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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 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	2	78,218	95,588
Cost of sales	4	<u>(39,645)</u>	<u>(54,541)</u>
Gross profit		38,573	41,047
Other income	2	10,034	8,297
Other gains — net	3	8,248	32,118
Selling, distribution and marketing expenses	4	(5,248)	(4,742)
Administrative expenses	4	(87,656)	(124,911)
Net reversal of/(provision for) impairment losses on financial assets		<u>450</u>	<u>(8,123)</u>
Operating loss		(35,599)	(56,314)
Finance income	5	<u>319</u>	<u>876</u>
Finance costs	5	<u>(9,897)</u>	<u>(9,953)</u>
Finance costs — net		(9,578)	(9,077)
Share of profits/(losses) of associates — net		2,606	(1,768)
Share of loss of a joint venture		<u>—</u>	<u>(4)</u>
Loss before income tax		(42,571)	(67,163)
Income tax credit	6	<u>3,238</u>	<u>7,766</u>
Loss for the year		<u>(39,333)</u>	<u>(59,397)</u>
Loss attributable to:			
Owners of the Company		(39,232)	(58,249)
Non-controlling interests		<u>(101)</u>	<u>(1,148)</u>
		<u>(39,333)</u>	<u>(59,397)</u>
		<i>HK cents</i>	<i>HK cents</i>
Loss per share attributable to owners of the Company			
Basic and diluted loss per share	7	<u>(0.66)</u>	<u>(0.98)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2022

	2022 HK\$'000	2021 HK\$'000
Loss for the year	(39,333)	(59,397)
Other comprehensive income, net of tax:		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Surplus on revaluation of buildings	29,238	50
Deferred taxation arising from revaluation surplus of buildings	(4,729)	69
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	(55)	4,140
Other comprehensive income for the year, net of tax	24,454	4,259
Total comprehensive loss for the year	(14,879)	(55,138)
Total comprehensive loss attributable to:		
Owners of the Company	(15,176)	(54,463)
Non-controlling interests	297	(675)
Total comprehensive loss for the year	(14,879)	(55,138)

CONSOLIDATED BALANCE SHEET

As at 31st March 2022

	Note	2022 HK\$'000	2021 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		206,445	191,011
Investment properties		226,943	216,499
Right-of-use assets		74,859	93,375
Film and program rights, films in progress and deposits for film and program rights		153,377	164,708
Interests in associates		10,513	7,863
Interests in joint ventures		—	—
Prepayments, deposits and trade receivables	9	4,029	7,523
		<u>676,166</u>	<u>680,979</u>
Current assets			
Inventories		331	134
Prepayments, deposits, trade and other receivables	9	36,373	42,825
Deferred fulfilment costs		—	300
Financial assets at fair value through profit or loss		5,893	5,740
Pledged bank deposits		23,500	23,500
Short-term bank deposits		3,309	2,200
Cash and bank balances		11,624	25,219
		<u>81,030</u>	<u>99,918</u>
Total assets		<u>757,196</u>	<u>780,897</u>
Equity			
Equity attributable to owners of the Company			
Share capital		118,475	118,475
Share premium		407,428	407,428
Reserves		(166,534)	(151,358)
		<u>359,369</u>	<u>374,545</u>
Shareholders' funds		359,369	374,545
Non-controlling interests		9,509	9,212
		<u>368,878</u>	<u>383,757</u>
Total equity		<u>368,878</u>	<u>383,757</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Bank and other borrowings	<i>11</i>	96,068	77,608
Lease liabilities		102,674	105,592
Deferred income tax liabilities		26,431	23,873
		<u>225,173</u>	<u>207,073</u>
Current liabilities			
Trade and other payables	<i>10</i>	73,277	85,387
Contract liabilities		13,374	19,160
Amounts due to associates		13,710	18,036
Bank overdrafts	<i>11</i>	23,056	21,867
Bank loans	<i>11</i>	24,216	29,228
Lease liabilities		11,438	10,632
Current income tax liabilities		4,074	5,757
		<u>163,145</u>	<u>190,067</u>
Total liabilities		<u>388,318</u>	<u>397,140</u>
Total equity and liabilities		<u>757,196</u>	<u>780,897</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March 2022

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Share redemption reserve HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Exchange difference HK\$'000	Buildings revaluation reserve HK\$'000	Accumulated losses HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1st April 2020	118,475	407,428	12	1,536	189,009	(11,504)	82,486	(350,149)	1,602	438,895
Comprehensive loss										
Loss for the year	—	—	—	—	—	—	—	(58,249)	(1,148)	(59,397)
Other comprehensive income										
Surplus on revaluation of buildings	—	—	—	—	—	—	50	—	—	50
Deferred taxation arising from revaluation surplus of buildings	—	—	—	—	—	—	69	—	—	69
Currency translation differences										
— Group	—	—	—	—	—	3,176	—	—	473	3,649
— Associates	—	—	—	—	—	64	—	—	—	64
— Release of exchange reserve upon disposal of subsidiaries	—	—	—	—	—	427	—	—	—	427
Total other comprehensive income	—	—	—	—	—	3,667	119	—	473	4,259
Total comprehensive loss	—	—	—	—	—	3,667	119	(58,249)	(675)	(55,138)
Transaction with non-controlling interest	—	—	—	(7,916)	—	(369)	—	—	8,285	—
Total transactions with owners, recognised directly in equity	—	—	—	(7,916)	—	(369)	—	—	8,285	—
Balance at 31st March 2021	<u>118,475</u>	<u>407,428</u>	<u>12</u>	<u>(6,380)</u>	<u>189,009</u>	<u>(8,206)</u>	<u>82,605</u>	<u>(408,398)</u>	<u>9,212</u>	<u>383,757</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 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	118,475	407,428	12	(6,380)	189,009	(8,659)	107,114	(447,630)	9,509	368,878

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\$39,333,000 (2021: HK\$59,397,000) for the year ended 31st March 2022, while the Group’s current liabilities exceeded its current assets by HK\$82,115,000 (2021: HK\$90,149,000) and its cash and bank balances amounting to HK\$11,624,000 (2021: HK\$25,219,000) as at the same date. The Group’s business operations, in particular the film exhibitions and cinema operations, have been adversely affected since the outbreak of Coronavirus Disease 2019 (“COVID-19”) since early 2020 and is continuously being affected through the year ended 31 March 2022 and up to the date of the approval of the financial statements. The timing of film release has been postponed in response to market situation and restrictions of operation have been imposed in cinemas.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

In view of these circumstances, 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 Group has taken plans and measures to improve its financial position and to alleviate its liquidity pressure, which include the following:

- (i) The management of the Company has scheduled to release its films during the year ending 31st March 2023 and is confident that the Company can collect the proceeds from box office and licensing arrangements by 31st March 2023 despite the development of its film and exhibition operation remain uncertain under the impact of COVID-19. The directors of the Company are also taking measures to improve the operating results of the Group’s cinema and licensing operations in Mainland China in anticipation of further easing of prevention and control measures imposed by the government.

- (ii) In respect of the Group's existing bank facilities of HK\$50,216,000 at 31st March 2022, of which HK\$47,272,000 has been utilised as at the same date, the directors of the Company considered that such facilities will continue to be available given that such facilities are secured by the Group's investment properties, property, plant and equipment and pledged bank deposits with carrying value at 31st March 2022 of HK\$44,400,000, HK\$23,169,000 and HK\$23,500,000 respectively. In May 2022, the Group obtained an additional bank facility of HK\$25,000,000 which is secured by the Group's investment properties pledged with carrying value at 31st March 2022 of HK\$66,500,000. In addition to the abovementioned, the Group had investment properties amounting to HK\$116,043,000 as at 31st March 2022 that were not pledged up to the date of this report. The directors of the Company are confident that the Group can obtain new bank facilities, as and when needed, by pledging these investment properties portfolio as security. These unpledged investment properties are located in major cities, including Hong Kong, Guangzhou and Xiamen. The Group may also consider to dispose of certain of these unpledged investment properties to satisfy its funding needs as and when necessary.
- (iii) In addition, 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 of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31st March 2022. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31st March 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, whether the Group will be able to generate adequate cash flows to continue as a going concern would depend upon the following:

- (i) Timely release of its films and collection of the relevant proceeds from the box office and licensing arrangements in the financial year ending 31st March 2023 as anticipated by the directors of the Company;
- (ii) Successful implementation of measures to improve the operating results of the Group's cinema and licensing business in Mainland China and to generate sufficient cash inflow upon further easing of prevention and control measures currently imposed by the government in Mainland China;
- (iii) Successful in securing new or renewing existing bank facilities by pledging investment properties or obtain additional funding through disposal of its investment properties to provide additional funding, as and when needed; in order to provide additional funding, as and when needed; and
- (iv) Successful in obtaining financial support from the controlling shareholder, as and when needed.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

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 standards and amendments to HKFRS issued by HKICPA for the first time for their annual reporting period commencing 1st April 2021:

Amendments to HKAS 39, HKFRS 4, Interest Rate Benchmark Reform — Phase 2
HKFRS 7, HKFRS 9 and HKFRS 16

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 2022 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 2021 (amendments)	1st April 2021
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1st January 2022
Annual improvements 2018 - 2020 cycle	Improvements to HKFRSs	1st January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combinations	1st January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1st January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1st January 2023
Amendments to HKFRS 17	Insurance Contracts	1st January 2023
HKFRS 17	Insurance Contracts	1st January 2023
Revised 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 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1st January 2023
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1st January 2023
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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue		
Channel operations	41,264	56,170
Film exhibition and film rights licensing and sub-licensing	12,322	11,915
Cinema operations	23,781	26,186
Applications and video online	851	1,317
	<u>78,218</u>	<u>95,588</u>
Other income		
Rental income from investment properties	7,389	5,616
Management fee income	276	276
Dividend income	18	9
Government grants (<i>Note</i>)	50	1,589
Others	2,301	807
	<u>10,034</u>	<u>8,297</u>
	<u>88,252</u>	<u>103,885</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 2022 and 2021, 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 2022 and 2021, the Group mainly operates in below 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 2022 by each principal activity is as follows:

	Channel operations <i>HKS'000</i>	Film exhibition and film rights licensing and sub-licensing <i>HKS'000</i>	Cinema operations <i>HKS'000</i>	Concert performance and events organisation <i>HKS'000</i>	Applications and video online <i>HKS'000</i>	Property investment <i>HKS'000</i>	Others <i>HKS'000</i>	Group <i>HKS'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 and 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	3,060	2,363	—	—	—	—	—	5,423
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	41,264	—	—	—	—	—	—	41,264
	41,264	12,322	23,781	—	851	—	—	78,218

The segment information for the year ended 31st March 2021 by each principal activity is as follows:

	Channel operations HK\$'000	Film exhibition and film rights licensing and sub-licensing HK\$'000	Cinema operations HK\$'000	Concert performance and events organisation HK\$'000	Applications and video online HK\$'000	Property investment HK\$'000	Others HK\$'000	Group HK\$'000
Segment revenue	56,170	11,915	26,186	—	1,317	—	—	95,588
Reportable segment profit/(loss)	6,997	(2,663)	(53,258)	360	(4,593)	4,379	(110)	(48,888)
Reportable segment assets	20,911	187,586	99,286	9,906	1,861	223,517	27,397	570,464
Reportable segment liabilities	(19,415)	(31,995)	(174,477)	(10,287)	(875)	(2,064)	(10,436)	(249,549)
Depreciation of property, plant and equipment	(247)	(356)	(11,530)	—	(83)	—	(322)	(12,538)
Depreciation of right-of-use assets	—	—	(8,276)	—	—	—	—	(8,276)
Fair value gains on revaluation of investment properties	—	—	—	—	—	3,239	—	3,239
Amortisation of film and program rights	(13,161)	—	—	—	—	—	—	(13,161)
Provision for impairment of film and program rights, films in progress and deposits for film and program rights	(7,666)	(6,734)	—	—	—	—	—	(14,400)
Provision for impairment of property, plant and equipment	—	—	(16,000)	—	—	—	—	(16,000)
Provision for impairment of right-of-use assets	—	—	(29,000)	—	—	—	—	(29,000)
Impairment losses on amounts due from associates	—	(1,344)	(3,514)	—	(111)	—	—	(4,969)
Impairment losses on other receivables	—	(3,730)	—	—	—	(454)	—	(4,184)
Reversal of previous impairment losses on amount due from a joint venture	—	—	—	—	400	—	—	400
Finance costs	—	—	(8,557)	—	—	—	—	(8,557)
Additions to property, plant and equipment	19	—	710	—	—	335	—	1,064
Additions to film and program rights, films in progress and deposits for film and program rights	7,213	8,380	—	—	—	—	—	15,593
Disaggregation of revenue from contracts with customers								
Timing of revenue recognition:								
At a point in time	—	11,915	26,186	—	1,317	—	—	39,418
Over time	56,170	—	—	—	—	—	—	56,170
	56,170	11,915	26,186	—	1,317	—	—	95,588

- (a) Others include the artiste management segment and sales and distribution of films and programs in audio visual product format segment.
- (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\$7,665,000 (2021: HK\$5,892,000) 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	2022	2021
	HK\$'000	HK\$'000
Reportable segment loss	(28,297)	(48,888)
Unallocated amounts:		
Unallocated other income	18	9
Unallocated other gains — net	153	1,836
Unallocated finance costs	(1,280)	(1,396)
Unallocated reversal of previous impairment losses on other receivables	—	630
Unallocated depreciation of property, plant and equipment	(6,830)	(6,068)
Unallocated depreciation of right-of-use assets	(788)	(788)
Unallocated share of profit/(loss) of an associate	2,606	(1,768)
Unallocated share of loss of a joint venture	—	(4)
Unallocated corporate expenses	(8,153)	(10,726)
Loss before income tax per consolidated income statement	(42,571)	(67,163)
Assets	2022	2021
	HK\$'000	HK\$'000
Reportable segment assets	525,299	570,464
Unallocated assets:		
Unallocated property, plant and equipment and right-of-use assets	213,231	189,028
Unallocated financial assets at FVPL	5,893	5,740
Unallocated cash and bank balances	68	75
Unallocated interests in associates and joint ventures	10,513	7,863
Unallocated corporate assets	2,192	7,727
Total assets per consolidated balance sheet	757,196	780,897

Liabilities	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Reportable segment liabilities	230,983	249,549
Unallocated liabilities:		
Unallocated bank and other borrowings	97,184	86,966
Unallocated amounts due to associates	13,710	18,036
Unallocated current income tax liabilities	4,074	5,757
Unallocated deferred income tax liabilities	26,431	23,873
Unallocated corporate liabilities	15,936	12,959
	<hr/>	<hr/>
Total liabilities per consolidated balance sheet	388,318	397,140
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(d) 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	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	35,316	28,887
Mainland China	25,707	28,240
Taiwan	9,633	9,784
Other countries	7,562	28,677
	<hr/>	<hr/>
	78,218	95,588
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During the year ended 31st March 2022, a customer contributed over 10% of the Group's revenue (2021: 2 customers). The revenue from the customers during the years are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	—*	28,677
Customer B	23,806	17,710
	<hr/> <hr/>	<hr/> <hr/>

* 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)	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	473,445	446,710
Mainland China	171,974	196,199
Taiwan	25,400	25,986
Other countries	1,318	4,561
	<u>672,137</u>	<u>673,456</u>

3. Other gains — net

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value gains on revaluation of investment properties	9,152	3,239
Fair value gains on financial assets at FVPL	153	1,240
Loss on disposal of property, plant and equipment — net	—	(6)
Loss on disposal of a subsidiary (<i>Note (iii)</i>)	(1,057)	—
Gain on early termination of a lease contract (<i>Note (i)</i>)	—	7,526
Write-off of unclaimed accrual (<i>Note (ii)</i>)	—	19,517
Others	—	602
	<u>8,248</u>	<u>32,118</u>

Notes:

- (i) During the year ended 31st March 2021, the Group successfully terminated a lease contract early for its cinema operations in Shanghai at a cost lower than the amount originally stated in the lease contract and accrued by the Group. As a result, a gain on early termination of a lease contract of HK\$7,526,000 was recognised in the consolidated income statement.
- (ii) During the year ended 31st March 2021, the Group wrote off an accrual of HK\$19,517,000 set aside for the portion of the film rights licensing income received from a film distributor in Mainland China (“PRC Distributor”) in excess of the amount as determined based on the relevant licensing agreement. The accrual was written-off in the current year after the PRC Distributor had been deregistered for more than 7 years as the directors of the Company considered it is extremely remote that the Group will be required to pay the amount.
- (iii) On 28 February 2022, the Group terminated a Variable Interest Entity (“VIE”) arrangement 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. In view of the uncertainty over the recoverability of amount due from JZZX of HK\$56,096,000, a full provision was made based on management’s assessment (Note 9). As a result, upon such deconsolidation, the Group recorded a net loss of HK\$1,057,000 which is recognised in “other 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Amortisation of film and program rights	13,873	13,161
Depreciation		
— Owned property, plant and equipment	11,844	18,606
— Right-of-use assets	7,031	9,064
Provision for impairment of film and program rights, films in progress and deposits for film and program rights	3,586	14,400
Provision for impairment of property, plant and equipment	5,833	16,000
Provision for impairment of right-of-use assets	14,005	29,000
Provision for impairment of deferred fulfilment costs	300	—
Rent concessions granted as a direct consequence of COVID-19	(295)	(4,469)
Auditor's remuneration		
— Audit services	1,861	1,815
— Non-audit services	—	80
Direct operating expenses arising from investment properties that generate rental income	1,415	1,655
Employee benefit expenses (including directors' emoluments)	38,465	40,436
Exchange (gains)/losses	(1,371)	1,456
Marketing and promotion expenses	756	152
Short-term operating lease rental in respect of buildings	31	88
Production, payout and origination costs	6,366	8,801
Claims, legal and professional fees	3,563	3,919
Cost of inventories	189	360
	<u>189</u>	<u>360</u>

5. Finance costs — net

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
— Interest income on short-term bank deposits	108	280
— Interest income from the financing components of contracts with customers	211	596
	<u>319</u>	<u>876</u>
Finance costs		
— Interest on bank and other borrowings	(4,294)	(4,339)
— Interest element of lease liabilities	(5,603)	(5,614)
	<u>(9,897)</u>	<u>(9,953)</u>
Finance costs — net	<u>(9,578)</u>	<u>(9,077)</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 2022 and 2021. 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
— Hong Kong corporate income tax	—	—
— Overseas corporate income tax	90	—
— Over-provision in prior years (<i>Note</i>)	(1,003)	(5,437)
Deferred income tax	(2,325)	(2,329)
Income tax credit	(3,238)	(7,766)

Note:

It represents the derecognition of tax provision of which the time-bar period for assessment of the relevant provision has expired during the years ended 31st March 2022 and 2021.

7. Loss per share

(a) *Basic*

Basic loss per share is calculated by dividing the loss attributable to owners of the Company of HK\$39,232,000 (2021: HK\$58,249,000) by the weighted average number of ordinary shares of 5,923,739,000 (2021: 5,923,739,000) in issue during the year.

(b) *Diluted*

Diluted loss per share for the years ended 31st March 2022 and 2021 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 2022 and 2021.

9. Prepayments, deposits, trade and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	40,331	47,670
Less: impairment losses on trade receivables	<u>(19,868)</u>	<u>(20,868)</u>
Trade receivables — net	20,463	26,802
Prepayments	11,986	8,188
Other receivables and deposits (<i>Note(a)</i>)	<u>73,007</u>	<u>24,316</u>
	105,456	59,306
Less: impairment losses on other receivables (<i>Note(a)</i>)	<u>(65,054)</u>	<u>(8,958)</u>
	40,402	50,348
Less: deposits — non-current portion	(2,198)	(2,114)
Less: prepayments — non-current portion	(1,831)	(1,991)
Less: trade receivables — non-current portion	<u>—</u>	<u>(3,418)</u>
Current portion	<u><u>36,373</u></u>	<u><u>42,825</u></u>

Note (a):

Other receivables and deposits include an amount of HK\$56,096,000 due from JZZX. Despite the existence of a repayment plan proposed by JZZX, 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 are of the view that there is uncertainty on the recoverability of the balance if JZZX fails 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.

As at 31st March 2022 and 2021, the carrying amounts of deposits, trade and other receivables approximate their fair values.

At 31st March 2022 and 2021, all other receivables are unsecured and interest-free.

The credit terms to trade receivables generally range from 7 to 90 days (2021: 7 to 90 days).

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 3 months	12,305	24,264
4 to 6 months	—	—
Over 6 months	28,026	23,406
	40,331	47,670

As at 31st March 2022, a trade receivable of HK\$3,553,000 (2021: HK\$8,083,000) arising from a film rights licensing contract comprised a significant financing component at 6% per annum (2021: 6% per annum).

At 31st March 2022, trade receivables of HK\$19,868,000 (2021: HK\$20,868,000) 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 prepayments, deposits, trade and other receivables are denominated in the following currencies:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	10,730	9,634
Renminbi ("RMB")	27,943	37,825
New Taiwan Dollar ("NTD")	1,729	2,889
	40,402	50,348

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1st April	20,868	20,868
Reversal of provision for impairment of trade receivables	(1,000)	—
At 31st March	19,868	20,868

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
At 1st April	8,958	5,404
Provision for impairment of other receivables	56,096	3,554
	<hr/>	<hr/>
At 31st March	65,054	8,958
	<hr/> <hr/>	<hr/> <hr/>

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Trade payables	8,157	8,482
Other payables and accruals (<i>Note</i>)	65,120	76,905
	<hr/>	<hr/>
	73,277	85,387
	<hr/> <hr/>	<hr/> <hr/>

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Current to 3 months	943	2,366
4 to 6 months	—	—
Over 6 months	7,214	6,116
	<hr/>	<hr/>
	8,157	8,482
	<hr/> <hr/>	<hr/> <hr/>

Note:

As at 31st March 2022, amount due to a director of the Company amounting to HK\$2,460,000 (2021: HK\$2,366,000) was repayable on demand, interest-free, unsecured and its carrying amount approximates its fair value.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	39,737	51,128
RMB	31,156	31,364
United States Dollar ("USD")	2,162	2,162
NTD	222	733
	<u>73,277</u>	<u>85,387</u>

11. Bank and other borrowings

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank overdrafts, secured	23,056	21,867
Secured bank loans — current portion	<u>24,216</u>	<u>29,228</u>
Bank borrowings — current portion	47,272	51,095
Secured bank loans — non-current portion	<u>—</u>	<u>1,671</u>
Total bank borrowings (<i>Note (a)</i>)	47,272	52,766
Other borrowings — non-current portion (<i>Note (b)</i>)	<u>96,068</u>	<u>75,937</u>
Total borrowings	<u>143,340</u>	<u>128,703</u>

The fair values of the bank and other borrowings approximate their carrying amounts as at 31 March 2022 and 2021.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
HK\$	90,056	83,566
RMB	51,568	41,737
NTD	<u>1,716</u>	<u>3,400</u>
	<u>143,340</u>	<u>128,703</u>

(a) Bank borrowings

The Group's bank borrowings are repayable as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 year and repayable on demand	47,272	51,095
Between 1 to 2 years	<u>—</u>	<u>1,671</u>
	<u>47,272</u>	<u>52,766</u>

At 31st March 2022, available facilities amounting to HK\$50,216,000 (2021: HK\$54,399,000) 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\$23,169,000 (2021: HK\$23,193,000) and certain of the Group's investment properties with an aggregate carrying value of HK\$44,400,000 (2021: HK\$46,100,000);
- (ii) corporate guarantees executed by the Company; and
- (iii) pledged bank deposits of HK\$23,500,000 (2021: 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 2022, the weighted average effective interest rate per annum of the Group's pledged bank deposits is 0.2% (2021: 0.2%). The pledged bank deposits are denominated in HK\$.

At 31st March 2022, the Group's bank borrowings bear floating interest rates from 0.78% to 4.00% (2021: from 1.22% to 3.37%) and fixed interest rate of 1.55% (2021: 1.55%) for NTD-denominated loans. The weighted average effective interest rate per annum of the Group's bank borrowings as at 31st March 2022 is 2.5% (2021: 2.6%).

In May 2022, the Group obtained an additional bank facility of HK\$25,000,000 which is secured by the Group's investment properties pledged, in which its carrying value as at 31st March 2022 was HK\$66,500,000.

(b) Other borrowings

As at 31st March 2022, the Group has a borrowing with outstanding principal of RMB30,000,000 (approximately HK\$36,900,000) (2021: RMB30,000,000 (approximately HK\$35,495,000)) and interest of RMB7,525,000 (approximately HK\$9,256,000) (2021: RMB5,275,000 (approximately HK\$6,242,000)). The borrowing is interest-bearing at a fixed rate of 7.5% per annum (2021: 7.5% per annum) and unsecured. The principal and interest are not repayable within 5 years from October to December 2018. The lender is a company partially owned by a brother of the Group's controlling shareholder.

At 31st March 2022, the Group also had another borrowing with a principal amount of HK\$25,000,000 (2021: HK\$25,000,000) provided by IST Company Limited, an associate of the Group. The borrowing is unsecured, interest-free and is not repayable before 31st December 2023 (2021: not repayable before 31st December 2022).

At 31st March 2022, the Group had a borrowing with a principal amount of HK\$24,912,000 (2021: HK\$9,200,000) provided by the controlling shareholder of the Company. The borrowing is unsecured, interest-free and is not repayable before 31st December 2023 (2021: not repayable before 1st October 2022).

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\$39,232,000 (2021: HK\$58,249,000) and the directors do not recommend the payment of a dividend (2021: Nil).

BUSINESS REVIEW AND MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31st March 2022, the Company and its subsidiaries (together the "Group") recorded a consolidated revenue of HK\$78,218,000 (2021: HK\$95,588,000), gross profit of HK\$38,573,000 (2021: HK\$41,047,000) and loss attributable to owners of the Company of HK\$39,232,000 (2021: HK\$58,249,000).

The contribution of revenues from the Group's channel operations segment for the year dropped from approximately HK\$56 million to approximately HK\$41 million, which was mainly attributable to the completion of the 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. The Group 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 this stage.

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 PRC. In Taiwan, we provided a Chinese movie/drama channel to viewers through the telecom/OTT platform of Chung Hwa Telecom Company Limited.

The media industry was facing tremendous challenge due to Coronavirus Disease 2019 ("COVID-19") and the industry transformation during the year. Traditional media companies were losing their viewership and revenues while the companies with new media business were still in the investment stage suffering from heavy spending on content acquisition and boosting viewership. Despite this, our media businesses in HK 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 a new media business by providing movie contents to viewers via Youtube, which is one of the largest new media platforms in the world. The results were satisfactory and accordingly we offered more local movies with Cantonese language to our Youtube viewers. As of March 2022, we had over 130,000 subscribers in our Youtube services. Looking forward, we are planning to expand our offering by adding subtitles and dubbing in our contents, and offering short movie clips with 5-10 minutes in length to viewers.

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 was approximately HK\$12 million. The original schedules of releasing new titles were delayed due to the outbreak of COVID-19 and during the year, one new title, namely "The First Girl I Loved" which received a number of awards in different film festivals of regions, was released. Another title namely "Where the Wind Blows" is expected to release in the second half of 2022. Certain other titles which shooting have been completed will also be planned to release in the forthcoming year.

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 year, the Group further concluded agreements to release content through the media platforms of Bilibili, Tencent and Disneyplus. 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 and accordingly revenues contributed from this segment during the year dropped from approximately HK\$26 million to HK\$24 million. During the year, provisions for impairment of property, plant and equipment and right-of-use assets amounting to HK\$5.8 million (2021: HK\$16 million) and HK\$14 million (2021: HK\$29 million) were made against the cinema operation segment, after taking into account the current operation scale, and the segment loss dropped from HK\$53 million to HK\$30 million.

As one of the Group's cost-retrenchment measures, after taking into account the accumulated and consecutive loss position of a wholly controlled entity namely 北京在線九州信息技術服務有限公司 ("JZZX"), in February 2022, the Group reached an agreement pursuant to which the Group ceased to implement control on JZZX and accordingly de-consolidated JZZX in the Group's accounts. Subsequently, JZZX has proposed a settlement plan amounting to approximately HK\$46 million against the Group's accumulated advances previously granted to JZZX. The settlement plan is subject to fulfillment of certain conditions and the Group will continue to monitor the conditions with JZZX for the realization of the settlement plan and endeavour to recover the amounts.

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 year. Following the planned reactivation of the segment in the second half of 2022, the next concert is expected to be held 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 year, IST contributed profit of approximately HK\$2.6 million (2021: loss of HK\$1.7 million) to the Group.

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\$0.1 million (2021: HK\$1.2 million). The investment properties portfolio of the Group contributed a surplus on revaluation of approximately HK\$9.1 million (2021: HK\$3.2 million). Such unrealised surpluses 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 year, 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, 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 31st March 2022, the Group has available banking facilities of approximately HK\$50 million, of which approximately HK\$47 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\$91 million were pledged to banks to secure banking facilities. The Group's gearing ratio of 40% as at 31st March 2022 was based on the total of bank loans and other loans of HK\$143,340,000 (of which HK\$47,272,000 and HK\$96,068,000 are repayable within one year and in the second year respectively) and the shareholders' funds of approximately HK\$359,369,000. 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 year ended 31st March 2022, 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 2022, the Group had commitments in respect of film rights and licenses amounting to approximately HK\$3.3 million. The commitments will be financed by the Group's internal resources and banking and other available facilities.

Employees

At 31st March 2022, the Group employed 93 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\$38,465,000 were charged to the profit or loss during the year.

CORPORATE GOVERNANCE CODE

In the opinion of the Board, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A.4.1, 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 dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the consolidated financial statements for the year ended 31st March 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31st March 2022 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 in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The below sections set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31st March 2022.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1.1 to the consolidated financial statements, which indicates that the Group incurred a net loss of HK\$39,333,000 for the year ended 31st March 2022, while the Group's current liabilities exceeded its current assets by HK\$82,115,000 and its cash and bank balances amounting to HK\$11,624,000 as at the same date. The Group's business operations, in particular the film exhibition and cinema operations, have been adversely affected since the outbreak of Coronavirus Disease 2019 in early 2020 and is continuously being affected throughout the year ended 31st March 2022 and up to the date of this report. These conditions, along with other matters as described in Note 2.1.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

On behalf of the Board

Li Kuo Hsing

Chairman

Hong Kong, 30th June 2022

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 and Mr. Ma Fung Kwok.