

The directors present the condensed consolidated financial information of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2021. The consolidated income statement and consolidated statement of comprehensive income of the Group for the six months ended 30th September 2021, and the consolidated balance sheet of the Group as at 30th September 2021, all of which are unaudited and condensed, along with selected explanatory notes, are set out as follows:

Condensed Consolidated Income Statement

For the six months ended 30th September 2021

		Unaudited Six months ended 30th September	
		2021	2020
	Note	HK\$'000	HK\$'000
Revenue	4	39,103	32,456
Cost of sales		(15,645)	(12,532)
Gross profit		23,458	19,924
Other income		6,297	14,017
Other gains/(losses) — net	5	7,405	(7,715)
Selling, distribution and marketing expenses		(1,424)	(383)
Administrative expenses		(40,315)	(42,634)
Operating loss	6	(4,579)	(16,791)
Finance income		65	308
Finance costs		(5,618)	(5,011)
Finance costs — net	7	(5,553)	(4,703)
Share of net profits/(losses) of associates		3,752	(4,823)
Loss before income tax		(6,380)	(26,317)
Income tax (charge)/credit	8	(493)	517
Loss for the period		(6,873)	(25,800)
Loss attributable to:			
Owners of the Company		(6,873)	(25,261)
Non-controlling interests		—	(539)
		(6,873)	(25,800)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	9	(0.12 HK cents)	(0.43 HK cents)

Consolidated Statement of Comprehensive Income

For the six months ended 30th September 2021

	Unaudited Six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Loss for the period	(6,873)	(25,800)
Other comprehensive income/(loss), net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of buildings	10,392	900
Deferred taxation arising from revaluation surplus of buildings	(1,663)	(71)
<i>Items that may be reclassified to profit or loss</i>		
Currency translation differences	163	394
Other comprehensive income for the period, net of tax	8,892	1,223
Total comprehensive income/(loss) for the period	2,019	(24,577)
Total comprehensive income/(loss) attributable to:		
— Owners of the Company	2,019	(24,038)
— Non-controlling interests	—	(539)
Total comprehensive income/(loss) for the period	2,019	(24,577)

Condensed Consolidated Balance Sheet

As at 30th September 2021 and 31st March 2021

		Unaudited 30th September 2021	Audited 31st March 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		204,532	191,011
Investment properties		225,151	216,499
Right-of-use assets		91,540	93,375
Film rights, films in progress and film royalty deposits		159,445	164,708
Interests in associates		11,514	7,863
Other receivables and deposits	<i>11</i>	3,611	7,523
		695,793	680,979
Current assets			
Inventories		358	134
Prepayments, deposits, trade and other receivables	<i>11</i>	45,244	42,825
Deferred fulfilment costs		300	300
Financial assets at fair value through profit or loss		4,792	5,740
Pledged bank deposits		23,500	23,500
Short-term bank deposits		3,226	2,200
Cash and cash equivalents		7,091	25,219
		84,511	99,918
Total assets		780,304	780,897

		Unaudited 30th September 2021	Audited 31st March 2021
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	118,475	118,475
Share premium		407,428	407,428
Reserves		(149,339)	(151,358)
		376,564	374,545
Shareholders' funds		376,564	374,545
Non-controlling interests		9,212	9,212
Total equity		385,776	383,757
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	13	88,875	77,608
Lease liabilities		104,319	105,592
Deferred income tax liabilities		25,672	23,873
		218,866	207,073
Current liabilities			
Trade and other payables	12	66,814	85,387
Contract liabilities		17,649	19,160
Amounts due to associates		26,967	18,036
Bank overdrafts	13	21,007	21,867
Bank borrowings	13	26,888	29,228
Lease liabilities		10,801	10,632
Current income tax liabilities		5,536	5,757
		175,662	190,067
Total liabilities		394,528	397,140
Total equity and liabilities		780,304	780,897

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th September 2021

	Attributable to shareholders								Non-controlling interests	Total equity
	Share capital	Share premium	Share redemption reserve	Contributed surplus	Exchange difference	Buildings revaluation reserve	Other reserve	Accumulated losses		
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
The Group										
At 1st April 2021	118,475	407,428	12	189,009	(8,206)	82,605	(6,380)	(408,398)	9,212	383,757
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	—	(6,873)	—	(6,873)
Other comprehensive income/(loss)										
Surplus on revaluation of buildings	—	—	—	—	—	10,392	—	—	—	10,392
Deferred tax arising from revaluation surplus of buildings	—	—	—	—	—	(1,663)	—	—	—	(1,663)
Translation of foreign subsidiaries	—	—	—	—	163	—	—	—	—	163
Total other comprehensive income	—	—	—	—	163	8,729	—	—	—	8,892
Total comprehensive income/(loss) for the period	—	—	—	—	163	8,729	—	(6,873)	—	2,019
At 30th September 2021	118,475	407,428	12	189,009	(8,043)	91,334	(6,380)	(415,271)	9,212	385,776

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

Condensed Consolidated Cash Flow Statement

For the six months ended 30th September 2021

	Unaudited Six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
Cash used in operations	(3,420)	(7,479)
Income tax paid	(643)	(358)
Net cash used in operating activities	(4,063)	(7,837)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,081)	(1,782)
Purchase of film rights, films in progress and film royalty deposits	(2,018)	(6,420)
Proceeds from disposal of financial assets at fair value through profit or loss	–	4,400
Interest received	65	308
Change in short-term deposits	(1,026)	(978)
Net cash used in investing activities	(13,060)	(4,472)
Cash flows from financing activities		
Repayments of bank loans	(3,279)	(605)
Interest paid on bank and other borrowings	(1,373)	(763)
Repayments of principal elements of lease liabilities	(5,842)	(2,523)
Advance from a controlling shareholder	10,187	9,000
Net cash (used in)/generated from financing activities	(307)	5,109

	Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net decrease in cash and cash equivalents	(17,430)	(7,200)
Cash and cash equivalents at beginning of period	3,352	6,609
Exchange differences	162	1,352
Cash and cash equivalents at end of period	(13,916)	761
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	7,091	22,368
Bank overdrafts	(21,007)	(21,607)
	(13,916)	761

Selected Notes to Condensed Consolidated Interim Financial Information

1. General information

Mei Ah Entertainment Group Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in channel operations, film exhibition, film rights licensing and sub-licensing, cinema operations, concert performances and events organisation, applications and video online and property investment.

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

This condensed consolidated interim financial information was approved for issue on 30th November 2021.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30th September 2021 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31st March 2021, which have been prepared in accordance with HKFRSs.

During the period ended 30th September 2021, the Group incurred a net loss of HK\$6,873,000 and as at 30th September 2021, the Group had net current liabilities of approximately HK\$91,151,000.

The directors of the Company have given careful consideration to the future liquidity requirements and operating performance of the Group and its available sources of financing to assess whether the Group would have sufficient financial resources to fulfil its financial obligations to continue as a going concern. 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 existing and new bank and other facilities, including the financial support from the controlling shareholder of the Company, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30th September 2021. Accordingly, the directors consider that the Group will be able to continue as a going concern; and thus have prepared the consolidated financial statements on a going concern basis.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st March 2021, as described in those annual financial statements, except for the accounting policy changes that are expected to be reflected in the annual financial statements for the year ending 31st March 2022. Details of the changes in accounting policies are set out below:–

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

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

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

- (ii) The Group has not early adopted those new standards and amendments to standards that have been issued but not yet effective for the financial year beginning 1st April 2021.

4. **Segment information**

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

	Unaudited Six months ended 30th September 2021						Group
	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Applications and video online	Concert performance and events organisation	Property investment	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	18,390	9,039	11,307	367	—	—	39,103
Reportable segment profit/(loss)	1,749	(2,207)	(8,712)	(3,668)	—	11,144	(1,694)
Depreciation of property, plant and equipment	(17)	(186)	(6,102)	(3)	—	—	(6,308)
Depreciation of right-of-use assets	—	—	(3,014)	—	—	—	(3,014)
Fair value surplus on revaluation of investment properties	—	—	—	—	—	8,353	8,353
Amortisation for film rights	(4,988)	(198)	—	—	—	—	(5,186)
Finance costs	—	—	(4,206)	—	—	—	(4,206)
Additions to property, plant and equipment	10	—	24	10,047	—	—	10,081
Additions to film rights, films in progress and film royalty deposits	1,664	354	—	—	—	—	2,018
As at 30th September 2021	12,223	181,332	90,754	643	11,450	233,017	529,419
Reportable segment assets	(8,102)	(45,063)	(173,126)	(606)	(8,635)	(4,422)	(239,954)
Reportable segment liabilities							

Unaudited
Six months ended 30th September 2020

	Channel operations	Film exhibition and film rights licensing and sub-licensing	Cinema operations	Applications and video online	Concert performance and events organisation	Property investment	Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(note (a))</i>	<i>HK\$'000</i>
Segment revenue	25,439	1,928	4,422	667	—	—	32,456
Reportable segment profit/(loss)	5,873	(6,939)	(5,989)	(2,222)	—	(4,702)	(13,979)
Depreciation of property, plant and equipment	(142)	(72)	(5,563)	(3)	—	—	(5,780)
Depreciation of right-of-use assets	—	—	(4,000)	—	—	—	(4,000)
Fair value deficit on revaluation of investment properties	—	—	—	—	—	(6,444)	(6,444)
Amortisation for film rights	(5,410)	—	—	—	—	—	(5,410)
Finance costs	—	—	(3,976)	—	—	—	(3,976)
Additions to property, plant and equipment	34	—	1,748	—	—	—	1,782
Additions to film rights, films in progress and film royalty deposits	3,395	3,025	—	—	—	—	6,420
As at 31st March 2021							
Reportable segment assets	20,911	187,586	99,286	1,861	9,906	223,517	543,067
Reportable segment liabilities	(19,415)	(31,995)	(174,477)	(875)	(10,287)	(2,064)	(239,113)

Profit or loss

	Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment loss	(1,694)	(13,979)
Unallocated amounts:		
Unallocated other income	—	9
Unallocated other losses	(948)	(1,271)
Unallocated finance costs — net	(1,347)	(727)
Unallocated depreciation of property, plant and equipment	(3,392)	(3,361)
Unallocated depreciation of right-of-use assets	(394)	(394)
Unallocated share of profits/(losses) of associates	3,752	(4,823)
Unallocated corporate expenses	(2,357)	(1,771)
Loss before income tax	(6,380)	(26,317)

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Reportable segment assets	529,419	543,067
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	190,477	189,028
Unallocated financial assets at fair value through profit or loss	4,792	5,740
Unallocated cash and cash equivalents	61	75
Unallocated interests in associates and joint ventures	11,514	7,863
Unallocated corporate assets	44,041	35,124
Total assets	780,304	780,897
Liabilities		
Reportable segment liabilities	239,954	239,113
Unallocated liabilities:		
Unallocated bank and other borrowings	93,014	86,966
Unallocated amounts due to associates	26,967	18,036
Unallocated current income tax liabilities	5,536	5,757
Unallocated deferred tax liabilities	25,672	23,873
Unallocated corporate liabilities	3,385	23,395
Total liabilities	394,528	397,140

Secondary reporting format — geographical segment

The Group's is domiciled in Hong Kong. The results of its revenue from external customers and noncurrent assets other than financial assets located in Hong Kong and other countries are summarized below:

	Revenues from external customers Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	10,263	9,191
People's Republic of China	20,450	5,476
Taiwan	4,176	3,315
Other countries	4,214	14,474
	39,103	32,456
	Non-current assets (other than financial assets)	
	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	467,657	446,710
People's Republic of China	197,786	196,199
Taiwan	26,739	25,986
Other countries	—	4,561
	692,182	673,456

Note (a)

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

5. Other gains/(losses) — net

	Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Surplus/(deficit) on revaluation of investment properties	8,353	(6,444)
Fair value losses on financial assets at fair value through profit or loss	(948)	(1,271)
	7,405	(7,715)

6. Expenses by nature

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

	Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Amortisation of film rights	5,186	5,410
Cost of goods sold	109	129
Depreciation of property, plant and equipment	9,700	9,141
Depreciation of right-of-use assets	3,408	4,394
Employee benefit expenses	20,043	18,745

7. Finance costs — net

	Unaudited Six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Finance income		
— Interest income on short-term bank deposits	65	308
Finance costs		
— Interest on bank and other borrowings	(2,728)	(2,183)
— Interest on lease liabilities	(2,890)	(2,828)
	(5,618)	(5,011)
Finance costs — net	(5,553)	(4,703)

8. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period.

	Unaudited Six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Current income tax	442	—
Deferred income tax	51	517
Income tax credit	493	517

9. Loss per share

(a) Basic

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of HK\$6,873,000 (2020: HK\$25,261,000) and on the weighted average of 5,923,739,000 (2020: 5,923,739,000) ordinary shares in issue during the period.

(b) Diluted

For the six months ended 30th September 2021 and 2020, the diluted loss per share was the same as the basic loss per share as there were no outstanding potential ordinary shares during the period.

10. Dividends

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2021 (2020: Nil).

11. Prepayments, deposits, trade and other receivables

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	41,583	47,670
<i>Less: provision for impairment of receivables</i>	<i>(19,868)</i>	<i>(20,868)</i>
Trade receivables — net	21,715	26,802
Prepayments	2,025	6,197
Other receivables and deposits	25,115	17,349
	48,855	50,348
<i>Less: Other receivables and deposits — non current portion</i>	<i>(2,148)</i>	<i>(4,105)</i>
<i>Less: Trade receivables — non current portion</i>	<i>(1,463)</i>	<i>(3,418)</i>
Current portion	45,244	42,825

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

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	18,071	24,264
4 to 6 months	309	—
Over 6 months	23,203	23,406
	41,583	47,670

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

12. Trade and other payables

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	8,120	8,482
Other payables and accruals	58,694	76,905
	66,814	85,387

The ageing analysis of trade payables is as follows:

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 3 months	1,652	2,366
4 to 6 months	—	—
Over 6 months	6,467	6,116
	8,119	8,482

13. Bank and other borrowings

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank overdrafts — secured	21,007	21,867
Secured bank loans — current portion	26,888	29,228
Bank borrowings — current portion	47,895	51,095
Secured bank loans — non-current portion	732	1,671
Total bank borrowings	48,627	52,766
Other borrowing — non-current portion	88,143	75,937
Total borrowings	136,770	128,703

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

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	47,895	51,095
Between 1 to 2 years	732	1,671
	48,627	52,766

(b) Other borrowings

As at 30th September 2021, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$36,063,000) (31st March 2021: RMB30,000,000 (approximately HK\$35,495,000)) and interest of RMB6,400,000 (approximately HK\$7,693,000) (31st March 2021: RMB5,275,000 (approximately HK\$6,242,000)). The borrowing is interest-bearing at a fixed rate of 7.5% per annum and unsecured. The principal and interest are not repayable within 5 years from drawdown date. The lender is a company partially owned by a brother of the Group's controlling shareholder.

At 30th September 2021, the Group also had another borrowing with a principal amount of HK\$25,000,000 (31st March 2021: 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 2022.

At 30th September 2021, the Group had a borrowing with a principal amount of HK\$19,387,000 (31st March 2021: HK\$9,200,000) provided by the controlling shareholder of the Company. The borrowing is unsecured, interest-free and is not repayable before 1st October 2022.

14. Share capital

	Number of ordinary shares		Ordinary shares	
	Unaudited 30th September 2021	Audited 31st March 2021	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised	15,000,000	15,000,000	300,000	300,000
Issued and fully paid	5,923,739	5,923,739	118,475	118,475

15. Capital commitments

As at 30th September 2021, the Group had contracted commitments but not provided for in the financial information as follows:

	Unaudited 30th September 2021	Audited 31st March 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Film rights, films in progress and film royalty deposits	1,875	1,701
Licenses	1,666	1,994
Investment in a digital media project	—	12,144
	3,541	15,839

16. Related party transactions

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

	Unaudited Six months ended 30th September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Payout, post-production, origination and project development services payable to an associated company	5,070	2,767
Rental income receivable from associated companies	655	655
Management fee income receivable from an associated company	138	138
Other administrative costs payable to an associated company	284	368

Interim Dividend

The board does not recommend the payment of an interim dividend for the six months ended 30th September 2021 (2020: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30th September 2021, the Group recorded a consolidated revenue of HK\$39,103,000 (2020: HK\$32,456,000), gross profit of HK\$23,458,000 (2020: HK\$19,924,000) and a loss attributable to owners of the Company of HK\$6,873,000 (2020: HK\$25,261,000).

The contribution of revenues from the Group's channel operations segment for the period dropped from approximately HK\$25 million to approximately HK\$18 million, which was mainly attributable to the completion of our exclusive content supply contract with HBO Asia since June 2021, and 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 media industry is in the stage of transforming from traditional media to new media industry. A large number of viewers are moving out from traditional TV services to join the fast growing OTT services. Our business strategy of positioning the Group as an important content provider of Chinese contents to both the traditional and new media companies has been proven successful during the period of industry transformation which offers OTT service to viewers through internet. Viewers can now enjoy our contents through various devices including mobile phone, tablet, PC and TV set. Such a strategy dramatically enlarges the coverage of our contents to the viewers who are not customers of traditional TV services. In South East Asia, the completion of our exclusive content supply contract with HBO Asia opened a huge potential to our Group to supply our contents to the fast growing new media industry in South East Asia where international new media giants are actively acquiring contents in order to grow their subscribers. The Group will adopt a non-exclusive cooperation strategy with these new media companies. In Hong Kong, the Group is supplying a Chinese movie channel with hundreds of movies to TVB's new media platform, namely myTV SUPER. During the period, we have increased our supply of movies to TVBC's (a joint venture company of TVB group in PRC) OTT APP. In Taiwan, we provided a Chinese movie/drama channel to viewers through the telecom/OTT platform of Chung Hwa Telecom Company Limited.

The Group soft-launched its content business with a limited number of movies in YouTube in November 2021. The response from viewers to our soft-launch in YouTube is encouraging. With the encouraging result of the soft-launch, we are planning for a full scale launch with hundreds of movies in YouTube in the coming year. We anticipate that this new media business will start to generate advertising and subscription revenues to the Group from 2022 onwards.

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

The contribution of revenues from the Group's film exhibition and film rights licensing and sublicensing segment increased from approximately HK\$2 million to HK\$9 million. Although the original schedules of releasing new titles were delayed due to the outbreak of COVID-19 and no new titles was released during the year. A number of new titles are scheduled to be released in the forthcoming year, including titles namely "Theory of Ambitions" and "Twin Blades" and certain other titles which shooting have been completed.

In PRC, there are strong demands on our contents. Since 2018, the Group authorised iQiyi, the new media platform in the PRC, to broadcast contents from the high content library of the Group on a non-exclusive basis. The Group also entered into similar agreements with Youku and Ixigua, the new media operators in the PRC, since last year to broadcast its film library content. During the period, the Group further concluded agreements to release content through the media platforms of Bilibili and Tencent. These cooperations further confirm the Group's important expansion strategy, as a content provider, of entering into the new media market in the PRC 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 in the PRC.

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

The Group has started to penetrate into the China theatrical market and established its first 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 for approximately three months last year and accordingly revenues contributed from this segment during the period increased from approximately HK\$4 million to HK\$11 million.

Due to the outbreak of COVID-19, the operating segment of concert performance and event organisation was suspended and did not generate revenue during the period. Following the reactivation of the segment recently, the concert activities are expected to be re-opened soon.

The Group's channel management operations are conducted through its associated company, namely IST Company Limited ("IST"). Other than providing channel management services, IST also provides services of playout, post production, HD-film restoration and internetworking solution. During the period, IST contributed profit of approximately HK\$3.7 million (2020: loss of HK\$4.8 million) to the Group.

During the period, following the changes in the investment market conditions, the Group's financial assets at fair value through profit or loss recorded a fair value loss of approximately HK\$0.9 million (2020: loss of HK\$1.3 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK\$8.3 million (2020: deficit of HK\$6.4 million). Such unrealised surpluses/losses have no effect on the Group's cash flow.

In respect of the legal proceeding against the Company, the Company reached a settlement deed with the plaintiff in February 2021 as full and final settlement of the proceeding. During the period, the settlement amount under the settlement deed was fully settled.

COVID-19 has posted unprecedented challenges to worldwide economy, and the entertainment industry has become one of the worst hit segments. Taking into account the recent development on the availability of vaccine, the pandemic situation is hopefully to be recovered and the Group's operations will gradually restore to normal. Looking forward, the Group will continue to actively seek investment opportunities that are related and/or creating synergies to the Group's existing businesses and generate greatest returns for its shareholders and reward their long-term support.

Liquidity and financial resources

At 30th September 2021, the Group has available banking facilities of approximately HK\$51,120,000, of which approximately HK\$48,627,000 were utilised. Corporate guarantees executed by the Company and certain of the Group's deposits and properties with aggregate net book values of HK\$69,500,000 were pledged to banks to secure banking facilities. The Group's gearing ratio of 36.3% as at 30th September 2021 was based on the total of bank loans and other loans of HK\$136,770,000 (of which HK\$47,895,000, HK\$25,732,000 and HK\$63,143,000 are repayable within one year, in the second year and after the third year respectively) and the shareholders' funds of approximately HK\$376,564,000. The Group's bank balances and borrowings are primarily denominated in HK\$, RMB and NTD. The Group will monitor its foreign currency exposure closely.

During the period ended 30th September 2021, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency.

At 30th September 2021, the Group had commitments in respect of film rights, films in progress, film royalty deposits, and licenses amounting to approximately HK\$3,541,000. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 30th September 2021, the Group employed 133 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\$20,043,000 were charged to the profit or loss during the period.

Share option scheme

Details of the share option scheme (the “Scheme”) approved by the shareholders of the Company at the annual general meeting on 1st September 2014 were disclosed in the Company’s circular dated 31st July 2014 and the annual report for the year ended 31st March 2021.

There was no outstanding share option as at 30th September 2021.

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

At 30th September 2021, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

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

Name of director	Number of shares beneficially held-long position			% of the issued share capital of the Company as at 30th September 2021
	Personal interests	Family interests	Corporate interests	
Mr. Li Kuo Hsing	529,907,500	189,843,750 <i>Note (i)</i>	2,540,177,550 <i>Note (ii)</i>	55.03%
Mr. Li Tang Yuk	1,940,000	—	—	0.03%
Dr. Dong Ming	5,000,000	—	—	0.08%

Notes:

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

(b) Interest in subsidiaries of the Company

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

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

With the exception of the interests disclosed above,

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

Substantial shareholders' shares and underlying shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 30th September 2021, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition of those disclosed above in respect of the directors and chief executives.

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

Name	Note	Number of shares beneficially held — Long position	% of the issued share capital of the Company as at 30th September 2021
Ho Chi Sing	(a)	398,840,000	6.73
IDG-Accel China Growth Fund Associates L.P.	(b)	370,205,516	6.25
IDG-Accel China Growth Fund GP Associates Ltd.	(b)	370,205,516	6.25
Zhou Quan	(b)	370,205,516	6.25
IDG-Accel China Growth Fund — L.P.		307,385,666	5.19
Li Pei Chin		334,042,000	5.64
Li Guolin		296,195,000	5.00

Notes:

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

Compliance with the Code of Corporate Governance Practices

During the six months ended 30th September 2021, the Group has complied with the code provisions set out in the Code of Corporate Governance Practices under Appendix 14 of the Listing Rules, with the exception of the deviation in respect of the appointment term of non-executive directors.

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

Compliance with the Model Code

During the six months ended 30th September 2021, the Group has adopted the code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard set out in the Model Code under Appendix 10 of the Listing Rules and having made specific enquiry of all directors, the directors of the Company have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30th September 2021.

Audit committee

The Company has established an audit committee (the “Audit Committee”) comprising the three independent non-executive directors of the Company. The Audit Committee has reviewed the interim results of the Group for the six months ended 30th September 2021.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 30th November 2021