



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

2024/25
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 2024. The consolidated income statement and consolidated statement of comprehensive income of the Group for the six months ended 30th September 2024, and the consolidated balance sheet of the Group as at 30th September 2024, 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 2024

		Unaudited Six months ended 30th September	
		2024	2023
	Note	HK\$'000	HK\$'000
Revenue	4	81,314	61,619
Cost of sales		(65,074)	(20,211)
Gross profit		16,240	41,408
Other income		7,237	5,017
Other losses	5	(14,804)	(11,417)
Selling, distribution and marketing expenses		(9,455)	(334)
Administrative expenses		(34,662)	(34,868)
Operating loss	6	(35,444)	(194)
Finance income		166	282
Finance costs		(3,827)	(3,898)
Finance costs – net	7	(3,661)	(3,616)
Share of losses of associates		(213)	(1,192)
Loss before income tax		(39,318)	(5,002)
Income tax credit	8	493	410
Loss for the period		(38,825)	(4,592)
Loss attributable to:			
Owners of the Company		(36,015)	(4,518)
Non-controlling interests		(2,810)	(74)
		(38,825)	(4,592)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	9	(0.61 HK cents)	(0.08 HK cents)

Consolidated Statement of Comprehensive Income

For the six months ended 30th September 2024

	Unaudited Six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Loss for the period	(38,825)	(4,592)
Other comprehensive income/(loss), net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of buildings	3,051	3,824
Deferred taxation arising from revaluation surplus of buildings	(485)	(675)
Currency translation differences	8	(72)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	(2,269)	1,586
Other comprehensive income for the period, net of tax	305	4,663
Total comprehensive (loss)/income for the period	(38,520)	71
Total comprehensive (loss)/income attributable to:		
– Owners of the Company	(35,710)	145
– Non-controlling interests	(2,810)	(74)
Total comprehensive (loss)/income for the period	(38,520)	71

Condensed Consolidated Balance Sheet

As at 30th September 2024 and 31st March 2024

		Unaudited 30th September 2024	Audited 31st March 2024
	Note	HK\$'000	HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		205,495	203,459
Investment properties		180,515	193,901
Right-of-use assets		61,589	54,450
Film rights, films in progress and deposits for film and program rights		86,183	97,883
Interests in associates		8,698	7,861
Other receivables and deposits	11	1,990	1,927
		544,470	559,481
Current assets			
Inventories		1,440	1,252
Prepayments, deposits, trade and other receivables	11	35,918	39,535
Deferred fulfilment costs		2,022	13,952
Amounts due from associates		1,107	–
Financial assets at fair value through profit or loss		7,136	7,692
Restricted bank balance		–	832
Pledged bank deposits		13,500	13,500
Short-term bank deposits		3,933	3,766
Cash and cash equivalents		14,745	21,132
		79,801	101,661
Total assets		624,271	661,142

		Unaudited 30th September 2024	Audited 31st March 2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity			
Equity attributable to owners of the Company			
Share capital	14	118,475	118,475
Share premium		407,428	407,428
Reserves		(253,059)	(217,349)
Shareholders' funds		272,844	308,554
Non-controlling interests		3,687	6,497
Total equity		276,531	315,051
Liabilities			
Non-current liabilities			
Other borrowings	13	96,966	94,468
Accrued liabilities		123	123
Lease liabilities		89,555	81,419
Deferred income tax liabilities		26,047	26,050
		212,691	202,060
Current liabilities			
Trade and other payables	12	79,036	90,230
Contract liabilities		14,398	8,683
Amounts due to associates		–	1,553
Bank overdrafts	13	12,000	12,951
Bank loans	13	17,729	18,725
Lease liabilities		7,685	7,592
Current income tax liabilities		4,201	4,297
		135,049	144,031
Total liabilities		347,740	346,091
Total equity and liabilities		624,271	661,142

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2024

	Attributable to shareholders									Total equity
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Other reserve	Accumulated losses	Non-controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group										
At 1st April 2024	118,475	407,428	12	189,009	(2,515)	120,519	(6,380)	(517,994)	6,497	315,051
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	-	(36,015)	(2,810)	(38,825)
Other comprehensive income/(loss)										
Surplus on revaluation of buildings	-	-	-	-	-	3,051	-	-	-	3,051
Deferred tax arising from revaluation surplus of buildings	-	-	-	-	-	(485)	-	-	-	(485)
Translation of foreign subsidiaries	-	-	-	-	(2,269)	8	-	-	-	(2,261)
Total other comprehensive income/(loss)	-	-	-	-	(2,269)	2,574	-	-	-	305
Total comprehensive income/(loss) for the period	-	-	-	-	(2,269)	2,574	-	(36,015)	(2,810)	(38,520)
At 30th September 2024	118,475	407,428	12	189,009	(4,784)	123,093	(6,380)	(554,009)	3,687	276,531

	Attributable to shareholders									Total equity
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Other reserve	Accumulated losses	Non-controlling interests	
	<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>	
The Group										
At 1st April 2023	118,475	407,428	12	189,009	(4,997)	124,191	(6,380)	(496,545)	8,513	339,706
Comprehensive loss										
Loss for the period	-	-	-	-	-	-	-	(4,518)	(74)	(4,592)
Other comprehensive income/(loss)										
Surplus on revaluation of buildings	-	-	-	-	-	3,824	-	-	-	3,824
Deferred tax arising from revaluation surplus of buildings	-	-	-	-	-	(675)	-	-	-	(675)
Translation of foreign subsidiaries	-	-	-	-	1,586	(72)	-	-	-	1,514
Total other comprehensive income	-	-	-	-	1,586	3,077	-	-	-	4,663
Total comprehensive income/(loss) for the period	-	-	-	-	1,586	3,077	-	(4,518)	(74)	71
At 30th September 2023	118,475	407,428	12	189,009	(3,411)	127,268	(6,380)	(501,063)	8,439	339,777

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2024

	Unaudited Six months ended 30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Cash generated from operations	6,930	22,665
Income tax paid	(96)	(100)
Net cash generated from operating activities	6,834	22,565
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,138)	(1,233)
Purchase of film rights, films in progress and film royalty deposits	(3,625)	(8,954)
Interest received	166	282
Change in short-term deposits	167	195
Net cash used in investing activities	(8,430)	(9,710)
Cash flows from financing activities		
Repayments of bank loans	(996)	(1,060)
Decrease in restricted bank balance	832	–
Interest paid on bank loans	(708)	(610)
Repayments of principal elements of lease liabilities	(3,641)	(5,557)
Net cash used in financing activities	(4,513)	(7,227)

	Unaudited Six months ended 30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (decrease)/increase in cash and cash equivalents	(6,109)	5,628
Cash and cash equivalents at beginning of period	8,181	27,108
Exchange differences	673	(1,211)
Cash and cash equivalents at end of period	2,745	31,525
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	14,745	34,976
Bank overdrafts	(12,000)	(3,451)
	2,745	31,525

Selected Notes to Condensed Consolidated Interim Financial Information

1. General information

Mei Ah Entertainment Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in channel operations, film exhibition and film rights licensing and sub-licensing, cinema operations, concert performances and events organisation, subcontracting service for the manufacturing and sale of consumer products and property investment.

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 29th November 2024.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September 2024 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 2024, which have been prepared in accordance with HKFRSs.

During the period ended 30th September 2024, the Group incurred a net loss of HK\$38,825,000 and as at 30th September 2024, the Group had net current liabilities of approximately HK\$55,248,000. Included in the Group’s current liabilities were contract liabilities of HK\$14,398,000 which represent non-refundable customer prepayments that will be recognised as future revenue through the provision of film right licensing and cinema operation services.

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 and other facilities, including the financial support from the controlling shareholder of the Company, the Group will have sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from 30th September 2024. Accordingly, the directors consider 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.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2024, as described in those annual financial statements, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31st March 2025. Details of the changes in accounting policies are set out below:–

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (2020) (Revise)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRS 16 (amendment)	Lease liability in a Sale and Leaseback
HKAS 7 and HKFRS 7 (amendment)	Supplier Finance Arrangements

The above standards did not have any significant impact on the Group's accounting policies.

Impact of new and amended standards and interpretation issued but not yet applied by the Group

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1st April 2024 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 21 and HKFRS 1 (amendments)	Lack of Exchangeability	1st January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments (amendments)	1st January 2026
HKFRS 18	Presentation of Financial Statements	1st January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1st January 2027
HK Int 5 (amendment)	Presentation of Financial Statement – Classification by the Borrower of the Term Loan that Contains a Repayment on Demand Clause	1st January 2027
HKFRS 10 and HKAS 28 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has commenced, but not yet completed, an assessment of the impact of the new standards and amendments to standards on its results of operations and financial position. The Group is not yet in a position to state whether these new standards, amendments to standards and interpretations would have any significant impact on its results of operations and financial position.

4. 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						Group
	Six months ended 30th September 2024						
	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Concert performance and events organisation	Subcontracting service for the manufacturing and sale of consumer products	Property investment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note (a))	HK\$'000
Segment revenue	13,809	20,845	7,432	29,251	9,977	-	81,314
Reportable segment profit/(loss)	136	(9,061)	(5,954)	(3,877)	(436)	(12,434)	(31,626)
Depreciation of property, plant and equipment	(5)	(169)	(1,422)	-	-	-	(1,596)
Depreciation of right-of-use assets	-	-	(1,928)	-	-	-	(1,928)
Fair value deficit on revaluation of investment properties	-	-	-	-	-	(14,248)	(14,248)
Amortisation for film rights	(1,811)	(14,189)	-	-	-	-	(16,000)
Finance costs	-	-	(3,119)	-	-	-	(3,119)
Additions to property, plant and equipment	38	-	5,100	-	-	-	5,138
Additions to film rights, films in progress and deposits for film and program rights	1,440	2,185	-	-	-	-	3,625
As at 30th September 2024							
Reportable segment assets	9,167	113,028	51,506	14,997	3,113	191,324	383,135
Reportable segment liabilities	(8,129)	(57,229)	(160,125)	(7,014)	(999)	(2,018)	(235,514)

	Unaudited							
	Six months ended 30th September 2023							
	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Concert performance and events organisation	Subcontracting service for the manufacturing and sale of consumer products	Property investment	Others	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>(note (a))</i>							
Segment revenue	16,083	27,760	15,167	2,541	-	-	68	61,619
Reportable segment profit/(loss)	6,131	8,338	(2,735)	(104)	-	(7,748)	(632)	3,250
Depreciation of property, plant and equipment	(112)	(18)	(1,861)	-	-	-	(18)	(2,009)
Depreciation of right-of-use assets	-	-	(2,192)	-	-	-	-	(2,192)
Fair value deficit on revaluation of investment properties	-	-	-	-	-	(10,198)	-	(10,198)
Amortisation for film rights	(930)	(8,500)	-	-	-	-	-	(9,430)
Finance costs	-	-	(3,288)	-	-	-	-	(3,288)
Additions to property, plant and equipment	9	1,167	30	-	-	-	27	1,233
Additions to film rights, films in progress and deposits for film and program rights	666	8,288	-	-	-	-	-	8,954
As at 31st March 2024								
Reportable segment assets	17,957	115,507	42,796	32,211	2,202	200,468	16,837	427,978
Reportable segment liabilities	(8,570)	(51,328)	(147,839)	(18,709)	(246)	(1,759)	(1,818)	(230,269)

Profit or loss

	Unaudited Six months ended 30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment (loss)/profit	(31,626)	3,250
Unallocated amounts:		
Unallocated other losses	(556)	(1,219)
Unallocated finance costs – net	(542)	(328)
Unallocated depreciation of property, plant and equipment	(4,916)	(4,374)
Unallocated depreciation of right-of-use assets	(394)	(394)
Unallocated share of losses of associates	(213)	(1,192)
Unallocated corporate expenses	(1,071)	(745)
Loss before income tax	(39,318)	(5,002)

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Reportable segment assets	383,135	427,978
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	215,007	217,123
Unallocated amounts due from associates	1,107	–
Unallocated financial assets at fair value through profit or loss	1,173	1,731
Unallocated cash and cash equivalents	13,733	145
Unallocated interests in associates and joint ventures	8,698	7,861
Unallocated corporate assets	1,418	6,304
Total assets	624,271	661,142
Liabilities		
Reportable segment liabilities	235,514	230,269
Unallocated liabilities:		
Unallocated bank and other borrowings	78,625	80,841
Unallocated amounts due to associates	–	1,553
Unallocated current income tax liabilities	4,201	4,296
Unallocated deferred tax liabilities	26,047	26,050
Unallocated corporate liabilities	3,353	3,082
Total liabilities	347,740	346,091

Secondary reporting format – geographical segment

The Group's is principally domiciled in Hong Kong, Mainland China and Taiwan. The results of its revenue from external customers and non-current assets other than financial assets located in Hong Kong and other countries are summarized below:

	Revenues from external customers	
	Unaudited	
	Six months ended	
	30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	11,234	16,433
Mainland China	65,361	38,941
Taiwan	4,203	4,064
Other countries	516	2,181
	81,314	61,619

	Non-current assets (other than financial assets)	
	Unaudited	Audited
	30th	31st
	September	March
	2024	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	387,322	399,869
Mainland China	132,162	135,178
Taiwan	22,996	22,507
	542,480	557,554

Note: The revenue attributable to the segment "property investment" has been included in other income.

5. Other losses

	Unaudited Six months ended 30th September	
	2024	2023
	HK\$'000	HK\$'000
Deficit on revaluation of investment properties	(14,248)	(10,198)
Fair value losses on financial assets at fair value through profit or loss	(556)	(1,219)
	(14,804)	(11,417)

6. 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	
	2024	2023
	HK\$'000	HK\$'000
Amortisation of film rights	16,000	9,430
Depreciation of property, plant and equipment	6,512	6,383
Depreciation of right-of-use assets	2,322	2,586
Employee benefit expenses	17,385	16,934

7. Finance costs – net

	Unaudited Six months ended 30th September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Finance income		
– Interest income on short-term bank deposits	166	282
Finance costs		
– Interest on bank and other borrowings	(1,931)	(1,839)
– Interest on lease liabilities	(1,896)	(2,059)
	(3,827)	(3,898)
Finance costs – net	(3,661)	(3,616)

8. Income tax credit

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax	–	–
Deferred income tax	493	410
Income tax credit	493	410

9. 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\$36,015,000 (2023: HK\$4,518,000) and on the weighted average of 5,923,739,000 (2023: 5,923,739,000) ordinary shares in issue during the period.

(b) Diluted

For the six months ended 30th September 2024 and 2023, the diluted loss per share was the same as the basic loss per share as there were no outstanding potential ordinary shares during the period.

10. Dividends

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2024 (2023: Nil).

11. Prepayments, deposits, trade and other receivables

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	14,931	25,456
Less: provision for impairment of receivables	–	(1,200)
Trade receivables – net	14,931	24,256
Prepayments	2,108	2,875
Other receivables and deposits	53,829	49,740
	70,868	76,871
Less: impairment losses on other receivables	(32,960)	(35,409)
	37,908	41,462
Less: deposits – non-current portion	(1,990)	(1,927)
Current portion	35,918	39,535

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

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	12,141	17,199
4 to 6 months	2,703	5,404
Over 6 months	87	2,853
	14,931	25,456

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

12. Trade and other payables

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	5,454	7,974
Other payables and accruals	73,582	82,256
	79,036	90,230

The ageing analysis of trade payables is as follows:

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	2,701	2,456
4 to 6 months	1,030	271
Over 6 months	1,723	5,247
	5,454	7,974

13. Bank and other borrowings

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts – secured	12,000	12,951
Secured bank loans – current portion	17,729	18,725
Total bank borrowings	29,729	31,676
Other borrowing – non-current portion	96,966	94,468
Total borrowings	126,695	126,144

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

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	26,045	26,668
Between 1 to 2 years	2,070	2,225
Between 2 to 5 years	1,614	2,783
	29,729	31,676

Bank borrowings repayable beyond one year are classified as current liabilities as they contain a repayment on demand clause.

(b) Other borrowings

As at 30th September 2024, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$33,420,000) (31st March 2024: RMB30,000,000 (approximately HK\$32,340,000)) and interest of RMB13,150,000 (approximately HK\$14,649,100) (31st March 2024: RMB12,025,000 (approximately HK\$12,963,000)). The borrowing is interest-bearing at a fixed rate of 7.5% per annum and unsecured. The principal and interest are not repayable until 31st December 2025. The lender is a company partially owned by a brother of the Group's controlling shareholder.

At 30th September 2024, the Group also had another borrowing with a principal amount of HK\$25,000,000 (31st March 2024: HK\$25,000,000) provided by an associate of the Group. The borrowing is unsecured, interest-free and is not repayable before 31st December 2025.

At 30th September 2024, the Group had a borrowing with a principal amount of HK\$23,897,000 (31st March 2024: HK\$24,165,000) provided by the controlling shareholder of the Company. The borrowing is unsecured, interest-free and is not repayable before 31st December 2025.

14. Share capital

	Number of ordinary shares		Ordinary shares	
	Unaudited 30th September 2024	Audited 31st March 2024	Unaudited 30th September 2024	Audited 31st March 2024
	'000	'000	'000	'000
Authorised	15,000,000	15,000,000	300,000	300,000
Issued and fully paid	5,923,739	5,923,739	118,475	118,475

15. Capital commitments

As at 30th September 2024, the Group had contracted commitments but not provided for in the financial information as follows:

	Unaudited 30th September 2024	Audited 31st March 2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Film rights, films in progress and deposits for film and program rights	44,188	46,083
Investment in an associate	–	1,050
	44,188	47,133

16. 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 2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payout, post-production, origination and project development services payable to an associated company	734	384
Rental income receivable from associated companies	655	655
Management fee income receivable from an associated company	138	138
Other administrative costs payable to an associated company	65	32

Interim Dividend

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2024 (2023: Nil).

Business Review and Management Discussion And Analysis

During the six months ended 30th September 2024, the Company and its subsidiaries (together the “Group”) recorded a consolidated revenue of HK\$81,314,000 (2023: HK\$61,619,000), gross profit of HK\$16,240,000 (2023: HK\$41,408,000) and loss attributable to owners of the Company of HK\$36,015,000 (2023: HK\$4,518,000). The drop in gross profit and increased net loss was mainly attributable to (i) decrease in revenue recognized under the segment “film exhibition and film rights licensing and sub-licensing” which is in turn due to less titles delivered and completed during the period under contracts with certain media platforms following the phase completion of those contracts; (ii) the below-expected results and the loss expected to be incurred in respect of a film title and a musical performance released by the Group during the period; and (iii) the increased deficit on revaluation of investment properties following the current market trend.

The contribution of revenues from the Group’s channel operations segment for the period dropped from HK\$16.1 million to HK\$13.8 million.

In Hong Kong, the Group is supplying a Chinese movie channel with hundreds of movies to TVB’s new media platform, namely myTV Super. The original content supply contract with myTV Super expired during the period and we have successfully renewed a multiple year contract with this platform with a modest concession in our license fee and accordingly caused the drop in the segment’s revenue. We shall exercise a careful control of our cost to keep our profit margin at the same level. In Taiwan, we provide our contents to viewers through Chung Hwa Telecom MOD platform which is the largest media platform with more than 2 million subscribers in Taiwan. The rating of our Chinese Movie Channel ranked the top in their 19 movies/drama channels package. We had moderate growth in revenue on a year-on-year basis in the Taiwan market.

Our movies in the Youtube OTT platform are well received by viewers worldwide. 33 movies were viewed by more than 1 million viewers and 2 movies were viewed by more than 10 million viewers. While we are receiving satisfactory share of advertising revenue from Youtube, we are exploring for possible additional income from business partners for commercial sponsorship.

The Group is aware of the difficult economic climate and adjustment of revenue from our business partners during the period of industry transformation from traditional to new media business, but remains confident in the Company's ability and the business strategy as an important content provider of Chinese movies to the media industry with our large content library. In addition, our movie production and acquisition ability will further strengthen our content provider position to the media business partners.

Looking forward, the Group will continue to explore other opportunities to increase contributions from its channel operations.

The contribution of revenues from the Group's film exhibition and film rights licensing and sublicensing segment dropped from approximately HK\$27.8 million to HK\$20.8 million. Since 2018, the Group started to authorise and broadcast its film library content through new media platforms in the PRC and other territories, including iQiyi, Youku, Ixigua, Bilibili, Tencent and Disney+ to broadcast its film library content. These cooperations further confirm the Group's important expansion strategy, as a content provider, of entering into the new media market and also release the worth of our film library. During the period, less titles delivered and completed under contracts with certain media platforms following the phase completion of those contracts. In addition, the below-expected result of a film title, namely "Untouchable" released during the period affected the performance of this segment and also led to an increase in the Group's selling, distribution and marketing expenses during the period.

The Group invested in and was in the progress of production of a number of new film and animation titles, with two of which obtained fundings from the Government of the HKSAR under the Film Production Funding Scheme which will be released during the second half of the financial year. Our film library will further be enriched following the continuous investments and production activities.

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. Large and sizable international OTT platforms are aggressive in expanding their businesses to Asia. They are our potential distribution partners to bring our contents to viewers in Asia. Our in-house licensing team and an external distribution agent are actively negotiating with these platforms for distribution deals. Equipped by the Group's film library and through the Group's experience and network in program sourcing, the Group is confident that it will continue to provide high quality and customised programs to its audiences. The Group is also planning to make use of its intellectual properties developed during its years of experiences in film production and investment to expand its business in the near future.

The Group has started to penetrate into the China theatrical market and established its first cinema in Tianjin since 2011. In 2019, the Group's cinema in Guangzhou and another 20% equity investment in a Beijing cinema commenced operations. The Group's cinema are all digital and equipped with 3-D movie broadcasting functions. During the period, revenues contributed from this segment dropped from approximately HK\$15.2 million to HK\$7.4 million following the industry trend and our cinema in Tianjin suspended operations from May to September 2024 for decoration improvement. We believe the operations of our cinemas are gradually back to normal following the recovery of economy.

After the cessation due to the outbreak of COVID-19, the operating segment of concert performance and event organisation was suspended for a few years and re-activated since last year. During the period, the Group organized the musical "Mamma Mia!" in Shanghai and also "Kelly Chen Season Two World Tour" and caused the segment revenue to increase from HK\$2.5 million to HK\$29.2 million during the period, although the events did not contribute much on the Group's bottom line. We are confident that the segment will bring increasing contribution to the Group.

Since the second half of the last financial year, the Group established a new business line to make use of its intellectual properties ("IPs") from its film library developed during the past years and provide sub-contracting services to incorporate those IPs into certain consumer products. Together with other related sales services, this segment contributed revenues of approximately HK\$10 million during the period and the Group is optimistic in the prospect of this new business line.

During the period, following the changes in the investment market conditions, the Group's financial assets at fair value through profit or loss recorded a fair value loss of approximately HK\$0.6 million (2023: HK\$1.2 million). The investment properties portfolio of the Group contributed a deficit on revaluation of approximately HK\$14.2 million (2023: HK\$10.2 million). Such unrealised losses have no effect on the Group's cash flow.

Looking forward, the Group will continue to seek investment opportunities that are related and/or creating synergies to the Group's existing businesses and generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 30th September 2024, the Group has available banking facilities of approximately HK\$34.2 million, of which approximately HK\$29.7 million were utilised. Corporate guarantees executed by the Company and certain of the Group's deposits and properties with aggregate net book values of HK\$63.7 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 46.4% as at 30th September 2024 was based on the total of bank and other borrowings of HK\$126,695,000 (of which HK\$26,045,000, HK\$99,036,000 and HK\$1,614,000 are repayable within one year, in the second year and in the third to fifth year respectively) and the shareholders' funds of approximately HK\$272,844,000. The Group's bank balances and borrowings are primarily denominated in HK\$ and RMB. The Group will monitor its foreign currency exposure closely. During the period ended 30th September 2024, 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 30th September 2024, the Group had commitments in respect of films and program rights amounting to approximately HK\$44.2 million. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 30th September 2024, the Group employed 90 full time 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. During the period, the Group has also adopted a new share option scheme following the expiry of the previous one in the annual general meeting held on 27th September 2024 whereby qualified participants may be granted options to acquire shares of the Company. Employee benefit expenses of HK\$17.4 million were charged to the profit or loss during the period.

Share option scheme

Details of the share option scheme approved by the shareholders of the Company at the annual general meeting on 27th September 2024 were disclosed in the Company's circular dated 5th September 2024.

There was no outstanding share option as at 30th September 2024.

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

At 30th September 2024, 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 2024
	Personal interests	Family interests	Corporate interests	
Mr. Li Kuo Hsing	608,687,500	189,843,750 <i>Note (i)</i>	2,540,177,550 <i>Note (ii)</i>	56.36%
Mr. Li Tang Yuk	1,940,000	–	–	0.03%
Dr. Dong Ming	5,000,000	–	–	0.08%

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' shares and underlying shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2024, 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 beneficially held – Long position	% of the issued share capital of the Company as at 30th September 2024
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 Guolin		296,195,000	5.00

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 Corporate Governance Code

During the six months ended 30th September 2024, the Group has complied with the code provisions set out in Part 2 of Appendix C1 of the Listing Rules.

Compliance with the Model Code

During the six months ended 30th September 2024, 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 C3 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 2024.

Audit Committee

The Audit Committee has reviewed the interim results of the Group for the six months ended 30th September 2024.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 29th November 2024

As at the date of this report, the executive directors of the Company are Mr. Li Kuo Hsing, Mr. Li Tang Yuk and Dr. Dong Ming and the independent non-executive directors are Dr. Lam Lee G., Mr. Guo Yan Jun, Mr. Leung Tak Sing, Dominic, Mr. Ma Fung Kwok and Mr. Xu Lin.