over 6 months	**1,930**	1,442
	4,157	2,646

The carrying amounts of the Group's trade and other payables approximate their fair values, and are denominated in the following currencies:

	2013	2012
	HK$'000	*HK$'000*
HK$	**23,778**	24,539
RMB	**47,720**	27,974
United States dollars ("USD")	**1,240**	1,145
Japanese Yen ("JPY")	**—**	186
NTD	**79**	57
	72,817	53,901

11. Borrowings and obligations under finance leases

	2013	2012
	HK$'000	*HK$'000*
Bank overdrafts, secured	**48**	18,506
Secured bank loans — current portion	**9,000**	13,952
Bank borrowings — current portion	**9,048**	32,458
Secured bank loans — non-current portion	**—**	5,506
Total borrowings *(note (a))*	**9,048**	37,964
Obligations under finance leases *(note (b))*		
— Current portion	**—**	252
	—	252

(a) Borrowings

The Group's borrowings are repayable as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 year	**9,048**	32,458
Between 1 to 2 years	**—**	1,017
Between 2 to 5 years	**—**	3,484
	9,048	36,959
Later than 5 years	**—**	1,005
	9,048	37,964

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

	2013	2012
	HK$'000	*HK$'000*
HK$	**9,048**	31,506
RMB	**—**	6,458
	9,048	37,964

At 31st March 2013, banking facilities amounting to HK$65,500,000 (2012: HK$73,888,000) 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$125,419,000 (2012: HK$117,780,000) and certain investment properties with carrying value of HK$65,521,000 (2012: HK$96,700,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged bank deposits of HK$23,500,000 (2012: HK$23,500,000) of the Group;

(iv) financial assets at fair value through profit or loss of HK$14,958,000 (2012: HK$19,849,000) of the Group.

At 31st March 2013, the Group's bank borrowings bear floating interest rates of Hong Kong Inter-bank Offered Rate ("HIBOR") plus 0.25% p.a. to 2.5% p.a. and five-year benchmark interest rate for Renminbi-denominated loans by The People's Bank of China ("PBC"). The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2013 is 2.95%.

At 31st March 2012, the Group's bank borrowings bear floating interest rates of HIBOR plus 0.25% p.a. to 2.5% p.a. and five-year benchmark interest rate for Renminbi-denominated loans by PBC. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2012 is 2.67%.

The carrying amounts of the borrowings approximate their fair values at 31st March 2013 as the borrowings carry at floating interest rates (2012: same).

(b) Obligations under finance leases

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

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

	2013	2012
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
Within 1 year	—	265
	—	265
Future finance charges on finance leases	—	(13)
Present value of finance lease liabilities	—	252

12. Business combinations

(a) Acquisition of Getbetter Enterprise Limited and its subsidiaries ("Getbetter Group"), and B&S Group Limited and its subsidiaries ("B&S Group")

In September 2012, the Company acquired 100% of the equity interest of Getbetter Group and B&S Group from a third party at a consideration of HK$8,000,000. Getbetter Group and B&S Group are principally engaged in the film rights licensing business in Hong Kong. It contributed revenue of approximately HK$4,000 and net loss of approximately HK$283,000 to the Group for the period from September 2012 to March 2013.

The following table summarises the consideration paid for Getbetter Group and B&S Group, the fair value of assets acquired and liabilities assured at the acquisition date.

	HK$'000
Purchase consideration in cash	8,000
Less: Amounts due to Getbetter Group and B&S Group	(7,455)
Total consideration	545
Recognised amounts of identifiable assets acquired and liabilities assumed	
Film rights	1,977
Bank and cash balances	450
Deposits and other receivables	65
Other payables	(1,947)
Total identifiable net assets	**545**
Goodwill	—
Cash and bank balances acquired	450
Cash consideration	(8,000)
Net cash outflow on acquisition	**(7,550)**

Had Getbetter Group and B&S Group been consolidated from 1st April 2012, the consolidated income statement would show pro-forma revenue of approximately HK$555,787,000 and loss of approximately HK$49,359,000.

(b) Acquisition of Tian Tian Zai Xian Services Limited and its subsidiary ("Tian Tian Zai Xian)

In April 2012, the Company acquired 90% of equity interest of Tian Tian Zai Xian from a third party at a consideration of HK$990,000. Beijing Zai Xian Jiu Zhou Limited company, a wholly owned subsidiary of Tian Tian Zai Xian, is principally engaged in the provision of internet content services in the PRC. It contributed revenue of approximately HK$67,000 and net loss of approximately HK$4,076,000 to the Group for the period from April 2012 to March 2013.

The following table summarises the consideration paid for Tian Tian Zai Xian, the fair value at assets acquired liabilities assumed and non-controlling interest at the acquisition date.

	HK$'000
Purchase consideration in cash	990
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	48
Computer software	423
Cash and bank	24
Intangible assets — Licences	605
Total identifiable net assets	1,100
Non-controlling interest (10%)	(110)
	990
Goodwill	—
Cash and bank balances acquired	24
Cash consideration	(990)
Net cash outflow on acquisition	**(966)**

Had Tian Tian Zai Xian been consolidated from 1st April 2012, the consolidated income statement would show pro-forma revenue of approximately HK$555,777,000 and loss of approximately HK$49,076,000.

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 2013, the Group recorded a consolidated turnover of HK$555,777,000 (2012: HK$358,797,000) and a loss attributable to equity holders of the Company of HK$48,735,000 (2012: HK$11,413,000 as restated). The drop in gross profit from HK$110,584,000 to HK$69,290,000 was mainly attributable to the provision for impairment of film rights and films in progress and the drop in revenues from television segment.

The contribution of revenues from the Group's film exhibition and film rights licensing and sub-licensing segment was increased sharply from HK$215 million to HK$460 million.

During the year, titles namely "The Silent War" and "Lan Kwai Fong 2" were released and received welcoming responses from the China and Hong Kong market respectively. Both of which contributed significant theatrical revenues and caused the increase in revenues of this segment. Besides self-producing and investing, the Group also makes use of its wide distribution network developed for years and develop its business of film distribution agency. This sector also provides steady and secured income source to the Group.

During the year, the Group acquired a group of companies which owns a film library comprising a number of titles, including Echoes of the Rainbow and other well-known titles. 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.

The contribution of revenues from the Group's television segment was dropped to the level of approximately HK$56 million (2012: HK$108 million).

The drop in revenues in this segment is caused by the termination of drama channels with MioTV in Singapore and channels with now TV in Hong Kong since the second half of the previous financial year. Despite this, certain new channels were introduced during the year. As at 31st March 2013, the Group provided a movie channel through the platform of MioTV in Singapore, Red Channel through the platform of HBO in certain South East Asian territories, HD movie channel through Chunghwa Telecom MOD platform in Taiwan and a movie channel through the TVB pay TV platform in Australia. In addition, the HD channel in Taiwan has also been licensed to Taiwan Broadband Communications' digital platform since October 2012. Since December 2012, the Group has also provided a movie channel and a variety channel through the uTV multimedia platform of China Mobile Hong Kong.

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 Asian 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 is now serving audiences in Indovision, First Media Cable and Telkomvision in Indonesia, Hypp TV, the IPTV platform of TM Net in Malaysia, CableBoss and PMSI in Philippines. RED Channel is also seeking the opportunity to launch in other Asian territories including Thailand, Singapore and Vietnam soon.

Looking forward, the Group will continue to explore opportunities to develop channels with other operators and other media platforms.

The Group's artiste management business contributed steady revenues to the Group of approximately HK$14 million (2012: HK$17 million) to the Group.

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 since 2011. 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 has grown rapidly in the recent years. The China theatrical box office income has grown continuously from approximately RMB4.3 billion in 2008 to approximately RMB10 billion in 2011, and further increased by approximately 30% to approximately RMB13 billion in 2012. Taking into account of the huge demand but limited theatre supply in China, the Group has started to penetrate into the China theatrical market. The Group's theatres are all digital with most of them are 3-D equipped. The one in Tianjin has 7 screens consisting approximately 1,200 seats and has come into operation since the last financial year. During the year, this theatre contributed approximately HK$8 million revenues (2012: HK$1.5 million) to the Group. Besides this, certain theatres in other sites are being constructed or planned, including one located in Jiading Shanghai which has 10 screens with approximately 1,600 seats which is tentatively planned to commence operation in Summer 2013. Although the Group's theatre operations is still under investment stage, the Group is confident of its prospects taking into account the continuous growth of China film exhibition industry.

The revenues attributable to sale and distribution of films and programs in audio and visual product format retained at the level of approximately HK$17 million. However, 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 diversifying its distribution network to online downloading and streaming in order to adapt to the expected future consumer behavior.

During the year, the Group acquired a business which holds certain media operation licenses in China. During the year, the Group's video website "www.116.tv" was launched, taking into account certain initial costs and the business is still in investment stage, the segment attributed loss of approximately HK$25 million for the year. Despite this, the Group considers the new media investment will ignite a revolution to the video distribution industry and fit the expected market demand.

The Group's channel management operations are conducted through its associated company, namely Hongkongmovie.com Company Limited and its subsidiaries ("HKM"). Other than providing services to the Group, HKM also provides playout, post-production HD-film restoration and channel management services to a number of other media operators. During the year, HKM started to provide its services under the developed M-OTT platform which enables audiences to watch content through TV, PC, smart phone and tablet. HKM is also co-operating with other institutions to develop more advanced technology in multimedia area, e.g. content distribution network, which is ready to contribute favorable returns to HKM and the Group.

Following the downturn in the global investment market conditions, the Group's financial assets at fair value through profit and loss continued to record an unrealised loss of approximately HK$7.6 million (2012: HK$32 million) during the year. However, benefiting from the rise in property market in Hong Kong and China during the year, the investment properties portfolio of the Group still contributed a surplus on revaluation of approximately HK$42 million (2012: HK$35 million) during the year. As at 31st March 2013, the Group assessed the recoverable amounts of its film titles and a provision for impairment of certain titles amounting to HK$59 million (2012: HK$14 million) was made with reference to the expected recoverable amount based on the current market conditions. Such unrealised gains/losses have no effect on the Group's cash flow.

In respect of the litigation as set out in the Company's announcement dated 15 April 2011, after taking advice from the legal advisors which have considered the information so far available, the plaintiff's claim is rather flimsy and the chance resulting in unfavourable outcome is not great.

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 2013, the Group has available banking facilities of approximately HK$66 million, of which approximately HK$9 million were utilised. Certain of the Group's deposits, financial assets and properties with aggregate net book values of HK$229 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 1.6% as at 31st March 2013 was based on the total of bank loans and overdrafts of HK$9 million which are repayable within one year and the shareholders' funds of approximately HK$567 million. 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 2013, the Company had contingent liabilities in respect of guarantees given to banks for facilities of its subsidiaries amounting to approximately HK$41 million and the Group's commitments in respect of property, plant and equipment and film rights, films in progress and film royalty deposits amounting to approximately HK$31 million. The commitments will be financed by the Group's internal resources and banking facilities.

Employees

At 31st March 2013, the Group employed 145 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 Governing 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, 28th June 2013

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. Alan Cole-Ford and the independent non-executive directors are Dr Lee G. Lam, Ms Wang Huarong, Mr Cheung Ming Man and Mr. Guo Yan Jun.