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Media Asia Group Holdings Limited

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

(Stock Code: 8075)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2021

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*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 GEM (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.*

FIRST QUARTERLY RESULTS

The board of directors (the “**Board**”) of Media Asia Group Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 October 2021 together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 31 October	
		2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
TURNOVER	3	20,213	21,970
Cost of sales		<u>(7,991)</u>	<u>(20,172)</u>
Gross profit		12,222	1,798
Other income		2,470	3,893
Marketing expenses		(744)	(3,082)
Administrative expenses		(27,212)	(25,562)
Other operating gains	4	2,381	20,056
Other operating expenses		<u>(1,273)</u>	<u>(1,473)</u>
LOSS FROM OPERATING ACTIVITIES		(12,156)	(4,370)
Finance costs	5	(86)	(3,133)
Share of profits and losses of joint ventures		<u>(31)</u>	<u>(443)</u>
LOSS BEFORE TAX		(12,273)	(7,946)
Income tax expenses	6	<u>(26)</u>	<u>(109)</u>
LOSS FOR THE PERIOD		<u><u>(12,299)</u></u>	<u><u>(8,055)</u></u>
Attributable to:			
Owners of the Company		(11,172)	(6,922)
Non-controlling interests		<u>(1,127)</u>	<u>(1,133)</u>
		<u><u>(12,299)</u></u>	<u><u>(8,055)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		(Restated)
Basic and diluted (HK cents)		<u><u>(0.37)</u></u>	<u><u>(3.24)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 October	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS FOR THE PERIOD	(12,299)	(8,055)
OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	559	(6,199)
Release of foreign currency translation reserve upon dissolution of a subsidiary/deregistration of subsidiaries	(176)	28
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	383	(6,171)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(11,916)</u>	<u>(14,226)</u>
Attributable to:		
Owners of the Company	(10,904)	(13,125)
Non-controlling interests	(1,012)	(1,101)
	<u>(11,916)</u>	<u>(14,226)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2021

	Attributable to owners of the Company							Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Foreign currency translation		Accumulated losses HK\$'000	Non- controlling interests HK\$'000	
				reserve HK\$'000	Total HK\$'000			
At 1 August 2021 (audited)	294,570	837,756	95,191	(19,088)	(873,426)	335,003	(15,030)	319,973
Loss for the period	—	—	—	—	(11,172)	(11,172)	(1,127)	(12,299)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	—	—	—	444	—	444	115	559
Release of foreign currency translation reserve upon dissolution of a subsidiary	—	—	—	(176)	—	(176)	—	(176)
Total comprehensive income/(loss) for the period	—	—	—	268	(11,172)	(10,904)	(1,012)	(11,916)
Placing of shares	4,061	44,674	—	—	—	48,735	—	48,735
Transaction costs of placing of shares	—	(698)	—	—	—	(698)	—	(698)
At 31 October 2021 (unaudited)	<u>298,631</u>	<u>881,732</u>	<u>95,191</u>	<u>(18,820)</u>	<u>(884,598)</u>	<u>372,136</u>	<u>(16,042)</u>	<u>356,094</u>
At 1 August 2020 (audited)	21,361	633,661	95,191	(7,975)	(702,001)	40,237	(15,231)	25,006
Loss for the period	—	—	—	—	(6,922)	(6,922)	(1,133)	(8,055)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	—	—	—	(6,231)	—	(6,231)	32	(6,199)
Release of foreign currency translation reserve upon deregistration of subsidiaries	—	—	—	28	—	28	—	28
Total comprehensive loss for the period	—	—	—	(6,203)	(6,922)	(13,125)	(1,101)	(14,226)
At 31 October 2020 (unaudited)	<u>21,361</u>	<u>633,661</u>	<u>95,191</u>	<u>(14,178)</u>	<u>(708,923)</u>	<u>27,112</u>	<u>(16,332)</u>	<u>10,780</u>

NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2021

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 29 February 2000 as an exempted company with limited liability under the Companies Law (Revised) of the Cayman Islands. The Company's domicile was changed to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda on 3 December 2009. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company's issued ordinary shares have been listed and traded on GEM of the Stock Exchange since 31 May 2001.

The principal activity of the Company is investment holding. The Group's principal activities include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

In the opinion of the Directors, the ultimate holding company of the Company is Lai Sun Garment (International) Limited, which was incorporated in Hong Kong and whose shares are listed and traded on the Main Board of the Stock Exchange.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have not been audited by the Company's auditor but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 July 2021. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2021.

3. TURNOVER

An analysis of the Group's turnover is as follows:

	Three months ended 31 October	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers		
Entertainment event income	4,707	450
Album sales, licence income and distribution commission income from music publishing and licensing	8,939	8,408
Artiste management fee income	2,488	1,027
Distribution commission income and licence income from film and TV program products and film and TV program rights	4,079	12,085
	<u>20,213</u>	<u>21,970</u>

4. OTHER OPERATING GAINS

	Three months ended 31 October	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Foreign exchange gains, net	671	19,935
Others	1,710	121
	<u>2,381</u>	<u>20,056</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 October	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on:		
— Loans from an intermediate holding company	—	2,950
— Lease liabilities	86	183
	<u>86</u>	<u>3,133</u>

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 October 2021 (three months ended 31 October 2020: Nil). 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.

	Three months ended 31 October	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Overprovision in prior years	—	(38)
Current — Elsewhere		
Charge for the period	26	147
Total tax expense for the period	<u>26</u>	<u>109</u>

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company of approximately HK\$11,172,000 (2020: approximately HK\$6,922,000) and the weighted average number of ordinary shares of approximately 2,986,314,000 (2020: approximately 213,605,600 (restated)) in issue during the period.

The weighted average number of ordinary shares in issue used in basic and diluted loss per share calculation for the period ended 31 October 2020 has been adjusted to reflect the effect of share consolidation during the year ended 31 July 2021 as detailed in the Company's circular dated 30 November 2020.

The Group had no potential dilutive ordinary shares in issue during the three months ended 31 October 2021 (three months ended 31 October 2020: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 October 2021 (three months ended 31 October 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 October 2021 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$20,213,000, representing a decrease of approximately 8% from turnover of approximately HK\$21,970,000 for the corresponding three months ended 31 October 2020 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s film business.

Cost of sales decreased to approximately HK\$7,991,000 for the Current Period from approximately HK\$20,172,000 for the Corresponding Period. The Group’s marketing expenses decreased to approximately HK\$744,000 for the Current Period from approximately HK\$3,082,000 for the Corresponding Period. The decrease in the above-mentioned expenses was due to the decrease in the number of films released during the Current Period. Administrative expenses increased to approximately HK\$27,212,000 for the Current Period from approximately HK\$25,562,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains decreased to approximately HK\$2,381,000 for the Current Period from approximately HK\$20,056,000 for the Corresponding Period. Other operating gains for the Corresponding Period mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs was approximately HK\$86,000 for the Current Period compared to approximately HK\$3,133,000 for the Corresponding Period. The decrease in interest expenses was mainly due to the capitalisation of loans from an intermediate holding company completed on 18 January 2021.

Loss attributable to owners of the Company for the Current Period increased to approximately HK\$11,172,000 from approximately HK\$6,922,000 for the Corresponding Period. Basic loss per share decreased to approximately HK0.37 cents for the Current Period from approximately HK3.24 cents (as restated, after the share consolidation) for the Corresponding Period. The weighted average number of ordinary shares in issue used in the basic loss per share calculation for the Corresponding Period has been adjusted to reflect the effect of share consolidation, which came into effect on 22 December 2020.

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 3 (2020: 1) show(s). The total revenue from events management amounted to approximately HK\$4,707,000.

Music

During the Current Period, the Group released 2 (2020: 1) album(s), representing titles by Sammi Cheng and Ivana Wong. Turnover from music publishing and recording was approximately HK\$8,939,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$2,488,000 from artiste management. The Group currently has 24 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, turnover from film licence income and distribution commission income was approximately HK\$1,545,000 recorded by the Group.

TV Program Production and Distribution

During the Current Period, turnover from TV program licence fee and distribution commission was approximately HK\$2,534,000 recorded by the Group.

PROSPECTS

The entertainment consumption of the PRC and local markets started to recover amid the novel coronavirus epidemic. Nevertheless, the recent Omicron COVID-19 variant may pose a challenge for the recovery of the entertainment market. To rise the challenge, the Group will continue to produce high quality and commercially viable products and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

Good news from Film Division is that our recent release “American Girl”, featuring Karena Lam and Kaiser Chuang, has won the Best New Director, Best New Performer, Best Cinematography, Audience Choice Award and FIPRESCI Prize in the 58th Golden Horse Awards.

Upcoming release includes “Septet: the Story of Hong Kong”, an omnibus film produced by seven Hong Kong film masters including Johnnie To, Tsui Hark, Ann Hui, Patrick Tam, Sammo Hung, Yuen Woo-Ping and the memorable Ringo Lam. The Group will continue to invest in original production of quality films with Chinese themes. “Tales from the Occult”, a psychological thriller made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan respectively, is in post-production stage.

A 30-episode modern-day drama series “Modern Dynasty”, featuring Cheung Chi Lam and Tavia Yeung, tailor-made for Alibaba’s Youku platforms, is in post-production stage. “Twin Shadows”, a 24-episode modern-day drama series featuring Bosco Wong and Chrissie Chau, will commence shooting in December of this year. The Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

The distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide stable income contribution to the Group. We will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for the Group. The Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events include concerts of Eman Lam, Yoga Lin and Tsai Chin.

Looking forward, we believe that the Group's integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put us in a strong position to capture the opportunities of entertainment market by a balanced and synergistic approach and we will continue to explore cooperation and investment opportunities to enrich our portfolio, broaden our income stream and maximise value for our shareholders.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities during the three months ended 31 October 2021.

REVIEW OF QUARTERLY RESULTS

The audit committee of the Company (the "**Audit Committee**") currently comprises three independent non-executive Directors, namely Mr. Ng Chi Ho, Dennis (Chairman), Mr. Au Hoi Fung and Mr. Poon Kwok Hing, Albert. The Audit Committee has reviewed the first quarterly results (containing the unaudited condensed consolidated financial statements) of the Company for the three months ended 31 October 2021.

By order of the Board
Media Asia Group Holdings Limited
Lui Siu Tsuen, Richard
Executive Director

Hong Kong, 13 December 2021

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Chan Chi Kwong, Mr. Lui Siu Tsuen, Richard and Mr. Yip Chai Tuck; and three independent non-executive Directors, namely Mr. Au Hoi Fung, Mr. Ng Chi Ho, Dennis and Mr. Poon Kwok Hing, Albert.

This announcement will remain on the "Latest Listed Company Information" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.mediaasia.com.