



美亞娛樂資訊集團有限公司

MEI AH ENTERTAINMENT GROUP LTD.

股份代號 Stock Code: 391



2015/2016
Interim Report



The directors present the condensed consolidated financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2015. The consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity of the Group for the six months ended 30th September 2015, and the consolidated interim balance sheet of the Group as at 30th September 2015, all of which are unaudited and condensed, along with selected explanatory notes, are set out as follows:

Condensed Consolidated Income Statement

For the six months ended 30th September 2015

		Unaudited Six months ended 30th September	
		2015	2014
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	5	55,153	58,995
Cost of sales		(26,456)	(29,582)
Gross profit		28,697	29,413
Other income	6	6,094	6,449
Other gains — net	7	4,619	2,641
Selling and marketing expenses		(2,564)	(7,914)
Administrative expenses		(47,892)	(40,466)
Operating loss	8	(11,046)	(9,877)
Finance income		856	713
Finance costs		(514)	(398)
Finance income — net		342	315
Share of profit of associates		800	—
Loss before income tax		(9,904)	(9,562)
Income tax expense	9	(141)	(210)
Loss for the period		(10,045)	(9,772)
Loss attributable to:			
Equity holders of the Company		(9,587)	(9,792)
Non-controlling interests		(458)	20
		(10,045)	(9,772)
Loss per share	10		
Basic		(0.17 cents)	(0.17 cents)
Diluted		(0.16 cents)	(0.17 cents)

Consolidated Statement of Comprehensive Income

For the six months ended 30th September 2015

	Unaudited Six months ended 30th September	
	2015	2014
	HK\$'000	HK\$'000
Loss for the period	(10,045)	(9,772)
Other comprehensive income/(loss)		
<i>Items that may be reclassified to profit or loss</i>		
Surplus on revaluation of buildings	2,821	6,430
Deferred taxation arising from revaluation surplus of buildings	(474)	(1,031)
Fair value gains on available-for-sale financial assets	8,261	1,818
Impairment loss on available-for-sale financial assets	—	49
Release of reserve upon disposal of available-for-sale financial assets	(419)	—
Currency translation differences	(3,374)	(255)
Other comprehensive income for the period, net of tax	6,815	7,011
Total comprehensive loss for the period	(3,230)	(2,761)
Attributable to:		
— Equity holders of the Company	(2,772)	(2,781)
— Non-controlling interests	(458)	20
Total comprehensive loss for the period	(3,230)	(2,761)

Condensed Consolidated Interim Balance Sheet

As at 30th September 2015 and 31st March 2015

	Unaudited 30th September 2015	Audited 31st March 2015
	Note	HK\$'000
		HK\$'000
ASSETS		
Non-current assets		
Leasehold land and land use rights		28,084
Property, plant and equipment		218,668
Intangible assets		146
Investment properties		223,575
Film rights, films in progress and film royalty deposits		98,944
Interests in associates		2,128
Available-for-sale financial assets		6,149
Other receivables and deposits	12	5,960
		583,654
Current assets		
Inventories		144
Trade and other receivables	12	24,820
Amounts due from associates		2,621
Financial assets at fair value through profit and loss		40,367
Pledged bank deposits		23,500
Cash and cash equivalents		32,074
		123,526
Total assets		707,180

		Unaudited 30th September 2015	Audited 31st March 2015
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>16</i>	118,464	112,661
Share premium		406,467	126,733
Reserves		288,489	289,615
		813,420	529,009
Shareholders' funds		813,420	529,009
Non-controlling interests		5,114	5,932
		818,534	534,941
LIABILITIES			
Non-current liabilities			
Borrowings	<i>14</i>	9,108	10,314
Obligations under finance leases	<i>15</i>	163	250
Deferred income tax liabilities		22,741	22,373
		32,012	32,937
Current liabilities			
Trade and other payables	<i>13</i>	97,216	64,402
Receipts in advance		17,216	20,879
Borrowings	<i>14</i>	2,142	42,473
Obligations under finance leases		172	169
Current income tax liabilities		11,238	11,379
		127,984	139,302
		159,996	172,239
Total liabilities		159,996	172,239
Total equity and liabilities		978,530	707,180
Net current assets/(liabilities)		206,824	(15,776)
Total assets less current liabilities		850,546	567,878

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2015

	Attributable to shareholders										
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Share-based payment reserve	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
The Group											
At 1st April 2015	112,661	126,733	12	189,009	8,482	2,102	70,180	4,702	15,128	5,932	534,941
Comprehensive loss											
Loss for the period	—	—	—	—	—	—	—	—	(9,587)	(458)	(10,045)
Other comprehensive income/(loss)											
Fair value gains on available-for-sale financial assets	—	—	—	—	—	—	—	8,261	—	—	8,261
Release on disposal	—	—	—	—	—	—	—	(419)	—	—	(419)
Surplus on revaluation of buildings	—	—	—	—	—	—	2,821	—	—	—	2,821
Deferred tax arising from revaluation surplus of buildings	—	—	—	—	—	—	(474)	—	—	—	(474)
Translation of foreign subsidiaries	—	—	—	—	—	(3,374)	—	—	—	—	(3,374)
Total other comprehensive income/(loss)	—	—	—	—	—	(3,374)	2,347	7,842	—	—	6,815
Total comprehensive income/(loss) for the period	—	—	—	—	—	(3,374)	2,347	7,842	(9,587)	(458)	(3,230)
Transactions with owners, recognised directly in equity											
Issue of shares	5,803	278,185	—	—	—	—	—	—	—	—	283,988
Share options granted	—	—	—	—	3,195	—	—	—	—	—	3,195
Exercise/lapse of share options	—	1,549	—	—	(1,827)	—	—	—	278	—	—
Dividend paid	—	—	—	—	—	—	—	—	—	(360)	(360)
Total transactions with owners, recognised directly in equity	5,803	279,734	—	—	1,368	—	—	—	278	(360)	286,823
At 30th September 2015	118,464	406,467	12	189,009	9,850	(1,272)	72,527	12,544	5,819	5,114	818,534

Attributable to shareholders

	Share capital	Share premium	Share redemption reserve	Contributed surplus	Share-based payment reserve	Exchange difference	Buildings revaluation reserve	Available-for-sale financial assets revaluation reserve	Retained earnings	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
The Group											
At 1st April 2014	112,661	126,733	12	189,009	—	2,292	63,065	1,533	54,466	7,493	557,264
Comprehensive income/(loss)											
Profit/(loss) for the period	—	—	—	—	—	—	—	—	(9,792)	20	(9,772)
Other comprehensive income/(loss)											
Fair value gains on available-for-sale financial assets	—	—	—	—	—	—	—	1,818	—	—	1,818
Impairment loss on available-for-sale financial assets	—	—	—	—	—	—	—	49	—	—	49
Surplus on revaluation of buildings	—	—	—	—	—	—	6,430	—	—	—	6,430
Deferred tax arising from revaluation surplus of buildings	—	—	—	—	—	—	(1,031)	—	—	—	(1,031)
Translation of foreign subsidiaries	—	—	—	—	—	(255)	—	—	—	—	(255)
Total other comprehensive income/(loss)	—	—	—	—	—	(255)	5,399	1,867	—	—	7,011
Total comprehensive income/(loss) for the period	—	—	—	—	—	(255)	5,399	1,867	(9,792)	20	(2,761)
Total transactions with owners, recognised directly in equity											
Grant of share options	—	—	—	—	45	—	—	—	—	—	45
At 30th September 2014	112,661	126,733	12	189,009	45	2,037	68,464	3,400	44,674	7,513	554,548

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2015

	Unaudited Six months ended 30th September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Cash generated from operations	40,556	6,891
Income tax paid	(388)	(510)
Net cash generated from operating activities	40,168	6,381
Cash flows from investing activities		
Purchase of property, plant and equipment	(219)	(663)
Purchase of film rights, films in progress and film royalty deposits	(66,426)	(43,960)
Proceeds from disposal of available-for-sale financial assets	10,834	—
Interest received	856	713
Purchase of available-for-sale financial assets	(1,200)	—
Investment in an associate	(407)	—
Purchase of financial assets at fair value through profit or loss	(12,927)	—
Net cash used in investing activities	(69,489)	(43,910)
Cash flows from financing activities		
Net proceed from issue of shares	283,988	—
Proceeds from bank loans	—	6,158
Repayments of bank loans	(25,063)	—
Interest paid on loans and overdrafts	(508)	(398)
Repayments of capital element of finance leases	(6)	(14)
Interest element of finance leases	(84)	—
Dividend paid to non-controlling interest	(360)	—
Net cash generated from financing activities	257,967	5,746

**Unaudited
Six months ended
30th September**

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net increase/(decrease) in cash and cash equivalents	228,646	(31,783)
Cash and cash equivalents at beginning of year	14,737	72,366
Exchange differences	243	(279)
Cash and cash equivalents at end of year	243,626	40,304
Analysis of balances of cash and cash equivalents		
Cash at bank, on hand and short-term bank deposits	244,489	46,964
Bank overdrafts	(863)	(6,660)
	243,626	40,304

Selected Notes to Condensed Consolidated Interim Financial Information

1. General information

Mei Ah Entertainment Group Limited (the “Company”) and its subsidiaries (together the “Group”) is principally engaged in television operations, film exhibition, film rights licensing and sub-licensing, sale and distribution of films and programs in audio visual product format, artiste management, theatre operations, property investment and video online business.

The Company is a limited liability company incorporated in Bermuda and listed on the Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 27th November 2015.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September 2015 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2015, which have been prepared in accordance with HKFRSS.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2015, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Those new accounting standards, amendments to accounting standards and interpretations which are effective for financial year ending 31st March 2016 are either not relevant to the Group or have no material impact on the Group.

4. Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2015.

5. Segment information

An analysis of the Group's revenues and results for the period by business segments, being the primary reporting format, is as follows:

	Unaudited								
	Six months ended 30th September 2015								
	Film exhibition and film rights licensing	Television operations	Theatre operations	Sale and distribution of films and programs in audio visual product format	Artiste management	Property investment	Video online	Elimination	Group
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
Segment revenue	29,359	6,906	17,818	151	919	—	—	—	55,153
Reportable segment profit/(loss)	3,817	(6,934)	(3,466)	(252)	263	6,807	(4,805)	15	(4,555)
Depreciation and amortisation for property, plant and equipment and leasehold land and land use rights	(56)	(399)	(5,470)	(159)	(7)	—	(261)	—	(6,352)
Amortisation for film rights	(5,915)	(2,944)	—	—	—	—	—	15	(8,844)
Additions to property, plant and equipment	76	5	15	3	—	—	120	—	219
Additions to film rights, films in progress and film royalty deposits	6,970	59,456	—	—	—	—	—	—	66,426
As at 30th September 2015	—	—	—	—	—	—	—	—	—
Reportable segment assets	53,169	131,158	37,263	28,345	1,521	229,256	6,288	—	487,000
Reportable segment liabilities	(22,534)	(80,459)	(15,700)	(3,076)	(208)	(24,220)	(711)	—	(146,908)

Unaudited
Six months ended 30th September 2014

	Television operations	Film exhibition and film rights licensing and sub-licensing	Theatre operations	Sale and distribution of films and programs in audio visual product format	Artiste management	Property investment	Video online	Elimination	Group
	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>	<i>HKS'000</i>
Segment revenue	26,620	19,343	11,095	548	1,389	—	—	—	58,995
Reportable segment profit/(loss)	4,023	(6,713)	(5,620)	(887)	(129)	4,135	(4,337)	15	(9,513)
Depreciation and amortisation for property, plant and equipment and leasehold land and land use rights	(62)	(560)	(4,714)	(230)	(7)	—	(251)	—	(5,824)
Amortisation for film rights	(4,040)	(4,108)	—	—	—	—	(310)	15	(8,443)
Provisions for impairment of film rights	—	(6,758)	—	—	—	—	—	—	(6,758)
Additions to property, plant and equipment	119	16	35	682	173	—	327	—	1,352
Additions to film rights, films in progress and film royalty deposits	9,806	33,844	—	—	—	—	310	—	43,960
As at 31st March 2015							—		
Reportable segment assets	44,791	97,692	39,738	25,100	3,443	227,182	4,523	(161)	442,308
Reportable segment liabilities	(24,442)	(44,462)	(15,854)	(3,704)	(1,431)	(24,325)	(3,084)	—	(117,302)

Profit or loss

**Unaudited
Six months ended
30th September**

	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment loss	(4,555)	(9,513)
Unallocated amounts:		
Unallocated other income	930	1,267
Unallocated other gains	1,653	1,965
Unallocated finance income — net	405	167
Depreciation and amortisation of property, plant and equipment and leasehold land and land use rights	(3,196)	(2,707)
Share-based payment expense	(3,195)	(45)
Unallocated corporate expenses	(1,946)	(696)
Loss before income tax	(9,904)	(9,562)
Additions to property, plant and equipment		
Attributable to reportable segments	219	1,352
Unallocated additions	—	43
	219	1,395
	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Reportable segment assets	487,000	442,308
Unallocated assets:		
Unallocated property, plant and equipment and leasehold land and land use rights	203,974	206,327
Unallocated available-for-sale financial assets	14,772	6,149
Unallocated financial assets at fair value through profit or loss	44,532	40,367
Unallocated cash and cash equivalents	220,367	65
Unallocated interests in and amounts due from associates	2,521	4,749
Unallocated corporate assets	5,364	7,215
Total assets per consolidated balance sheet	978,530	707,180
Liabilities		
Reportable segment liabilities	146,908	117,302
Unallocated liabilities:		
Unallocated bank borrowings	10,626	52,787
Unallocated corporate liabilities	2,462	2,150
Total liabilities per consolidated balance sheet	159,996	172,239

Secondary reporting format — geographical segment

The Group's is domiciled in Hong Kong. The results of its revenue from external customers and non-current assets other than interests in associated companies and financial instruments located in Hong Kong and other countries are summarized below:

	Revenues from external customers Unaudited Six months ended 30th September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	17,752	24,605
People's Republic of China	17,818	15,686
Taiwan	7,782	6,472
Other countries	11,801	12,232
	55,153	58,995

	Non-current assets (other than interests in associated companies and financial instruments)	
	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	406,336	358,401
People's Republic of China	157,810	153,946
Taiwan	26,966	29,131
Other countries	28,728	27,939
	619,840	569,417

Note (a)

- (a) The revenue attributable to the segment "property investment" has been included in other income.

6. Other income

	Unaudited Six months ended 30th September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend income from available-for-sale financial assets	930	1,267
Rental income	4,278	3,995
Management fee and other income	886	1,187
	6,094	6,449

7. Other gains — net

	Unaudited Six months ended 30th September	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Surplus on revaluation of investment properties	2,966	676
Fair value (loss)/gains on financial assets at fair value through profit or loss	(8,762)	2,014
Gain on disposal of available-for-sale financial assets	10,415	—
Impairment loss on available-for-sale financial assets	—	(49)
	4,619	2,641

8. Expenses by nature

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

	Unaudited Six months ended 30th September	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Amortisation of film rights	8,844	8,443
Amortisation of leasehold land and land use rights	394	394
Cost of goods sold	724	557
Depreciation of property, plant and equipment	9,154	8,137
Employee benefit expenses	22,103	19,350
Share-based payment expense (<i>Note 17</i>)	3,195	45
Provision for impairment of film rights and films in progress	—	6,758

9. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period.

	Unaudited Six months ended 30th September	
	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current income tax — Hong Kong profits tax	247	213
Deferred income tax	(106)	(3)
	141	210

10. Loss per share**(a) Basic**

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$9,587,000 (2014: HK\$9,792,000) and on the weighted average of 5,772,758,000 (2014: 5,633,035,000) ordinary shares in issue during the period.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming exercise of the share options.

	Unaudited Six months ended 30th September 2015
Loss attributable to owners of the Company (<i>HK\$'000</i>)	(9,587)
Weighted average number of ordinary shares in issue (<i>'000</i>)	5,772,758
Adjustment for share options (<i>'000</i>)	47,164
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	5,819,922
Diluted loss per share (<i>HK cents</i>)	(0.16)

Diluted loss per share for the six months ended 30th September 2014 were the same as the basic loss per share as there was no diluting event during the period.

11. Dividends

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2015 (2014: Nil).

12. Trade and other receivables

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	44,612	46,323
<i>Less: provision for impairment of receivables</i>	<i>(33,137)</i>	<i>(34,910)</i>
Trade receivables — net	11,475	11,413
Prepayments, other receivables and deposits	15,392	19,367
	26,867	30,780
<i>Less: Other receivables and deposits — non current portion</i>	<i>(5,775)</i>	<i>(5,960)</i>
Current portion	21,092	24,820

The ageing analysis of trade receivables is as follows:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	9,043	8,332
4 to 6 months	988	3,081
Over 6 months	34,581	34,910
	44,612	46,323

The Group's credit terms to trade receivables generally ranges from 7 to 90 days.

13. Trade and other payables

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	3,804	5,204
Other payables and accruals	93,412	59,198
	97,216	64,402

The ageing analysis of trade payables is as follows:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	2,131	3,367
4 to 6 months	211	142
Over 6 months	1,462	1,695
	3,804	5,204

14. Borrowings

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts — secured	863	17,337
Secured bank loans — current portion	1,279	25,136
Bank borrowings — current portion	2,142	42,473
Secured bank loans — non-current portion	9,108	10,314
Total borrowings	11,250	52,787

(a) The borrowings are repayable in the following periods:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	2,142	42,473
Between 1 to 2 years	1,304	1,367
Between 2 to 5 years	4,079	2,816
Later than 5 years	3,725	6,131
	11,250	52,787

15. Obligations under finance leases

Obligations under finance lease are repayable in the following periods:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross finance lease liabilities — minimum lease payments		
Within 1 year	180	180
Later than 1 year and no later than 5 years	166	256
	346	436
Future finance charges on finance leases	(11)	(17)
	335	419
The present value of finance lease liabilities are repayable as follows:		
Within 1 year	172	169
Later than 1 year and no later than 5 years	163	250
	335	419

16. Share capital

	Number of ordinary shares		Ordinary shares	
	Unaudited 30th September 2015	Audited 31st March 2015	Unaudited 30th September 2015	Audited 31st March 2015
	'000	'000	HK\$'000	HK\$'000
Authorised	15,000,000	15,000,000	300,000	300,000
Issued and fully paid				
At the beginning of the period	5,633,035		112,661	
Issue of shares pursuant to a top up placing (Note (a))	280,000		5,600	
Issue of shares pursuant to exercise of share options	10,164		203	
At the end of the period	5,923,199	5,633,035	118,464	112,661

Note (a) Pursuant to a top up placing completed on 27th July 2015, 280,000,000 shares of the Company were allotted at a price of HK\$1 per share. Details of the top up placing were set out in the Company's announcements dated 13th July 2015, 16th July 2015 and 27th July 2015.

17. Share-based payments

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

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

	Unaudited Six months ended 30th September	
	2015	2014
	<i>No. of share options</i>	<i>No. of share options</i>
At beginning of the period	71,220,000	—
Granted	—	72,800,000
Lapsed	(1,822,000)	—
Exercised	(10,164,000)	—
At end of the period	59,234,000	72,800,000

Share options outstanding at the end of the period will be expired on 28th September 2017.

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

During the period, expenses for share options amounting to HK\$3,195,000 (2014: HK\$45,000) was recognised in the consolidated income statement.

18. Contingent liabilities

At 30th September 2015, the Company had contingent liabilities of guarantees given to banks in respect of banking facilities granted to subsidiaries to the extent of HK\$45,000,000 (31st March 2015: HK\$45,000,000), of which none (31st March 2015: HK\$29,943,000) was utilised.

19. Capital commitments

As at 30th September 2015, the Group had contracted commitments but not provided for in the financial information as follows:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Film rights, films in progress and film royalty deposits	64,197	66,405
Investments	60,435	62,320
	124,632	128,725

20. Operating lease commitments**(a) Operating lease commitments — Group company as lessee**

The Group leases certain of its premises under theatre operations under non-cancellable operating lease agreements. The lease terms are between 1 to 20 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	5,743	5,816
Later than 1 year and no later than 5 years	25,945	26,254
Later than 5 years	71,999	77,034
	103,687	109,104

(b) Operating lease commitments — Group company as lessor

The Group leases its investment properties to certain customers under non-cancellable operating leases. The lease terms are between 2 to 4 years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 30th September 2015	Audited 31st March 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	6,136	5,321
Later than 1 year and no later than 5 years	2,977	5,397
	9,113	10,718

21. Related party transactions

Save as disclosed elsewhere in the condensed consolidated interim financial information, significant related party transactions, which were carried out in the ordinary course of the Group's business, are as follows:

	Unaudited Six months ended 30th September 2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Post-production and origination services payable to an associated company	3,875	2,882
Playout services payable to an associated company	1,963	2,004
Rental income receivable from an associated company	367	367
Management fee income receivable from an associated company	122	122
Other administrative costs payable to an associated company	65	65

Interim Dividend

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2015 (2014: Nil).

Business Review and Management Discussion and Analysis

During the six months ended 30th September 2015, the Group reported an unaudited consolidated turnover of HK\$55,153,000 (2014: HK\$58,995,000) and a loss attributable to equity holders of the Company of HK\$9,587,000 (2014: HK\$9,792,000).

The contribution of revenues from the Group's television segment increased to approximately HK\$29.3 million (2014: HK\$26.6 million). As at 30th September 2015, the Group provided channels through various operators, including Red Channel through the platform of HBO in certain Asian territories, HD movie channel through Chunghwa Telecom MOD platform in Taiwan, a movie channel and a variety channel through UTV multimedia platform of China Mobile Hong Kong, a movie channel through 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 the "RED Channel" in different Asian countries and territories by stages. In this cooperation, the Group is responsible for providing contents of movies and drama series through our content library, own production and acquisition to the channel. This cooperation has helped the Group distribute its content to Asia and then the global market. It has also helped the Group 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 popular in Asia in the future. The Group is exploring further cooperation opportunities with HBO Asia in content creation and distribution.

The other channels have also provided steadily increasing contributions to the Group. Looking forward, the Group will continue to explore opportunities to develop channels with other operators and other media platforms.

The contribution of revenues from the Group's film exhibition and film rights licensing and sublicensing segment was decreased from HK\$19.3 million to HK\$6.9 million, which was mainly attributable to lesser number of new titles released during the period.

Besides self producing and investing, the Group also makes use of its wide distribution network developed for years for its business of film distribution agency. Equipped by the Group's film library and through the Group's experience and network in program sourcing, the Group is confident that it will continue to provide high quality and customized programs to its audiences.

Following the development of its economic environment, China's film exhibition industry has grown rapidly in the recent years. The China theatrical box office income has grown continuously from approximately RMB4.3 billion in 2008 to approximately RMB29.6 billion in 2014. Taking into account of the increasing demand in China, the Group continues to strengthen its film library through acquisition, own production and co-production. A number of new titles are in the progress of production and they are expected to be released in the forthcoming year. In addition, the Group has started to penetrate into the China theatrical market and established its first theatre in Tianjin in 2011. The Group's another theatre in Jiading, Shanghai also commenced operations in 2013. The Group's theatres are all digital with most of them are 3-D equipped.

The theatre in Tianjin has 7 screens consisting approximately 1,200 seats, during the period, this theatre contributed approximately revenues of approximately HK\$8.5 million (2014: HK\$5.9 million) to the Group. The one located in Jiading, Shanghai has 10 screens with approximately 1,600 seats and contributed revenues of approximately HK\$9.3 million (2014: HK\$5.1 million) during the period. Although the Group's theatre operation is still in its investment stage, the Group is confident of its prospects taking into account the continuous growth of China film exhibition industry.

The revenue attributable to sale and distribution of films and programs in audio and visual product format dropped to the level of approximately HK\$0.2 million (2014: HK\$0.5 million). Following the shrinkage of video industry and rapid development of technology, the distribution of films and programs is no longer limited to video discs but in digital formats available over the Internet. The Group is diversifying its distribution network to online downloading and streaming in order to adapt to the expected future consumer behavior.

The Group has launched its video website www.116.tv and its video apps “116”, which include contents of films, drama and entertainment news, and also invested in a game development company in order to enrich the website content. Taking into account that the operation is still in investment stage, the segment attributed loss of approximately HK\$4.8 million (2014: HK\$4.3 million) for the period. Despite this, the Group considers the new media investment will ignite a revolution to the video distribution industry and fit the expected market demand.

The Group’s artiste management business contributed approximately HK\$0.9 million (2014: HK\$1.3 million) revenues to the Group during the period. The Group will continue to seek other potential artistes and performers in order to build up a talent pool from which all future productions will be benefited.

The Group’s channel management operations are conducted through its associated company, namely Hongkongmovie.com Company Limited and its subsidiaries (“HKM”). Other than providing services to the Group, HKM also provides playout, post-production, HD-film restoration and channel management services to a number of other media operators.

HKM has started to provide its services under the developed M-OTT platform which enables audiences to watch content through TV, PC, smart phone, tablet, 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 ready to contribute favorable returns to HKM and the Group.

During the period, following the changes in the investment market conditions, the Group’s financial assets at fair value through profit and loss recorded a fair value loss of approximately HK\$8.8 million (2014: gain of approximately HK\$2 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK\$3.0 million (2014: HK\$0.7 million). During the period, the Group also disposed certain available-for-sale financial assets and recorded a gain of approximately HK\$10.4 million (2014: Nil).

In September 2014, the Company granted 72.8 million share options to qualified participants at an exercise price of HK\$0.7 per share. A share-based payment expense of approximately HK\$3.2 million (2014: approximately HK\$45,000) was charged to the profit and loss during the period.

In July 2015, the Company completed a top-up placing of 280,000,000 new shares and raised net receipt of approximately HK\$277 million for the Group’s future business development and general working capital. Following the placing, liquidity of the Group was enhanced and the equity base of the Company was further broadened and strengthened and the Group believes that it will continue to be benefited from that and its increasing exposure to the global entertainment industry.

On 13th April 2011, the Company received a statement of claim, which was revised on 12th October 2012 and 4th April 2014, with no specified amount from a third party in respect of a legal litigation against alleged fraudulent conduct 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 rather flimsy, 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 period ended 30th September 2015.

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

Liquidity and financial resources

At 30th September 2015, the Group has available banking facilities of approximately HK\$74 million, of which approximately HK\$11 million were utilised. Certain of the Group's deposits, financial assets and properties with aggregate net book values of HK\$114 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 1.4% as at 30th September 2015 was based on the total of bank loans and overdrafts of HK\$11,250,000 (of which HK\$2,142,000, HK\$1,304,000, HK\$4,079,000 and HK\$3,725,000 are repayable within one year, in the second year, in the third to fifth year and after the fifth year respectively) and obligations under finance leases of HK\$335,000 (of which HK\$172,000 and HK\$163,000 are repayable within one year and in the second to fifth year respectively and the shareholders' funds of approximately HK\$813,420,000. The Group's borrowings and bank balances are primarily denominated in Hong Kong dollar and Renminbi and has no significant exposure to foreign currency fluctuations.

Details of the Group's contingent liabilities and commitments have been set out in notes 18 to 20 to the condensed consolidated financial information. The commitments will be financed by the Group's internal resources and banking facilities.

Employees

At 30th September 2015, the Group employed 179 staff. Remuneration is reviewed periodically based on individual staff's performance. In addition to the basic salaries, staff benefits include discretionary bonus, medical insurance scheme and contributory provident fund. The Group also has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

Share option scheme

Details of the share option scheme (the “Scheme”) approved by the shareholders of the Company at the annual general meeting on 1st September 2014 were disclosed in the Company’s circular dated 31st July 2014 and the annual report for the year ended 31st March 2015.

Movements of the share options granted under the Scheme during the period are as follows:

	Number of options				
	Outstanding at the beginning of the period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at the end of the period
Directors					
Mr. Li Kuo Hsing	6,500,000	—	—	—	6,500,000
Mr. Tong Hing Chi	6,500,000	—	—	—	6,500,000
Mr. Li Tang Yuk	6,500,000	—	(1,940,000)	—	4,560,000
Dr. Dong Ming	6,500,000	—	—	—	6,500,000
Mr. Hugo Shong	1,500,000	—	—	—	1,500,000
Mr. Alan Cole-Ford	1,500,000	—	—	—	1,500,000
Dr. Lee G. Lam	1,500,000	—	—	—	1,500,000
Mr. Cheung Ming Man	1,500,000	—	(400,000)	—	1,100,000
Mr. Guo Yan Jun	1,500,000	—	—	—	1,500,000
Employees of					
— the Group	25,960,000	—	(6,124,000)	(1,282,000)	18,554,000
— An associated Company	6,700,000	—	(1,650,000)	(160,000)	4,890,000
Other participants	5,060,000	—	(50,000)	(380,000)	4,630,000
	71,220,000	—	(10,164,000)	(1,822,000)	59,234,000

Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company or any Associated Corporation

Other than those set out under the paragraph headed "Share option scheme" above, at 30th September 2015, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

(a) Ordinary shares of HK\$0.02 each in Mei Ah Entertainment Group Limited

Name of director	Number of shares beneficially held-long position			% of the issued share capital of the Company as at 30th September 2015
	Personal interests	Family interests	Corporate interests	
Mr. Li Kuo Hsing	317,097,500	189,843,750 <i>Note (i)</i>	2,374,707,550 <i>Note (ii)</i>	48.65%
Mr. Tong Hing Chi	16,875,000	—	—	0.28%
Mr. Li Tang Yuk	1,940,000	—	—	0.03%
Dr. Dong Ming	5,000,000	—	—	0.08%
Mr. Cheung Ming Man	400,000	—	—	0.01%

Notes:

- (i) These shares are held by Ms. Li Pik Lin, the spouse of Mr Li Kuo Hsing.
- (ii) These shares are held by Kuo Hsing Holdings Limited, a company beneficially controlled by Mr. Li Kuo Hsing.

(b) Interest in subsidiaries of the Company

Mr. LI Kuo Hsing personally holds non-voting deferred shares of HK\$1 each in the following subsidiaries:

Name	No. of non-voting deferred shares held Personal interests
Mei Ah Investment Company Limited	500,000
Mei Ah Press Limited	100,000
Mei Ah Video Production Company Limited	10,000

With the exception of the interests disclosed above,

- (i) at no time during the period was the Company, its subsidiaries, its associated companies, or its holding company a party to any arrangement to enable the directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation; and
- (ii) at no time during the period, the directors and chief executives (including their spouse and children under 18 years of age) had any interest in or had been granted or exercised, any rights to subscribe for shares of the Company and its associated companies (within the meaning of the SFO).

Substantial shareholders

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2015, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition of those disclosed above in respect of the directors and chief executives.

Interests in ordinary shares of HK\$0.02 each in the Company

Name	Note	Number of shares — Long position	
		Interests	% of the issued share capital of the Company as at 30th September 2015
Ho Chi Sing	(a)	398,840,000	6.73
IDG-Accel China Growth Fund Associates L.P.	(b)	370,205,516	6.25
IDG-Accel China Growth Fund GP Associates Ltd.	(b)	370,205,516	6.25
Zhou Quan	(b)	370,205,516	6.25
IDG-Accel China Growth Fund — L.P.		307,385,666	5.19
Li Pei Chin		334,042,000	5.64

Notes:

- (a) Included the 370,205,516 shares as set out in note (b).
- (b) Referred to the same parcel of shares and included the 307,385,666 shares held by IDG-Accel China Growth Fund L. P.

Compliance with the Code of Corporate Governance Practices

During the six months ended 30th September 2015, the Group has complied with the code provisions set out in the Code of Corporate Governance Practices under Appendix 14 of the Listing Rules, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to rotation in accordance with the Bye-laws of the Company. Accordingly the Company considers that sufficient measures have been taken to deal with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

Compliance with the Model Code

During the six months ended 30th September 2015, the Group has adopted the code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard set out in the Model Code under Appendix 10 of the Listing Rules and having made specific enquiry of all directors, the directors of the Company have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th September 2015.

Audit committee

The Company has established an audit committee (the "Audit Committee") comprising the three independent non-executive directors of the Company. The Audit Committee has reviewed the interim results of the Group for the six months ended 30th September 2015.

On behalf of the Board

Li Kuo Hsing

Chairman

27th November 2015