



The directors present the condensed consolidated financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2020. 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 2020, and the consolidated balance sheet of the Group as at 30th September 2020, 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 2020

		Unaudited Six months ended 30th September	
	Note	2020 HK\$'000	2019 HK\$'000
Revenue	4	32,456	57,478
Cost of sales		(12,532)	(30,802)
Gross profit		19,924	26,676
Other income		14,017	6,290
Other losses	5	(7,715)	(15,531)
Selling, distribution and marketing expenses		(383)	(1,893)
Administrative expenses		(42,634)	(48,746)
Operating loss	6	(16,791)	(33,204)
Finance income		308	934
Finance costs		(5,011)	(5,657)
Finance costs — net	7	(4,703)	(4,723)
Share of net (losses)/profits of associates		(4,823)	238
Loss before income tax		(26,317)	(37,689)
Income tax credit	8	517	2,164
Loss for the period		(25,800)	(35,525)
Loss attributable to:			
Owners of the Company		(25,261)	(35,055)
Non-controlling interests		(539)	(470)
		(25,800)	(35,525)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	9	(0.43 HK cents)	(0.59 HK cents)

## Consolidated Statement of Comprehensive Income

For the six months ended 30th September 2020

	Unaudited Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(25,800)</b>	<b>(35,525)</b>
<b>Other comprehensive income/(loss), net of tax</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of buildings	900	530
Deferred taxation arising from revaluation surplus of buildings	(71)	(97)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	394	(3,272)
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1,223</b>	<b>(2,839)</b>
<b>Total comprehensive loss for the period</b>	<b>(24,577)</b>	<b>(38,364)</b>
<b>Total comprehensive loss attributable to:</b>		
— Owners of the Company	(24,038)	(37,894)
— Non-controlling interests	(539)	(470)
<b>Total comprehensive loss for the period</b>	<b>(24,577)</b>	<b>(38,364)</b>

## Condensed Consolidated balance sheet

As at 30th September 2020 and 31st March 2020

		Unaudited 30th September 2020	Audited 31st March 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		214,449	220,013
Investment properties		204,847	210,559
Right-of-use assets		123,869	124,121
Film rights, films in progress and film royalty deposits		177,043	175,516
Interests in associates		4,744	9,567
Interests in joint ventures		4	4
Other receivables and deposits	<i>11</i>	2,062	1,948
		727,018	741,728
<b>Current assets</b>			
Inventories		128	156
Prepayments, deposits, trade and other receivables	<i>11</i>	47,990	56,232
Contract assets		2,191	3,273
Deferred fulfilment costs		300	300
Amounts due from associates		4,631	4,480
Financial assets at fair value through profit or loss		3,600	8,907
Pledged bank deposits		23,500	23,500
Short-term bank deposits		2,107	1,129
Cash and cash equivalents		22,368	27,204
		106,815	125,181
<b>Total assets</b>		<b>833,833</b>	<b>866,909</b>

		<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	118,475	118,475
Share premium		407,428	407,428
Reserves		(120,820)	(88,610)
Shareholders' funds		405,083	437,293
Non-controlling interests		9,435	1,602
<b>Total equity</b>		<b>414,518</b>	<b>438,895</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	14	66,347	64,176
Lease liabilities		108,625	107,899
Deferred income tax liabilities		25,500	25,947
		200,472	198,022
<b>Current liabilities</b>			
Trade and other payables	12	102,407	123,867
Contract liabilities		15,399	14,220
Amounts due to associates		14,325	12,313
Amount due to a director	13	9,000	—
Bank borrowings	14	53,224	52,179
Lease liabilities		13,294	15,791
Current income tax liabilities		11,194	11,622
		218,843	229,992
<b>Total liabilities</b>		<b>419,315</b>	<b>428,014</b>
<b>Total equity and liabilities</b>		<b>833,833</b>	<b>866,909</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2020

	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>	<i>HKS'000</i>
<b>The Group</b>										
At 1st April 2020	118,475	407,428	12	189,009	(11,504)	82,486	1,536	(350,149)	1,602	438,895
<b>Comprehensive loss</b>										
Loss for the period	—	—	—	—	—	—	—	(25,261)	(539)	(25,800)
<b>Other comprehensive income/(loss)</b>										
Surplus on revaluation of buildings	—	—	—	—	—	900	—	—	—	900
Deferred tax arising from revaluation surplus of buildings	—	—	—	—	—	(71)	—	—	—	(71)
Translation of foreign subsidiaries	—	—	—	—	594	—	—	—	—	594
<b>Total other comprehensive income/(loss)</b>	—	—	—	—	594	829	—	—	—	1,423
<b>Total comprehensive income/(loss) for the period</b>	—	—	—	—	594	829	—	(25,261)	(539)	(24,377)
<b>Transactions with owners, recognised directly in equity</b>										
Acquisition of non-controlling interests	—	—	—	—	—	—	(8,372)	—	8,372	—
At 30th September 2020	118,475	407,428	12	189,009	(10,910)	83,315	(6,836)	(375,410)	9,435	414,518

# MEI AH ENTERTAINMENT GROUP LTD.

	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>	<i>HKS'000</i>
<b>The Group</b>										
At 1st April 2019	118,475	407,428	12	189,009	(8,215)	81,586	1,061	(252,961)	3,078	539,473
<b>Comprehensive loss</b>										
Loss for the period	—	—	—	—	—	—	—	(35,055)	(470)	(35,525)
<b>Other comprehensive income/(loss)</b>										
Surplus on revaluation of buildings	—	—	—	—	—	530	—	—	—	530
Deferred tax arising from revaluation surplus of buildings	—	—	—	—	—	(97)	—	—	—	(97)
Translation of foreign subsidiaries	—	—	—	—	(3,272)	—	—	—	—	(3,272)
<b>Total other comprehensive income/(loss)</b>	—	—	—	—	(3,272)	433	—	—	—	(2,839)
<b>Total comprehensive income/(loss) for the period</b>	—	—	—	—	(3,272)	433	—	(35,055)	(470)	(38,364)
<b>Transactions with owners, recognised directly in equity</b>										
Dividend relating to 2019	—	—	—	—	—	—	—	—	(344)	(344)
At 30th September 2019	118,475	407,428	12	189,009	(11,487)	82,019	1,061	(288,016)	2,264	500,765

## Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2020

	Unaudited Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Cash (used in)/generated from operations	(7,479)	39,039
Income tax paid	(358)	(421)
Net cash (used in)/generated from operating activities	(7,837)	38,618
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,782)	(441)
Purchase of film rights, films in progress and film royalty deposits	(6,420)	(28,678)
Proceeds from disposal of financial assets at fair value through profit or loss	4,400	27,351
Interest received	308	564
Change in short-term deposits	(978)	1,595
Net cash (used in)/generated from investing activities	(4,472)	391
<b>Cash flows from financing activities</b>		
Repayments of bank loans	(605)	(522)
Interest paid on bank and other borrowings	(763)	(1,016)
Repayments of principal elements of lease liabilities	(2,523)	(86)
Advance from a director	9,000	—
Dividend paid to non-controlling interests	—	(344)
Net cash generated from/(used in) financing activities	5,109	(1,968)



	<b>Unaudited Six months ended 30th September</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,200)</b>	37,041
Cash and cash equivalents at beginning of period	<b>6,609</b>	(13,846)
Exchange differences	<b>1,352</b>	(3,361)
<b>Cash and cash equivalents at end of period</b>	<b>761</b>	19,834
<b>Analysis of balances of cash and cash equivalents</b>		
Cash and cash equivalents	<b>22,368</b>	43,070
Bank overdrafts	<b>(21,607)</b>	(23,236)
	<b>761</b>	19,834

# 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 television operations, film exhibition, film rights licensing and sub-licensing, theatre operations, concert performances and events organisation, mobile games applications and video online, artiste management 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 30th November 2020.

## 2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September 2020 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 2020, which have been prepared in accordance with HKFRSS.

During the period ended 30th September 2020, the Group incurred a loss before income tax of HK\$26,317,000 and as at 30th September 2020, the Group had net current liabilities of approximately HK\$112,028,000.

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, the timing and the possible final outcome of the litigation against the Company and the availability of existing and new bank and other facilities, 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 2020. 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 2020, 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 2021. Details of the changes in accounting policies are set out below:–

(i) *New and amended standards and interpretations adopted by the Group*

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Hedge Accounting

These new and amended standards and interpretations are either not relevant to the Group or did not have any material impact on the Group's accounting policies.

- (ii) The Group has not early adopted those new standards and amendments to standards that have been issued but not yet effective for the financial year beginning 1st April 2020.

#### 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 Six months ended 30th September 2020							Group
	Television operations	Film exhibition and film rights licensing and sub-licensing	Theatre operations	Mobile games applications and video online	Concert performance and events organisation	Artiste management	Property investment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(note (a))</i>	HK\$'000
Segment revenue	25,439	1,928	4,422	667	—	—	—	32,456
Reportable segment profit/(loss)	5,873	(6,939)	(5,989)	(2,222)	—	(69)	(4,702)	(14,048)
Depreciation of property, plant and equipment	(142)	(72)	(5,563)	(3)	—	—	—	(5,780)
Depreciation of right-of-use assets	—	—	(4,000)	—	—	—	—	(4,000)
Fair value deficit on revaluation of investment properties	—	—	—	—	—	—	(6,444)	(6,444)
Amortisation for film rights	(5,410)	—	—	—	—	—	—	(5,410)
Finance costs	—	—	(3,976)	—	—	—	—	(3,976)
Additions to property, plant and equipment	34	—	1,748	—	—	—	—	1,782
Additions to film rights, films in progress and film royalty deposits	3,395	3,025	—	—	—	—	—	6,420
As at 30th September 2020	29,840	202,388	152,157	1,300	7,563	14	211,513	604,775
Reportable segment assets	(10,069)	(63,621)	(174,876)	(627)	(8,649)	—	(805)	(258,647)
Reportable segment liabilities								

# MEI AH ENTERTAINMENT GROUP LTD.

Unaudited  
Six months ended 30th September 2019

	Television operations	Film exhibition and film rights licensing and sub-licensing	Theatre operations	Mobile games applications and video online	Concert performance and events organisation	Artiste management	Sales and distribution of films and programs in audio visual product format	Property investment	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(note (a))</i>	HK\$'000
Segment revenue	26,223	3,250	22,004	1,090	4,142	769	—	—	57,478
Reportable segment profit/(loss)	(1,709)	(9,388)	(7,494)	(2,943)	389	(40)	—	(9,730)	(30,915)
Depreciation of property, plant and equipment	(191)	(72)	(4,382)	(44)	(45)	—	—	—	(4,734)
Depreciation of right-of-use assets	—	—	(4,715)	—	—	—	—	—	(4,715)
Fair value deficit on revaluation of investment properties	—	—	—	—	—	—	—	(12,816)	(12,816)
Amortisation for film rights	(8,652)	(855)	—	—	—	—	—	—	(9,507)
Finance costs	—	—	(4,641)	—	—	—	—	—	(4,641)
Additions to property, plant and equipment	37	26	364	10	—	—	—	—	437
Additions to film rights, films in progress and film royalty deposits	6,064	22,614	—	—	—	—	—	—	28,678
As at 31st March 2020	37,214	198,290	148,719	1,158	16,679	42	27,478	216,284	645,864
Reportable segment assets	37,214	198,290	148,719	1,158	16,679	42	27,478	216,284	645,864
Reportable segment liabilities	(11,198)	(46,395)	(171,707)	(1,051)	(10,171)	(2,052)	(9,232)	(1,228)	(253,034)

**Profit or loss**

	<b>Unaudited Six months ended 30th September</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment loss	(14,048)	(30,915)
Unallocated amounts:		
Unallocated other income	9	1,062
Unallocated other losses	(1,271)	(2,715)
Unallocated finance costs — net	(727)	(82)
Unallocated depreciation of property, plant and equipment	(3,361)	(3,200)
Unallocated depreciation of right-of-use assets	(394)	(396)
Unallocated share of (losses)/profits of associates	(4,823)	238
Unallocated corporate expenses	(1,702)	(1,681)
<b>Loss before income tax</b>	<b>(26,317)</b>	<b>(37,689)</b>
	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	604,775	645,864
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	192,774	194,135
Unallocated financial assets at fair value through profit or loss	3,600	8,907
Unallocated cash and cash equivalents	138	213
Unallocated interests in associates and joint ventures	4,744	9,571
Unallocated corporate assets	27,802	8,219
<b>Total assets</b>	<b>833,833</b>	<b>866,909</b>
<b>Liabilities</b>		
Reportable segment liabilities	258,647	253,034
Unallocated liabilities:		
Unallocated bank and other borrowings	80,748	80,341
Unallocated amounts due to associates	9,694	12,313
Unallocated current income tax liabilities	11,194	11,622
Unallocated deferred tax liabilities	25,500	25,947
Unallocated corporate liabilities	33,532	44,757
<b>Total liabilities</b>	<b>419,315</b>	<b>428,014</b>

**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 financial assets located in Hong Kong and other countries are summarized below:

	<b>Revenues from external customers Unaudited Six months ended 30th September</b>	
	<b>2020</b>	2019
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Hong Kong	9,191	14,985
People's Republic of China	5,476	23,703
Taiwan	3,315	3,832
Other countries	14,474	14,958
	<b>32,456</b>	<b>57,478</b>

	<b>Non-current assets (other than financial assets)</b>	
	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Hong Kong	437,687	455,225
People's Republic of China	243,014	240,650
Taiwan	25,176	24,614
Other countries	19,079	19,291
	<b>724,956</b>	<b>739,780</b>

*Note (a)*

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

## 5. Other losses

	Unaudited Six months ended 30th September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deficit on revaluation of investment properties	(6,444)	(12,816)
Fair value losses on financial assets at fair value through profit or loss	(1,271)	(2,715)
	<b>(7,715)</b>	<b>(15,531)</b>

## 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	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of film rights	5,410	9,507
Cost of goods sold	129	452
Depreciation of property, plant and equipment	9,141	7,934
Depreciation of right-of-use assets	4,394	5,111
Employee benefit expenses	18,745	24,715

## 7. Finance costs — net

	Unaudited Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
<b>Finance income</b>		
— Interest income on short-term bank deposits	308	331
— Interest income on loans to an associate	—	233
— Interest income from the financing components of contracts with customers	—	370
	<b>308</b>	<b>934</b>
<b>Finance costs</b>		
— Interest on bank and other borrowings	(2,183)	(2,281)
— Interest on lease liabilities	(2,828)	(3,376)
	<b>(5,011)</b>	<b>(5,657)</b>
<b>Finance costs — net</b>	<b>(4,703)</b>	<b>(4,723)</b>

## 8. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 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	
	2020	2019
	HK\$'000	HK\$'000
Current income tax	—	—
Deferred income tax	517	2,164
Income tax credit	<b>517</b>	<b>2,164</b>



**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\$25,261,000 (2019: HK\$35,055,000) and on the weighted average of 5,923,739,000 (2019: 5,923,739,000) ordinary shares in issue during the period.

**(b) Diluted**

For the six months ended 30th September 2020 and 2019, 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 2020 (2019: Nil).

**11. Trade and other receivables**

	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	51,751	56,541
Less: provision for impairment of receivables	(20,868)	(20,868)
Trade receivables — net	<b>30,883</b>	35,673
Prepayments	2,301	5,763
Other receivables and deposits	16,868	16,744
	<b>50,052</b>	58,180
Less: Other receivables and deposits — non current portion	(2,062)	(1,948)
Current portion	<b>47,990</b>	56,232

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

	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	27,301	35,673
4 to 6 months	389	—
Over 6 months	24,061	20,868
	<b>51,751</b>	<b>56,541</b>

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

## 12. Trade and other payables

	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	5,593	7,150
Other payables and accruals	96,814	116,717
	<b>102,407</b>	<b>123,867</b>

The ageing analysis of trade payables is as follows:

	<b>Unaudited 30th September 2020</b>	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	1,199	640
4 to 6 months	—	—
Over 6 months	4,394	6,510
	<b>5,593</b>	<b>7,150</b>

**13. Amount due to a director**

The balance is unsecured, interest-free and repayable on demand.

**14. Bank and other borrowings**

	Unaudited 30th September 2020	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts — secured	21,607	20,595
Secured bank loans — current portion	31,617	31,584
Bank borrowings — current portion	53,224	52,179
Secured bank loans — non-current portion	2,524	3,162
Total bank borrowings	55,748	55,341
Other borrowings — non-current portion	63,823	61,014
Total borrowings	119,571	116,355

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

	Unaudited 30th September 2020	Audited 31st March 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	53,224	52,179
Between 1 to 2 years	1,617	1,581
Between 2 to 5 years	907	1,581
	55,748	55,341

(b) Other borrowings

As at 30th September 2020, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$34,104,000) (31st March 2020: RMB30,000,000, approximately HK\$32,715,000) and accumulated interest of RMB4,150,000 (approximately HK\$4,719,000) (31st March 2020: RMB3,025,000, approximately HK\$3,299,000). The borrowing is interest-bearing at a fixed rate of 7.5% per annum, unsecured and not repayable within 5 years from drawdown date.

The Group also has another borrowing with a principal amount of HK\$25,000,000 (31st March 2020: HK\$25,000,000) provided by an associate, the borrowing is unsecured, interest-free and is not repayable before 1st January 2022.

## 15. Share capital

	Number of ordinary shares		Ordinary shares	
	Unaudited 30th September 2020	Audited 31st March 2020	Unaudited 30th September 2020	Audited 31st March 2020
	'000	'000	HK\$'000	HK\$'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

## 16. Capital commitments

As at 30th September 2020, the Group had contracted commitments but not provided for in the financial information as follows:

	Unaudited 30th September 2020	Audited 31st March 2020
	HK\$'000	HK\$'000
Film rights, films in progress and film royalty deposits	1,773	1,701
Licenses	2,099	1,848
	3,872	3,549

## 17. 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 1 to 3 years. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Unaudited 30th September 2020	Audited 31st March 2020
	HK\$'000	HK\$'000
Within 1 year	3,088	2,557
Later than 1 year and no later than 5 years	1,783	1,000
	4,871	3,557

**18. 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:

	<b>Unaudited Six months ended 30th September</b>	
	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payout, post-production and origination services payable to an associated company	2,767	6,192
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	368	368
Interest income receivable from an associated company	—	233

## Interim Dividend

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: Nil).

## BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30th September 2020, the Group recorded a consolidated revenue of HK\$32,456,000 (2019: HK\$57,478,000), gross profit of HK\$19,924,000 (2019: HK\$26,676,000) and a loss attributable to owners of the Company of HK\$25,261,000 (2019: HK\$35,055,000).

The contribution of revenues from the Group's television operations segment for the period remained at approximately HK\$25.4 million (2019: HK\$26.2 million). The Group has positioned as a content provider and providing media contents of movies and drama series to both traditional and new media companies. Quality media content is the key for both traditional and new media companies to compete with their rivals for viewership and revenue. The Group provided media contents of movies and drama series to viewers in Greater China and South East Asian countries during the year. In Hong Kong, we provided a Chinese movie channel through TVB's OTT platform, myTV SUPER. In Taiwan, we provided a Chinese movie/drama series channel to viewers through the telecom/OTT platform of Chung Hwa Telecom Co., Ltd. In South East Asia, we provided a channel with Chinese, Korean and Japanese movies to viewers through HBO Asia. The contents we provided are available in HBO channels, namely RED By HBO and HBO Go.

This segment contributed steady revenues to the Group despite the Group's other segments were adversely affected by the outbreak of Coronavirus Disease 2019 ("COVID-19") during the period. Looking forward, the Group will continue to explore 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\$3.2 million to HK\$1.9 million. Fewer released and licensing were concluded and completed during the period as original schedules of releasing new titles were delayed due to the outbreak of COVID-19. Following the resumption of theatre operations recently, a number of new titles are scheduled to be released in the forthcoming year, including titles namely "Theory of Ambitions" and "Twin Blades" and certain other titles are in the progress of shooting.

In PRC, there are strong demands on our contents. In 2018, the Group authorised iQiyi, the new media platform in the PRC, to broadcast contents from the high content library of the Group on a non-exclusive basis. In 2019, the Group also entered into agreements with Youku and Ixigua, both are new media operators in the PRC, 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 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.

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 also commenced operations in 2013. In 2019, the Group's new theatre in Guangzhou and another 20% equity investment in a Beijing theatre commenced operations. The Group's theatres are all digital and equipped with 3-D movie broadcasting functions. As part of the Group's cost-retrenchment measures, the Group terminated its theatre in Shanghai during the period. Operations in other theatres, as affected by COVID-19, were suspended since February 2020 and resumed in July 2020 and accordingly the revenues contributed from this segment during the period dropped from approximately HK\$22 million to HK\$4.4 million.

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\$1.3 million (2019: HK\$2.7 million). The investment properties portfolio of the Group contributed a deficit on revaluation of approximately HK\$6.4 million (2019: HK\$12.8 million). Such unrealized losses have no effect on the Group's cash flow.

Details and status of a litigation against the Company were disclosed in the Company's announcements dated 16th April 2020, 14th May 2020 and 5th November 2020. Further updates will be announced by the Company on the development of which in accordance with the Listing Rules as and when appropriate.

The first half of the financial year is a challenging period. COVID-19 has posted unprecedented challenges to worldwide economy, and the entertainment industry has become one of the worst hit segments. Taking into account the recent development on the possible availability of vaccine, the pandemic situation is hopefully to be recovered and the Group's operations will gradually restore to normal. Looking forward, the Group will continue to actively 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 2020, the Group has available banking facilities of approximately HK\$57,641,000, of which approximately HK\$55,748,000 were utilised. Corporate guarantees executed by the Company and certain of the Group's deposits and properties with aggregate net book values of HK\$67,100,000 were pledged to banks to secure banking facilities. The Group's gearing ratio of 29.5% as at 30th September 2020 was based on the total of bank loans and other loans of HK\$119,571,000 (of which HK\$53,224,000, HK\$26,617,000 and HK\$39,730,000 are repayable within one year, in the second year and in the third to fifth year respectively) and the shareholders' funds of approximately HK\$405,083,000. 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 period ended 30th September 2020, 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 2020, the Group had commitments in respect of film rights, films in progress, film royalty deposits, and licenses amounting to approximately HK\$3,872,000. The commitments will be financed by the Group's internal resources and banking and other available facilities.

### **Employees**

At 30th September 2020, the Group employed 130 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\$18,745,000 were charged to the profit or loss during the period.



## 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 2020.

There was no outstanding share option as at 30th September 2020.

## 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 2020, 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 2020
	Personal interests	Family interests	Corporate interests	
Mr. Li Kuo Hsing	466,627,500	189,843,750 <i>Note (i)</i>	2,540,177,550 <i>Note (ii)</i>	53.96%
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:

<b>Name</b>	<b>No. of non-voting deferred shares held Personal interests</b>
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 2020, 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 2020
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
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 Code of Corporate Governance Practices

During the six months ended 30th September 2020, 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 2020, 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 2020.

## 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 2020.

On behalf of the Board  
**Li Kuo Hsing**  
*Chairman*

30th November 2020