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 2019

CONSOLIDATED INCOME STATEMENT
For the year ended 31st March 2019

	Note	Year ended 31st March 2019 HK$'000	2018 HK$'000
Revenue	2	**120,394**	114,500
Cost of sales	4	**(104,621)**	(90,326)
Gross profit		**15,773**	24,174
Other income	2	**12,525**	13,173
Other (losses)/gains — net	3	**(1,009)**	15,244
Selling, distribution and marketing expenses	4	**(8,257)**	(12,616)
Administrative expenses	4	**(86,070)**	(66,381)
Net impairment losses on financial assets		**(5,075)**	(19,784)
Operating loss		**(72,113)**	(46,190)
Finance income	5	**2,578**	821
Finance costs	5	**(2,625)**	(286)
Finance (costs)/income – net		**(47)**	535
Share of losses of associates – net		**(11,488)**	(1,942)
Share of loss of a joint venture		**—**	(1,902)
Provision for impairment of a joint venture		**—**	(282)
Loss before income tax		**(83,648)**	(49,781)
Income tax expense	6	**(5,006)**	(1,442)
Loss for the year		**(88,654)**	(51,223)
Loss attributable to:			
Owners of the Company		**(85,428)**	(49,159)
Non-controlling interests		**(3,226)**	(2,064)
		(88,654)	(51,223)
		HK cents	*HK cents*
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	**(1.44)**	(0.83)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2019

	Year ended 31st March	
	2019	2018
	HK$'000	*HK$'000*
Loss for the year	**(88,654)**	(51,223)
Other comprehensive loss, net of tax:		
Items that will not be reclassified subsequently to profit or loss		
Surplus on revaluation of buildings	**4,167**	5,906
Deferred taxation arising from revaluation surplus of buildings	**(716)**	(819)
Items that may be reclassified to profit or loss		
Fair value losses on available-for-sale financial assets – net	**—**	(3,214)
Impairment losses on available-for-sale financial assets	**—**	50
Currency translation differences	**(7,129)**	(9,994)
Other comprehensive loss for the year, net of tax	**(3,678)**	(8,071)
Total comprehensive loss for the year	**(92,332)**	(59,294)
Total comprehensive loss attributable to:		
Owners of the Company	**(88,303)**	(57,939)
Non-controlling interests	**(4,029)**	(1,355)
Total comprehensive loss for the year	**(92,332)**	(59,294)

CONSOLIDATED BALANCE SHEET

As at 31st March 2019

		As at 31st March	
		2019	2018
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Leasehold land and land use rights		**24,932**	25,720
Property, plant and equipment		**238,093**	184,813
Investment properties		**243,156**	241,486
Film rights, films in progress and film royalty deposits		**163,126**	176,176
Interests in associates		**9,861**	11,121
Interests in joint ventures		**4**	4
Available-for-sale financial assets		**—**	3,498
Other receivables and deposits	*9*	**2,668**	5,918
		681,840	648,736
Current assets			
Inventories		**454**	179
Prepayments, deposits, trade and other receivables	*9*	**12,408**	44,254
Contract assets		**24,019**	—
Deferred fulfilment costs		**3,511**	—
Financial assets at fair value through profit or loss		**40,345**	41,922
Pledged bank deposits		**23,500**	23,500
Short-term bank deposits		**3,793**	1,856
Cash and cash equivalents		**9,117**	55,406
		117,147	167,117
Total assets		**798,987**	815,853
EQUITY			
Equity attributable to owners of the Company			
Share capital		**118,475**	118,475
Share premium		**407,428**	407,428
Reserves		**10,492**	97,734
Shareholders' funds		**536,395**	623,637
Non-controlling interests		**3,078**	4,691
Total equity		**539,473**	628,328

	Note	As at 31st March **2019** *HK$'000*	2018 *HK$'000*
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	*11*	**40,637**	6,452
Obligations under finance leases	*11*	**—**	144
Deferred income tax liabilities		**29,759**	24,445
		70,396	31,041
Current liabilities			
Trade and other payables	*10*	**97,818**	78,434
Receipts in advance		**—**	25,458
Contract liabilities		**13,448**	—
Amounts due to associates		**11,638**	1,834
Bank borrowings	*11*	**54,481**	39,590
Obligations under finance leases	*11*	**144**	168
Current income tax liabilities		**11,589**	11,000
		189,118	156,484
Total liabilities		**259,514**	187,525
Total equity and liabilities		**798,987**	815,853

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2019

	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*	Accumulated losses *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1st April 2017	118,475	407,428	12	11,861	189,009	8,814	73,048	5,645	(132,716)	6,046	687,622
Comprehensive loss											
Loss for the year	–	–	–	–	–	–	–	–	(49,159)	(2,064)	(51,223)
Other comprehensive loss											
Surplus on revaluation of buildings	–	–	–	–	–	–	5,906	–	–	–	5,906
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	–	(819)	–	–	–	(819)
Fair value losses on available-for-sale financial assets – net	–	–	–	–	–	–	–	(3,214)	–	–	(3,214)
Impairment losses on available-for-sale financial assets	–	–	–	–	–	–	–	50	–	–	50
Currency translation differences											
— Group	–	–	–	–	–	(10,822)	–	–	–	709	(10,113)
— Associates	–	–	–	–	–	119	–	–	–	–	119
Total other comprehensive loss	–	–	–	–	–	(10,703)	5,087	(3,164)	–	709	(8,071)
Total comprehensive loss	–	–	–	–	–	(10,703)	5,087	(3,164)	(49,159)	(1,355)	(59,294)
Share options lapsed	–	–	–	(11,861)	–	–	–	–	11,861	–	–
Total transactions with owners, recognised directly in equity	–	–	–	(11,861)	–	–	–	–	11,861	–	–
Balance at 31st March 2018	118,475	407,428	12	–	189,009	(1,889)	78,135	2,481	(170,014)	4,691	628,328

	Attributable to owners of the Company											
	Share capital	Share premium	Share redemption reserve	Other reserve	Share-based payment reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Accumulated losses	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*	*HK$'000*	*HK$'000*
Balance at 1st April 2018	118,475	407,428	12	–	–	189,009	(1,889)	78,135	2,481	(170,014)	4,691	628,328
Change in accounting policy upon adoption of HKFRS 9 *(Note 1.3)*	–	–	–	–	–	–	–	–	(2,481)	2,481	–	–
Restated balance at 1st April 2018	118,475	407,428	12	–	–	189,009	(1,889)	78,135	–	(167,533)	4,691	628,328
Comprehensive loss												
Loss for the year	–	–	–	–	–	–	–	–	–	(85,428)	(3,226)	(88,654)
Other comprehensive loss												
Surplus on revaluation of buildings	–	–	–	–	–	–	–	4,167	–	–	–	4,167
Deferred taxation arising from revaluation surplus of buildings	–	–	–	–	–	–	–	(716)	–	–	–	(716)
Currency translation differences												
— Group	–	–	–	–	–	–	(6,505)	–	–	–	(803)	(7,308)
— Associates	–	–	–	–	–	–	179	–	–	–	–	179
Total other comprehensive loss	–	–	–	–	–	–	(6,326)	3,451	–	–	(803)	(3,678)
Total comprehensive loss	–	–	–	–	–	–	(6,326)	3,451	–	(85,428)	(4,029)	(92,332)
Acquisition of non-controlling interests	–	–	–	1,061	–	–	–	–	–	–	2,416	3,477
Total transactions with owners, recognised directly in equity	–	–	–	1,061	–	–	–	–	–	–	2,416	3,477
Balance at 31st March 2019	118,475	407,428	12	1,061	–	189,009	(8,215)	81,586	–	(252,961)	3,078	539,473

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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of buildings, investment properties, and financial assets at fair value through profit or loss ("FVPL"), which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs 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

The Group incurred a net loss of HK$88,654,000 for the year ended 31st March 2019 and as at 31st March 2019, the Group's current liabilities exceeded its current assets by HK$71,971,000. Included in the Group's current liabilities were contract liabilities of HK$13,448,000 which represent non-refundable customer prepayments that will be recognised as revenue over the next twelve months through the provision of film rights licensing, theatre operations, concert performance and events organisation services.

In preparing the Group's consolidated financial statements for the year ended 31st March 2019, the directors have taken into account all information that could reasonably be expected to be available. In particular, the directors of the Company have prepared a cash flow projection of the Group covering a period of not less than twelve months from 31st March 2019 taking into account the following:

(i) The Group will continue to generate net cash inflows from its core operations; in particular, the Group will successfully release its films-in-progress according to its plan and receive proceeds from box office and licensing in the expected timeframe; and

(ii) The directors believe that the Group's banking facilities will continue to be available given the good track record and relationships the Group has with the banks and the Group is able to secure new bank borrowings as and when needed.

The directors are of the opinion that, having taken into account the anticipated cash inflows generated from the Group's operations, as well as the possible changes in its operating performance and the availability of bank facilities, the Group will have 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 a going concern; and thus have prepared the consolidated financial statements on a going concern basis.

1.2 New and amended standards

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

The Group has applied the following new and amended standards and interpretation for the first time for their annual reporting period commencing 1st April 2018:

- Amendments to HKFRS 2, "Classification and Measurement of Share-based Payment Transactions"
- Amendments to HKFRS 4, "Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts"
- Amendments to HKAS 40, "Transfers of Investment Property"
- HKFRS 9, "Financial Instruments"
- HKFRS 15, "Revenue from Contracts with Customers and the related amendments"
- HK(IFRIC)-Int 22, "Foreign Currency Transactions and Advance Consideration"
- Annual improvements 2014-2016 — Amendments to HKFRS 1, "First Time Adoption of HKFRS" and HKAS 28, "Investments in Associates and Joint Ventures"

The Group has been impacted by HKFRS 9 in relation to the classification of financial assets and the expected credit loss for financial assets, and impacted by HKFRS 15 in relation to the presentation of assets and liabilities related to contracts with customers. The adoption of other amendments and interpretation listed above did not have a material impact on the Group's accounting policies and consolidated financial statements.

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

Certain new and amended accounting standards and interpretation have been published that are not mandatory for 31st March 2019 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretation is set out below.

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Definition of a Business	1st January 2020
Amendments to HKFRS 9	Prepayment Features with Negative Compensation	1st January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	*Note*
HKFRS 16 *(Note i)*	Leases	1st January 2019
HKFRS 17	Insurance Contracts	1st January 2021
Amendments to HKAS 1 and HKAS 8	Definition of Material	1st January 2020
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement	1st January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1st January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1st January 2019
Annual Improvements 2015-2017 Cycle	Improvements to HKFRSs	1st January 2019
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1st January 2020

Note: To be announced by HKICPA

The Group assessment of the impact of these new standards and interpretation is set out below.

(i) HKFRS 16 Leases

HKFRS 16 "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on consolidated balance sheet for lessees.

The Group is a lessee of various land and buildings which are currently classified as operating leases. The Group's future operating lease commitments, which are not reflected in the consolidated balance sheet, falling due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 year	**8,605**	6,926
Later than 1 year and no later than 5 years	**48,321**	27,817
Later than 5 years	**105,167**	55,607
	162,093	90,350

HKFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the consolidated balance sheet. Instead, when the Group is the lessee, almost all leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus, each lease will be mapped in the Group's consolidated balance sheet.

Short-term leases of less than twelve months and leases of low-value assets are exempted from the reporting obligation. The new standard will therefore result in an increase in assets and financial liabilities in the Group's consolidated balance sheet. As for the financial performance impact in the consolidated income statement, rental expenses will be replaced with straight-line depreciation on the right-of-use asset and interest expenses on the lease liability.

The combination of the straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term.

The new standard is not expected to apply until the financial year ending 31st March 2020.

Management has performed a preliminary assessment on the implementation of HKFRS 16 and the initial results indicated that it would not result in any significant impact on the Group's financial position and results of operation other than increase in assets and liabilities in the Group's consolidated financial statements. The adoption of HKFRS 16 would also not affect the Group's total cash flows in respect of the leases.

Upon the adoption of HKFRS 16, the provision for an onerous contract would be reclassified as lease liability in the consolidated balance sheet.

Other than those analysed above, management does not anticipate any significant impact on the Group's financial position and results of operations upon adopting the above standards, amendments and interpretation to existing standards that not yet effective.

1.3 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 "Financial Instruments" and HKFRS 15 "Revenue from Contracts with Customers" on the Group's consolidated financial statements.

1.3(a) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1st April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated consolidated balance sheet as at 31st March 2018, but are recognised in the opening consolidated balance sheet on 1st April 2018.

(i) Classification and measurement

On 1st April 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Note	Financial assets at FVPL *HK$'000*	AFS financial assets *HK$'000*	Amortised cost (2018: receivables) *HK$'000*
Closing balance at 31st March 2018 – HKAS 39		**41,922**	**3,498**	**124,470**
Reclassify equity investments from available-for-sale ("AFS") financial assets to financial assets at FVPL	*(a)*	3,498	(3,498)	—
Opening balance at 1st April 2018 — HKFRS 9		**45,420**	**—**	**124,470**

The impact of these changes on the Group's equity is as follows:

	Note	Effect on AFS financial assets revaluation reserve *HK$'000*	Effect on accumulated losses *HK$'000*
Opening balance at 1st April 2018 — HKAS 39		**2,481**	**(170,014)**
Reclassify equity investments from AFS financial assets to financial assets at FVPL	*(a)*	(2,481)	2,481
Opening balance at 1st April 2018 — HKFRS 9		**—**	**(167,533)**

(a) Reclassification from AFS financial assets to financial assets at FVPL

Certain equity investments were reclassified from AFS financial assets to financial assets at FVPL (HK$3,498,000 as at 1st April 2018). They do not meet the HKFRS 9 criteria for classification at amortised cost because their cash flows do not solely represent payments of principal and interest.

The accumulated fair value gains amounting to HK$2,481,000 for these equity investments were transferred from the AFS financial assets revaluation reserve to accumulated losses on 1st April 2018.

(b) Reclassifications of financial instruments on adoption of HKFRS 9

On the date of initial application, 1st April 2018, the financial instruments of the Group were as follows, with any reclassifications noted:

	Measurement category		**Carrying amount**	
	Original (HKAS 39)	**New (HKFRS 9)**	**Original** ***HK$'000***	**New** ***HK$'000***
Non-current financial assets				
Equity securities	AFS financial assets	Financial assets at FVPL	3,498	3,498
Other receivables and deposits	Amortised cost	Amortised cost	5,918	5,918
Current financial assets				
Deposits, trade and other receivables	Amortised cost	Amortised cost	37,790	37,790
Equity securities – held for trading	Financial assets at FVPL	Financial assets at FVPL	41,922	41,922
Pledged bank deposits	Amortised cost	Amortised cost	23,500	23,500
Short-term bank deposits	Amortised cost	Amortised cost	1,856	1,856
Cash and cash equivalents	Amortised cost	Amortised cost	55,406	55,406

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables from the provision of services
- contract assets relating to television operations contracts and film rights licensing contracts
- other financial assets at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. There was no impact of the change in impairment methodology on the Group's retained earnings and equity.

While pledged bank deposits, short-term bank deposits and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For trade receivables and contract assets, the Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Group has assessed the expected credit loss model applied to the trade receivables and contract assets as at 1st April 2018 and the change in impairment methodologies has no significant impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

Other financial assets at amortised cost include deposits and other receivables. The Group has assessed the expected credit loss model apply to the deposits and other receivables as at 1st April 2018. A 12-month expected credit loss on other financial assets at amortised cost was applied and the change in impairment methodologies has no material impact on the Group's consolidated financial statements and the opening loss allowance is not restated in this respect.

1.3(b) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 from 1st April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The Group adopted HKFRS 15 without restating comparatives as it has chosen the modified retrospective method and applied HKFRS 15 only to contracts that are not completed at the date of initial application (1st April 2018).

The reclassifications and the adjustments arising from the new revenue recognition rules are therefore not reflected in the consolidated balance sheet as at 31st March 2018, but are recognised in the opening consolidated balance sheet on 1st April 2018. In summary, the following adjustments were made to the amounts recognised in the consolidated balance sheet at the date of initial application (1st April 2018):

	HKAS 18 carrying amount 31st March 2018	**Reclassification**	**HKFRS 15 carrying amount 1st April 2018**
	HK$'000	***HK$'000***	***HK$'000***
Consolidated balance sheet (extract)			
Trade receivables — net	24,843	(9,627)	15,216
Contract assets	—	9,627	9,627
Receipts in advance	25,458	(25,458)	—
Contract liabilities	—	25,458	25,458

Presentation of assets and liabilities related to contracts with customers

The Group has also voluntarily changed the presentation of certain amounts in the consolidated balance sheet to reflect the terminology of HKFRS 15:

- Contract assets recognised in relation to television operations contracts and film rights licensing contracts were previously presented as part of trade receivables.

- Contract liabilities in relation to film royalty deposits received from customers derived from film rights licensing contracts, unearned revenue derived from television operation contracts and receipts in advance derived from theatre operations, and concert performance and events organisation contracts were previously presented as receipts in advance.

2. Revenue and segment information

	2019	2018
	HK$'000	*HK$'000*
Revenue		
Television operations	**49,160**	41,495
Film exhibition and film rights licensing and sub-licensing	**23,856**	30,743
Theatre operations	**23,849**	24,347
Concert performance and events organisation	**13,247**	15,191
Mobile games applications and video online	**8,225**	931
Artiste management	**2,027**	860
Sales and distribution of films and programs in audio visual product format	**30**	933
	120,394	114,500
Other income		
Rental income from investment properties	**7,180**	8,870
Management fee income	**245**	245
Dividend income	**2,486**	1,912
Others	**2,614**	2,146
	12,525	13,173
	132,919	127,673

The chief operating decision makers have 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 2019, the Group operates in eight business segments:

— Television operations
— Film exhibition and film rights licensing and sub-licensing
— Theatre operations
— Concert performances and events organisation
— 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 2019 by each principal activity is as follows:

	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Concert performance and events organisation *HK$'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	49,160	23,856	23,849	13,247	8,225	2,027	30	—	120,394
Reportable segment (loss)/profit	(7,826)	(32,057)	(9,258)	(6,008)	(15,584)	1,223	(354)	7,236	(62,628)
Reportable segment assets	36,877	159,707	65,298	4,419	1,356	1,598	29,275	248,444	546,974
Reportable segment liabilities	(18,657)	(61,809)	(71,668)	(2,716)	(834)	(1,800)	(1,711)	(26,562)	(185,757)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(374)	(634)	(3,087)	(308)	(96)	(1)	(366)	—	(4,866)
Fair value gains on revaluation of investment properties	—	—	—	—	—	—	—	4,076	4,076
Amortisation of film rights	(15,610)	(7,624)	—	—	—	—	—	—	(23,234)
Provision for impairment of film rights, films in progress and film royalty deposits	—	(29,400)	—	—	—	—	—	—	(29,400)
Share of loss of an associate	—	—	—	—	(10,492)	—	—	—	(10,492)
Provision for an onerous contract	—	—	(2,284)	—	—	—	—	—	(2,284)
Impairment loss on amount due from an associate	—	—	—	—	(117)	—	—	—	(117)
Impairment loss on amount due from a joint venture	—	—	—	—	(550)	—	—	—	(550)
Impairment losses on other receivables	—	(460)	—	—	(1,308)	—	—	—	(1,768)
Reversal of previous impairment losses on other receivables	—	—	—	—	360	—	—	—	360
Finance costs	—	—	(905)	—	—	—	—	—	(905)
Additions to property, plant and equipment	14	—	59,392	—	—	—	789	262	60,457
Additions to film rights, films in progress and film royalty deposits	12,986	28,300	—	—	—	—	—	—	41,286
Disaggregation of revenue from contracts with customers									
Timing of revenue recognition:									
At a point in time	—	23,856	23,849	13,247	8,225	2,027	30	—	71,234
Over time	49,160	—	—	—	—	—	—	—	49,160
	49,160	23,856	23,849	13,247	8,225	2,027	30	—	120,394

The segment information for the year ended 31st March 2018 by each principal activity is as follows:

	Television operations *HK$'000*	Film exhibition and film rights licensing and sub-licensing *HK$'000*	Theatre operations *HK$'000*	Concert performance and events organisation *HK$'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	41,495	30,743	24,347	15,191	931	860	933	—	114,500
Reportable segment (loss)/profit	(10,690)	(8,999)	(2,071)	(2,858)	(32,190)	(475)	(159)	21,399	(36,043)
Reportable segment assets	41,528	197,089	6,183	20,827	1,263	6,310	29,883	247,172	550,255
Reportable segment liabilities	(29,495)	(45,595)	(18,137)	(13,388)	(1,214)	(221)	(1,855)	(27,517)	(137,422)
Depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	(395)	(576)	(949)	(99)	(317)	—	(379)	—	(2,715)
Fair value gains on revaluation of investment properties	—	—	—	—	—	—	—	19,309	19,309
Amortisation of film rights	(15,507)	(13,648)	—	—	—	—	—	—	(29,155)
Provision for impairment of film rights	—	(17,175)	—	—	—	—	—	—	(17,175)
Provision for an onerous contract	—	—	(1,453)	—	—	—	—	—	(1,453)
Share of losses of									
— An associate	—	—	—	—	(3,353)	—	—	—	(3,353)
— A joint venture	—	—	—	—	(1,902)	—	—	—	(1,902)
Provision for impairment of interest in a joint venture	—	—	—	—	(282)	—	—	—	(282)
Impairment loss on amount due from an associate	—	—	—	—	(9,415)	—	—	—	(9,415)
Impairment loss on amount due from a joint venture	—	—	—	—	(9,086)	—	—	—	(9,086)
Impairment losses on other receivables	—	—	—	—	(1,283)	—	—	—	(1,283)
Additions to property, plant and equipment	38	779	132	347	11	7	—	4,869	6,183
Additions to film rights, films in progress and film royalty deposits	11,855	91,162	—	—	—	—	—	—	103,017

(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 makers for the purposes of resources 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 (loss)/profit of an associate, other income, other (losses)/gains — net, finance costs, impairment losses on other receivables, 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 unallocated interests in associates and joint ventures, financial assets at FVPL, 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, amounts due to associates and other corporate liabilities (mainly including accrued charges of the head office).

(b) The revenue of HK$7,425,000 (2018: HK$9,115,000) 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	**2019**	2018
	HK$'000	*HK$'000*
Reportable segment loss	**(62,628)**	(36,043)
Unallocated amounts:		
Unallocated other income	**4,232**	1,956
Unallocated other losses — net	**(5,085)**	(4,065)
Unallocated finance costs	**(1,720)**	(286)
Unallocated impairment losses on other receivables	**(3,000)**	—
Unallocated depreciation of property, plant and equipment and amortisation of leasehold land and land use rights	**(6,790)**	(6,157)
Unallocated share of (loss)/profit of an associate	**(996)**	1,411
Unallocated corporate expenses	**(7,661)**	(6,597)
Loss before income tax per consolidated income statement	**(83,648)**	(49,781)

Assets	2019	2018
	HK$'000	*HK$'000*
Reportable segment assets	**546,974**	550,255
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights	**199,925**	203,645
Unallocated AFS financial assets	**—**	3,498
Unallocated financial assets at FVPL	**40,345**	41,922
Unallocated cash and cash equivalents	**55**	112
Unallocated interests in associates and joint ventures	**9,865**	11,125
Unallocated corporate assets	**1,823**	5,296
Total assets per consolidated balance sheet	**798,987**	815,853

Liabilities	2019	2018
	HK$'000	*HK$'000*
Reportable segment liabilities	**185,757**	137,422
Unallocated liabilities:		
Unallocated bank borrowings	**59,191**	46,042
Unallocated amounts due to associates	**11,638**	1,834
Unallocated corporate liabilities	**2,928**	2,227
Total liabilities per consolidated balance sheet	**259,514**	187,525

The Group is principally domiciled in Hong Kong, Mainland China and Taiwan. The revenues from external customers and non-current assets other than financial instruments located in Hong Kong and other countries are analysed below:

	Revenue from external customers	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**45,293**	41,876
Mainland China	**38,954**	44,215
Taiwan	**9,284**	9,280
Other countries	**26,863**	19,129
	120,394	114,500

During the year ended 31st March 2019, revenues of HK$26,304,000 (2018: HK$18,297,000) was derived from one single external customer attributable to the television operations.

	Non-current assets (other than financial assets)	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**456,233**	449,907
Mainland China	**174,792**	141,235
Taiwan	**25,960**	27,244
Other countries	**22,187**	20,934
	679,172	639,320

3. Other (losses)/gains – net

	2019	2018
	HK$'000	*HK$'000*
Fair value gains on revaluation of investment properties	**4,076**	19,309
Fair value losses on financial assets at FVPL	**(5,075)**	(4,089)
(Loss)/gain on disposal of property, plant and equipment – net	**(10)**	74
Impairment losses on AFS financial assets	**—**	(50)
	(1,009)	15,244

4. Expenses by nature

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

	2019	2018
	HK$'000	*HK$'000*
Cost of inventories	**612**	1,716
Reversal of obsolescence of inventories	**—**	(933)
Amortisation of leasehold land and land use rights	**788**	788
Depreciation		
— Owned property, plant and equipment	**10,690**	7,745
— Leased property, plant and equipment	**178**	339
Amortisation of film rights	**23,234**	29,155
Provision for impairment of film rights, films in progress and film royalty deposits	**29,400**	17,175
Provision for an onerous contract	**2,284**	1,453
Auditor's remuneration		
— Audit services	**1,685**	1,660
— Non-audit services	**5**	90
Direct operating expenses arising from investment properties that generate rental income	**1,510**	2,210
Employee benefit expenses (including directors' emoluments)	**47,506**	47,877
Exchange losses/(gains)	**2,670**	(19,206)
Marketing and promotion expenses	**4,618**	9,507
Operating lease rental in respect of buildings	**8,514**	7,424
Production, playout and origination costs	**10,877**	13,801

5. Finance (costs)/income – net

	2019	2018
	HK$'000	*HK$'000*
Finance income		
— Interest income on short-term bank deposits	**769**	298
— Interest income on loans to a third party and an associate	**510**	523
— Interest income from the financing components of contracts with customer	**1,299**	—
	2,578	821
Finance costs		
— Interest on bank and other borrowings	**(2,616)**	(270)
— Interest element of finance leases	**(9)**	(16)
	(2,625)	(286)
Finance (costs)/income — net	**(47)**	535

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. Taxation on other jurisdictions' profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

	2019	2018
	HK$'000	*HK$'000*
Current income tax		
— Overseas corporate income tax	**554**	719
— Over-provision in prior years	**—**	(20)
Total current tax	**554**	699
Deferred income tax	**4,452**	743
Income tax expense	**5,006**	1,442

7. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK$85,428,000 (2018: HK$49,159,000) by the weighted average number of ordinary shares of 5,923,739,000 (2018: 5,923,739,000) in issue during the year.

(b) Diluted

Diluted loss per share for the years ended 31st March 2018 and 2019 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 2019 (2018: nil).

9. Prepayments, deposits, trade and other receivables

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**25,394**	45,711
Less: impairment losses on trade receivables	**(20,868)**	(20,868)
Trade receivables — net	**4,526**	24,843
Prepayments	**2,371**	6,464
Other receivables and deposits	**8,179**	18,865
	15,076	50,172
Less: other receivables and deposits – non-current portion	**(2,668)**	(5,918)
Current portion	**12,408**	44,254

As at 31st March 2019 and 2018, the carrying amounts of deposits, trade and other receivables approximate their fair values.

At 31st March 2019, all other receivables are unsecured and interest-free (2018: an other receivable of HK$751,000 was 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 HK$18,433,000; and (ii) a separate all moneys guarantee and indemnity executed by a third party individual).

The credit terms to trade receivables generally range from 7 to 90 days (2018: 7 to 90 days).

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

	2019	2018
	HK$'000	*HK$'000*
Current to 3 months	**4,351**	24,843
4 to 6 months	**175**	—
Over 6 months	**20,868**	20,868
	25,394	45,711

The analysis on the expected recovery date of trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
Not more than twelve months after the reporting period	**25,394**	38,207
More than twelve months after the reporting period	**—**	7,504
	25,394	45,711

At 31st March 2019, trade receivables of HK$20,868,000 (2018: HK$20,868,000) 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:

	2019	2018
	HK$'000	*HK$'000*
Hong Kong dollar ("HK$")	**4,664**	29,837
Renminbi ("RMB")	**8,686**	18,309
New Taiwan dollar ("NTD")	**1,726**	2,026
	15,076	50,172

Movements on the Group's impairment losses on trade receivables are as follows:

	2019	2018
	HK$'000	*HK$'000*
At 1st April	**20,868**	20,930
Written-off of trade receivables	**—**	(62)
At 31st March	**20,868**	20,868

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

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**10,259**	2,412
Other payables and accruals	**87,559**	76,022
	97,818	78,434

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

	2019	2018
	HK$'000	*HK$'000*
Current to 3 months	**6,858**	2,081
4 to 6 months	**—**	—
Over 6 months	**3,401**	331
	10,259	2,412

The Group has entered into several lease contracts in respect of theatre operation. The unavoidable costs of meeting the obligations of one of these contracts have exceeded the economic benefits expected to be received as at 31st March 2019. Hence, a provision of HK$3,737,000 (2018: HK$1,453,000) has been made for the onerous contract based on the estimated minimum net cost of exiting from the contract. The movement of provision for an onerous contract is as follows:

	2019	2018
	HK$'000	*HK$'000*
At 1st April	**1,453**	—
Charged to consolidated income statement *(Note 4)*	**2,284**	1,453
At 31st March	**3,737**	1,453

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

	2019	2018
	HK$'000	*HK$'000*
HK$	**55,166**	39,560
RMB	**41,994**	38,528
NTD	**658**	346
	97,818	78,434

11. Bank and other borrowings and obligations under finance leases

	2019	2018
	HK$'000	*HK$'000*
Bank overdrafts, secured	**22,963**	18,383
Secured bank loans — current portion	**31,518**	21,207
Bank borrowings — current portion	**54,481**	39,590
Secured bank loans — non-current portion	**4,710**	6,452
Total bank borrowings *(Note(a))*	**59,191**	46,042
Other borrowing — non-current portion *(Note(b))*	**35,927**	—
Total borrowings	**95,118**	46,042
Obligations under finance leases *(Note(c))*		
— Current portion	**144**	168
— Non-current portion	**—**	144
	144	312

(a) Bank borrowings

The Group's bank borrowings are repayable as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 year and repayable on demand	**54,481**	39,590
Between 1 to 2 years	**1,542**	1,606
Between 2 to 5 years	**3,168**	4,846
Later than 5 years	**—**	—
	59,191	46,042

At 31st March 2019, banking facilities amounting to HK$78,006,500 (2018: HK$78,844,000) 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$21,726,000 (2018: HK$23,152,000) and certain of the Group's investment properties with an aggregate carrying value of HK$52,600,000 (2018: HK$51,100,000);

(ii) corporate guarantees executed by the Company;

(iii) pledged bank deposits of HK$23,500,000 (2018: HK$23,500,000) of the Group; and

(iv) financial assets at FVPL of HK$24,936,000 (2018: HK$28,873,000) of the Group.

At 31st March 2019, the Group's bank borrowings bear floating interest rates of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.25% p.a. to 2.5% p.a. (2018: 1.25% p.a. to 2.5% p.a.) and fixed interest rate of 1.74% for NTD-denominated loans (2018: 1.90%). The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2019 is 3.9% (2018: 3.0%).

The fair values of the borrowings approximate their carrying amounts at 31st March 2019 and 2018.

(b) Other borrowing

As at 31st March 2019, other borrowing amounting to outstanding principal of RMB30,000,000 (approximately HK$35,022,000) and interest of RMB775,000 (approximately HK$905,000). The borrowing is interest-bearing at a fixed rate of 7.5% per annum, unsecured and not repayable within 3 years from drawdown date.

(c) 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.

	2019	2018
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments:		
— No later than 1 year	**147**	176
— Later than 1 year and no later than 5 years	**—**	147
	147	323
Future finance charges on finance leases	**(3)**	(11)
Present value of finance lease liabilities	**144**	312

The present value of finance lease liabilities is as follows:

	2019	2018
	HK$'000	*HK$'000*
— No later than 1 year	**144**	168
— Later than 1 year and no later than 5 years	**—**	144
	144	312

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 the Company for the year is HK$85,428,000 (2018: HK$49,159,000) and the directors do not recommend the payment of a dividend (2018: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2019, the Group recorded a consolidated revenue of HK$120,394,000 (2018: HK$114,500,000), gross profit of HK$15,773,000 (2018: HK$24,174,000) and a loss attributable to owners of the Company of HK$85,428,000 (2018: HK$49,159,000). The drop in gross margin was mainly attributable to the provision for impairment of film rights, films in progress and film royalty deposits amounting to approximately HK$29.4 million (2018: HK$17.2 million) during the year.

The contribution of revenues from the Group's television operations segment for the year increased from approximately HK$41.5 million to HK$49.2 million. As at 31st March 2019, 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 platform and a movie channel through the TVB pay vision in Hong Kong.

Since 2009, the Group has co-operated with world-class media HBO to jointly launch a dedicated Asian channel "RED by HBO" distributing in various markets in Southeast Asia. In 2018, the Group concluded two additional agreements with HBO Asia to expand and deepen the cooperation. The additional agreements essentially expand the cooperation from traditional TV channel service to new media on-line businesses and extend the cooperation term for 5 years to 2022. In addition, channel service in Singapore traditional TV platforms and OTT platforms, which is considered to be one of the most important media markets in Asia, has been launched during the year.

Through the expansion of the cooperation with HBO Asia and the existing cooperations with other major media groups in the region, the Group has well positioned itself as one of the most important content providers to provide contents to both the traditional and new media platforms in Greater China and Asia. We believe the media industry is in the process of transforming from traditional TV channel business to new media business and creates a golden chance for the Group to expand its media businesses rapidly.

In Hong Kong, the Group cooperates with TVB, the largest media group in Hong Kong, broadcasting the Mei Ah Movie Channel and providing quality movie content to TVB's new media business.

In Taiwan, the Group cooperates with Chunghwa Telecom, one of the largest telecommunication companies in Taiwan, in providing TV channels, VOD and OTT contents for audience in Taiwan.

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

The contribution of revenues from the Group's film exhibition and film rights licensing and sub-licensing segment decreased from approximately HK$30.7 million to HK$23.9 million. Fewer releases and licensing were concluded and completed during the year. A number of new titles, casted by popular artistes, are pending for release in the forthcoming financial year, including titles namely "Theory of Ambitions" and "Guilt by Design". Certain other titles are in the progress of shooting and expected to be released in the year 2020. These titles received encouraging responses from the market during their pre-sale.

The Group also cooperates with iQIYI, the new media platform with the largest internet traffic in the PRC. In 2018, the Group authorised iQIYI to broadcast contents from the high content library of the Group on a non-exclusive basis. In addition to the guaranteed program fee, the Group is also able to share the subscriber's monthly fee of iQIYI's services. The cooperation with iQIYI further confirms the Group's important expansion strategy, as a content provider, of entering into the new media market in the PRC. The Group will continue to seek cooperations with other major new media platforms in order to further cultivate the vast media market in the PRC.

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 customised programs to its audiences.

During the year, the Group made provisions for impairment in respect of its film rights, films in progress and film royalty deposits amounting to HK$29.4 million (2018: HK$17.2 million), after taking into account the current market conditions and estimated future recoverable amounts in respect of the relevant assets.

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. In 2019, the Group's new theatre in Guangzhou has commenced operations. The Group's theatres are all digital and equipped with 3-D movie broadcasting functions. The theatres contributed revenues of approximately HK$23.8 million (2018: HK$24.3 million) in aggregate during the year. During the year, the Group also agreed to invest 20% equity interest in another theatre in Beijing which is expected to commence operations in 2019.

During the year, the Group's operating segment of concert performance and events organisation contributed revenues of approximately HK$13.2 million (2018: HK$15.2 million) as less events were held during the year. The Group will continue to invest in popular concerts and is of the view that this segment will continue to bring contribution to the Group.

In respect of the mobile games applications and video online segment, the Group has launched its video website and mobile apps, which include contents of films, drama and entertainment news, and also invested in associated companies and a joint venture company of game development/distribution and online advertising platforms. Looking forward, the Group considers the new media investment will fit the expected market demand.

The Group has signed up to manage the jobs of a number of artistes and has developed its artiste management business. This growing segment contributed revenue of approximately HK$2.0 million (2018: HK$0.9 million) during the year. It becomes a base to build our talent management business and the Group will explore to seek other potential artistes and performers in order to build up its talent pool.

Revenues attributable to sale and distribution of films and programs in audio and visual product format was minimal for the year.

The Group's channel management operations are conducted through its associated company, namely IST Company Limited and its subsidiaries ("IST"). Other than providing channel management services to the Group, IST also provides the same playout service plus post-production, HD-film restoration and internetworking solution to a number of other media operators. IST has planned to provide its services under the developing platform which enables clients to distribute contents in different formats to different ends, which is expected to contribute future favorable returns to IST and the Group.

During the year, following the changes in the investment market conditions, the Group's financial assets at fair value through profit or loss turned to record an fair value loss of approximately HK$5.1 million (2018: HK$4.1 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK$4.1 million (2018: HK$19.3 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 amended on 12th October 2012. Pursuant to the directions from the court, all of the relevant claims were further consolidated in the consolidated statement of claims (the "Consolidated Statement of Claims") filed on 30th March 2017.

The claims as in the Consolidated Statement of Claims did not specify the amount of damages being claimed. The Consolidated Statement of Claims alleged that the Company was a shadow director of one of its associated companies (the "Associated Company") which went into liquidation in 2003, and in its capacity as an alleged shadow director owed fiduciary duties to the Associated Company and were trustees of the assets of the Associated Company, and also alleged that the Company fraudulently breached such fiduciary duties.

The directors of the Company, after taking advice from its legal advisors which have considered the information so far available, consider that the prospects of success of such claims depends on the findings of the court in respect of the legal and factual issues involved in the case, and that the Company has a good chance to defend its position.

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 2019, the Group has available banking facilities of approximately HK$70 million, of which approximately HK$59 million were utilised. Corporate guarantees executed by the Company and 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 17.8% as at 31st March 2019 was based on the total of bank loans, other loans and obligations under finance leases of HK$95,262,000 (of which HK$54,625,000, HK$1,542,000 and HK$39,095,000 are repayable within one year, in the second year and in the third to fifth year respectively) and the shareholders' funds of approximately HK$536,395,000. The Group's bank balances and borrowings are primarily denominated in HK$, RMB and NTD. The Group will monitor its foreign currency exposure closely. During the year ended 31st March 2019, 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 2019, the Group had commitments in respect of film production, film and program licensing agreements amounting to approximately HK$12 million. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 31st March 2019, the Group employed 139 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$47.5 million were charged to the profit or 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.

CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

With effect from 11th July 2019, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Tengis Limited (the "Branch Share Registrar"), will change its address from Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements for the year ended 31st March 2019.

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 2019 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 draft 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, 27th June 2019

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.