

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023**

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Revenue	2	75,570	78,218
Cost of sales	4	<u>(59,266)</u>	<u>(39,645)</u>
Gross profit		16,304	38,573
Other income	2	9,906	10,034
Other (losses)/gains – net	3	(18,252)	8,248
Selling, distribution and marketing expenses	4	(11,331)	(5,248)
Administrative expenses	4	(67,953)	(87,656)
Net reversal of impairment losses on financial assets		<u>27,458</u>	<u>450</u>
Operating loss		(43,868)	(35,599)
Finance income	5	315	319
Finance costs	5	<u>(8,256)</u>	<u>(9,897)</u>
Finance costs – net		(7,941)	(9,578)
Share of (losses)/profits of associates		<u>(1,293)</u>	<u>2,606</u>
Loss before income tax		(53,102)	(42,571)
Income tax credit	6	<u>3,946</u>	<u>3,238</u>
Loss for the year		<u>(49,156)</u>	<u>(39,333)</u>
Loss attributable to:			
Owners of the Company		<u>(48,915)</u>	<u>(39,232)</u>
Non-controlling interests		<u>(241)</u>	<u>(101)</u>
		<u>(49,156)</u>	<u>(39,333)</u>
		HK cents	HK cents
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	<u>(0.83)</u>	<u>(0.66)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	(49,156)	(39,333)
Other comprehensive income, net of tax:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of buildings	20,526	29,238
Deferred taxation arising from revaluation surplus of buildings	(3,449)	(4,729)
Currency translation differences	(755)	–
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	3,662	(55)
Other comprehensive income for the year, net of tax	19,984	24,454
Total comprehensive loss for the year	(29,172)	(14,879)
Total comprehensive loss attributable to:		
Owners of the Company	(28,176)	(15,176)
Non-controlling interests	(996)	297
Total comprehensive loss for the year	(29,172)	(14,879)

CONSOLIDATED BALANCE SHEET

As at 31st March 2023

	Note	2023 HK\$'000	2022 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		214,489	206,445
Investment properties		209,271	226,943
Right-of-use assets		62,823	74,859
Film and program rights, films in progress and deposits for film and program rights		93,348	153,377
Interests in associates		9,168	10,513
Interests in joint ventures		—	—
Prepayments and deposits	9	2,040	4,029
		<u>591,139</u>	<u>676,166</u>
Current assets			
Inventories		224	331
Prepayments, deposits, trade and other receivables	9	38,009	36,373
Financial assets at fair value through profit or loss		2,895	5,893
Restricted bank balance		881	—
Pledged bank deposits		13,500	23,500
Short-term bank deposits		3,924	3,309
Cash and bank balances		37,528	11,624
		<u>96,961</u>	<u>81,030</u>
Total assets		<u>688,100</u>	<u>757,196</u>
Equity			
Equity attributable to owners of the Company			
Share capital		118,475	118,475
Share premium		407,428	407,428
Reserves		(194,710)	(166,534)
Shareholders' funds		331,193	359,369
Non-controlling interests		8,513	9,509
Total equity		<u>339,706</u>	<u>368,878</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Other borrowings	<i>11</i>	94,948	96,068
Accrued liabilities		987	–
Lease liabilities		94,296	102,674
Deferred income tax liabilities		<u>25,487</u>	<u>26,431</u>
		<u>215,718</u>	<u>225,173</u>
Current liabilities			
Trade and other payables	<i>10</i>	70,808	73,277
Contract liabilities		10,250	13,374
Amounts due to associates		8,780	13,710
Bank overdrafts	<i>11</i>	10,420	23,056
Bank borrowings	<i>11</i>	20,737	24,216
Lease liabilities		7,380	11,438
Current income tax liabilities		<u>4,301</u>	<u>4,074</u>
		<u>132,676</u>	<u>163,145</u>
Total liabilities		<u>348,394</u>	<u>388,318</u>
Total equity and liabilities		<u><u>688,100</u></u>	<u><u>757,196</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2023

	Attributable to owners of the Company									
	Share capital	Share premium	Share redemption reserve	Other reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Accumulated losses	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st April 2021	118,475	407,428	12	(6,380)	189,009	(8,206)	82,605	(408,398)	9,212	383,757
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	-	(39,232)	(101)	(39,333)
Other comprehensive income										
Surplus on revaluation of buildings	-	-	-	-	-	-	29,238	-	-	29,238
Deferred taxation arising from revaluation surplus of buildings	-	-	-	-	-	-	(4,729)	-	-	(4,729)
Currency translation differences										
- Group	-	-	-	-	-	(3,971)	-	-	398	(3,573)
- Associates	-	-	-	-	-	44	-	-	-	44
- Release of exchange reserve upon disposal of a subsidiary	-	-	-	-	-	3,474	-	-	-	3,474
Total other comprehensive income	-	-	-	-	-	(453)	24,509	-	398	24,454
Total comprehensive loss	-	-	-	-	-	(453)	24,509	(39,232)	297	(14,879)
Balance at 31st March 2022	<u>118,475</u>	<u>407,428</u>	<u>12</u>	<u>(6,380)</u>	<u>189,009</u>	<u>(8,659)</u>	<u>107,114</u>	<u>(447,630)</u>	<u>9,509</u>	<u>368,878</u>

Attributable to owners of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share redemption reserve <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange difference <i>HK\$'000</i>	Buildings revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
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	-	-	-	-	-	3,662	17,077	-	(755)	19,984
Total comprehensive 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>

Notes:

1. Basis of preparation

The consolidated financial statements of Mei Ah Entertainment Group Limited (the “Company”) and its subsidiaries (together, the “Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, investment properties and financial assets at fair value through profit or loss (“FVPL”), which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

1.1 Going concern

The Group incurred a net loss of HK\$49,156,000 for the year ended 31st March 2023, while the Group’s current liabilities exceeded its current assets by HK\$35,715,000 as at 31st March 2023. The improvement in liquidity position as at 31st March 2023 as compared to that of 31st March 2022, of which the net current liabilities reduced from HK\$82,115,000 to HK\$35,715,000, was mainly contributed by the recovery of an amount due from a former subsidiary of HK\$42,500,000 during the year. In addition, included in the Group’s current liabilities were contract liabilities of HK\$10,250,000 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 2023, 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 2023 taking into account the following:

- (i) The Group will continue to generate net cash inflows from its core operations, including but not limited to the channel operations, film exhibition and film rights licensing and sub-licensing operations and cinema operations;
- (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 2022:

HKFRS 16 (Amendments)	Covid-19-Related Rent Concessions Beyond 2021 (amendments)
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations
Annual improvements to HKFRSs 2018–2020 cycle	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41

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.

2. Revenue and segment information

	2023	2022
	HK\$'000	HK\$'000
Revenue		
Channel operations	33,715	41,264
Film exhibition and film rights licensing and sub-licensing	24,762	12,322
Cinema operations	17,093	23,781
Applications and video online	<u>—</u>	<u>851</u>
	<u>75,570</u>	<u>78,218</u>
Other income		
Rental income from investment properties	7,133	7,389
Management fee income	276	276
Dividend income	9	18
Government grants (<i>Note</i>)	690	50
Others	<u>1,798</u>	<u>2,301</u>
	<u>9,906</u>	<u>10,034</u>
	<u><u>85,476</u></u>	<u><u>88,252</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 2023 and 2022, 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 2023 and 2022, the Group mainly operates in the following business segments:

- Channel operations
- Film exhibition and film rights licensing and sub-licensing
- Cinema operations
- Concert performance and events organisation
- Applications and video online
- Property investment

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

	Channel operations <i>HK\$'000</i>	Film exhibition and film rights licensing and sub-licensing <i>HK\$'000</i>	Cinema operations <i>HK\$'000</i>	Concert performance and events organisation <i>HK\$'000</i>	Applications and video online <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment revenue	33,715	24,762	17,093	-	-	-	-	75,570
Reportable segment profit/(loss)	5,160	(55,035)	(18,432)	(305)	(496)	(9,563)	1,712	(76,959)
Reportable segment assets	14,547	130,289	53,825	10,126	111	214,935	16,778	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)	-	(19)	-	(103)	(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	<u>992</u>	<u>7,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,190</u>
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition:								
At a point in time	-	24,762	17,093	-	-	-	-	41,855
Over time	<u>33,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,715</u>
	<u>33,715</u>	<u>24,762</u>	<u>17,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,570</u>

The segment information for the year ended 31st March 2022 by each principal activity is as follows:

	Channel operations <i>HK\$'000</i>	Film exhibition and film rights licensing and sub-licensing <i>HK\$'000</i>	Cinema operations <i>HK\$'000</i>	Concert performance and events organisation <i>HK\$'000</i>	Applications and video online <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Group <i>HK\$'000</i>
Segment revenue	41,264	12,322	23,781	-	851	-	-	78,218
Reportable segment profit/(loss)	7,508	(11,783)	(29,506)	(252)	(6,532)	12,429	(161)	(28,297)
Reportable segment assets	16,375	166,755	69,056	11,566	150	234,522	26,875	525,299
Reportable segment liabilities	(10,853)	(40,770)	(146,241)	(8,636)	-	(3,814)	(20,669)	(230,983)
Depreciation of property, plant and equipment	(330)	(14)	(4,457)	-	(12)	-	(201)	(5,014)
Depreciation of right-of-use assets	-	-	(6,243)	-	-	-	-	(6,243)
Fair value gains on revaluation of investment properties	-	-	-	-	-	9,152	-	9,152
Amortisation of film and program rights	(11,353)	(2,520)	-	-	-	-	-	(13,873)
Provision for impairment of film and program rights, films in progress	-	(3,586)	-	-	-	-	-	(3,586)
Provision for impairment of property, plant and equipment	-	-	(5,833)	-	-	-	-	(5,833)
Provision for impairment of right-of- use assets	-	-	(14,005)	-	-	-	-	(14,005)
Impairment losses on amounts due from associates	-	(5)	-	-	(366)	-	(179)	(550)
Reversal of previous impairment losses on trade receivables	-	-	-	-	-	-	1,000	1,000
Loss on disposal of a subsidiary	-	-	-	-	(1,057)	-	-	(1,057)
Finance costs	-	-	(8,617)	-	-	-	-	(8,617)
Additions to property, plant and equipment	-	35	194	-	96	11,560	-	11,885
Additions to film and program rights, films in progress and deposits for film and program rights	<u>3,060</u>	<u>2,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,423</u>
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition:								
At a point in time	-	12,322	23,781	-	851	-	-	36,954
Over time	<u>41,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,264</u>
	<u>41,264</u>	<u>12,322</u>	<u>23,781</u>	<u>-</u>	<u>851</u>	<u>-</u>	<u>-</u>	<u>78,218</u>

- (a) Others include the artiste management segment and sales and distribution of films and programs audio visual product format.
- (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\$7,409,000 (2022: HK\$7,665,000) 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	2023 HK\$'000	2022 <i>HK\$'000</i>
Reportable segment loss	(76,959)	(28,297)
Unallocated amounts:		
Unallocated other income	9	18
Unallocated other (losses)/gains – net	(2,975)	153
Unallocated finance costs	(532)	(1,280)
Unallocated reversal of previous impairment losses on other receivables	42,500	–
Unallocated depreciation of property, plant and equipment	(7,704)	(6,830)
Unallocated depreciation of right-of-use assets	(788)	(788)
Unallocated share of (losses)/profits of associates	(1,293)	2,606
Unallocated corporate expenses	(5,360)	(8,153)
	<u>(53,102)</u>	<u>(42,571)</u>
Loss before income tax per consolidated income statement		
	<u>(53,102)</u>	<u>(42,571)</u>
Assets	2023 HK\$'000	2022 <i>HK\$'000</i>
Reportable segment assets	440,611	525,299
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	227,453	213,231
Unallocated other receivables	5,784	–
Unallocated financial assets at FVPL	2,895	5,893
Unallocated cash and bank balances	187	68
Unallocated interests in associates	9,168	10,513
Unallocated corporate assets	2,002	2,192
	<u>2,002</u>	<u>2,192</u>
Total assets per consolidated balance sheet	<u>688,100</u>	<u>757,196</u>

Liabilities	2023 HK\$'000	2022 <i>HK\$'000</i>
Reportable segment liabilities	225,358	230,983
Unallocated liabilities:		
Unallocated bank and other borrowings	80,682	97,184
Unallocated amounts due to associates	8,780	13,710
Unallocated current income tax liabilities	4,301	4,074
Unallocated deferred income tax liabilities	25,487	26,431
Unallocated corporate liabilities	<u>3,786</u>	<u>15,936</u>
 Total liabilities per consolidated balance sheet	 <u><u>348,394</u></u>	 <u><u>388,318</u></u>

(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	
	2023 HK\$'000	2022 <i>HK\$'000</i>
Hong Kong	44,140	35,316
Mainland China	22,888	25,707
Taiwan	8,542	9,633
Other countries	<u>—</u>	<u>7,562</u>
	<u><u>75,570</u></u>	<u><u>78,218</u></u>

During the year ended 31st March 2023, two customers individually contributed over 10% of the Group's revenue (2022: 1 customer). The revenue from the customers during the years are as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Customer A	25,092	23,806
Customer B	<u>8,542</u>	<u>—*</u>

* The customer did not contribute over 10% of the Group's revenue for the year ended 31st March 2022.

	Non-current assets (other than financial assets)	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong	428,683	473,445
Mainland China	136,716	171,974
Taiwan	23,700	25,400
Other countries	—	1,318
	<u>589,099</u>	<u>672,137</u>

3. Other (losses)/gains – net

	2023	2022
	HK\$'000	HK\$'000
Fair value (losses)/gains on revaluation of investment properties	(15,277)	9,152
Fair value (losses)/gains on financial assets at FVPL	(2,975)	153
Loss on disposal of a subsidiary (<i>Note</i>)	—	(1,057)
	<u>(18,252)</u>	<u>8,248</u>

Note:

On 28 February 2022, the Group terminated a Variable Interest Entity arrangement (“VIE”) with a 100% controlled subsidiary, 北京在線九州信息技術服務有限公司(“JZZX”), and its financial performance and position were deconsolidated as of the date of termination. As of the date of VIE termination, JZZX recorded a net liabilities position of HK\$58,513,000, of which HK\$56,096,000 represents an amount due to the Group, and exchange reserve of HK\$3,474,000, which was debited to profit or loss during the year ended 31st March 2022. In view of the uncertainty over the recoverability of the amount due from JZZX of HK\$56,096,000, a full provision was made as at 31st March 2022 based on management’s assessment. As a result, upon such deconsolidation, the Group recorded a net loss of HK\$1,057,000 which is recognised in “other (losses)/gains – net” for the year ended 31st March 2022.

4. Expenses by nature

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories	150	189
Amortisation of film and program rights	25,617	13,873
Depreciation		
– Owned property, plant and equipment	12,254	11,844
– Right-of-use assets	5,359	7,031
Provision for impairment of film and program rights, films in progress and deposits for film and program rights	17,500	3,586
Provision for impairment of property, plant and equipment	1,479	5,833
Provision for impairment of right-of-use assets	3,868	14,005
Provision for impairment of deferred fulfilment costs	–	300
Rent concessions granted as a direct consequence of COVID-19	–	(295)
Auditor's remuneration		
– Audit services	1,868	1,861
– Non-audit services	20	–
Direct operating expenses arising from investment properties that generate rental income	1,372	1,415
Employee benefit expenses (including directors' emoluments)	33,761	38,465
Exchange gains	(395)	(1,371)
Marketing and promotion expenses	6,750	756
Short-term operating lease rental in respect of buildings	32	31
Production, playout and origination costs	2,785	6,366
Legal and professional fees	3,766	3,575

5. Finance costs – net

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finance income		
Interest income on short-term bank deposits	315	108
Interest income from the financing components of contracts with customers	–	211
	<u>315</u>	<u>319</u>
Finance costs		
Interest on bank and other borrowings	(3,415)	(3,837)
Interest on bank overdrafts	(298)	(457)
Interest element of lease liabilities	(4,528)	(5,603)
Interest on the financing components of contracts with customers	(15)	–
	<u>(8,256)</u>	<u>(9,897)</u>
Finance costs - net	<u>(7,941)</u>	<u>(9,578)</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 2023 and 2022. 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.

	2023 HK\$'000	2022 <i>HK\$'000</i>
Current income tax		
– Hong Kong corporate income tax	–	–
– Overseas corporate income tax	(143)	(90)
– (Under)/over-provision in prior years (<i>Note</i>)	(71)	1,003
Deferred income tax	<u>4,160</u>	<u>2,325</u>
Income tax credit	<u>3,946</u>	<u>3,238</u>

Note:

The over-provision for the year ended 31st March 2022 represented the derecognition of tax provision of which the time-bar period for assessment of the relevant provision has expired.

7. Loss per share

(a) *Basic*

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$48,915,000 (2022: HK\$39,232,000) by the weighted average number of ordinary shares of 5,923,739,000 (2022: 5,923,739,000) in issue during the year.

(b) *Diluted*

Diluted loss per share for the years ended 31st March 2023 and 2022 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 2023 and 2022.

9. Prepayments, deposits, trade and other receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	36,632	40,331
Less: impairment losses on trade receivables	<u>(19,868)</u>	<u>(19,868)</u>
Trade receivables – net	16,764	20,463
Prepayments	5,939	11,986
Other receivables and deposits	<u>54,942</u>	<u>73,007</u>
	77,645	105,456
Less: impairment losses on other receivables	<u>(37,596)</u>	<u>(65,054)</u>
	40,049	40,402
Less: deposits – non-current portion	(2,040)	(2,198)
Less: prepayments – non-current portion	<u>–</u>	<u>(1,831)</u>
Current portion	<u><u>38,009</u></u>	<u><u>36,373</u></u>

Note:

As at 31st March 2022, other receivables and deposits included an amount of HK\$56,096,000 due from JZZX. Despite the existence of a repayment plan proposed by JZZX in respect of the repayment of up to HK\$42,500,000, taking into consideration the historical settlement records, expected timing and amount of realisation of outstanding balance and forward-looking information in the macroeconomic environment, directors of the Company were of the view that there was uncertainty on the recoverability of the balance if JZZX failed to improve its financial position through operation or obtaining additional funding from financing arrangements. As a result, a full provision for impairment of the balance was made as at 31st March 2022, and it was included in “loss on disposal of a subsidiary” in Note 3.

During the year ended 31st March 2023, the Group was notified that JZZX has procured sufficient investment into the company to repay the agreed amount of HK\$42,500,000. A reversal of impairment of HK\$42,500,000 was thus recorded in the profit or loss during the year. Offset with the impairment loss made for other receivables during the year ended 31st March 2023, the impairment loss on other receivables as at 31st March 2023 has been reduced to HK\$37,596,000.

As at 31st March 2023 and 2022, the carrying amounts of deposits, trade and other receivables approximate their fair values.

At 31st March 2023 and 2022, all other receivables are unsecured and interest-free.

The credit terms to trade receivables generally range from 7 to 90 days (2022: 7 to 90 days).

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Current to 3 months	11,518	12,305
4 to 6 months	–	–
Over 6 months	<u>25,114</u>	<u>28,026</u>
	<u>36,632</u>	<u>40,331</u>

As at 31st March 2022, 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 2023.

At 31st March 2023, trade receivables of HK\$19,868,000 (2022: 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.

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
HK\$	12,818	10,730
Renminbi ("RMB")	19,125	27,943
New Taiwan dollar ("NTD")	<u>2,167</u>	<u>1,729</u>
	<u>34,110</u>	<u>40,402</u>

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
At 1st April	19,868	20,868
Reversal of provision for impairment of trade receivables	<u>–</u>	<u>(1,000)</u>
At 31st March	<u>19,868</u>	<u>19,868</u>

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
At beginning of the year	65,054	8,958
(Reversal of)/provision for impairment of other receivables, net	<u>(27,458)</u>	<u>56,096</u>
At end of the year	<u>37,596</u>	<u>65,054</u>

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade payables	6,892	8,157
Other payables and accruals (<i>Note</i>)	<u>63,916</u>	<u>65,120</u>
	<u>70,808</u>	<u>73,277</u>

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Current to 3 months	3,464	943
4 to 6 months	–	–
Over 6 months	<u>3,428</u>	<u>7,214</u>
	<u>6,892</u>	<u>8,157</u>

Note:

As at 31st March 2023, amount due to a director of the Company amounting to HK\$2,284,000 (2022: HK\$2,460,000) 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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
HK\$	41,927	39,737
RMB	28,152	31,156
United States dollar ("USD")	–	2,162
NTD	729	222
	<u>70,808</u>	<u>73,277</u>

11. Bank and other borrowings

	2023 HK\$'000	2022 <i>HK\$'000</i>
Bank overdrafts, secured	10,420	23,056
Secured bank loans – current portion	<u>20,737</u>	<u>24,216</u>
Total bank borrowings (<i>Note (a)</i>)	31,157	47,272
Other borrowings – non-current portion (<i>Note (b)</i>)	<u>94,948</u>	<u>96,068</u>
Total borrowings	<u>126,105</u>	<u>143,340</u>

The fair values of the borrowings approximate their carrying amounts at 31st March 2023 and 2022.

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
HK\$	75,532	90,056
RMB	50,448	51,568
NTD	125	1,716
	<u>126,105</u>	<u>143,340</u>

(a) Bank borrowings

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Within 1 year or repayable on demand	24,437	47,272
Between 1 to 2 years	2,213	–
Between 2 to 5 years	<u>4,507</u>	<u>–</u>
	<u>31,157</u>	<u>47,272</u>

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

At 31st March 2023, available facilities amounting to HK\$38,625,000 (2022: HK\$50,216,000) 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 (2022: HK\$23,169,000) and certain of the Group's investment properties with an aggregate carrying value of HK\$58,000,000 (2022: HK\$44,400,000) and;
- (ii) pledged bank deposits of HK\$13,500,000 (2022: HK\$23,500,000) 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 2023, the weighted average effective interest rate per annum of the Group's pledged bank deposits is 2.30% (2022: 0.20%). The pledged bank deposits are denominated in HK\$.

At 31st March 2023, the Group's bank borrowings bear floating interest rates from 2.30% to 3.85% (2022: from 0.78% to 4.00%) and fixed interest rate of 2.30% (2022: 1.55%) for NTD-denominated loans. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2023 is 3.65% (2022: 2.50%).

(b) Other borrowings

As at 31st March 2023, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$34,260,000) (2022: RMB30,000,000 (approximately HK\$36,900,000)) and interest of RMB9,775,000 (approximately HK\$11,163,000) (2022: RMB7,525,000 (approximately HK\$9,256,000)). The borrowing is interest-bearing at a fixed rate of 7.50% per annum (2022: 7.50% per annum) and unsecured. The principal and interest are 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 2023, the Group also had another borrowing with a principal amount of HK\$25,000,000 (2022: HK\$25,000,000) provided by IST Company Limited, an associate of the Group. The borrowing is unsecured, interest-free (2022: interest-free) and is not repayable before 31st December 2024 (2022: not repayable before 31st December 2023).

At 31st March 2023, the Group had a borrowing with a principal amount of HK\$24,525,000 (2022: HK\$24,912,000) provided by the controlling shareholder of the Company. The borrowing is unsecured, interest-free (2022: interest-free) and is not repayable before 31st December 2024 (2022: not repayable before 31st December 2023).

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\$48,915,000 (2022: HK\$39,232,000) and the directors do not recommend the payment of a dividend (2022: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2023, the Company and its subsidiaries (together the "Group") recorded a consolidated revenue of HK\$75,570,000 (2022: HK\$78,218,000), gross profit of HK\$16,304,000 (2022: HK\$38,573,000) and loss attributable to owners of the Company of HK\$48,915,000 (2022: HK\$39,232,000). The drop in gross profit was mainly attributable to the theatrical results of a new film title released during the year and the provision for impairment of films and program rights, films in progress and deposits for films and program rights amounting to approximately HK\$17.5 million (2022: HK\$3.6 million). The adjusted loss excluding the losses on revaluation of investment properties and financial assets at fair value through profit and loss of HK\$18,252,000 (2022: net gain of HK\$9,305,000) was improved from HK\$48,537,000 in 2022 to HK\$30,663,000 in 2023.

The contribution of revenues from the Group's channel operations segment for the year dropped from approximately HK\$41.3 million to approximately HK\$33.7 million, which was mainly attributable to the completion of the exclusive content supply contract with HBO Asia in June 2021 and accordingly the revenues of last year accounted for 3 months' results of which, and the channel operations segment is still the major revenue generating segment of the Group.

Quality media content is the key for both traditional and new media companies to compete with their rivals for viewership and revenue. The Group, making use of its film library content, has well positioned itself as an important content provider of Chinese movies and drama contents to companies in both the traditional and new media industries.

In Hong Kong, we provide a Chinese movie channel and video on demand ("VOD") service with hundreds of movies to TVB's new media platform, namely myTV SUPER, as well as its OTT APP in PRC. In Taiwan, we provide a Chinese movie/drama channel and VOD service to viewers through the telecom/OTT platform of Chung Hwa Telecom Company Limited.

The media industry was facing tremendous challenge due to the industry transformation. Despite this, our media businesses in Hong Kong and Taiwan remained stable in terms of both viewership and revenues during the year. We offered channels as well as on demand services in these two markets. Viewers could view our movies and drama series with their TV sets, PCs, mobile phones and tablets.

In November 2021, we started to provide movie contents to viewers via Youtube, which is one of the largest new media platforms in the world. The results were satisfactory and we are offering more local movies with Cantonese and Mandarin languages to our Youtube viewers. As of March 2023, we had over 525,000 subscribers in our Youtube services.

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\$12.3 million to HK\$24.8 million. During the year, two new film titles, namely "The Sparring Partner" and "Where the Wind Blows" were theatrically released. Both of which received a number of awards in different film festivals and events and out of which "The Sparring Partner" received welcoming and encouraging responses from the market. After taking into account the theatrical results, current market conditions and the estimated future recoverable amounts, the Group made provision for impairment in respect of certain of its film rights amounting to approximately HK\$17.5 million (2022: HK\$3.6 million) during the year. Looking forward, certain other titles which shootings have been completed will also be planned to release in the forthcoming year.

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. 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.

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 20% 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 the year and accordingly revenues contributed from this segment during the year dropped from approximately HK\$23.8 million to HK\$17.1 million. During the year, provisions for impairment of property, plant and equipment and right-of-use assets amounting to approximately HK\$1.5 million (2022: HK\$5.8 million) and HK\$3.9 million (2022: HK\$14.0 million) were made against the cinema operation segment after taking into account the operation scale.

In February 2022, the Group reached an agreement pursuant to which the Group ceased to implement control on a wholly controlled entity namely 北京在線九州信息技術服務有限公司 (“JZZX”) and accordingly de-consolidated JZZX in the Group’s accounts. JZZX also proposed a settlement plan against the Group’s accumulated advances previously granted to JZZX. Under the settlement plan, the accumulated advances are to be settled by instalments and as at 31st March 2023, all conditions in respect of the completion of the settlement plan were fulfilled and accordingly the Group recognised an income of approximately HK\$42.5 million in respect of the amount recovered.

As affected by COVID-19, the operating segment of concert performance and event organisation was suspended and did not generate revenue during the year. The segment is expected to be re-activated and generate rewarding revenues to the Group in the forthcoming financial year.

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 loss of approximately HK\$3.0 million (2022: gains of HK\$0.2 million). The investment properties portfolio of the Group contributed a loss on revaluation of approximately HK\$15.3 million (2022: gains of HK\$9.2 million). Such unrealised surpluses/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. Taking into account the recent development, the pandemic situation has been 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 and potential new businesses and generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 31st March 2023, the Group has available banking facilities of approximately HK\$38.6 million, of which approximately HK\$31.1 million were utilised. Corporate guarantees executed by the Company and certain of the Group’s deposits and properties with aggregate net book values of approximately HK\$93.2 million were pledged to banks to secure banking facilities. The Group’s gearing ratio of 38.1% as at 31st March 2023 was based on the total of bank and other borrowings of approximately HK\$126.1 million (of which HK\$24.4 million, HK\$97.2 million and HK\$4.5 million are repayable within one year, in the second year and in the third to fifth year respectively) and the shareholders’ funds of approximately HK\$331.2 million. The Group’s bank balances and borrowings are primarily denominated in HK\$, RMB and NTD. The Group will monitor its foreign currency exposure closely. During the year ended 31st March 2023, 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 2023, the Group had commitments in respect of films and program rights amounting to approximately HK\$48.3 million. The commitments will be financed by the Group’s internal resources and banking and other available facilities.

Employees

At 31st March 2023, the Group employed 94 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 approximately HK\$33.8 million (2022: HK\$38.5 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 2023.

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 2023 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, 30th June 2023

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.