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

(Incorporated in Bermuda with limited liability)
(Stock code: 391)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2017

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2017

	Note	Year ended 31st March 2017 HK$'000	2016 HK$'000
Revenue	2	**100,091**	126,779
Cost of sales	4	**(92,112)**	(94,946)
Gross profit		**7,979**	31,833
Other income	2	**16,706**	13,662
Other gains/(losses) — net	3	**31,679**	(15,386)
Selling, distribution and marketing expenses	4	**(23,892)**	(11,964)
Administrative expenses	4	**(116,877)**	(91,652)
Operating loss		**(84,405)**	(73,507)
Finance income	5	**1,314**	1,066
Finance costs	5	**(234)**	(546)
Finance income — net		**1,080**	520
Share of (losses)/profits of associates		**(949)**	2,485
Share of losses of joint ventures		**(797)**	—
Loss before income tax		**(85,071)**	(70,502)
Income tax expense	6	**(396)**	(247)
Loss for the year		**(85,467)**	(70,749)
Loss attributable to:			
Owners of the Company		**(82,259)**	(66,188)
Non-controlling interests		**(3,208)**	(4,561)
		(85,467)	(70,749)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	**(1.39)**	(1.13)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2017

		Year ended 31st March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
Loss for the year		**(85,467)**	(70,749)
Other comprehensive income, net of tax:			
Items that will not be reclassified subsequently to profit or loss			
Surplus on revaluation of buildings		**1,964**	1,595
Deferred taxation arising from revaluation surplus of buildings		**(380)**	(311)
Items that may be reclassified to profit or loss			
Fair value (losses)/gains on available-for-sale financial assets — net		**(1,474)**	11,821
Release of available-for-sale financial assets revaluation reserve upon disposal		**—**	(10,554)
Impairment losses on available-for-sale financial assets		**—**	1,150
Currency translation differences		**5,435**	1,887
Release of exchange reserve upon disposals of subsidiaries		**(244)**	—
Other comprehensive income for the year, net of tax		**5,301**	5,588
Total comprehensive loss for the year		**(80,166)**	(65,161)
Total comprehensive loss attributable to:			
Owners of the Company		**(77,693)**	(60,231)
Non-controlling interests		**(2,473)**	(4,930)
Total comprehensive loss for the year		**(80,166)**	(65,161)

CONSOLIDATED BALANCE SHEET

As at 31st March 2017

		As at 31st March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**26,508**	27,296
Property, plant and equipment		**179,280**	203,006
Investment properties		**218,504**	211,449
Film rights, films in progress and film royalty deposits		**148,268**	136,647
Interests in associates		**12,944**	4,663
Interests in joint ventures		**2,188**	—
Available-for-sale financial assets		**6,712**	8,186
Other receivables and deposits	*9*	**4,757**	5,661
		599,161	596,908
Current assets			
Inventories		**238**	116
Trade and other receivables	*9*	**29,464**	28,872
Amounts due from associates		**13,757**	7,921
Amounts due from joint ventures		**5,015**	—
Financial assets at fair value through profit or loss		**46,011**	42,254
Pledged bank deposits		**23,500**	23,500
Short-term bank deposits		**2,258**	—
Cash and cash equivalents		**123,585**	228,592
		243,828	331,255
Total assets		**842,989**	928,163
EQUITY			
Equity attributable to owners of the Company			
Share capital	*12*	**118,475**	118,475
Share premium	*12*	**407,428**	407,428
Reserves		**155,673**	233,366
Shareholders' funds		**681,576**	759,269
Non-controlling interests		**6,046**	651
Total equity		**687,622**	759,920

		As at 31st March	
		2017	2016
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*11*	**7,789**	8,675
Obligations under finance leases	*11*	**312**	75
Deferred income tax liabilities		**22,822**	22,498
		30,923	31,248
Current liabilities			
Trade and other payables	*10*	**77,568**	102,625
Receipts in advance		**34,005**	21,635
Borrowings	*11*	**1,441**	1,337
Obligations under finance leases	*11*	**236**	175
Current income tax liabilities		**11,194**	11,223
		124,444	136,995
Total liabilities		**155,367**	168,243
Total equity and liabilities		**842,989**	928,163

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2017

	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/ (accumulated losses) *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1st April 2015	112,661	126,733	12	8,482	189,009	2,102	70,180	4,702	15,128	5,932	534,941
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(66,188)	(4,561)	(70,749)
Other comprehensive income/(loss)											
Surplus on revaluation of buildings	–	–	–	–	–	–	1,595	–	–	–	1,595
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	–	(311)	–	–	–	(311)
Fair value gains on available-for-sale financial assets – net	–	–	–	–	–	–	–	11,821	–	–	11,821
Impairment loss on available-for-sale financial assets	–	–	–	–	–	–	–	1,150	–	–	1,150
Release of available-for-sale financial assets revaluation reserve upon disposal	–	–	–	–	–	–	–	(10,554)	–	–	(10,554)
Currency translation differences											
— Group	–	–	–	–	–	2,301	–	–	–	(369)	1,932
— Associates	–	–	–	–	–	(45)	–	–	–	–	(45)
Total other comprehensive income/(loss)	–	–	–	–	–	2,256	1,284	2,417	–	(369)	5,588
Total comprehensive income/(loss)	–	–	–	–	–	2,256	1,284	2,417	(66,188)	(4,930)	(65,161)
Issue of shares	5,600	271,274	–	–	–	–	–	–	–	–	276,874
Share option scheme:											
— Share options granted and vested	–	–	–	6,124	–	–	–	–	–	–	6,124
— Issue of shares upon exercise of share options	214	9,421	–	(2,142)	–	–	–	–	–	–	7,493
— Share options forfeited	–	–	–	(286)	–	–	–	–	286	–	–
Dividend relating to 2015	–	–	–	–	–	–	–	–	–	(360)	(360)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	9	9
Total transactions with owners, recognised directly in equity	5,814	280,695	–	3,696	–	–	–	–	286	(351)	290,140
Balance at 31st March 2016	118,475	407,428	12	12,178	189,009	4,358	71,464	7,119	(50,774)	651	759,920

	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*	Acc-umulated losses *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1st April 2016	**118,475**	**407,428**	**12**	**12,178**	**189,009**	**4,358**	**71,464**	**7,119**	**(50,774)**	**651**	**759,920**
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(82,259)	(3,208)	(85,467)
Other comprehensive income/(loss)											
Surplus on revaluation of buildings	–	–	–	–	–	–	1,964	–	–	–	1,964
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	–	(380)	–	–	–	(380)
Fair value gains on available-for-sale financial assets – net	–	–	–	–	–	–	–	(1,474)	–	–	(1,474)
Currency translation differences											
— Group	–	–	–	–	–	4,701	–	–	–	735	5,436
— Associates	–	–	–	–	–	(1)	–	–	–	–	(1)
— Release of exchange reserve upon disposal of subsidiaries	–	–	–	–	–	(244)	–	–	–	–	(244)
Total other comprehensive income/(loss)	–	–	–	–	–	4,456	1,584	(1,474)	–	735	5,301
Total comprehensive income/(loss)	–	–	–	–	–	4,456	1,584	(1,474)	(82,259)	(2,473)	(80,166)
Share options forfeited	–	–	–	(317)	–	–	–	–	317	–	–
Derecognition of non-controlling interests upon disposals of subsidiaries	–	–	–	–	–	–	–	–	–	7,868	7,868
Total transactions with owners, recognised directly in equity	–	–	–	(317)	–	–	–	–	317	7,868	7,868
Balance at 31st March 2017	**118,475**	**407,428**	**12**	**11,861**	**189,009**	**8,814**	**73,048**	**5,645**	**(132,716)**	**6,046**	**687,622**

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 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.

1.2 Changes in accounting policy and disclosures

(a) New standards and amendments to standards adopted by the Group

The following amendments to standards and annual improvements are mandatory for the first time for the financial year beginning 1st April 2016:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 28, "Investments entities: Applying the consolidation exception"
- Amendments to HKFRS 11, "Accounting for acquisitions of interests in joint operations"
- HKFRS 14, "Regulatory deferral accounts"
- Amendments to HKAS 1, "The disclosure initiative"
- Amendments to HKAS 16 and HKAS 38, "Clarification of acceptable methods of depreciation and amortisation"
- Amendments to HKAS 16 and HKAS 41, "Agriculture: Bearer plants"
- Amendment to HKAS 27, "Equity method in separate financial statements"
- Annual improvements to HKFRSs — 2012-2014 cycle

The Group has adopted these standards and the adoption of these standards did not have a significant impact on the Group's results and financial position.

There are no other new standards or amendments to standards that are effective for the first time for the financial year beginning on or after 1st April 2016 that are expected to have a material impact on the Group.

(b) ***New standards and amendments to standards that have been issued but not yet effective and have not been early adopted by the Group***

The following new standards and amendments to standards relevant to the Group have been issued but are not yet effective for the financial year beginning 1st April 2016 and have not been early adopted:

	Effective for annual periods beginning on or after
HKFRS 9 ,"Financial Instruments"	1st January 2018
Amendments to HKFRS 10 and HKAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	Note
HKFRS 15, "Revenue from Contracts with Customers"	1st January 2018
HKFRS 16, "Leases"	1st January 2019
Amendments to HKFRS 2, "Classification and measurement of Share-based Payment Transactions"	1st January 2018
Amendments to HKAS 12, "Income taxes"	1st January 2017
Amendments to HKAS 7, "Statement of cash flows"	1st January 2017

Note: To be announced by HKICPA

The directors of the Company are in the process of assessing the financial impact of the adoption of the above new standards and amendments to standards. The directors of the Company will adopt the new standards and amendments to standards when they become effective.

2. Revenue and segment information

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Licensing income	**83,595**	101,125
Sales of services	**13,998**	22,026
Sales of goods	**2,498**	3,628
	100,091	126,779
Other income		
Rental income from investment properties	**10,651**	9,378
Management fee income	**245**	245
Dividend income	**1,651**	1,066
Others	**4,159**	2,973
	16,706	13,662
	116,797	140,441

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 2017, the Group operates in eight business segments:

— Television operations
— Film exhibition and film rights licensing and sub-licensing
— Theatre operations
— Concert performance
— Mobile games applications and video online
— Artiste management
— Sales and distribution of films and programs in audio visual product format
— Property investment

The segment information for the year ended 31st March 2017 by each principal activity is as follows:

	Year ended 31st March 2017								
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Concert performance *HK$'000*	Mobile games applications and video online *HK$'000*	Artiste management *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Property investment *HK$'000* *(note (b))*	Group *HK$'000*
Segment revenue	40,301	22,222	23,420	11,206	2,791	—	151	—	100,091
Reportable segment profit/(loss)	(12,804)	(64,039)	(20,828)	395	(5,961)	(731)	(1,843)	12,298	(93,513)
Reportable segment assets	49,781	118,498	5,706	11,283	20,967	5,136	31,312	222,642	465,325
Reportable segment liabilities	(34,445)	(60,648)	(14,181)	(7,382)	(315)	—	(3,126)	(24,972)	(145,069)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(342)	(473)	(7,001)	(24)	(503)	—	(265)	—	(8,608)
Impairment of property, plant and equipment	—	—	(14,058)	—	—	—	—	—	(14,058)
Fair value gain on revaluation of investment properties	—	—	—	—	—	—	—	8,130	8,130
Amortisation of film rights	(16,084)	(16,093)	—	—	—	—	—	—	(32,177)
Provision for impairment of film rights and films in progress	—	(18,278)	—	—	—	—	—	—	(18,278)
Share of losses of									
— Associate	—	—	—	—	(6,987)	—	—	—	(6,987)
— Joint venture	—	—	—	—	(797)	—	—	—	(797)
Additions to property, plant and equipment	507	—	825	—	39	—	733	202	2,306
Additions to film rights, films in progress and film royalty deposits	14,149	51,315	—	—	—	—	—	—	65,464
Interest in and amount due from an associate	—	—	—	—	12,692	—	—	—	12,692
Interest in and amount due from a joint venture	—	—	—	—	7,203	—	—	—	7,203

The segment information for the year ended 31st March 2016 by each principal activity is as follows:

	Year ended 31st March 2016									
	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Concert performance *HK$'000*	Mobile games applications and video online *HK$'000*	Artiste management *HK$'000*	Sales and distribution of films and programs in audio visual product format *HK$'000*	Property investment *HK$'000* *(note (b))*	Elimination *HK$'000*	Group *HK$'000*
Segment revenue	53,997	15,173	35,336	19,088	1,805	1,133	247	–	–	126,779
Reportable segment profit/(loss)	4,340	(23,455)	(5,515)	(822)	(17,658)	284	(2,706)	(5,881)	–	(51,413)
Reportable segment assets	46,374	125,779	31,061	10,585	4,667	1,311	26,320	215,864	(147)	461,814
Reportable segment liabilities	(28,964)	(76,145)	(15,997)	(6,079)	(1,665)	(79)	(3,217)	(23,960)	–	(156,106)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(103)	(616)	(8,960)	–	(550)	–	(263)	–	–	(10,492)
Fair value losses on revaluation of investment properties	–	–	–	–	–	–	–	(10,441)	–	(10,441)
Amortisation of film rights	(14,296)	(8,336)	–	–	–	–	–	–	15	(22,617)
Provision for impairment of film rights and films in progress	–	(17,904)	–	–	–	–	–	–	–	(17,904)
Reversal of/(provision for) impairment of trade receivables	–	12,156	–	–	–	(2)	–	–	–	12,154
Additions to property, plant and equipment	84	–	18	242	279	–	8	361	–	992
Additions to film rights, films in progress and film royalty deposits	9,514	70,110	–	–	–	–	–	–	–	79,624

(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 profit/(loss) is profit/(loss) before income tax, excluding unallocated share of profits of associates, other income, other gains/(losses) — net, finance costs — net, depreciation of property, plant and equipment, 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 of HK$10,896,000 (2016: HK$9,623,000) 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	**2017** ***HK$'000***	2016 *HK$'000*
Reportable segment loss	**(93,513)**	(51,413)
Unallocated amounts:		
Unallocated other income	**2,121**	1,471
Unallocated other gains/(losses) — net	**11,911**	(4,945)
Unallocated finance costs — net	**(234)**	(546)
Unallocated depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(6,026)**	(6,248)
Unallocated share of profits of associates — net	**6,038**	2,485
Share-based payment expense	**—**	(6,124)
Unallocated corporate expenses	**(5,368)**	(5,182)
Loss before income tax per consolidated income statement	**(85,071)**	(70,502)

Assets	**2017** ***HK$'000***	2016 *HK$'000*
Reportable segment assets	**465,325**	461,814
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights	**198,019**	201,462
Unallocated available-for-sale financial assets	**6,712**	8,186
Unallocated financial assets at fair value through profit or loss	**46,011**	42,254
Unallocated cash and cash equivalents	**108,774**	195,264
Unallocated interests in and amounts due from associates	**14,009**	12,584
Unallocated corporate assets	**4,139**	6,599
Total assets per consolidated balance sheet	**842,989**	928,163

Liabilities	2017	2016
	HK$'000	*HK$'000*
Reportable segment liabilities	**145,069**	156,106
Unallocated liabilities:		
Unallocated bank borrowings	**9,230**	10,012
Unallocated corporate liabilities	**1,068**	2,125
Total liabilities per consolidated balance sheet	**155,367**	168,243

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

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**35,099**	52,496
PRC	**34,184**	39,390
Taiwan	**9,345**	11,609
Other countries	**21,463**	23,284
	100,091	126,779

During the year ended 31st March 2017, revenues of approximately HK$19,109,000 (2016: HK$20,369,000) was derived from one single external customer attributable to the television operations.

	Non-current assets (other than financial assets)	
	2017	2016
	HK$'000	*HK$'000*
Hong Kong	**365,892**	347,420
PRC	**170,437**	183,157
Taiwan	**25,274**	24,512
Other countries	**26,089**	27,972
	587,692	583,061

3. Other gains/(losses) — net

	2017	2016
	HK$'000	*HK$'000*
Fair value gains/(losses) on revaluation of investment properties	**8,130**	(10,441)
Fair value gains/(losses) on financial assets at fair value through profit or loss	**4,140**	(14,349)
Gains on disposal of subsidiaries — net	**11,638**	—
Gain on disposal of an associate	**7,771**	—
Gain on disposal of available-for-sale financial assets	**—**	10,554
Impairment loss on available-for-sale financial assets	**—**	(1,150)
	31,679	(15,386)

4. Expenses by nature

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

	2017	2016
	HK$'000	*HK$'000*
Cost of inventories	**1,113**	1,386
Reversal of obsolescence of inventories	**(77)**	(88)
Amortisation of leasehold land and land use rights	**788**	788
Depreciation		
— Owned property, plant and equipment	**13,625**	15,791
— Leased property, plant and equipment	**221**	161
Impairment of property, plant and equipment	**14,058**	—
Amortisation of film rights	**32,177**	22,617
Provision for impairment of film rights	**18,278**	17,904
Reversal of impairment of trade receivables	**—**	(12,154)
Reversal of provision for amount due from an associate	**—**	(6,897)
Auditor's remuneration		
— Audit services	**1,600**	1,603
— Non-audit services	**80**	77
Direct operating expenses arising from investment properties that generate rental income	**1,776**	1,763
Employee benefit expenses (including directors' emoluments)	**49,471**	54,767
Exchange losses	**9,336**	7,683
Marketing and promotion expenses	**19,544**	9,629
Operating lease rental in respect of buildings	**7,387**	7,607
Production, playout and origination costs	**17,052**	12,918

5. Finance income — net

	2017	2016
	HK$'000	*HK$'000*
Finance income		
— Interest income on short-term bank deposits	**759**	600
— Interest income on loans to third parties	**555**	466
	1,314	1,066
Finance costs		
— Interest on loans	**(225)**	(535)
— Interest element of finance leases	**(9)**	(11)
	(234)	(546)
Finance income — net	**1,080**	520

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. Taiwan corporate income tax has been provided at the rate of 17% (2016: 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.

	2017	2016
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**—**	131
— Taiwan corporate income tax	**165**	49
— Under-provision in prior years	**—**	39
Total current tax	**165**	219
Deferred income tax	**231**	28
Income tax expense	**396**	247

7. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$82,259,000 (2016: HK$66,188,000) by the weighted average number of ordinary shares of 5,923,739,000 (2016: 5,832,017,000) in issue during the year.

(b) Diluted

Diluted loss per share for the year ended 31st March 2016 and 2017 are the same as the basic loss per share as the potential additional ordinary shares are anti-dilutive.

8. Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31st March 2017 (2016: nil).

9. Trade and other receivables

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**29,993**	37,984
Less: provision for impairment of trade receivables	**(20,930)**	(22,423)
Trade receivables — net	**9,063**	15,561
Prepayments	**5,600**	1,052
Other receivables and deposits	**19,558**	17,920
	34,221	34,533
Less: other receivables and deposits – non-current portion	**(4,757)**	(5,661)
Current portion	**29,464**	28,872

The carrying amounts of trade and other receivables approximate their fair values (2016: same).

At 31st March 2017, trade and other receivables are unsecured and interest-free, except for an other receivable of HK$915,000 (2016: HK$4,830,000) which is interest bearing at Hong Kong prime rate plus 2% per annum (2016: same) and secured by (i) first legal charge over a property in Hong Kong with fair value of approximately HK$16,760,000 (2016: HK$12,020,000); and (ii) a separate all moneys guarantee and indemnity executed by a third party individual (2016: same), of which HK$736,000 (2016: HK$4,501,000) is not repayable within the next twelve months as at the balance sheet date.

The credit terms to trade receivables generally range from 7 to 90 days (2016: same).

The ageing analysis of trade receivables based on invoice date is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current to 3 months	**9,063**	11,781
4 to 6 months	**—**	1,450
Over 6 months	**20,930**	24,753
	29,993	37,984

At 31st March 2017, trade receivables of HK$1,684,000 (2016: HK$5,654,000) 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:

	2017	2016
	HK$'000	*HK$'000*
Up to 3 months	**1,684**	3,324
Over 3 months	**—**	2,330
	1,684	5,654

At 31st March 2017, trade receivables of HK$20,930,000 (2016: HK$22,423,000) 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:

	2017	2016
	HK$'000	*HK$'000*
Hong Kong dollar ("HK$")	**27,013**	21,509
Renminbi ("RMB")	**5,159**	11,175
New Taiwan dollar ("NTD")	**2,049**	1,849
	34,221	34,533

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

	2017	2016
	HK$'000	*HK$'000*
At 1st April 2016 and 2015	**22,423**	34,910
Reversal of impairment of trade receivables	**—**	(12,154)
Written-off of trade receivables	**(1,493)**	—
Exchange difference	**—**	(333)
At 31st March 2017 and 2016	**20,930**	22,423

The release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement (note 4).

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

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**2,090**	7,312
Other payables and accruals	**75,478**	95,313
	77,568	102,625

The ageing analysis of trade payables by invoice date is as follows:

	2017	2016
	HK$'000	*HK$'000*
Current to 3 months	**449**	5,238
4 to 6 months	**—**	245
Over 6 months	**1,641**	1,829
	2,090	7,312

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

	2017	2016
	HK$'000	*HK$'000*
HK$	**36,884**	29,243
RMB	**40,524**	72,915
United States dollar ("USD")	**—**	113
NTD	**160**	354
	77,568	102,625

11. Borrowings and obligations under finance leases

	2017	2016
	HK$'000	*HK$'000*
Secured bank loans — current portion	**1,441**	1,337
Secured bank loans — non-current portion	**7,789**	8,675
Total borrowings *(note(a))*	**9,230**	10,012
Obligations under finance leases *(note(b))*		
— Current portion	**236**	175
— Non-current portion	**312**	75
	548	250

(a) Borrowings

The Group's borrowings are repayable as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**1,441**	1,337
Between 1 to 2 years	**1,470**	1,353
Between 2 to 5 years	**4,603**	4,232
Later than 5 years	**1,716**	3,090
	9,230	10,012

At 31st March 2017, banking facilities amounting to HK$78,109,000 (2016: HK$77,220,000) 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$22,043,000 (2016: HK$20,936,000) and certain of the Group's investment properties with an aggregate carrying value of HK$47,500,000 (2016: HK$56,049,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged bank deposits of HK$23,500,000 (2016: HK$23,500,000) of the Group; and

(iv) financial assets at fair value through profit or loss of HK$26,987,000 (2016: HK$22,977,000) of the Group.

At 31st March 2017, the Group's bank borrowing bears an interest rate at 1.9% per annum and is denominated in NTD.

The fair values of the borrowings approximate their carrying amounts at 31st March 2017 and 2016.

(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.

	2017	2016
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments:		
— No later than 1 year	**252**	181
— Later than 1 year and no later than 5 years	**323**	75
	575	256
Future finance charges on finance leases	**(27)**	(6)
Present value of finance lease liabilities	**548**	250

The present value of finance lease liabilities is as follows:

	2017	2016
	HK$'000	*HK$'000*
— No later than 1 year	**236**	175
— Later than 1 year and no later than 5 years	**312**	75
	548	250

12. **Share capital and premium**

(a) ***Share capital***

	2017		2016	
	Number of shares		Number of shares	
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised				
Ordinary share of HK$0.02 each	**15,000,000**	**300,000**	15,000,000	300,000
Issued and fully paid				
Ordinary share of HK$0.02 each	**5,923,739**	**118,475**	5,923,739	118,475

(b) ***Share premium***

	2017	2016
	HK$'000	*HK$'000*
Share premium	**407,428**	407,428

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$82,259,000 (2016: HK$66,188,000) and the directors do not recommend the payment of a dividend (2016: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2017, the Group recorded a consolidated revenue of HK$100,091,000 (2016: HK$126,779,000) and a loss attributable to owners of the Company of HK$82,259,000 (2016: HK$66,188,000). The drop in gross profit from HK$31,833,000 to HK$7,979,000 was mainly attributable to drop in revenues attributable to television operations and cinema operations, increased amortisation of film rights and increased origination costs in relation to the upgrade of the Group's film library into 4K standard.

The contribution of revenues from the Group's television segment for the year dropped from approximately HK$54.0 million to HK$40.3 million due to certain channels were terminated since the second half of the last financial year. As at 31st March 2017, the Group provided channels through various operators, including "RED by HBO" channel through the platform of HBO in certain Asian territories, HD movie channel through Chunghwa Telecom MOD platform, a movie channel through the TVB pay vision in Hong Kong and a movie channel through TVB pay TV platform in Australia.

In November 2009, the Group entered into an agreement with HBO Asia to launch and distribute a channel "RED by HBO" 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 also helped the Group to establish its brand name in the TV and content provider businesses. Through the cooperation, the Group receives revenues attributable to various Asian countries and territories including Malaysia, Indonesia, Thailand, Philippines, Vietnam, Myanmar, Cambodia and Laos. 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 more 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 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 sub-licensing segment increased from approximately HK$15.2 million to HK$22.2 million, the increase is mainly attributable to revenues from the title "Port of Call" which received a number of awards in various local and overseas film festivals, and other new titles released during the year.

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 during the recent years. 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.

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 Shanghai has also commenced operations since 2013. The Group's theatres are all digital and equipped with 3-D movie broadcasting functions. The theatre in Tianjin has 7 screens consisting approximately 1,200 seats and the one located in Jiading, Shanghai has 10 screens with approximately 1,600 seats. The theatres contributed revenues of approximately HK$23.4 million (2016: HK$35.3 million) in aggregate during the year. The drop is mainly due to the increased nearby competition.

During the year, the Group made provisions for impairment in respect of its film rights and property, plant and equipment in its cinema in Shanghai amounting to HK$18.2 million (2016: HK$17.9 million) and HK$14.1 million (2016: Nil) respectively. The provisions were made taken into account the current market conditions and estimated future recoverable amounts in respect of the relevant assets.

During the year, the Group's operating segment of concert performance held five events and contributed revenues of approximately HK$11.2 million (2016: HK$19.1 million) and generated positive operating return to the Group. More events invested will be released in the forthcoming year. The Group is of the view that this segment will continue to bring increasing input to the Group.

In respect of the mobile games applications and video online segment, the Group has launched its video website "www.116.tv" and its video apps "116", which include contents of films, drama and entertainment news, and also invested in companies of game development/distribution and apps operation and digital marketing and related services. The segment attributed revenues of approximately HK$2.8 million (2016: HK$1.8 million). As announced in the Company's announcement dated 4th August 2016, during the year, MAMO Games Limited ("MAMO"), one of the Group's game development and distribution companies, allotted certain shares to a new investor at a consideration of HK$30 million and the transaction constituted a deemed disposal of interests in MAMO and a gain on deemed disposal of approximately HK$15.4 million was recognised by the Group during the year. The Group also invested in a joint venture company engaged in apps operation and digital marketing and related services. Looking forward, the Group considers the new media investment will ignite a revolution to the industry and fit the expected market demand.

Revenues attributable to other segments, namely sale and distribution of films and programs in audio and visual product format and artiste management were minimal for the year.

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, channel management and apps development 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, personal computer, 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 disposed certain interests in HKM and recognised a gain on disposal of approximately HK$7.8 million (2016: Nil).

During the year, following the changes in the investment market conditions, the Group's financial assets at fair value through profit and loss turned to record an fair value gain of approximately HK$4.1 million (2016: loss of HK$14.3 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK$8.1 million (2016: deficit of HK$10.4 million). Such unrealised gains/losses have no effect on the Group's cash flow.

On 13th April 2011, the Company received a writ of summons and statement of claim, which was further amended on 12th October 2012, 4th April 2014 and 30th March 2017, with no specified amount of the amount of damages being claimed by a third party in respect of alleged fraudulent breaches relating to the management of an associated company which is under liquidation. The directors of the Company, after taking advice from the legal advisors which have considered the information so far available, consider such claim is not strong, and the Company has a good chance to defend its position. In this regard, the directors of the Company do not anticipate any material liabilities would arise from this litigation and there would be no material impact to the financial position nor consolidated financial statements of the Company and of the Group for the year ended 31st March 2017.

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 2017, the Group has available banking facilities of approximately HK$78.1 million, of which approximately HK$10 million were utilised. Certain of the Group's deposits, financial assets and properties with aggregate net book values of HK$120.0 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 1.4% as at 31st March 2017 was based on the total of bank loans and obligations under finance leases of HK$9,778,000 (of which HK$1,677,000, HK$1,782,000, HK$4,603,000 and HK$1,716,000 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$681,576,000. The Group's bank balances and borrowings are primarily denominated in NTD. The Group will monitor its foreign currency exposure closely. During the year ended 31st March 2017, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency.

At 31st March 2017, the Group had commitments in respect of film production, film and program licensing agreements and other investments amounting to approximately HK$119.4 million in aggregate. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 31st March 2017, the Group employed 173 staff (2016: 223). 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$49.5 million (2016: HK$54.8 million) were charged to the profit and loss during the year.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in 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 A.4.1, 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 Audit Committee has reviewed the consolidated financial statements for the year ended 31st March 2017.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31st March 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

On behalf of the Board
Li Kuo Hsing
Chairman

Hong Kong, 29th June 2017

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. Guo Yan Jun and Mr. Leung Tak Sing, Dominic.