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美亞娛樂資訊集團有限公司

MEI AH ENTERTAINMENT GROUP LTD.

(Incorporated in Bermuda with limited liability)

(Stock Code: 391)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	2	117,836	75,570
Cost of sales	4	(61,237)	(59,266)
Gross profit		56,599	16,304
Other income	2	8,657	9,906
Other losses – net	3	(13,385)	(18,252)
Selling, distribution and marketing expenses	4	(5,313)	(11,331)
Administrative expenses	4	(64,655)	(67,953)
Net reversal of impairment losses on financial assets		987	27,458
Operating loss		(17,110)	(43,868)
Finance income	5	656	315
Finance costs	5	(7,807)	(8,256)
Finance costs – net		(7,151)	(7,941)
Share of losses of associates		(1,759)	(1,293)
Loss before income tax		(26,020)	(53,102)
Income tax credit	6	2,585	3,946
Loss for the year		(23,435)	(49,156)
Loss attributable to:			
Owners of the Company		(21,449)	(48,915)
Non-controlling interests		(1,986)	(241)
		(23,435)	(49,156)
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	(0.36)	(0.83)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	(23,435)	(49,156)
Other comprehensive (loss)/income, net of tax:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
(Deficit)/surplus on revaluation of buildings	(112)	20,526
Deferred taxation arising from revaluation surplus of buildings	(3,560)	(3,449)
Currency translation differences	(558)	(755)
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>2,482</u>	<u>3,662</u>
Other comprehensive (loss)/income for the year, net of tax	<u>(1,748)</u>	<u>19,984</u>
Total comprehensive loss for the year	<u>(25,183)</u>	<u>(29,172)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(22,639)	(28,176)
Non-controlling interests	<u>(2,544)</u>	<u>(996)</u>
Total comprehensive loss for the year	<u>(25,183)</u>	<u>(29,172)</u>

CONSOLIDATED BALANCE SHEET

As at 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		203,459	214,489
Investment properties		193,901	209,271
Right-of-use assets		54,450	62,823
Film and program rights, films in progress and deposits for film and program rights		97,883	93,348
Interests in associates		7,861	9,168
Interests in joint ventures		–	–
Prepayments and deposits	9	1,927	2,040
		<u>559,481</u>	<u>591,139</u>
Current assets			
Inventories		1,252	224
Prepayments, deposits, trade and other receivables	9	39,535	38,009
Deferred fulfilment costs		13,952	–
Financial assets at fair value through profit or loss		7,692	2,895
Restricted bank balance		832	881
Pledged bank deposits		13,500	13,500
Short-term bank deposits		3,766	3,924
Cash and bank balances		21,132	37,528
		<u>101,661</u>	<u>96,961</u>
Total assets		<u>661,142</u>	<u>688,100</u>
Equity			
Equity attributable to owners of the Company			
Share capital		118,475	118,475
Share premium		407,428	407,428
Reserves		(217,349)	(194,710)
		<u>308,554</u>	<u>331,193</u>
Shareholders' funds		308,554	331,193
Non-controlling interests		6,497	8,513
		<u>315,051</u>	<u>339,706</u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Other borrowings	<i>11</i>	94,468	94,948
Accrued liabilities		123	987
Lease liabilities		81,419	94,296
Deferred income tax liabilities		26,050	25,487
		<u>202,060</u>	<u>215,718</u>
Current liabilities			
Trade and other payables	<i>10</i>	90,230	70,808
Contract liabilities		8,683	10,250
Amounts due to associates		1,553	8,780
Bank overdrafts	<i>11</i>	12,951	10,420
Bank borrowings	<i>11</i>	18,725	20,737
Lease liabilities		7,592	7,380
Current income tax liabilities		4,297	4,301
		<u>144,031</u>	<u>132,676</u>
Total liabilities		<u>346,091</u>	<u>348,394</u>
Total equity and liabilities		<u>661,142</u>	<u>688,100</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2024

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Share		Contributed surplus HK\$'000	Exchange difference HK\$'000	Buildings		Non- controlling interests HK\$'000	Total equity HK\$'000
			redemption	Other			revaluation	Accumulated		
			reserve	reserve			reserve	losses		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1st April 2022	118,475	407,428	12	(6,380)	189,009	(8,659)	107,114	(447,630)	9,509	368,878
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	-	(48,915)	(241)	(49,156)
Other comprehensive income										
Surplus on revaluation of buildings	-	-	-	-	-	-	20,526	-	-	20,526
Deferred taxation arising from revaluation surplus of buildings	-	-	-	-	-	-	(3,449)	-	-	(3,449)
Currency translation differences										
– Group	-	-	-	-	-	3,714	-	-	(755)	2,959
– Associates	-	-	-	-	-	(52)	-	-	-	(52)
Total other comprehensive income/(loss)	-	-	-	-	-	3,662	17,077	-	(755)	19,984
Total comprehensive income/(loss)	-	-	-	-	-	3,662	17,077	(48,915)	(996)	(29,172)
Balance at 31st March 2023	<u>118,475</u>	<u>407,428</u>	<u>12</u>	<u>(6,380)</u>	<u>189,009</u>	<u>(4,997)</u>	<u>124,191</u>	<u>(496,545)</u>	<u>8,513</u>	<u>339,706</u>

Attributable to owners of the Company

	Share capital <i>HKS'000</i>	Share premium <i>HKS'000</i>	Share redemption reserve <i>HKS'000</i>	Other reserve <i>HKS'000</i>	Contributed surplus <i>HKS'000</i>	Exchange difference <i>HKS'000</i>	Buildings revaluation reserve <i>HKS'000</i>	Accumulated losses <i>HKS'000</i>	Non- controlling interests <i>HKS'000</i>	Total equity <i>HKS'000</i>
Balance at 1st April 2023	118,475	407,428	12	(6,380)	189,009	(4,997)	124,191	(496,545)	8,513	339,706
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	-	(21,449)	(1,986)	(23,435)
Other comprehensive income										
Deficit on revaluation of buildings	-	-	-	-	-	-	(112)	-	-	(112)
Deferred taxation arising from revaluation surplus of buildings	-	-	-	-	-	-	(3,560)	-	-	(3,560)
Currency translation differences										
– Group	-	-	-	-	-	2,480	-	-	(558)	1,922
– Associates	-	-	-	-	-	2	-	-	-	2
Total other comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,482</u>	<u>(3,672)</u>	<u>-</u>	<u>(558)</u>	<u>(1,748)</u>
Total comprehensive income/(loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,482</u>	<u>(3,672)</u>	<u>(21,449)</u>	<u>(2,544)</u>	<u>(25,183)</u>
Transactions with owners										
Non-controlling interests on incorporation of subsidiary	-	-	-	-	-	-	-	-	528	528
Balance at 31st March 2024	<u><u>118,475</u></u>	<u><u>407,428</u></u>	<u><u>12</u></u>	<u><u>(6,380)</u></u>	<u><u>189,009</u></u>	<u><u>(2,515)</u></u>	<u><u>120,519</u></u>	<u><u>(517,994)</u></u>	<u><u>6,497</u></u>	<u><u>315,051</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

1.1 Going concern

The Group incurred a net loss of HK\$23,435,000 and had a cash outflow of HK\$17,077,000 for the year ended 31st March 2024, while the Group's current liabilities exceeded its current assets by HK\$42,370,000 as at 31st March 2024. Included in the Group's current liabilities were contract liabilities of HK\$8,683,000 which represent non-refundable customer prepayments that will be recognised as revenue over the next twelve months through the provision of film rights licensing and cinema operations services.

In preparing the Group's consolidated financial statements for the year ended 31st March 2024, the directors have taken into account all available information. In particular, the directors of the Company have prepared a cash flow projection of the Group covering a period of not less than twelve months from 31st March 2024 taking into account the following:

- (i) The Group will continue to generate net cash inflows from its core operations. Core operations include channel operations, film exhibition and film rights licensing and sub-licensing operations, cinema operations and concert performance and events organisation;
- (ii) The directors believe that the Group's banking facilities will continue to be available given the good track records and relationships the Group has with the banks, all the existing bank facilities granted to the Group were pledged with the Group's assets, and the Group is able to secure new bank borrowings as and when needed; and
- (iii) The controlling shareholder of the Company has agreed to provide the Group with financial support for a period of twelve months from the approval date of these consolidated financial statements to enable the Group to meet its liabilities as and when they fall due and to carry on its business without a significant curtailment of operations.

The directors are of the opinion that, having taken into account the anticipated cash inflows generated from the Group's operations, as well as the possible changes in its operating performance and the availability of bank facilities, the Group will have sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from the balance sheet date. Accordingly, the directors believe that the Group will be able to continue as a going concern; and thus have prepared the consolidated financial statements on a going concern basis.

1.2 New and amended standards and interpretation

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

The Group has applied the following amendments to HKFRS issued by HKICPA for the first time for their annual reporting period commencing 1st April 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimate
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts

The Group has adopted the Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” on 1st April 2023, which resulted in the recognition of separate deferred tax assets and separate deferred tax liabilities for temporary differences arising on leases, both at initial recognition and subsequently. In accordance with the transitional provisions, the Group adopted the amendments for the first time by recognising deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. As a result, with the beginning of the earliest period presented being 1st April 2022 and as at 31st March 2023, an adjustment of HK\$13,073,000 and HK\$10,262,000 respectively was recognised to the gross amounts of deferred tax assets and deferred tax liabilities simultaneously, and the resultant deferred tax assets and deferred tax liabilities met the setoff provisions and was presented on a net basis on the consolidated balance sheet. Since the Group had considered the lease as a single transaction in which the assets and liabilities were integrally linked and recognised deferred tax on a net basis previously, there were nil impact on opening retained earnings upon the adoption of the amendments.

Save as disclosed above, the amendments listed above did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

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

Certain new and amended standards, interpretation and accounting guidance have been published that are not mandatory for 31st March 2024 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1st January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1st January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1st January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1st January 2024
Amendments to HKAS 21	Lack of Exchangeability	1st January 2025
Amendments to HKFRS 10 and HKAS 28	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 positions.

2. Revenue and segment information

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue		
Channel operations	33,133	33,715
Film exhibition and film rights licensing and sub-licensing	32,470	24,762
Cinema operations	26,764	17,093
Concert performance and events organisation	22,841	–
Subcontracting service income	2,628	–
	<u>117,836</u>	<u>75,570</u>
Other income		
Rental income from investment properties	7,287	7,133
Management fee income	276	276
Dividend income	–	9
Government grants (<i>Note</i>)	–	690
Others	1,094	1,798
	<u>8,657</u>	<u>9,906</u>
	<u><u>126,493</u></u>	<u><u>85,476</u></u>

Note:

It mainly represents government subsidies from the Anti-epidemic Fund granted by the HKSAR Government to provide time limited financial support to eligible entities due to the adverse situation of COVID-19 in Hong Kong. As at 31st March 2024 and 2023, there were no unfulfilled conditions or other contingencies attached to the receipts of those grants.

The chief operating decision makers have been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance, allocate resources and make strategic decisions. The Executive Directors have determined the operating segments based on the Group's internal reporting.

For the years ended 31st March 2024 and 2023, the Group mainly operates in the following business segments:

- Channel operations
- Film exhibition and film rights licensing and sublicensing
- Cinema operations
- Concert performance and events organization
- Subcontracting service for the manufacturing and sale of consumer products
- Property investment

The segment information for the year ended 31st March 2024 by each principal activity is as follows:

	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Concert and events performance organisation	Sub- contracting 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>
Segment revenue	33,133	32,470	26,764	22,841	2,628	-	-	117,836
Reportable segment profit/(loss)	2,797	7,435	(6,636)	(5,129)	536	(7,792)	557	(8,232)
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)
Depreciation of property, plant and equipment	(196)	(84)	(2,541)	-	-	-	(34)	(2,855)
Depreciation of right-of-use assets	-	-	(4,029)	-	-	-	-	(4,029)
Fair value losses on revaluation of investment properties	-	-	-	-	-	(13,714)	-	(13,714)
Amortisation of film and program rights	(3,926)	(1,646)	-	-	-	-	-	(5,572)
Provision for impairment of film and program rights and films in progress	-	(8,650)	-	-	-	-	-	(8,650)
Provision for impairment of right-of-use assets	-	-	(1,306)	-	-	-	-	(1,306)
New reversal of previous impairment loss on other receivables	-	2,187	-	-	-	-	-	2,187
Impairment loss on trade receivables	-	-	-	(1,200)	-	-	-	(1,200)
Finance costs	-	-	(6,480)	-	-	-	-	(6,480)
Additions to property, plant and equipment	123	1,656	-	-	-	24	30	1,833
Additions to film and program rights, films in progress and deposits for film and program rights	<u>1,952</u>	<u>17,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,960</u>
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition:								
At a point in time	-	32,470	26,764	22,841	2,628	-	-	84,703
Over time	<u>33,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,133</u>
	<u>33,133</u>	<u>32,470</u>	<u>26,764</u>	<u>22,841</u>	<u>2,628</u>	<u>-</u>	<u>-</u>	<u>117,836</u>

The segment information for the year ended 31st March 2023 by each principal activity is as follows:

	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Concert and events performance organisation	Sub- contracting service for the manufacturing and sale of consumer products	Property investment	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	33,715	24,762	17,093	-	-	-	-	75,570
Reportable segment profit/(loss)	5,160	(55,035)	(18,432)	(305)	-	(9,563)	1,216	(76,959)
Reportable segment assets	14,547	130,289	53,825	10,126	-	214,935	16,889	440,611
Reportable segment liabilities	(8,504)	(38,821)	(163,433)	(10,117)	-	(2,908)	(1,575)	(225,358)
Depreciation of property, plant and equipment	(249)	(39)	(4,140)	-	-	-	(122)	(4,550)
Depreciation of right-of-use assets	-	-	(4,571)	-	-	-	-	(4,571)
Fair value losses on revaluation of investment properties	-	-	-	-	-	(15,277)	-	(15,277)
Amortisation of film and program rights	(2,685)	(22,932)	-	-	-	-	-	(25,617)
Provision for impairment of film and program rights and films in progress	-	(17,500)	-	-	-	-	-	(17,500)
Provision for impairment of property, plant and equipment	-	-	(1,479)	-	-	-	-	(1,479)
Provision for impairment of right-of-use assets	-	-	(3,868)	-	-	-	-	(3,868)
Provision for impairment of other receivables	-	(15,042)	-	-	-	-	-	(15,042)
Finance costs	-	-	(7,724)	-	-	-	-	(7,724)
Additions to property, plant and equipment	16	-	-	-	-	3,683	54	3,753
Additions to film and program rights, films in progress and deposits for film and program rights	992	7,198	-	-	-	-	-	8,190
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition:								
At a point in time	-	24,762	17,093	-	-	-	-	41,855
Over time	33,715	-	-	-	-	-	-	33,715
	33,715	24,762	17,093	-	-	-	-	75,570

(a) Others include the artiste management segment, the applications and video online.

(b) The accounting policies of the reportable segments are the same as the Group's accounting policies. Performance is measured based on segment profit/(loss) that is used by the chief operating decision makers for the purposes of resources allocation and assessment of segment performance. Income tax expense is not allocated to reportable segments. Information provided to the Executive Directors of the Group is measured in a manner consistent with that of the consolidated financial statements.

The revenue, profit or loss, assets and liabilities of the Group are allocated based on the operations of the segments.

- (c) The revenue of HK\$7,563,000 (2023: HK\$7,409,000) attributable to the segment “property investment” has been included in other income.

(d) Reconciliation of the reportable segment profit or loss, assets and liabilities

Reportable segment profit or loss, assets and liabilities are reconciled to loss before income tax and total assets and total liabilities of the Group as follows:

Profit or loss

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment loss	(8,232)	(76,959)
Unallocated amounts:		
Unallocated other income	–	9
Unallocated other losses – net	(1,148)	(2,975)
Unallocated finance costs	(1,327)	(532)
Unallocated reversal of previous impairment losses on other receivables	–	42,500
Unallocated depreciation of property, plant and equipment	(8,215)	(7,704)
Unallocated depreciation of right-of-use assets	(788)	(788)
Unallocated share of losses of associates	(1,759)	(1,293)
Unallocated corporate expenses	(4,551)	(5,360)
Loss before income tax per consolidated income statement	<u>(26,020)</u>	<u>(53,102)</u>

Assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment assets	427,978	440,611
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	217,123	227,453
Unallocated other receivables	–	5,784
Unallocated financial assets at fair value through profit or loss (“FVPL”)	1,731	2,895
Unallocated cash and bank balances	145	187
Unallocated interests in associates	7,861	9,168
Unallocated corporate assets	6,304	2,002
	<hr/>	<hr/>
Total assets per consolidated balance sheet	661,142	688,100

Liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment liabilities	230,269	225,358
Unallocated liabilities:		
Unallocated bank and other borrowings	80,841	80,682
Unallocated amounts due to associates	1,553	8,780
Unallocated current income tax liabilities	4,296	4,301
Unallocated deferred income tax liabilities	26,050	25,487
Unallocated corporate liabilities	3,082	3,786
	<hr/>	<hr/>
Total liabilities per consolidated balance sheet	346,091	348,394

(e) **Geographical analysis of revenues from external customers and non-current assets**

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

	Revenue from external customers	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	37,387	44,140
Mainland China	71,836	22,888
Taiwan	8,613	8,542
	<u>117,836</u>	<u>75,570</u>

During the year ended 31st March 2024, two customers individually contributed over 10% of the Group's revenue (2023: two customer). The revenue from the customers during the years are as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	24,520	25,092
Customer B	—*	8,542
Customer C	15,059	—*
	<u>15,059</u>	<u>—</u>

* The customer did not contribute over 10% of the Group's revenue for the year.

	Non-current assets (other than financial assets)	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	399,869	428,683
Mainland China	135,178	136,716
Taiwan	22,507	23,700
	<u>557,554</u>	<u>589,099</u>

(f) **Assets and liabilities related to contracts with customers**

The Group has recognised the following assets and liabilities related to contracts with customers:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Deferred fulfilment costs related to concert performance and events organisation	14,252	300
Less: provision for impairment of deferred fulfilment costs	<u>(300)</u>	<u>(300)</u>
Net deferred fulfilment costs	<u>13,952</u>	<u>–</u>
Receipts in advance from film exhibition and film rights licensing and sub-licensing operations	4,657	6,488
Receipts in advance derived from cinema operations	<u>4,026</u>	<u>3,762</u>
Total contract liabilities	<u><u>8,683</u></u>	<u><u>10,250</u></u>

(i) *Revenue recognised in relation to contract liabilities*

The following table shows the amount of revenue recognised in the current year that relates to carried-forward contract liabilities:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Licensing and sub-licensing of film rights	2,167	4,759
Cinema operations	<u>2,801</u>	<u>2,076</u>
	<u><u>4,968</u></u>	<u><u>6,835</u></u>

(ii) *Unsatisfied performance obligations*

The following table shows the unsatisfied performance obligations resulting from fixed-price channel operations and film rights licensing and sub-licensing contracts:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31st March	<u>78,736</u>	<u>35,170</u>

Management expects that 15% or HK\$12,084,000 of the transaction price allocated to the unsatisfied contracts as of 31st March 2024 will be recognised as revenue during the next year; 77% or HK\$61,002,000 will be recognised in the financial year ending 31st March 2026 and the remaining 8% or HK\$5,650,000 will be recognised in the financial years ending 31st March 2027 (2023: Management expects that 73% or HK\$25,601,000 of the transaction price allocated to the unsatisfied contracts as of 31st March 2023 will be recognised as revenue during the next year; 21% or HK\$7,434,000 will be recognised in the financial year ending 31st March 2025 and the remaining 6% or HK\$2,135,000 will be recognised in the financial years ending 31st March 2026 and 2027).

3. Other losses – net

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value losses on revaluation of investment properties	(13,714)	(15,277)
Fair value gains/(losses) on financial assets at FVPL	313	(2,975)
Gain on disposal of property, plant and equipment	16	–
	<u>(13,385)</u>	<u>(18,252)</u>

4. Expenses by nature

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories	2,160	150
Amortisation of film and program rights	5,572	25,617
Depreciation		
– Owned property, plant and equipment	11,070	12,254
– Right-of-use assets	4,817	5,359
Provision for impairment of film and program rights and films in progress	8,650	17,500
Provision for impairment of property, plant and equipment	–	1,479
Provision for impairment of right-of-use assets	1,306	3,868
Auditor's remuneration		
– Audit services	1,986	1,868
– Non-audit services	20	20
Direct operating expenses arising from investment properties that generate rental income	1,209	1,372
Employee benefit expenses (including directors' emoluments)	34,269	33,761
Exchange losses/(gains)	787	(395)
Marketing and promotion expenses	930	6,750
Short-term operating lease rental in respect of buildings	31	32
Production costs of concerts and events	26,549	–
Other production, payout and origination costs	985	2,785
Legal and professional fees	2,603	3,766

5. Finance costs – net

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income		
Interest income on short-term bank deposits	<u>656</u>	<u>315</u>
Finance costs		
Interest on bank and other borrowings	(3,559)	(3,415)
Interest on bank overdrafts	(217)	(298)
Interest element of lease liabilities	(4,031)	(4,528)
Interest on the financing components of contracts with customers	<u>–</u>	<u>(15)</u>
	<u>(7,807)</u>	<u>(8,256)</u>
Finance costs – net	<u>(7,151)</u>	<u>(7,941)</u>

6. Income tax credit

No provision for Hong Kong profits tax has been provided as the Group did not generate any assessable profit in Hong Kong during the years ended 31st March 2024 and 2023. Taxation on other jurisdictions' profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the locations in which the Group operates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– Hong Kong corporate income tax	–	–
– Overseas corporate income tax	165	143
– Under – provision in prior years	–	71
Deferred income tax	<u>(2,750)</u>	<u>(4,160)</u>
Income tax credit	<u>(2,585)</u>	<u>(3,946)</u>

7. Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$21,449,000 (2023: HK\$48,915,000) by the weighted average number of ordinary shares of 5,923,739,000 (2023: 5,923,739,000) in issue during the year.

(b) Diluted

Diluted loss per share for the years ended 31st March 2024 and 2023 are the same as the basic loss per share as there were no dilutive potential ordinary shares.

8. Dividends

The directors do not recommend the payment of a dividend in respect of the years ended 31st March 2024 and 2023.

9. Prepayments, deposits, trade and other receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	25,456	36,632
Less: impairment losses on trade receivables	<u>(1,200)</u>	<u>(19,868)</u>
Trade receivables – net	24,256	16,764
Prepayments	2,875	5,939
Other receivables and deposits	<u>49,740</u>	<u>54,942</u>
	76,871	77,645
Less: impairment losses on other receivables	<u>(35,409)</u>	<u>(37,596)</u>
	41,462	40,049
Less: deposits – non-current portion	<u>(1,927)</u>	<u>(2,040)</u>
Current portion	<u><u>39,535</u></u>	<u><u>38,009</u></u>

As at 31st March 2024 and 2023, the carrying amounts of deposits, trade and other receivables approximate their fair values.

At 31st March 2024 and 2023, all other receivables are unsecured and interest-free.

The credit terms to trade receivables generally range from 7 to 180 days (2023: 7 to 90 days).

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	17,199	11,518
4 to 6 months	5,404	–
Over 6 months	2,853	25,114
	<u>25,456</u>	<u>36,632</u>

As at 31st March 2023, a trade receivable of HK\$3,553,000 arising from a film right licensing contract comprised a significant financing component at 6% per annum. There is no trade receivable which comprised a significant financing component as at 31st March 2024.

At 31st March 2023, trade receivables of HK\$19,868,000 were impaired and fully provided for. The individually impaired receivables mainly relate to a long-outstanding customer, which is in unexpectedly difficult financial situation. Such balance has been written-off as at 31st March 2024.

The carrying amounts of the Group's deposits, trade and other receivables are denominated in the following currencies:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
HK\$	12,793	12,818
RMB	24,073	19,125
NTD	1,721	2,167
	<u>38,587</u>	<u>34,110</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of the year	19,868	19,868
Write-off of provision for impairment of trade receivables	(19,868)	–
Provision for impairment of trade receivables	1,200	–
	<hr/>	<hr/>
At end of the year	1,200	19,868
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At beginning of the year	37,596	65,054
Reversal of impairment of other receivables, net	(2,187)	(27,458)
	<hr/>	<hr/>
At end of the year	35,409	37,596
	<hr/> <hr/>	<hr/> <hr/>

During the year ended 31st March 2023, the Group was notified that its previous subsidiary, which has been disposed of during the year, has procured sufficient investment to repay the agreed amount of HK\$42,500,000 due to the Group. A reversal of impairment of HK\$42,500,000 was thus recorded in the profit or loss during the year then ended.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

10. Trade and other payables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	7,974	6,892
Other payables and accruals (<i>Note</i>)	<u>82,256</u>	<u>63,916</u>
	<u><u>90,230</u></u>	<u><u>70,808</u></u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current to 3 months	2,456	3,464
4 to 6 months	271	–
Over 6 months	<u>5,247</u>	<u>3,428</u>
	<u><u>7,974</u></u>	<u><u>6,892</u></u>

Note:

As at 31st March 2024, amount due to a director of the Company amounting to HK\$2,156,000 (2023: HK\$2,284,000) was repayable on demand, interest-free, unsecured and its carrying amount approximates fair value.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	52,853	41,927
RMB	36,100	28,152
NTD	560	729
USD	<u>717</u>	<u>–</u>
	<u><u>90,230</u></u>	<u><u>70,808</u></u>

11. Bank and other borrowings

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank overdrafts, secured	12,951	10,420
Secured bank loans – current portion	<u>18,725</u>	<u>20,737</u>
Total bank borrowings (<i>Note (a)</i>)	31,676	31,157
Other borrowings – non-current portion (<i>Note (b)</i>)	<u>94,468</u>	<u>94,948</u>
Total borrowings	<u><u>126,144</u></u>	<u><u>126,105</u></u>

The fair values of the borrowings approximate their carrying amounts at 31st March 2024 and 2023.

The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	76,176	75,532
RMB	49,968	50,448
NTD	<u>–</u>	<u>125</u>
	<u><u>126,144</u></u>	<u><u>126,105</u></u>

(a) **Bank borrowings**

The maturity of the Group's bank borrowings are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 year or repayable on demand	26,668	24,437
Between 1 to 2 years	2,225	2,213
Between 2 to 5 years	2,783	4,507
	<u>31,676</u>	<u>31,157</u>

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

At 31st March 2024, available facilities amounting to HK\$35,225,000 (2023: HK\$38,625,000) granted by banks to the Group are secured by the following:

- (i) Legal charges over certain of the Group's freehold land and certain buildings with an aggregate carrying value of HK\$21,710,000 as at 31st March 2023. The pledge of these assets were released during the year ended 31st March 2024 upon the full settlement of the corresponding borrowings.

Certain of the Group's investment properties with an aggregate carrying value of HK\$55,000,000 (2023: HK\$58,000,000); and

- (ii) Pledged bank deposits of HK\$13,500,000 (2023: HK\$13,500,000) of the Group being placed in commercial banks in Hong Kong and are pledged against the bank facilities granted to the Group.

At 31st March 2024, the weighted average effective interest rate per annum of the Group's pledged bank deposits is 2.45% (2023: 2.30%). The pledged bank deposits are denominated in HK\$.

At 31st March 2024, the Group's bank borrowings bear floating interest rates from 4.38% to 6.36% (2023: from 2.30% to 3.85%). The Group also had a fixed interest rate NTD-denominated loan that bear interest rate of 2.30% as at 31st March 2023. This fixed rate NTD-denominated loan has been fully settled as at 31st March 2024.

The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2024 is 5.35% (2023: 3.65%).

At 31st March 2024, the Group's total unutilised bank facilities amounted to approximately HK\$3,549,000 (2023: HK\$7,468,000).

(b) Other borrowings

As at 31st March 2024, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$32,340,000) (2023: RMB30,000,000 (approximately HK\$34,260,000)) and interest of RMB12,025,000 (approximately HK\$12,963,000) (2023: RMB9,775,000 (approximately HK\$11,163,000)). The borrowing is interest-bearing at a fixed rate of 7.50% per annum (2023: 7.50% per annum) and unsecured. The principal and interest are not repayable until 31st December 2025 (2023: not repayable until 31st October 2024). The lender is a company partially owned by a brother of the Group's controlling shareholder.

At 31st March 2024, the Group also had another borrowing with a principal amount of HK\$25,000,000 (2023: HK\$25,000,000) provided by IST, an associate of the Group. The borrowing is unsecured, interest-free and is not repayable before 31st December 2025 (2023: not repayable before 31st December 2024).

At 31st March 2024, the Group had a borrowing with a principal amount of HK\$24,165,000 (2023: HK\$24,525,000) provided by the controlling shareholder of the Company. The borrowing is unsecured, interest-free and is not repayable before 31st December 2025 (2023: not repayable before 31st December 2024).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

RESULTS AND DIVIDENDS

The loss attributable to owners of the Company for the year is HK\$21,449,000 (2023: HK\$48,915,000) and the directors do not recommend the payment of a dividend (2023: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2024, the Company and its subsidiaries (together the "Group") recorded a consolidated revenue of HK\$117,836,000 (2023: HK\$75,570,000), gross profit of HK\$56,599,000 (2023: HK\$16,304,000) and loss attributable to owners of the Company of HK\$21,449,000 (2023: HK\$48,915,000). The adjusted loss excluding the gains/losses on revaluation of investment properties and financial assets at fair value through profit and loss and gain on disposal of property, plant and equipment of HK\$13,385,000 (2023: HK\$18,252,000) in aggregate was HK\$8,064,000 (2023: HK\$30,663,000). The improvement in net results was mainly attributable to the increased revenue in film right licensing and the cinema operations following the recovery from pandemic situation, the absence of the loss effect of a film title released during the year ended 31st March 2023.

The contribution of revenues from the Group's channel operations segment for the year remained stable at approximately HK\$33 million, and is still one of the major revenue generating segments of the Group.

In Hong Kong, the Group is supplying a Chinese movie channel with hundreds of movies to TVB's new media platform, namely myTV Super, as well as its OTT APP in the PRC. We offer both the linear channel and SVOD service to viewers and the rating of our service ranked number one among all the acquired channels in this platform. Income from the Hong Kong market was stable during the year and the relevant content supply contract renewal is presently under negotiation.

In Taiwan we provide a Chinese movie/drama channel to viewers through the telecom/OTT platform of Chung Hwa Telecom Company Limited. Our media business in the Taiwan market remained strong and stable with single-digit growth during the year. Our major competitor ceased its broadcasting by the end of December 2023 and a lot of movie viewers shifted to our channel in Taiwan. The rating of our channel has started to be ranked the highest among all of the 20 movie channels since January 2024.

Our Youtube business continued its growth during the year. The subscriber number of Cinema 8 in which we are the major content supplier was increased to approximately 800,000 last year. With the success of Cinema 8, we launched the second Youtube channel namely Cinema Mei Ah late 2023. In addition, we launched Vietnamese dubbing and Thailand dubbing contents which were well received by Youtube viewers worldwide. We have finished producing over 500 short videos utilizing the movies in our content library. We shall continue producing more short videos to meet the fast-growing demand of this products in the new media market.

In the South East Asian markets, our channel business had been suspended due to COVID-19 and the restructuring of our previous business partner, namely HBO Asia, since 2021. We plan to resume entering into the market through an experienced distribution agent to help us to identify possible opportunities.

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 increased from approximately HK\$24.5 million to HK\$32.5 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 Disneyplus to broadcast its film library content. During the year, the completion of certain contracts with platforms of iQiyi and Tencent led to an increase in film licensing revenues. 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. The Group will continue to seek cooperations with other major new media platforms in order to further cultivate the vast media market.

Taking into account the suspension of a contract previously entered into in respect of an internet right in the Mainland China of a film and the progress of certain films in progress, after re-assessing the estimated future recoverable amount of these film titles a provision for impairment of film right of approximately HK\$8.7 million was made during the year.

During the year, no new film titles was released and the Group invested in and was in the progress of production of a number of new film and animation titles, with two of which are under cooperation with and obtained fundings from the Government of the HKSAR under the Film Production Funding Scheme. Certain titles which shooting have been completed will be released shortly in the forthcoming 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. 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 cinema in Tianjin since 2011. In 2019, the Group's cinema in Guangzhou and another equity investment in a Beijing cinema commenced operations. The Group's cinema are all digital and equipped with 3-D movie broadcasting functions. Operations in cinemas, as affected by COVID-19, were suspended time to time during last year and following the release of anti-epidemic measures since late 2022, the operations of our cinemas are gradually back to normal and revenues contributed from this segment during the year increased from approximately HK\$17 million to HK\$27 million.

Due to the outbreak of COVID-19, the operating segment of concert performance and event organisation was suspended for a few years. During the year, the segment has been re-activated and generated approximately HK\$22.8 million to the Group. The Group has signed up in a number various concerts and events, including "Kelly Chen Season Two World Tour" in Mainland China and the musical "Mamma Mia!" in Shanghai, part of which was held during the year and the remaining is scheduled to be held in the forthcoming financial year. The Group is confident that the segment will bring increasing contribution to the Group.

The Group is also planning to make use of its intellectual properties ("IPs") developed during its years of experiences in film production and investment to expand its business. During the year, the Group established a new business line to make use of its IPs from its film library and provide sub-contracting and related services to incorporate those IPs into certain consumer products. This segment contributed revenues of approximately HK\$2.6 million with positive segment result during the year. The Group has also established a new subsidiary in Mainland China and also signed up to invest in an associate to start up its e-commerce business. Both of which are expected to bring contribution in the coming financial year. The Group is optimistic in the prospect of this new business line.

During the year, following the changes in the investment market conditions, the Group's financial assets at fair value through profit or loss recorded a fair value gain of approximately HK\$0.3 million (2023: loss of HK\$3.0 million). The investment properties portfolio of the Group contributed a deficit on revaluation of approximately HK\$13.7 million (2023: HK\$15.3 million). Such unrealised losses have no effect on the Group's cash flow.

During the past few years, COVID-19 posted unprecedented challenges to worldwide economy, and the entertainment industry was one of the worst hit segments. Following the recovery since late 2022, the industry environment has been gradually restored to normal. 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 31st March 2024, the Group has available banking facilities of approximately HK\$35.2 million, of which approximately HK\$31.7 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\$68.5 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 40.9% as at 31st March 2024 was based on the total of bank and other borrowings of HK\$126,144,000 (of which HK\$26,668,000, HK\$96,693,000 and HK\$2,783,000 are repayable within one year, in the second year and in the third to fifth year respectively) and the shareholders' funds of approximately HK\$308,554,000. 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 year ended 31st March 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 31st March 2024, the Group had commitments in respect of films and program rights and investment in an associate amounting to approximately HK\$47.1 million. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 31st March 2024, the Group employed 92 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. 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\$34.3 million were charged to the profit or loss during the year.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company meets the code provisions set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the annual results for the year ended 31st March 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st March 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 28th June 2024

As at the date of this announcement, 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. Lee G. Lam, Mr. Guo Yan Jun, Mr. Leung Tak Sing, Dominic, Mr. Ma Fung Kwok and Mr. Xu Lin.