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 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2015

		Year ended 31st March	
		2015	2014
	Note	***HK$'000***	*HK$'000*
Revenue	*2*	**119,886**	144,817
Cost of sales	*4*	**(62,428)**	(82,634)
Gross profit		**57,458**	62,183
Other income	*2*	**14,479**	13,821
Other gains/(losses) — net	*3*	**14,510**	(2,570)
Selling, distribution and marketing expenses	*4*	**(18,770)**	(9,616)
Administrative expenses	*4*	**(107,946)**	(87,629)
Operating loss		**(40,269)**	(23,811)
Finance income	*5*	**1,321**	817
Finance costs	*5*	**(916)**	(891)
Finance income/(costs) — net		**405**	(74)
Share of profits/(losses) of associates		**640**	(401)
Loss before income tax		**(39,224)**	(24,286)
Income tax expense	*6*	**(1,022)**	(879)
Loss for the year		**(40,246)**	(25,165)
Loss attributable to:			
Owners of the Company		**(39,338)**	(23,896)
Non-controlling interests		**(908)**	(1,269)
		(40,246)	(25,165)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company during the year			
Basic loss per share	*8*	**(0.70)**	(0.42)
Diluted loss per share	*8*	**(0.70)**	(0.42)
		HK$'000	*HK$'000*
Dividends	*9*	**—**	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2015

	Year ended 31st March	
	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(40,246)**	(25,165)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss		
Surplus on revaluation of buildings	**8,494**	15,122
Deferred taxation arising from revaluation surplus of buildings	**(1,379)**	(2,457)
Fair value gains/(losses) on available-for-sale financial assets	**3,120**	(6,117)
Impairment losses on available-for-sale financial assets	**49**	107
Currency translation differences	**(198)**	271
Other comprehensive income for the year, net of tax	**10,086**	6,926
Total comprehensive loss for the year	**(30,160)**	(18,239)
Total comprehensive loss attributable to:		
Owners of the Company	**(29,244)**	(16,976)
Non-controlling interests	**(916)**	(1,263)
Total comprehensive loss for the year	**(30,160)**	(18,239)

CONSOLIDATED BALANCE SHEET

As at 31st March 2015

	Note	As at 31st March 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**28,084**	28,871
Property, plant and equipment		**218,668**	224,411
Intangible assets		**146**	201
Investment properties		**223,575**	215,994
Film rights, films in progress and film royalty deposits		**98,944**	71,545
Interests in associates		**2,128**	1,890
Interest in a joint venture		**—**	—
Available-for-sale financial assets		**6,149**	3,029
Other receivables and deposits	*10*	**5,960**	6,270
		583,654	552,211
Current assets			
Inventories		**144**	82
Trade and other receivables	*10*	**24,820**	16,159
Amounts due from associates		**2,621**	7,064
Financial assets at fair value through profit or loss		**40,367**	35,833
Pledged bank deposits		**23,500**	23,500
Cash and cash equivalents		**32,074**	74,259
		123,526	156,897
Total assets		**707,180**	709,108
EQUITY			
Equity attributable to owners of the Company			
Share capital		**112,661**	112,661
Share premium		**126,733**	126,733
Reserves		**289,615**	310,377
Shareholders' funds		**529,009**	549,771
Non-controlling interests		**5,932**	7,493
Total equity		**534,941**	557,264

	Note	As at 31st March **2015** *HK$'000*	2014 *HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**10,314**	11,947
Obligations under finance leases	*12*	**250**	—
Deferred income tax liabilities		**22,373**	20,751
		32,937	32,698
Current liabilities			
Trade and other payables	*11*	**64,402**	67,196
Receipts in advance		**20,879**	20,254
Borrowings	*12*	**42,473**	20,235
Obligations under finance leases	*12*	**169**	—
Current income tax liabilities		**11,379**	11,461
		139,302	119,146
Total liabilities		**172,239**	151,844
Total equity and liabilities		**707,180**	709,108
Net current (liabilities)/assets		**(15,776)**	37,751
Total assets less current liabilities		**567,878**	589,962

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2015

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Share redemption reserve *HK$'000*	Share-based payment reserve *HK$'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 2013	112,661	126,733	12	–	189,009	2,027	50,400	7,543	78,362	8,756	575,503
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(23,896)	(1,269)	(25,165)
Other comprehensive income/ (loss)											
Surplus on revaluation of buildings	–	–	–	–	–	–	15,122	–	–	–	15,122
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	–	(2,457)	–	–	–	(2,457)
Fair value losses on available-for-sale financial assets	–	–	–	–	–	–	–	(6,117)	–	–	(6,117)
Impairment loss on available for sale financial assets	–	–	–	–	–	–	–	107	–	–	107
Currency translation differences											
– Group	–	–	–	–	–	304	–	–	–	6	310
– Associates	–	–	–	–	–	(39)	–	–	–	–	(39)
Total other comprehensive income/(loss)	–	–	–	–	–	265	12,665	(6,010)	–	6	6,926
Total comprehensive income/ (loss)	–	–	–	–	–	265	12,665	(6,010)	(23,896)	(1,263)	(18,239)
Balance at 31st March 2014	112,661	126,733	12	–	189,009	2,292	63,065	1,533	54,466	7,493	557,264

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Share redemption reserve *HK$'000*	Share-based payment reserve *HK$'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 2014	**112,661**	**126,733**	**12**	**—**	**189,009**	**2,292**	**63,065**	**1,533**	**54,466**	**7,493**	**557,264**
Comprehensive loss											
Loss for the year	—	—	—	—	—	—	—	—	(39,338)	(908)	(40,246)
Other comprehensive income/ (loss)											
Surplus on revaluation of buildings	—	—	—	—	—	—	8,494	—	—	—	8,494
Deferred taxation arising from revaluation surplus of buildings	—	—	—	—	—	—	(1,379)	—	—	—	(1,379)
Fair value gains on available-for-sale financial assets	—	—	—	—	—	—	—	3,120	—	—	3,120
Impairment loss on available for sales financial assets	—	—	—	—	—	—	—	49	—	—	49
Currency translation differences											
— Group	—	—	—	—	—	(149)	—	—	—	(8)	(157)
— Associates	—	—	—	—	—	(41)	—	—	—	—	(41)
Total other comprehensive income/(loss)	—	—	—	—	—	(190)	7,115	3,169	—	(8)	10,086
Total comprehensive income/ (loss)	—	—	—	—	—	(190)	7,115	3,169	(39,338)	(916)	(30,160)
Dividend relating to 2014	—	—	—	—	—	—	—	—	—	(764)	(764)
Share options granted	—	—	—	8,482	—	—	—	—	—	—	8,482
Total transactions with owners, recognised directly in equity	—	—	—	8,482	—	—	—	—	—	(764)	7,718
Non-controlling interest, arising from business combination	—	—	—	—	—	—	—	—	—	119	119
Balance at 31st March 2015	**112,661**	**126,733**	**12**	**8,482**	**189,009**	**2,102**	**70,180**	**4,702**	**15,128**	**5,932**	**534,941**

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, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

1.1 Going concern

During the year ended 31st March 2015, the Group incurred a loss before income tax of HK$39,224,000 and had an operating cash outflow of HK$16,275,000. In addition, as at 31st March 2015, the Group had net current liabilities of approximately HK$15,776,000.

The directors have prepared a cash flow projection of the Group for the coming twelve months from 31st March 2015. The directors are of the opinion that, having taken into account the cash inflow for operating activities, the available banking facilities and other financial resources of the Group, the Group has sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from the balance sheet date. Accordingly, the directors believe that the Group will be able to continue as going concern; and thus have prepared the consolidated financial statements on going concern basis.

1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new and revised standards and amendments to standards which are mandatory for accounting periods beginning on 1st April 2014 but do not have a material impact on the Group:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Impairment of assets
HKAS 39 (Amendment)	Novation of derivatives
HK(IFRIC) — Int 21	Levies

(b) New standards, amendments to standards and interpretations that have been issued but were not yet effective

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1st April 2014 and have not been early adopted by the Group:

HKFRS 9	Financial instruments[4]
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between on investor and its associate or joint venture[2]
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations[2]
HKFRS 14	Regulatory deferral accounts[4]
HKFRS 15	Revenue from contracts with customers[3]
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable method of depreciation and amortisation[2]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants[2]
HKAS 19 (Amendment)	Employee benefits — defined benefits plans[1]
HKAS 27 (Amendment)	Equity method in separate financial statemnts[2]
Annual Improvements Project (2010-2012 cycle)	Improvements to HKAS and HKFRS[1]
Annual Improvements Project (2011-2013 cycle)	Improvements to HKAS and HKFRS[1]
Annual Improvements Project (2012-2014 cycle)	Improvements to HKAS and HKFRS[2]
HKFRS 10, HKFRS 12 and HKAS 28 Amendment	Investment Entities: Applying the Consolidation Exception[2]
HKAS 1 Amendment	Disclosure Initiative[2]

Note:

(1) Effective for financial periods beginning on or after 1 July 2014
(2) Effective for financial periods beginning on or after 1 January 2016
(3) Effective for financial periods beginning on or after 1 January 2017
(4) Effective for financial periods beginning on or after 1 January 2018

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group is in the process of assessing the impact but is not yet in a position to state whether these would have a material impact on its results of operations and financial position.

2. Revenue and segment information

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Television operations	**56,035**	50,503
Film exhibition and film rights licensing and sub-licensing	**35,807**	72,958
Theatre operations	**24,982**	13,807
Sales and distribution of films and programs in audio visual product format	**795**	5,213
Artiste management	**2,267**	2,336
	119,886	144,817
Other income		
Rental income from investment properties	**9,499**	7,045
Management fee income	**1,821**	1,437
Dividend income	**1,367**	1,120
Others	**1,792**	4,219
	14,479	13,821
	134,365	158,638

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 2015, the Group operates in seven business segments:

— Television operations

— Film exhibition and film rights licensing and sub-licensing

— Theatre operations

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

— Artiste management

— Property investment

— Video online

The segment information for the year ended 31st March 2015 by each principal activity is as follows:

	Year ended 31st March 2015								
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Artiste management *HK$'000*	Property investment *HK$'000* *(note (b))*	Video online *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
External sales	**56,035**	**35,807**	**24,982**	**795**	**2,267**	**–**	**–**	**–**	**119,886**
Inter-segment sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Segment revenue	**56,035**	**35,807**	**24,982**	**795**	**2,267**	**–**	**–**	**–**	**119,886**
Reportable segment profit/(loss)	**9,344**	**(27,946)**	**(10,171)**	**(2,642)**	**(607)**	**12,409**	**(9,432)**	**–**	**(29,045)**
Reportable segment assets	**44,791**	**97,692**	**39,738**	**25,100**	**3,443**	**227,182**	**4,523**	**(161)**	**442,308**
Reportable segment liabilities	**(24,442)**	**(44,462)**	**(15,854)**	**(3,704)**	**(1,431)**	**(24,325)**	**(3,084)**	**–**	**(117,302)**
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(121)**	**(796)**	**(9,191)**	**(419)**	**–**	**–**	**(525)**	**–**	**(11,052)**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**(201)**	**–**	**(201)**
Amortisation of film rights	**(8,387)**	**(7,434)**	**–**	**–**	**–**	**–**	**(393)**	**29**	**(16,185)**
Provision for impairment of film rights and films in progress	**–**	**(2,082)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,082)**
Provision for trade receivable	**–**	**(11,525)**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,525)**
Additions to property, plant and equipment	**1,355**	**–**	**–**	**785**	**–**	**84**	**478**	**–**	**2,702**
Additions to film rights, films in progress and film royalty deposits	**21,985**	**23,441**	**–**	**–**	**–**	**–**	**393**	**–**	**45,819**

The segment information for the year ended 31st March 2014 by each principal activity is as follows:

	Year ended 31st March 2014								
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Artiste management *HK$'000*	Property investment *HK$'000* *(note (b))*	Video online *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
External sales	50,503	72,958	13,807	5,213	2,336	—	—	—	144,817
Inter-segment sales	—	498	—	—	—	—	—	(498)	—
Segment revenue	50,503	73,456	13,807	5,213	2,336	—	—	(498)	144,817
Reportable segment profit/(loss)	13,976	(1,385)	(18,231)	(4,957)	699	(3,890)	(9,151)	—	(22,939)
Reportable segment assets	26,977	120,623	50,580	25,089	5,820	217,771	2,602	(191)	449,271
Reportable segment liabilities	(22,479)	(44,227)	(15,199)	(4,599)	(1,778)	(23,033)	(6,317)	—	(117,632)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(207)	(763)	(8,155)	(612)	—	—	(548)	—	(10,285)
Amortisation of intangible assets	—	—	—	—	—	—	(202)	—	(202)
Amortisation of film rights	(7,620)	(27,998)	—	(3,451)	—	—	(753)	745	(39,077)
Provision for impairment of film rights and films in progress	—	(4,063)	—	(1,629)	—	—	(658)	87	(6,263)
Provision for trade receivable	—	—	—	(789)	—	—	—	—	(789)
Additions to property, plant and equipment	63	155	18,315	17	—	70	172	—	18,792
Additions to film rights, films in progress and film royalty deposits	13,424	53,133	—	2,830	—	—	1,411	(498)	70,300

(a) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit/(loss) 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 is loss before income tax, excluding unallocated share of profits/(losses) of 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 and share-based payment expense 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 unallocated 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 other 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 unallocated bank borrowings and other 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:

Profit or loss

	2015	2014
	HK$'000	*HK$'000*
Reportable segment loss	**(29,045)**	(22,939)
Unallocated amounts:		
Unallocated other income	**1,468**	2,477
Unallocated other gains — net	**6,907**	4,958
Unallocated finance costs — net	**(916)**	(891)
Unallocated depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(6,047)**	(5,379)
Share of profits/(losses) of associates	**640**	(401)
Share-based payment expense	**(8,482)**	—
Unallocated corporate expenses	**(3,749)**	(2,111)
Loss before income tax per consolidated income statement	**(39,224)**	(24,286)

Assets

	2015	2014
	HK$'000	*HK$'000*
Reportable segment assets	**442,308**	449,271
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights	**206,327**	204,274
Unallocated available-for-sale financial assets	**6,149**	3,029
Unallocated financial assets at fair value through profit or loss	**40,367**	35,833
Unallocated cash and cash equivalents	**65**	75
Unallocated interests in and amounts due from associates	**4,749**	8,954
Unallocated corporate assets	**7,215**	7,672
Total assets per consolidated balance sheet	**707,180**	709,108

Liabilities

	2015	2014
	HK$'000	*HK$'000*
Reportable segment liabilities	**117,302**	117,632
Unallocated liabilities:		
Unallocated bank borrowings	**52,787**	32,182
Unallocated corporate liabilities	**2,150**	2,030
Total liabilities per consolidated balance sheet	**172,239**	151,844

The Group is principally domiciled in Hong Kong, the PRC and Taiwan. 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	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**36,323**	44,193
PRC	**46,164**	55,270
Taiwan	**13,376**	14,273
Other countries	**24,023**	31,081
	119,886	144,817

During the year ended 31st March 2015, revenue of approximately HK$21,236,000 was derived from one single external customer attributable to the television operations segment.

During the year ended 31st March 2014, revenues of approximately HK$20,277,000 and HK$17,481,000 were derived from two single external customers attributable to the film exhibition and film rights licensing and sub-licensing segment and television operations segment respectively.

	Non-current assets (other than interests in associates and financial assets)	
	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**358,401**	323,870
PRC	**153,946**	172,533
Taiwan	**29,131**	23,313
Other countries	**27,939**	21,306
	569,417	541,022

3. Other gains/(losses) — net

	2015	2014
	HK$'000	*HK$'000*
Surplus/(loss) on revaluation of investment properties	**7,603**	(7,528)
Fair value gain on financial assets at fair value through profit or loss	**6,676**	4,274
Gain on disposal of available-for-sale financial assets	**—**	791
Impairment loss on available-for-sale financial assets	**(49)**	(107)
Gain on disposal of investment in an associate	**280**	—
	14,510	(2,570)

4. Expenses by nature

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

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories	**1,158**	1,873
Reversal of obsolescence of inventories	**(114)**	(356)
Amortisation of leasehold land and land use rights	**787**	789
Depreciation		
— owned property, plant and equipment	**16,204**	14,875
— leased property, plant and equipment	**108**	—
(Gains)/losses on disposal of property, plant and equipment	**(145)**	1,013
Amortisation of film rights	**16,185**	39,077
Amortisation of intangible assets	**201**	202
Provision for impairment of film rights and films in progress	**2,082**	6,263
Provisions for impairment of trade receivables	**11,525**	789
Auditor's remuneration		
— current year	**1,565**	1,523
— under-provision in prior years	**—**	97
Direct operating expenses arising from investment properties that generate rental income	**1,580**	1,354
Distribution commission expenses	**914**	843
Employee benefit expenses (including directors' emoluments) *(note 7)*	**50,512**	39,395
Exchange loss/(gain)	**314**	(52)
Marketing and promotion expenses	**16,542**	6,635
Operating lease rental in respect of buildings	**8,386**	10,492
Production and origination costs	**11,871**	10,920
Theatre circuits' sharing	**10,355**	11,935

5. Finance costs — net

	2015	2014
	HK$'000	*HK$'000*
Finance income		
— Interest income on short-term bank deposits	**893**	408
— Interest income on loans to third parties	**428**	409
	1,321	817
Finance costs		
— Interest on loans and overdrafts	**(907)**	(891)
— Interest element of finance leases	**(9)**	—
	(916)	(891)
Finance income/(costs) — net	**405**	(74)

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taiwan corporate income tax has been provided at the rate of 17% (2014: 17%) 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.

	2015	2014
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**136**	68
— Taiwan corporate income tax	**263**	302
— Under-provision in prior years	**380**	47
Total current tax	**779**	417
Deferred income tax	**243**	462
Income tax expense	**1,022**	879

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:

	2015	2014
	HK$'000	*HK$'000*
Loss before income tax	**(39,224)**	(24,286)
Tax calculated at a rate of 16.5% (2014: 16.5%)	**(6,472)**	(4,007)
Effect of different taxation rates in other countries	**(4,197)**	(2,450)
Income not subject to tax	**(3,482)**	(1,764)
Expenses not deductible for tax purposes	**279**	2,637
Tax losses for which no deferred income tax assets were recognised	**15,654**	7,634
Utilisation of previously unrecognised tax losses	**(1,034)**	(1,286)
Associates' results reported net of tax	**(106)**	68
Under-provision in prior years	**380**	47
Tax charge	**1,022**	879

7. Employee benefit expenses (including directors' emoluments)

	2015	2014
	HK$'000	*HK$'000*
Wages and salaries	**38,732**	37,002
Social security costs	**2,647**	1,852
Pension costs — defined contribution plans	**651**	541
Share-based payment expense *(note 13)*	**8,482**	—
	50,512	39,395

8. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$39,338,000 (2014: HK$23,896,000) by the weighted average number of ordinary shares of 5,633,035,000 (2014: 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. 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 exercise of the share options.

	2015
Loss attributable to owners of the Company *(HK$'000)*	**(39,338)**
Weighted average number of ordinary shares in issue *('000)*	**5,633,035**
Adjustment for share options *('000)*	**492**
Weighted average number of ordinary shares for diluted earnings per share *('000)*	**5,633,527**
Diluted loss per share *(HK cents)*	**0.70**

9. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2015 (2014: nil).

10. Trade and other receivables

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**46,323**	29,927
Less: provision for impairment of trade receivables	**(34,910)**	(23,385)
Trade receivables — net	**11,413**	6,542
Prepayments	**744**	698
Other receivables and deposits	**18,623**	15,189
	30,780	22,429
Less: Other receivables and deposits — non-current portion	**(5,960)**	(6,270)
Current portion	**24,820**	16,159

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 (2014: same).

At 31st March 2015, trade and other receivables are unsecured and interest-free, except for an other receivable of HK$5,138,000 (2014: HK$5,425,000) which is interest bearing at Hong Kong prime rate plus 2% per annum (2014: same) and secured by (i) first legal charge over a property in Hong Kong with fair value of approximately HK$14,437,000 (2014: HK$13,063,000); and (ii) a separate all moneys guarantee and indemnity executed by a third party individual (2014: same), of which HK$4,830,000 (2014: HK$5,138,000) 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 (2014: same).

The ageing analysis of trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 3 months	**8,332**	6,617
4 to 6 months	**3,081**	—
Over 6 months	**34,910**	23,310
	46,323	29,927

At 31st March 2015, trade receivables of HK$6,442,000 (2014: HK$2,127,000) 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:

	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**3,361**	2,127
Over 3 months	**3,081**	—
	6,442	2,127

At 31st March 2015, trade receivables of HK$34,910,000 (2014: HK$23,385,000) 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:

	2015	2014
	HK$'000	*HK$'000*
HK$	**15,186**	10,505
RMB	**12,896**	9,061
NTD	**2,698**	2,863
	30,780	22,429

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

	2015	2014
	HK$'000	*HK$'000*
At 1st April 2014 and 2013	**23,385**	22,596
Provision for impairment of trade receivables	**11,525**	789
At 31st March 2015 and 2014	**34,910**	23,385

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.

11. Trade and other payables

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**5,204**	3,631
Other payables and accruals	**59,198**	63,565
	64,402	67,196

The ageing analysis of trade payables is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current to 3 months	**3,367**	1,790
4 to 6 months	**142**	496
Over 6 months	**1,695**	1,345
	5,204	3,631

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

	2015	2014
	HK$'000	*HK$'000*
HK$	**22,743**	19,649
RMB	**40,975**	46,991
USD	**563**	527
NTD	**121**	29
	64,402	67,196

12. Borrowings and obligations under finance leases

	2015	2014
	HK$'000	*HK$'000*
Bank overdrafts, secured	**17,337**	1,893
Secured bank loans — current portion	**25,136**	18,342
Bank borrowings — current portion	**42,473**	20,235
Secured bank loans — non-current portion	**10,314**	11,947
Total borrowings *(note (a))*	**52,787**	32,182
Obligations under finance leases *(note (b))*		
— Current portion	**169**	—
— Non-current portion	**250**	—
	419	—

(a) Borrowings

The Group's borrowings are repayable as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**42,473**	20,235
Between 1 to 2 years	**1,367**	1,486
Between 2 to 5 years	**2,816**	4,304
Later than 5 years	**6,131**	6,157
	52,787	32,182

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

	2015	2014
	HK$'000	HK$'000
HK$	**41,137**	18,893
NTD	**11,650**	13,289
	52,787	32,182

At 31st March 2015, banking facilities amounting to HK$77,636,000 (2014: HK$79,995,000) granted by banks to the Group are secured by the following:

(i) legal charges over certain of the Group's freehold land and certain buildings with an aggregate carrying value of HK$21,646,000 (2014: HK$22,283,000) and certain of the Group's investment properties with an aggregate carrying value of HK$59,155,000 (2014: HK$63,634,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged bank deposits of HK$23,500,000 (2014: HK$23,500,000) of the Group.

(iv) financial assets at fair value through profit or loss of HK$18,410,000 (2014: HK$13,876,000) of the Group.

At 31st March 2015, 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 fixed interest rate of 2.1% for New Taiwan dollar-denominated loans. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2015 is 1.98% (2014: 2.33%).

The fair values of the borrowings approximate their carrying amounts at 31st March 2015 and 2014.

(b) Obligations under finance leases

The rights to the leased asset are reverted to the lessor in the event of default of the lease liabilities by the Group.

	2015	2014
	HK$'000	HK$'000
Gross finance leases liabilities — minimum lease payments:		
— No later than 1 year	**180**	—
— Later than 1 year and no later than 5 years	**256**	—
	436	—
Future finance charges on finance leases	**(17)**	—
Present value of finance lease liabilities	**419**	—

The present value of finance lease liabilities is as follows:

	2015	2014
	HK$'000	*HK$'000*
— No later than 1 year	**169**	—
— Later than 1 year and no later than 5 years	**250**	—
	419	—

13. Share-based payments

The Company approved and adopted a share option scheme (the "Scheme") in the annual general meeting held on 1st September 2014. Under the scheme, 72,800,000 options were granted on 29 September 2014 at the exercise price of HK$0.7 per share. Of the options granted, 30% vested on 29th March 2015, 30% vested will be on 29th September 2015 and the remaining 40% will be vested on 29th March 2016. Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Movements in the number of share options outstanding are as follows:

	2015
	No. of share options
At beginning of the year	—
Granted	**72,800,000**
Lapsed	**(1,580,000)**
At end of the year	**71,220,000**

As at 31st March 2015, out of the 71,220,000 outstanding options, 21,366,000 options were exercisable. No options were exercised during the year. Share options outstanding at the end of the year will be expired on 28th September 2017.

The fair value of options granted during the year determined using the Binomial Option Pricing Model was HK$0.21 per option. The significant inputs into the model were share price of HK$0.61 at the grant date, exercise price of HK$0.70, volatility of 61.64%, dividend yield of 0.00%, an expected option life of three years, and a risk-free interest rate of 0.94%.

The total expenses for share options are recognised as "employee benefit expenses" in the consolidated income statement.

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.

RESULTS AND DIVIDENDS

The loss attributable to owners of Mei Ah Entertainment Group Limited (the "Company") for the year is HK$39,338,000 (2014: HK$23,896,000) and the directors do not recommend the payment of a dividend (2014: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2015, the Group recorded a consolidated turnover of HK$119,886,000 (2014: HK$144,817,000) and a loss attributable to equity holders of the Company of HK$39,338,000 (2014: HK$23,896,000).

The contribution of revenues from the Group's television segment for the year increased from HK$51 million to HK$56 million. As at 31st March 2015, the Group provided channels through various operators, including Red Channel through the platform of HBO in certain Asian territories, HD movie channel through Chunghwa Telecom MOD platform and Taiwan Broadband Communications in Taiwan, a movie channel and a variety channel through the UTV multimedia platform of China Mobile Hong Kong, a movie channel through the TVB pay TV platform in Australia and a new movie channel through TVB pay vision in Hong Kong commencing July 2014.

In November 2009, the Group entered into an agreement with HBO Asia to launch and distribute the "RED Channel" in different Asian countries and territories by stages. In this cooperation, the Group is responsible for providing contents of movies and drama series through our content library, own production and acquisition to the channel. This cooperation has helped the Group to distribute its content to Asia and then the global market. It has helped the Group to establish its brand name in the TV and content provider businesses. Since its launch, the channel is now available in 7 countries and territories including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Myanmar and Cambodia. We look forward to distributing the channel in other Asian countries and territories. In addition to subscription revenue, the channel is expected to start generating advertising revenue after it becomes popular in Asia in the future. The Group is exploring further cooperation opportunities with HBO Asia in content creation and distribution.

The other channels have also provided steadily increasing contributions to the Group.

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

The contribution of revenues from the Group's film exhibition and film rights licensing and sublicensing segment was decreased from HK$73 million to HK$36 million, which was mainly attributable to less number of new titles released during the year, and those newly released titles did not receive much encouraging response from the market.

Besides self producing and investing, the Group also makes use of its wide distribution network developed for years for its business of film distribution agency. 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 customized programs to its audiences.

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 RMB29.6 billion in 2014. Taking into account of the increasing demand in China, the Group continues to strengthen its film library through acquisition, own production and co-production. A number of new titles are in the progress of production and they are expected to be released in the forthcoming year. In addition, the Group has started to penetrate into the China theatrical market and established its first theatre in Tianjin since 2011. The Group's another theatre in Jiading, Shanghai has also commenced operations since 2013. The Group's theatres are all digital with most of them are 3-D equipped.

The theatre in Tianjin has 7 screens consisting approximately 1,200 seats, during the year, this theatre contributed approximately revenues of approximately HK$14 million (2014: HK$9 million) to the Group. The one located in Jiading Shanghai has 10 screens with approximately 1,600 seats and contributed revenues of approximately HK$11 million (2014: HK$4 million) during the year. 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 dropped to the level of approximately HK$0.8 million (2014: HK$5 million). 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.

The Group has launched its video website "www.116.tv" and its video apps "116", which include contents of films, drama and entertainment news. During the year, the Group also invested in a game development company in order to enrich the website content in the future. Taking into account that the operation is still in investment stage, the segment attributed loss of approximately HK$9 million (2014: HK$9 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 artiste management business contributed approximately HK$2 million (2014: HK$2 million) revenues to the Group during the year. The Group will continue to seek other potential artistes and performers in order to build up a talent pool from which all future productions will be benefited.

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.

HKM has started to provide its services under the developed M-OTT platform which enables audiences to watch content through TV, PC, smart phone, tablet and smart TV and set-top box. HKM is also co-operating with other institutions to develop more advanced technology in multimedia area, e.g. content distribution network, which is expected to contribute future favorable returns to HKM and the Group.

During the year, the Group's financial assets at fair value through profit and loss recorded an unrealised gain of approximately HK$6.7 million (2014: HK$4.3 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK$7.6 million (2014: deficit of HK$7.5 million) during the year. In addition, the Company granted 72.8 million share options to qualified participants during the year at an exercise price of HK$0.7 per share. A share-based payment expense of approximately HK$8.5 million (2014: Nil) was charged to the profit and loss during the year. Such unrealised gains/losses have no effect on the Group's cash flow.

As set out in the Company's announcement dated 29 August 2014, the Company has reached agreement to establish an investment fund principally investing in films, drama and other equity investments. As at 31st March 2015, the establishment of the investment fund is still in progress and the Group considers that the cooperation will further enhance its exposure in the industry.

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 2015, the Group has available banking facilities of approximately HK$78 million, of which approximately HK$53 million were utilised. Certain of the Group's deposits, financial assets and properties with aggregate net book values of HK$123 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 10% as at 31st March 2015 was based on the total of bank loans and overdrafts and obligations under finance leases of HK$53,206,000 (of which HK$42,642,000, HK$1,542,000, HK$2,891,000 and HK$6,131,000 are repayable within one year, in the second year, in the third to fifth year and after the fifth year respectively) and the shareholders' funds of approximately HK$529,009,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollar and Renminbi and has no significant exposure to foreign currency fluctuations.

At 31st March 2015, the Company had contingent liabilities in respect of guarantees given to banks for facilities of its subsidiaries amounting to approximately HK$45 million and commitments in respect of film production, film and program licensing agreements and investments amounting to approximately HK$129 million in aggregate. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 31st March 2015, the Group employed 176 staff. Remuneration is reviewed periodically based on market trend and 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. Employee benefit expenses of HK$50.5 million, including a share-based payment expense of HK$8.5 million, were charged to the profit and loss during the year.

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 and have been agreed with the Company's auditor, PricewaterhouseCoopers.

On behalf of the Board
Li Kuo Hsing
Chairman

Hong Kong, 29th June 2015

As at the date of this announcement, the executive directors of the Company are Mr. Li Kuo Hsing, Mr. Tong Hing Chi, Mr. Li Tang Yuk and Dr. Dong Ming, the non-executive directors are Mr. Hugo Shong and Mr. Alan Cole-Ford and the independent non-executive directors are Dr. Lee G. Lam, Mr. Cheung Ming Man and Mr. Guo Yan Jun.