



Media Asia Group Holdings Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8075)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 JULY 2013

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

This announcement, for which the directors of Media Asia Group Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Media Asia Group Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

RESULTS

The board of directors (the “Board”) of Media Asia Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the audited consolidated results of the Group for the year ended 31 July 2013 together with the comparative audited figures of 2012 as set out below. The annual results have been reviewed by the audit committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2013

	Notes	2013 HK\$'000	2012 HK\$'000
CONTINUING OPERATIONS			
TURNOVER	2	441,170	117,460
Cost of sales		<u>(304,186)</u>	<u>(72,989)</u>
Gross profit		136,984	44,471
Other income	3	5,523	5,190
Marketing expenses		(70,555)	(4,382)
Administrative expenses		(99,686)	(79,766)
Fair value loss on a forward contract		—	(198,636)
Other operating gains		16,560	3,430
Other operating expenses		<u>(24,320)</u>	<u>(12,476)</u>
LOSS FROM OPERATING ACTIVITIES		(35,494)	(242,169)
Finance costs	4	(47,835)	(30,591)
Share of profits and losses of joint ventures		(913)	(54)
Share of profits and losses of an associate		<u>(31)</u>	<u>(7)</u>
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	(84,273)	(272,821)
Income tax expense	6	<u>(6,748)</u>	<u>(4,766)</u>
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(91,021)	(277,587)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	13(a)	<u>(1,940)</u>	<u>(11,247)</u>
LOSS FOR THE YEAR		<u>(92,961)</u>	<u>(288,834)</u>
Attributable to:			
Owners of the Company		(98,883)	(290,175)
Non-controlling interests		<u>5,922</u>	<u>1,341</u>
		<u>(92,961)</u>	<u>(288,834)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted (HK cents)	7		
For loss for the year		<u>(0.753)</u>	<u>(2.262)</u>
For loss from continuing operations		<u>(0.738)</u>	<u>(2.174)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 July 2013*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
LOSS FOR THE YEAR	(92,961)	(288,834)
OTHER COMPREHENSIVE LOSS		
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	2,016	(143)
Release of foreign currency translation reserve upon disposal of subsidiaries	(5,703)	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(3,687)	(143)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(96,648)	(288,977)
Attributable to:		
Owners of the Company	(103,394)	(290,189)
Non-controlling interests	6,746	1,212
	(96,648)	(288,977)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2013

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		23,225	22,207
Goodwill		10,435	10,182
Film products		48,777	—
Film rights		7,935	1,136
Other intangible assets		64,018	71,502
Investments in joint ventures		14,985	551
Investment in an associate		17,450	5,855
Prepayments, deposits and other receivables		32,188	17,965
Total non-current assets		<u>219,013</u>	<u>129,398</u>
CURRENT ASSETS			
Inventories		162	121
Films under production		142,246	135,641
Trade receivables	8	58,109	3,856
Prepayments, deposits and other receivables		307,764	99,252
Options	9	21,579	32,491
Pledged time deposit		—	9,740
Cash and cash equivalents		414,384	696,869
Total current assets		<u>944,244</u>	<u>977,970</u>
CURRENT LIABILITIES			
Trade payables	10	2,177	653
Accruals and other payables		92,431	37,211
Deposits received		54,656	12,127
Loan from a non-controlling shareholder		6,150	6,027
Convertible notes	11	317,472	—
Tax payable		12,455	5,591
Total current liabilities		<u>485,341</u>	<u>61,609</u>
NET CURRENT ASSETS		<u>458,903</u>	<u>916,361</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>677,916</u>	<u>1,045,759</u>
NON-CURRENT LIABILITIES			
Convertible notes	11	189,304	458,941
Deferred tax liabilities		16,005	17,897
Total non-current liabilities		<u>205,309</u>	<u>476,838</u>
Net assets		<u>472,607</u>	<u>568,921</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	12	131,403	131,403
Reserves		307,653	410,713
		439,056	542,116
Non-controlling interests		<u>33,551</u>	<u>26,805</u>
Total equity		<u>472,607</u>	<u>568,921</u>

NOTES TO THE FINANCIAL STATEMENTS

31 July 2013

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the forward contract and options, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 July 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in income statement. The Group’s share of components previously recognised in other comprehensive income is reclassified to income statement or retained profits, as appropriate.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs, applicable to the Group, for the first time for the current year’s financial statements.

HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements</i> — <i>Presentation of Items of Other comprehensive Income</i>
-------------------	--

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gain on hedge of a net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendments will affect presentation only and have no impact on the financial position or performance.

The adoption of Amendments to HKAS 1 has had no significant financial effect on these financial statements. The Group’s presentation of other comprehensive income in the financial statements has been modified accordingly.

The Group had early adopted the following new and revised HKFRSs in advance of their respective effective dates for the first time in the last year's financial statements.

HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>

Except for HKFRS 12 *Disclosure of Interests in Other Entities* of which certain disclosures for subsidiaries in the Group's financial statements were affected, the adoption of the above new and revised HKFRSs had no material impact to the financial statements of the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ¹
HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 and HKFRS 7 – <i>Mandatory Effective Date of HKFRS 9 and Transition Disclosure</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i> ¹
HKFRS 10, HKFRS 12 and HKFRS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011) – <i>Investment Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ¹
HKFRS 19 (2011)	<i>Employee Benefits</i> ¹
HKFRS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ²
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ¹
HK(IFRIC)-Int 21	<i>Levies</i> ²
Annual Improvements 2009-2011 Cycle	<i>Amendments to a number of HKFRSs issued in June 2012</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2013

² Effective for annual periods beginning on or after 1 January 2014

³ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. The Group is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services and has the following reportable segments:

(a) Continuing operations

- (i) the media and entertainment segment engages in the investment in, and the production of entertainment events, the provision of artiste management services and advertising services, album sales, distribution and license of music and investment, production and distribution of TV program;
- (ii) the film production and distribution segment engages in the investment in, production of, sale and distribution of films as well as the distribution of video format products derived from these films and films licensed-in by the Group; and
- (iii) the corporate segment comprises corporate income and expense items.

(b) Discontinued operation

- (i) the licensing of software business segment engaged in development and licensing of software and technology for use in connection with the provision of value-added telecommunications services in the People's Republic of China ("PRC");

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that finance costs are excluded from such measurement.

Segment liabilities exclude convertible notes, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

In determining the Group's geographical information, revenue information is based on the location of the customers, and asset information is based on the location of the assets.

There were no material intersegmental sales and transfers during the year (2012: Nil).

Segment revenue/results:

	Continuing operations								Discontinued operation		Consolidated	
	Media and entertainment		Film production and distribution		Corporate		Total		Licensing of software			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue to external customers	261,943	114,805	179,227	2,655	—	—	441,170	117,460	—	—	441,170	117,460
Other income	2,492	633	144	35	2,887	4,522	5,523	5,190	7	41	5,530	5,231
Segment profit/(loss)	1,175	11,295	(14,648)	(17,986)	(16,812)	(37,922)	(30,285)	(44,613)	(1,940)	(11,247)	(32,225)	(55,860)
Fair value loss on a forward contract	—	—	—	—	—	(198,636)	—	(198,636)	—	—	—	(198,636)
Fair value gain/(loss) on options	(10,912)	1,080	—	—	—	—	(10,912)	1,080	—	—	(10,912)	1,080
Gain on disposal of subsidiaries	—	—	—	—	5,703	—	5,703	—	—	—	5,703	—
Finance costs	—	—	—	—	—	—	—	—	—	—	(47,835)	(30,591)
Share of profits and losses of joint ventures	(913)	(54)	—	—	—	—	(913)	(54)	—	—	(913)	(54)
Share of profits and losses of an associate	—	—	(31)	(7)	—	—	(31)	(7)	—	—	(31)	(7)
Loss before tax											(86,213)	(284,068)

Segment assets/liabilities:

	Continuing operations								Discontinued operation		Consolidated	
	Media and entertainment		Film production and distribution		Corporate		Total		Licensing of software			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	458,480	209,514	457,771	204,806	214,571	683,996	1,130,822	1,098,316	—	2,646	1,130,822	1,100,962
Investments in joint ventures	14,895	551	—	—	—	—	14,895	551	—	—	14,985	551
Investment in an associate	—	—	17,450	5,855	—	—	17,450	5,855	—	—	17,450	5,855
Total assets											1,163,257	1,107,368
Segment liabilities	102,028	26,853	50,976	6,313	2,410	22,831	155,414	55,997	—	21	155,414	56,018
Unallocated liabilities											535,236	482,429
Total liabilities											690,650	538,447
Other segment information:												
Depreciation	397	13	55	88	5,287	2,077	5,739	2,178	3	6	5,742	2,184
Amortisation of film products	—	—	90,727	—	—	—	90,727	—	—	—	90,727	—
Amortisation of film rights	—	—	10,825	1,114	—	—	10,825	1,114	—	—	10,825	1,114
Amortisation of other intangible assets	9,103	3,043	—	—	—	—	9,103	3,043	—	—	9,103	3,043
Write-off of a deposit	—	—	—	500	—	—	—	500	—	—	—	500
Write-off of films under production	—	—	672	840	—	—	672	840	—	—	672	840
Impairment of other intangible assets	—	—	—	—	—	1,000	—	1,000	34	—	34	1,000
Impairment of trade receivables	6	—	—	40	—	—	6	40	—	979	6	1,019
Impairment of advances and other receivables	—	134	—	—	—	—	—	134	—	9,437	—	9,571
Additions of property, plant and equipment	1,362	120	929	10	4,527	23,263	6,818	23,393	—	13	6,818	23,406
Additions of film rights	—	—	17,624	2,250	—	—	17,264	2,250	—	—	17,624	2,250
Additions of films under production	—	—	146,781	122,427	—	—	146,781	122,427	—	—	146,781	122,427
Additions of other intangible assets	—	74,825	—	—	—	—	—	74,825	—	—	—	74,825

Geographical information

	Hong Kong		Mainland China		Macau		Others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	<i>HK\$'000</i>									
Revenue:										
Sales to external customers	133,228	29,180	239,097	22,458	52,499	58,233	16,346	7,589	441,170	117,460
Assets:										
Segment assets										
— non-current assets	147,115	57,458	71,345	71,940	—	—	553	—	219,013	129,398
— current assets	766,307	935,622	145,878	39,112	29,155	3,236	2,904	—	944,244	977,970
Total assets									1,163,257	1,107,368
Other information:										
Additions of property, plant and equipment	5,340	23,271	839	135	—	—	639	—	6,818	23,406
Additions of film rights	17,624	2,250	—	—	—	—	—	—	17,624	2,250
Additions of films under production	146,781	122,427	—	—	—	—	—	—	146,781	122,427
Additions of other intangible assets	—	—	—	74,825	—	—	—	—	—	74,825

Revenue information is based on the location of the customers and asset information is based on the location of assets.

Information about major customers

Revenue from two (2012: three) customers, each of whom accounted for revenue exceeding 10% of the Group's total revenues, amounted to approximately HK\$150,444,000 (2012: HK\$57,121,000).

3. OTHER INCOME

An analysis of the Group's other income from continuing operations is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest income	2,966	4,507
Others	2,557	683
	<u>5,523</u>	<u>5,190</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Interest on:		
- First Completion Convertible Notes wholly repayable within five years (<i>note 11(i)</i>)	31,002	28,181
- Second Completion Convertible Notes wholly repayable within five years (<i>note 11(ii)</i>)	16,833	2,410
	<u>47,835</u>	<u>30,591</u>

5. LOSS BEFORE TAX

The Group's loss before tax from continuing operations is arrived at after charging/(crediting):

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cost of film products, film rights and licence rights	109,954	1,954
Cost of artiste management services, advertising services and services for entertainment events provided	194,145	70,773
Cost of inventories sold	87	262
	<hr/>	<hr/>
Total cost of sales	304,186	72,989
Depreciation	5,739	2,178
Amortisation of film products #	90,727	—
Amortisation of film rights #	10,825	1,114
Amortisation of other intangible assets #	9,103	3,043
Minimum lease payments under operating leases in respect of land and buildings incurred for:		
Entertainment events #	6,813	1,378
Others	5,682	2,301
Contingent rents incurred for entertainment events #	11,571	2,912
	<hr/>	<hr/>
Total operating lease payments	24,066	6,591
Auditors' remuneration	1,980	1,530
Employee benefit expense (including directors' and chief executive's emoluments):		
Salaries, bonuses and allowances	67,188	49,572
Equity-settled share option expense	334	5,030
Pension scheme contributions	3,614	1,307
	<hr/>	<hr/>
	71,136	55,909
Less: Capitalised in films under production	(7,219)	—
	<hr/>	<hr/>
	63,917	55,909
Write-off of a deposit ##	—	500
Impairment of goodwill ##	—	3,477
Impairment of other intangible assets ##	—	1,000
Write-off of films under production #	672	840
Impairment of trade receivables ##	6	40
Impairment of advances and other receivables ##	—	134
Loss on disposal of items of property, plant and equipment ##	47	28
Fair value loss on options ##	10,912	—
Fair value gain on options *	—	(1,080)

	<i>Note</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Gain on disposal of subsidiaries *	<i>13(b)</i>	(5,703)	—
Share of net income from entertainment events organised by the Group to co-investors ^{##}		13,301	1,581
Share of net income from entertainment events organised by co-investors *		(6,347)	(2,350)
Foreign exchange loss/(gain), net *		(1,649)	601

These items are included in “Cost of sales” in the consolidated income statement. The contingent rents are charged based on certain percentages of the gross ticket proceeds collected in respect of the entertainment events.

These items are included in “Other operating expenses” in the consolidated income statement.

* These items are included in “Other operating gains” in the consolidated income statement.

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the year as there were no assessable profits arising in Hong Kong for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Provision for tax for the year		
Current — Hong Kong		
Charge for the year	—	—
Current — Elsewhere		
Charge for the year	9,670	5,591
Over-provision in prior years	(617)	—
	9,053	5,591
Deferred tax credit for the year	(2,305)	(825)
Total tax expense for the year	6,748	4,766

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss attributable to owners of the Company for the year of approximately HK\$98,883,000 (2012: approximately HK\$290,175,000) and the weighted average number of ordinary shares of approximately 13,140,257,000 (2012: approximately 12,825,667,000) in issue during the year.

The calculation of basic loss per share amounts from continuing operations is based on the loss from continuing operations attributable to owners of the Company for the year of approximately HK\$96,943,000 (2012: approximately HK\$278,928,000) and the weighted average number of ordinary shares of approximately 13,140,257,000 (2012: approximately 12,825,667,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 July 2013 and 2012 in respect of a dilution as the impact of the share options, First Completion Convertible Notes and Second Completion Convertible Notes outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

8. TRADE RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	58,154	8,911
Impairment	(45)	(5,055)
	<u>58,109</u>	<u>3,856</u>

The Group's trading terms with its customers are mainly on credit. The credit period generally ranges from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate their fair values.

An ageing analysis of trade receivables, net of provision for doubtful debts, based on payment due date, as at the end of the reporting period, is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Neither past due nor impaired	28,149	624
1 to 90 days past due	27,314	2,944
Over 90 days past due	2,646	288
	<u>58,109</u>	<u>3,856</u>

9. OPTIONS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Options, at fair value	<u>21,579</u>	<u>32,491</u>

Pursuant to the share transfer agreement entered into between the Group and Ally Capital Limited (the "Vendor"), an independent third party, on the acquisition of Media Magic, the Group is granted with an option to acquire additional 25% interest in Media Magic by 28 December 2014 and an option to acquire the remaining 24% interest in Media Magic by 28 December 2015. If any one of the options is not exercised, the Vendor is contractually obliged to buy back the Group's interests in Media Magic at the original acquisition cost. The above rights and contractual obligation options are collectively referred as the "Options".

The Options constitute derivatives within the scope of HKAS 39, and are recognised at their fair value as assets or liabilities on initial recognition and are subsequently remeasured at fair value with changes in fair value recognised in the consolidated income statement.

As at 30 March 2012, the date of acquisition of Media Magic, the Group recognised a derivative financial asset of HK\$31,411,000 in respect of the Options in the consolidated statement of financial position. As at 31 July 2013, the fair value of the financial asset in respect of the Options amounted to HK\$21,579,000 (2012: HK\$32,491,000) with a fair value loss of HK\$10,912,000 (2012: gain of HK\$1,080,000) (note 5) being recognised in the consolidated income statement for the year ended 31 July 2013.

The fair value of the options as at 30 March 2012, 31 July 2012 and 31 July 2013 were determined with reference to the valuations of the options as at those dates performed by Greater China Appraisal Limited, an independent firm of professional valuers. The valuations were arrived at using trinomial lattice model, which have taken into account factors including related profit projections, exercise prices of options, volatilities, risk-free rate and time to maturity.

10. TRADE PAYABLES

An ageing analysis of trade payables based on the invoice date, as at the end of the reporting periods, are as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Less than 30 days	2,121	487
31 to 60 days	—	95
61 to 90 days	56	71
	<u>2,177</u>	<u>653</u>

Trade payables are non-interest-bearing and have credit term generally ranged from 30 to 60 days.

11. CONVERTIBLE NOTES

	<i>Notes</i>	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
First Completion Convertible Notes	<i>(i)</i>	317,472	286,470
Second Completion Convertible Notes	<i>(ii)</i>	189,304	172,471
		<u>506,776</u>	458,941
Portion classified as current liabilities		<u>(317,472)</u>	—
Non-current portion		<u>189,304</u>	<u>458,941</u>

Pursuant to a subscription agreement entered into between Perfect Sky Holdings Limited (“Perfect Sky”), Sun Great Investments Limited, Next Gen Entertainment Limited, Memestar Limited, On Chance Inc. and Grace Promise Limited (collectively the “Subscribers”) and the Company on 23 March 2011, among other terms, the Company conditionally agreed to issue to the Subscribers and the Subscribers conditionally agreed to subscribe for 3-year zero coupon convertible notes in an aggregate principal amount of HK\$371,386,642 (being the First Completion Convertible Notes) and HK\$224,873,937 (being the Second Completion Convertible Notes), which can be convertible at the option of the holders into the Company’s ordinary shares during the period commencing on the first day of the First Completion Convertible Notes and the first day of the Second Completion Convertible Notes and expiring on the date which is five business days preceding the maturity date.

(i) **First Completion Convertible Notes**

The First Completion Convertible Notes were issued to the holders on 9 June 2011. Part of the First Completion Convertible Notes in an aggregate principal amount of HK\$170,000,000 carries the conversion right entitling the relevant holders to subscribe for a total of 10,625,000,000 shares of HK\$0.01 each in the Company at a conversion price of HK\$0.016 per share. Part of the First Completion Convertible Notes in an aggregate principal amount of HK\$201,386,642 carries the conversion right entitling the relevant holders to subscribe for a total of 7,231,118,192 shares of HK\$0.01 each in the Company at a conversion price of HK\$0.02785 per share.

Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the First Completion Convertible Notes, it will be redeemed by the Company on the maturity date of 8 June 2014 at the principal amount outstanding.

The fair value of the liability component was estimated at the issue date, net of transaction cost allocated to the liability component using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in the capital reserve.

No adjustment was made to the conversion price during the years ended 31 July 2013 and 2012.

The various components of the First Completion Convertible Notes recognised on initial recognition are as follows:

	<i>HK\$'000</i>
<u>First Completion Convertible Notes</u>	
Face value of convertible notes issued	371,387
Equity component	(89,909)
	<hr/>
Liability component at date of issue	281,478
	<hr/> <hr/>

The movements of the liability component and the equity component of the First Completion Convertible Notes are as follows:

	Liability component	Equity component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 April 2011	—	—	—
Issue during the period	281,478	89,909	371,387
Cost of issue of convertible notes	(8,613)	(2,751)	(11,364)
Interest charged during the period	4,288	—	4,288
Issue of a forward contract	—	5,493	5,493
	<hr/>	<hr/>	<hr/>
At 31 July 2011 and 1 August 2011	277,153	92,651	369,804
Interest charged during the year	28,181	—	28,181
Partial conversion of convertible notes	(18,864)	(6,237)	(25,101)
	<hr/>	<hr/>	<hr/>
At 31 July 2012 and 1 August 2012	286,470	86,414	372,884
Interest charged during the year	31,002	—	31,002
	<hr/>	<hr/>	<hr/>
At 31 July 2013	317,472	86,414	403,886
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(ii) **Second Completion Convertible Notes**

The Second Completion Convertible Notes were issued to the holders on 9 June 2012. The Second Completion Convertible Notes in an aggregate principal amount of HK\$224,873,937 carries the conversion right entitling the relevant holders to subscribe for a total of 8,074,468,085 shares of HK\$0.01 each in the Company at a conversion price of HK\$0.02785 per share.

Unless previously converted, redeemed, purchased or cancelled in accordance with the terms and conditions of the Second Completion Convertible Notes, it will be redeemed by the Company on the maturity date of 8 June 2015 at the principal amount outstanding.

The fair value of the liability component was estimated at the issue date, net of transaction cost allocated to the liability component using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in the capital reserve.

No adjustment was made to the conversion price during the years ended 31 July 2013 and 2012.

The various components of the Second Completion Convertible Notes recognised on initial recognition are as follows:

	<i>HK\$'000</i>
<u>Second Completion Convertible Notes</u>	
Face value of convertible notes issued	224,874
Consideration arising from the fair value of the forward contract	172,488
Equity component	(224,439)
	<hr/>
Liability component at date of issue	172,923
	<hr/> <hr/>

The movements of the liability component and the equity component of the Second Completion Convertible Notes are as follows:

	Liability component	Equity component	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 August 2011	—	—	—
Issued during the year	172,923	224,439	397,362
Cost of issue of convertible notes	(2,862)	(860)	(3,722)
Interest charged during the year	2,410	—	2,410
	<hr/>	<hr/>	<hr/>
At 31 July 2012 and 1 August 2012	172,471	223,579	396,050
Interest charged during the year	16,833	—	16,833
	<hr/>	<hr/>	<hr/>
At 31 July 2013	189,304	223,579	412,883
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Interest charged for the First Completion Convertible Notes and the Second Completion Convertible Notes were calculated by applying an effective interest rates of 10.8% per annum and 9.8% per annum, respectively, to the respective liability component.

12. SHARE CAPITAL

	2013		2012	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>60,000,000</u>	<u>600,000</u>	<u>60,000,000</u>	<u>600,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>13,140,257</u>	<u>131,403</u>	<u>13,140,257</u>	<u>131,403</u>

Note: Pursuant to the ordinary resolutions passed at the annual general meeting on 20 August 2011, the Company's authorised share capital has been increased from HK\$500,000,000 divided into 50,000,000,000 shares to HK\$600,000,000 divided into 60,000,000,000 shares by the creation of additional 10,000,000,000 shares of HK\$0.01 each.

Movements in the issued share capital of the Company during the year are as follows:

	Notes	2013		2012	
		Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Balance at the beginning of the year		13,140,257	131,403	10,110,257	101,103
Partial conversion of First Completion					
Convertible Notes	(a)	—	—	1,562,500	15,625
Placing of new shares	(b)	—	—	1,467,500	14,675
Balance at the end of the year		<u>13,140,257</u>	<u>131,403</u>	<u>13,140,257</u>	<u>131,403</u>

Notes:

- (a) Upon receipt of a notice from Perfect Sky, on 8 September 2011, the Company issued a total of 1,562,500,000 ordinary shares of HK\$0.01 each at a conversion price of HK\$0.016 for partial conversion of the First Completion Convertible Notes with a principal amount of HK\$25,000,000. Upon conversion, the liability component of HK\$18,864,000 and equity component of HK\$6,237,000 of the convertible notes (note 11(i)) were transferred to the issued share capital of HK\$15,625,000 and the share premium account of HK\$9,476,000.
- (b) Pursuant to a placing agreement and a supplemental agreement thereto entered into between the Company and CLSA Limited on 28 July 2011 and 1 August 2011, respectively, the Company issued, on 8 September 2011, an aggregate of 1,467,500,000 shares at a price of HK\$0.20 per share to three placees who were independent of, and not connected with the Group. The gross proceeds from the said placement amounted to approximately HK\$293,500,000 and the related issue expense was HK\$2,663,000.
- (c) Upon receipt of a notice from one of the holders, on 9 September 2013, the Company issued a total of 35,906,642 ordinary shares of HK\$0.01 each at a conversion price of HK\$0.02785 for partial conversion of the First Completion Conventicle Notes with a principal amount of HK\$1,000,000.

At the date of the approval of these financial statements, the Company had 13,176,164,254 ordinary shares in issue.

13. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

(a) Discontinued operation

In June 2013, the Company entered into an agreement with an independent third party to sell the entire equity interest in Rojam Entertainment Limited and its subsidiaries (collectively, the “Disposal Group”), wholly owned subsidiaries of the Company, at a cash consideration of approximately HK\$669,000. The Disposal Group were principally engaged in licensing of software business. The Group considered the cessation of licensing of software business enabled the Group to focus the resources on the entertainment and film businesses. The disposal was completed in June 2013 and, accordingly, the Group’s licensing of software operation was discontinued.

The results of the discontinued operation in respect of licensing of software for the year are presented below:

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Interest income	5	28
Other income	2	13
Administrative expenses	(1,891)	(827)
Other operating expenses		
Impairment of other intangible assets	(34)	—
Impairment of trade receivables	—	(979)
Impairment of advances and other receivables	—	(9,437)
Loss on disposal of items of property, plant and equipment	(22)	(45)
Loss before tax	(1,940)	(11,247)
Income tax	—	—
Loss for the year from the discontinued operation	<u>(1,940)</u>	<u>(11,247)</u>

The net cash flows incurred by the discontinued operation are as follows:

	2013 <i>HK\$’000</i>	2012 <i>HK\$’000</i>
Operating activities	(1,945)	(584)
Investing activities	5	28
Net cash outflow	<u>(1,940)</u>	<u>(556)</u>
Loss per share:		
Basic and diluted, from the discontinued operation (HK cents)	<u>(0.015)</u>	<u>(0.088)</u>

The calculation of basic loss per share from the discontinued operation is based on the loss from the discontinued operation for the year of approximately HK\$1,940,000 (2012: HK\$11,247,000) and the weighted average number of ordinary shares of approximately of 13,140,257,000 (2012: 12,825,667,000) in issue during the year attributable to owners of the Company.

No adjustment has been made to the basic loss per share from the discontinued operation amounts presented for the years ended 31 July 2013 and 2012 in respect of a dilution as the impact of the share options, the First Completion Convertible Notes and the Second Completion Convertible Notes outstanding during the years had an anti-dilutive effect on the basic loss per share amounts presented.

(b) Disposal of subsidiaries

The net assets of the Disposal Group at the date of disposal were as follows:

	<i>HK\$'000</i>
Cash and bank balances	737
Prepayments, deposits and other receivables	2
Creditors and accruals	<u>(70)</u>
Net assets disposed of	669
Release of foreign currency translation reserve	(5,703)
Gain on disposal of subsidiaries	<u>5,703</u>
Cash consideration	<u><u>669</u></u>

An analysis of the cash flows in respect of the Disposal Group is as follows:

	<i>HK\$'000</i>
Cash consideration	669
Cash and bank balances disposed of	<u>(737)</u>
Net cash outflow in respect of the disposal of subsidiaries during the year ended 31 July 2013	<u><u>(68)</u></u>

14. DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the year ended 31 July 2013 (2012: Nil).

15. COMPARATIVE FIGURES

The comparative income statement has been represented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 13(a)).

Certain comparative amounts in the consolidated statement of financial position have been reclassified to conform with the current year's presentation. In the opinion of the directors of the Company, this presentation would better reflect the financial position of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF RESULTS

During the year ended 31 July 2013, the Group recorded a turnover of approximately HK\$441,170,000, representing an increase of 276% from turnover of approximately HK\$117,460,000 for the year ended 31 July 2012. The significant increase in the turnover of the Group was mainly attributable to an increase in the revenue of the Group's film production and distribution and entertainment events.

Cost of sales for the year ended 31 July 2013 increased to approximately HK\$304,186,000 from approximately HK\$72,989,000 for the previous financial year ended 31 July 2012. Marketing expenses for the year ended 31 July 2013 was approximately HK\$70,555,000 (2012: approximately HK\$4,382,000) and administrative expenses for the year ended 31 July 2013 was approximately HK\$99,686,000 (2012: approximately HK\$79,766,000). Other Operating expenses increased to approximately HK\$24,320,000 (2012: approximately HK\$12,476,000). Other operating expenses mainly include share of net income to co-investors from entertainment events organised by the Group and the fair value loss on options. The increase in the marketing and administrative expenses is due to increase in the operating activities of the Group. Setting up and expansion of our China operations during the year ended 31 July 2013 also increased the administrative expenses. These expenses are under strict control by the Company's Management.

Finance costs increased to approximately HK\$47,835,000 for the year ended 31 July 2013 from approximately HK\$30,591,000 for the year ended 31 July 2012. The increase in finance costs was mainly attributable to the interest expenses on the Second Completion Convertible Notes.

For the year ended 31 July 2013, the Group recorded a loss after tax from continuing operations of approximately HK\$91,021,000 (2012: approximately HK\$277,587,000). During the year, the Group discontinued its licensing of software operation and such operation incurred a loss of approximately HK\$1,940,000 (2012: approximately HK\$11,247,000). Loss attributable to owners of the Company for the year ended 31 July 2013 was approximately HK\$98,883,000 compared to approximately HK\$290,175,000 for the previous financial year. The significant reduction in loss attributable to owners of the Company was mainly due to the fact that the issuance of the Second Completion Convertible Notes was completed on 9 June 2012 and therefore no fair value gain or loss on a forward contract was recognised during the year ended 31 July 2013. The fair value loss on a forward contract of approximately HK\$198,636,000 was recognised for the financial year ended 31 July 2012.

The fair value loss on the forward contract in relation to the Second Completion Convertible Notes and the effective interest expenses arising from the First Completion Convertible Notes and the Second Completion Convertible Notes were non-cash in nature.

As at 31 July 2013, the Group's equity attributable to owners of the Company amounted to approximately HK\$439,056,000 (2012: approximately HK\$542,116,000) and the net asset value per share attributable to owners of the Company was HK\$3.3 cents (2012: HK\$4.1 cents).

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the year under review, the Group organised and invested in 107 (2012: 37) shows by popular local, Asian and internationally renowned artistes, including Super Junior, G-Dragon, Jennifer Lopez, Andrea Bocelli, David Foster, Han Hong, Grasshopper x Softhard, Tat Ming Pair and Justin Lo. The total revenue from these business amounted to approximately HK\$181,916,000.

Music

During the year under review, the Group released 25 (2012: 21) albums, including titles by Super Junior, Sally Yeh, Big Four, Mark Lui, Grasshopper x Softhard, Tat Ming Pair, Justin Lo, Denise Ho and Ellen Loo. Turnover from music publishing and recording was approximately HK\$24,016,000.

Artiste Management

During the year under review, the Group recorded turnover of approximately HK\$32,173,000 from artiste management. The Group currently has more than 60 artistes under its management.

TV program distribution

During the year under review, the Group has made investments in production of 60 episodes of television dramas in the PRC which are expected to generate return to the Group in the coming financial year. The Group recorded a turnover of approximately HK\$5,438,000 from TV program distribution commission income and TV program production fee income.

Advertising

During the year under review, the Group recorded turnover of approximately HK\$18,400,000 from advertising business.

Film Production and Distribution Segment

During the year under review, the Group through its film production and distribution units, completed the principal photography of 7 films, with 8 other films in the production pipeline or under development. The Group recorded a turnover of approximately HK\$179,227,000 from video distribution and film distribution commission income.

PROSPECTS

Entertainment consumption in China is undergoing unprecedented growth and the Group stands ready to build on its solid foundation to fully seize the opportunities.

The Group has expanded its film distribution and marketing teams in China and this summer released 2 self-produced films, “Blind Detective” and “One Night Surprise”, to both box office and critical acclaim. With the slate of films currently in development and production, the Group foresees a solid distribution pipeline in the year to come.

Answering the continued strong demand for good quality television drama from TV stations and online video websites in the PRC, the Group has strengthened its collaboration with top-notch TV producers and directors. In addition, the Group is looking to increase its investments in other types of TV programmes such as variety shows and reality series.

The Group believes that a strong artiste roster will complement our media and entertainment businesses. In addition to expanding our Chinese artiste roster, the Group also collaborates with high profile Asian artistes such as top Korean music groups. The diverse projects of the Group including film, TV, music and live events ensure maximum commercial value and appeal in attracting talent.

On the music side, the long awaited pay model for digital music in China is taking shape, with international music labels coming to a mutually acceptable licensing model with major Chinese music portals. With a vast and well-known Chinese music library under management, the Group is ideally poised to capitalize on this new economic model.

Last year also saw the Group producing and promoting numerous concerts and live performances in China by prominent local and internationally artistes. The Group remains committed to staying a major force in Chinese live entertainment, and is expanding its focus on concerts to other types of live entertainment.

Overall, the Group is convinced that its integrated media platform comprising film, TV, music, talent, and event presents the most balanced and synergistic approach to growing a Chinese entertainment powerhouse.

CAPITAL STRUCTURE

As at 31 July 2013, the Group's equity attributable to owners of the Company decreased by 19% to approximately HK\$439,056,000 (as at 31 July 2012: approximately HK\$542,116,000). Total assets amounted to approximately HK\$1,163,257,000 (as at 31 July 2012: approximately HK\$1,107,368,000) which included current assets amounting to approximately HK\$944,244,000 (as at 31 July 2012: approximately HK\$977,970,000). Current liabilities were approximately HK\$485,341,000 (as at 31 July 2012: approximately HK\$61,609,000). Net asset value per share attributable to owners of the Company as at 31 July 2013 was approximately HK\$0.033 (as at 31 July 2012: approximately HK\$0.041). Current ratio was approximately 1.9 (as at 31 July 2012: approximately 15.9).

LIQUIDITY, FINANCIAL RESOURCES AND CHARGE ON ASSETS

The Group financed its operations with internal resources and convertible notes. As at 31 July 2013, the Group had unsecured and unguaranteed 3-years zero coupon convertible notes with an outstanding principal amount of approximately HK\$571,261,000. For accounting purpose after deducting the equity portion of the convertible notes from the principal amount, the resultant carrying amount of the convertible notes after adjusting for accrued interest was approximately HK\$ 506,776,000 (as at 31 July 2012: HK\$458,941,000). As at 31 July 2013, the Group had no unutilised letter of credit facility (as at 31 July 2012: US\$1,250,000).

As at 31 July 2013, the Group's cash and cash equivalents decreased to approximately HK\$414,384,000 (as at 31 July 2012: approximately HK\$696,869,000). The decrease in cash for the year ended 31 July 2013 was mainly attributable to the increase of investment in film and media and entertainment projects during the year. The balances were approximately 62% denominated in Hong Kong dollars, 17% in Renminbi ("RMB") and 19% in United States dollars. The RMB denominated balances were placed with licensed banks in the PRC. The conversion of these RMB balances into foreign currencies and the remittance of such foreign currencies balances, are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Save for the aforesaid, at 31 July 2013, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the year ended 31 July 2013. As at 31 July 2013, the gearing ratio of the Group, being the total borrowings to shareholders' equity attributable to the owner of the Company, was approximately 116.8% (as at 31 July 2012: 85.8%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure to foreign currencies is limited to its investment in foreign subsidiaries, which are financed internally. As at 31 July 2013, the Group had no outstanding foreign currency hedge contracts (as at 31 July 2012: Nil).

MATERIAL ACQUISITION/ DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions or disposals of subsidiaries during the year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 July 2013 (as at 31 July 2012: Nil).

EMPLOYEE INFORMATION

As at 31 July 2013, the Group had 232 (as at 31 July 2012: 133) employees. Staff costs, including directors' emoluments for the year ended 31 July 2013, amounted to approximately HK\$71,136,000 (2012: approximately HK\$55,909,000). The Group's remuneration policy is basically determined by the performance of individual employees. In general, salary review is conducted annually. Staff benefits, including medical coverage and provident funds, are also provided to employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company did not redeem any of its shares nor did the Company or any of its subsidiaries purchase or sell any of the Company's shares.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 July 2013 save for the following deviation.

Under code provision E.1.2, the chairman of the board should attend the annual general meeting.

Whilst the Company endeavours to maintain an on-going dialogue with the shareholders of the Company (the "Shareholders"), the Chairman may not always be able to attend the annual general meeting due to other business engagement. Pursuant to the Bye-laws of the Company, Mr. Lui Sui Tsuen, Richard, an executive Director was presided as chairman of the annual general meeting of the Company held on 20 November 2012 to ensure an effective communication with the Shareholders thereat.

REVIEW OF RESULTS

The audit committee of the Company currently comprises three independent non-executive directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis. It has reviewed the results (including the consolidated financial statements) of the Group for the year ended 31 July 2013.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITORS

The figures in respect of the Group's results for the year ended 31 July 2013 as set out in this preliminary announcement have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 assurance has been expressed by Ernst & Young on this preliminary announcement.

ANNUAL GENERAL MEETING

An annual general meeting of the Company (the "AGM") will be held on Friday, 22 November 2013. Notice of the AGM together with the Company's Report for the year ended 31 July 2013 will be despatched to the Shareholders in due course.

By Order of the Board
Lam Kin Ngok, Peter
Chairman

Hong Kong, 9 October 2013

As at the date of this announcement, the Board comprises six executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Mr. Choi Chiu Fai, Stanley, Mr. Jeffrey Soong, Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.mediaasia.com>.