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MEI AH ENTERTAINMENT GROUP LTD: MANAGEMENT MIGHT HAVE HAD AN INKLING ABOUT ARTISTES, BUT ALMOST NOTHING ABOUT THE ART OF MAKING PROFITS

For the past 16 Financial Years, Mei Ah Entertainment Group Ltd (美亞娛樂資訊集團有限公司) (Code: 391, Main Board, The Stock Exchange of Hongkong Ltd) has chalked up an unbroken string of 11 Financial Years of losses – from the 2012 Financial Year through to the 2022 Financial Year – the aggregate losses of which, being not less than \$HK601,085,000.00.

In addition to the material trading losses with regard to its 16 years of failed business attempts, Mei Ah Entertainment Group Ltd was forced to pay a Judgement, handed down from a Proceedings, heard in the High Court of the **Hongkong Special Administrative Region (HKSAR)** of the **People's Republic of China (PRC)**, in the amount of \$HK20,251,000.00.

In the 2020 Annual Report of Mei Ah Entertainment Group Ltd, at Page 144, under the heading, '**Expenses by Nature**', it was shown that '**Claims, Legal and Professional Fees**' had cost Management \$HK54,937,000.00 with regard to the 2020 Financial Year (2019: \$HK4,737,000.00).

One could only surmise, of course, but it would appear that the lion's share of those 2020-Year's legal and professional fees was in respect of the Proceedings that the Plaintiff had claimed in its Writ of Summons, dated April 2011.

At Pages 198 and 199 of the 2020 Annual Report of Mei Ah Entertainment Group Ltd, under the Sub-Heading, '**Contingencies**', one was informed of the following:

*'In April 2011, the Company received a writ of summons endorsed with a statement of claim, which was amended in its entirety in October 2012, making claims in the Court of First Instance ("**the Action**") against the Company and a former director (the "**Former Director**").*

*'Subsequently, and pursuant to directions from the Court, the Action was ordered to be consolidated, together with claims made against other companies within the Group in separate actions (the "**Other Actions**"), into a consolidated statement of claim (the "**Consolidated Statement of Claim**") filed in March 2017.*

*‘According to the Consolidated Statement of Claim, the claims made against the Company allege that the Company and the Former Director, in their capacities as de jure/de facto/shadow directors of an associated company of the Group (the “**Associated Company**”) which went into liquidation in 2003, had allegedly, inter alia, breached their fiduciary duties owed to the Associated Company, and accordingly claimed for damages in this connection.*

*‘On 16th April 2020, after a trial ending in March 2020, the Court delivered its judgment (the “**Judgment**”) in the proceedings relating to the claims in the Consolidated Statement of Claim (the “**Proceedings**”). According to the Judgment, the Court found, inter alia, that the Company was a shadow director, and was liable together with the Former Director. The Court awarded damages in the sum of approximately HK\$20,251,000 jointly and severally against the Company and the Former Director. A further hearing to deal with questions of interest and costs relevant to the Judgment is scheduled in October 2020.*

‘The Group has set aside a provision of HK\$20,251,000 in the consolidated financial statements for the year ended 31st March 2020 based on the Judgment. Another provision based on management’s best estimate on the potential interest and costs arising from the Proceeding was also made during the year ended 31st March 2020.

*‘On 13th May 2020, the Company was informed that the plaintiff in the Proceeding (the “**Plaintiff**”) has lodged a notice of appeal with the Court of Appeal (the “**Court of Appeal**”), seeking, inter alia, an order to substitute the damages awarded to the Plaintiff under the Judgment by an amount up to approximately HK\$76,723,000 for which the Company and the Former Director should be jointly and severally liable.*

‘On 14th May 2020, the Company also lodged a cross-appeal to the Court of Appeal, seeking, inter alia, an order that the Judgment against the Company be set aside and all the claims against the Company under the Proceeding be dismissed with costs to the Company.

‘A hearing date for the appeal/cross-appeal lodged by the Plaintiff and the Company respectively has not yet been fixed. The directors of the Company, after taking into account the advice from the Company’s legal advisors, consider the Group has strong grounds to successfully appeal against the Judgment. As a result, no further provision has been made as at 31st March 2020 in relation to the Appeal.’

The Business Of Mei Ah Entertainment Group Ltd

Mei Ah Entertainment Group Ltd is an investment holding corporate entity, principally engaged in that which is categorised as being a ‘channel operations business.’

The Company operates via eight segments, to wit:

- Providing Chinese movies and drama channels;
- The Cinema Operations segment is engaged in the operations of cinemas in the PRC, proper, being separate and distinct from the HKSAR of the PRC;
- The Film Exhibition and Film Rights Licensing and Sub-Licensing segment is mainly engaged in the film exhibition business;
- The Applications and Video Online segment provides digital marketing services;
- The Concert Performance and Events Organisation segment is engaged in the concert performance and events organisation holding businesses;
- The Artists Management segment provides artiste management services;
- The Sales and Distribution of Films and Programmes in Audio Visual Product Format segment is engaged in the distribution of films and programmes; and,
- The Property Investment segment is, as its name suggests, engaged in property investments.

Mei Ah Entertainment Group Ltd ... [CLICK TO ORDER FULL ARTICLE](#)

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