

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.



Media Asia Group Holdings Limited

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

(Stock Code: 8075)

ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 APRIL 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.*

THIRD 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 and the nine months ended 30 April 2021 together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 April		Nine months ended 30 April	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
TURNOVER	3	31,838	21,038	78,861	177,063
Cost of sales		(20,084)	(8,611)	(60,597)	(102,368)
Gross profit		11,754	12,427	18,264	74,695
Other income		2,013	1,297	8,340	5,838
Marketing expenses		(1,110)	(119)	(8,578)	(24,312)
Administrative expenses		(27,612)	(32,798)	(85,132)	(107,135)
Other operating gains	4	2,302	(109)	38,988	1,409
Other operating expenses		(2,018)	(9,522)	(3,408)	(16,567)
LOSS FROM OPERATING ACTIVITIES		(14,671)	(28,824)	(31,526)	(66,072)
Finance costs	5	(144)	(4,660)	(6,536)	(14,024)
Share of profits and losses of joint ventures		(187)	(858)	2,155	(1,367)
Share of profit and loss of an associate		—	—	—	27
LOSS BEFORE TAX		(15,002)	(34,342)	(35,907)	(81,436)
Income tax expense	6	(139)	(131)	(496)	(362)
LOSS FOR THE PERIOD		(15,141)	(34,473)	(36,403)	(81,798)
Attributable to:					
Owners of the Company		(14,500)	(32,225)	(33,663)	(74,073)
Non-controlling interests		(641)	(2,248)	(2,740)	(7,725)
		(15,141)	(34,473)	(36,403)	(81,798)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7				
Basic and diluted (HK cents)		(0.50)	(Restated) (15.09)	(2.74)	(Restated) (34.68)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 April		30 April	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(15,141)	(34,473)	(36,403)	(81,798)
OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS				
Exchange differences on translation of foreign operations	(156)	1,570	(10,197)	2,226
Release of foreign currency translation reserve upon dissolution of subsidiaries	—	—	(183)	—
	<u>—</u>	<u>—</u>	<u>(183)</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(156)	1,570	(10,380)	2,226
	<u>(156)</u>	<u>1,570</u>	<u>(10,380)</u>	<u>2,226</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(15,297)	(32,903)	(46,783)	(79,572)
	<u><u>(15,297)</u></u>	<u><u>(32,903)</u></u>	<u><u>(46,783)</u></u>	<u><u>(79,572)</u></u>
Attributable to:				
Owners of the Company	(14,555)	(30,687)	(44,055)	(71,947)
Non-controlling interests	(742)	(2,216)	(2,728)	(7,625)
	<u>(15,297)</u>	<u>(32,903)</u>	<u>(46,783)</u>	<u>(79,572)</u>
	<u><u>(15,297)</u></u>	<u><u>(32,903)</u></u>	<u><u>(46,783)</u></u>	<u><u>(79,572)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2021

	Attributable to owners of the Company						Non- controlling interests	Total equity
	Issued capital	Share premium account	Contributed surplus	Foreign currency translation reserve	Accumulated losses	Total		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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	—	—	—	—	(33,663)	(33,663)	(2,740)	(36,403)
Other comprehensive income/ (loss) for the period:								
Exchange differences on translation of foreign operations	—	—	—	(10,209)	—	(10,209)	12	(10,197)
Release of foreign currency translation reserve upon dissolution of subsidiaries	—	—	—	(183)	—	(183)	—	(183)
Total comprehensive loss for the period	—	—	—	(10,392)	(33,663)	(44,055)	(2,728)	(46,783)
Loan capitalisation	268,750	161,250	—	—	—	430,000	—	430,000
Transaction costs of loan capitalisation	—	(3,734)	—	—	—	(3,734)	—	(3,734)
Issuance of fee shares	187	113	—	—	—	300	—	300
At 30 April 2021 (unaudited)	290,298	791,290	95,191	(18,367)	(735,664)	422,748	(17,959)	404,789
At 1 August 2019 (audited)	21,361	633,661	95,191	(7,591)	(523,832)	218,790	(11,631)	207,159
Loss for the period	—	—	—	—	(74,073)	(74,073)	(7,725)	(81,798)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	2,126	—	2,126	100	2,226
Total comprehensive income/(loss) for the period	—	—	—	2,126	(74,073)	(71,947)	(7,625)	(79,572)
Capital contributions from a non-controlling shareholder	—	—	—	—	—	—	5,423	5,423
At 30 April 2020 (unaudited)	21,361	633,661	95,191	(5,465)	(597,905)	146,843	(13,833)	133,010

NOTES TO CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 April 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 the 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 ("LSG"), 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 2020 and the unaudited condensed consolidated interim financial statements for the six months ended 31 January 2021. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2020 and the interim report for the six months ended 31 January 2021.

3. TURNOVER

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

	Three months ended 30 April		Nine months ended 30 April	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from contracts with customers				
Entertainment event income	8,313	700	8,802	67,086
Album sales, licence income and distribution commission income from music publishing and licensing	6,484	8,326	22,719	23,145
Artiste management fee income	1,808	878	3,700	4,214
Distribution commission income, licence fee income from and sales of film and TV program products and film and TV program rights	15,233	11,134	43,640	82,618
	<u>31,838</u>	<u>21,038</u>	<u>78,861</u>	<u>177,063</u>

4. OTHER OPERATING GAINS

	Nine months ended 30 April	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Foreign exchange gains, net	36,812	—
Others	2,176	1,409
	<u>38,988</u>	<u>1,409</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 April	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Interest on:		
— Loans from an intermediate holding company	6,032	4,815
— Loan from a fellow subsidiary	—	8,323
— Lease liabilities	504	886
	<u>6,536</u>	<u>14,024</u>

6. INCOME TAX

No provision for Hong Kong profits tax has been made during the period under review as there were no assessable profits generated during the nine months ended 30 April 2021 (nine months ended 30 April 2020: Nil) in Hong Kong. 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.

	Nine months ended 30 April	
	2021 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Overprovision in prior years	(19)	(56)
Current — Elsewhere		
Charge for the period	534	418
Overprovision in prior years	(19)	—
Total tax expense for the period	<u>496</u>	<u>362</u>

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Three months ended		Nine months ended	
	30 April		30 April	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss attributable to owners of the Company used in the basic loss per share calculation	<u>(14,500)</u>	<u>(32,225)</u>	<u>(33,663)</u>	<u>(74,073)</u>
	Number of shares			
	Three months ended		Nine months ended	
	30 April		30 April	
	2021	2020	2021	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
		(Restated)		(Restated)
Shares				
Weighted average number of ordinary shares in issue used in the basic loss per share calculation	<u>2,902,054</u>	<u>213,606</u>	<u>1,227,880</u>	<u>213,606</u>
Loss per share				
— Basic and diluted (HK cents)	<u>(0.50)</u>	<u>(15.09)</u>	<u>(2.74)</u>	<u>(34.68)</u>

The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the three months and nine months ended 30 April 2021 have been adjusted to reflect the effect of the Share Consolidation as detailed in the Company's circular dated 30 November 2020 (the "Circular"). Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior periods.

The Group had no potential dilutive ordinary shares in issue during three months and nine months ended 30 April 2021 (three months and nine months ended 30 April 2020: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 April 2021 (nine months ended 30 April 2020: Nil).

9. EVENT AFTER THE REPORTING PERIOD

On 4 June 2021, the Company as the issuer and THL G Limited (the “**Subscriber**”, a direct wholly-owned subsidiary of Tencent Holdings Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 700)) as the subscriber entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 83,333,333 new shares of HK\$0.10 each in the share capital of the Company (the “**Subscription Shares**”) at the subscription price of HK\$1.20 per Subscription Share (the “**Subscription**”). The Subscription Shares will be issued in two tranches. Details were disclosed in the joint announcement of the Company and eSun Holdings Limited (“**eSun**”, the controlling shareholder of the Company) dated 4 June 2021 (the “**Joint Announcement**”).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30 April 2021 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$78,861,000, representing a decrease of approximately 55% from approximately HK\$177,063,000 for the corresponding nine months in 2020 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s film and entertainment event businesses.

Cost of sales decreased to approximately HK\$60,597,000 for the Current Period from approximately HK\$102,368,000 for the Corresponding Period. The Group’s marketing expenses decreased to approximately HK\$8,578,000 for the Current Period from approximately HK\$24,312,000 for the Corresponding Period. The decrease in above-mentioned expenses was due to decrease in the number of large-scale films released and events held during the Current Period. Administrative expenses decreased to approximately HK\$85,132,000 for the Current Period from approximately HK\$107,135,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains increased to approximately HK\$38,988,000 for the Current Period from approximately HK\$1,409,000 for the Corresponding Period. Other operating gains mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs was approximately HK\$6,536,000 for the Current Period compared to approximately HK\$14,024,000 for the Corresponding Period. Finance costs mainly represented the interest expenses arising from the loans from an intermediate holding company.

Loss attributable to owners of the Company for the Current Period decreased to approximately HK\$33,663,000 from approximately HK\$74,073,000 for the Corresponding Period. Basic loss per share decreased to approximately HK2.74 cents from approximately HK34.68 cents for the Corresponding Period as restated, after the Share Consolidation.

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 3 (2020: 39) shows. The total revenue from these concerts amounted to approximately HK\$8,802,000.

Music

During the Current Period, the Group released 5 (2020: 7) albums, including titles by Sammi Cheng, Andy Leung, Chan Kin On, Jay Fung and Nowhere Boys. Turnover from music publishing and recording was approximately HK\$22,719,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$3,700,000 from artiste management. The Group currently has 26 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, 3 films produced/invested by the Group were theatrically released, namely “I’m Livin’ It”, “The Calling Of A Bus Driver” and “All U Need Is Love”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$40,671,000.

TV Program Production and Distribution

During the Current Period, the Group recorded a turnover of approximately HK\$2,969,000 from TV program licence fee and distribution commission.

Recapitalisation Proposal and Potential Acquisition

References were made to (i) the joint announcements of the Company, eSun, Lai Sun Development Company Limited and LSG dated 6 November 2020, 12 January 2021 and 18 January 2021, respectively; (ii) the joint announcements of the Company and eSun dated 10 December 2020 and 11 January 2021, respectively; (iii) the announcement of the Company dated 18 December 2020; (iv) the Circular; and (v) the prospectus of the Company and eSun dated 4 January 2021 in relation to, among other things, the Recapitalisation Proposal and the Potential Acquisition and details of which are as follows (capitalised terms used herein shall have the same meanings as those defined in the Circular):

(a) Share Consolidation, the Change in Board Lot Size and the Increase in Authorised Share Capital

As all the conditions to the Share Consolidation have been fulfilled, the completion of the Share Consolidation, the Change in Board Lot Size (i.e. from 4,000 shares of HK\$0.01 each to 12,000 shares of HK\$0.10 each) and the Increase in Authorised Share Capital took place on 22 December 2020.

(b) Potential Acquisition

On 12 January 2021, the Company terminated negotiations on the Potential Acquisition in accordance with the Acquisition Term Sheet, and neither the Company nor VS Media shall have any liability or further obligation to the other parties. Nevertheless, as the management of the Company remains keen to expand the content production business of the Group and, in particular content related to social media e-commerce, the Company is exploring alternative ways to collaborate with VS Media, including but not limited to a joint venture. The Company will keep its shareholders and investors informed by way of announcement(s) in compliance with the requirements of the GEM Listing Rules as and when appropriate.

(c) Open Offer

On 12 January 2021, the Company and Get Nice (as the Underwriter) mutually agreed to terminate the Underwriting Agreement with immediate effect and entered into a deed of termination in that relation, whereupon the respective parties' obligations have ceased and determined and neither party shall have any claim against the other in respect of the Underwriting Agreement (save for any antecedent breaches thereof). Accordingly, the Open Offer and the Irrevocable Undertaking did not proceed.

(d) Loan Capitalisation, the Clawback Offer and the Placing

As all the conditions to the Loan Capitalisation Agreement, the Clawback Offer and the Placing Agreement have been fulfilled, the completion of the Loan Capitalisation, the Clawback Offer by eSun and the Placing of Capitalisation Shares took place on 18 January 2021.

(e) Issue of Fee Shares

The Company has agreed to issue 2,500,000 new and fully paid-up Shares to Anglo Chinese Corporate Finance, Limited (“**Anglo Chinese**”, the financial adviser of the Company in relation to the Potential Transactions) in settlement of a portion of the advisory fee (i.e. HK\$400,000) payable to Anglo Chinese at the election of Anglo Chinese.

In view of the termination of the Open Offer and the negotiations on the Potential Acquisition, the Company and Anglo Chinese agreed to revise the payment terms on the advisory fee. On 17 March 2021, the Company allotted and issued 1,875,000 Fee Shares at HK\$0.16 each to Anglo Chinese in settlement of the revised advisory fee of HK\$300,000.

Share Subscription and New General Mandate

Pursuant to the Subscription, the Tranche A Subscription Shares will be allotted and issued under the general mandate which was approved by the Company's shareholders (the “**Shareholders**”) at the annual general meeting of the Company held on 18 December 2020. The Tranche B Subscription Shares will be allotted and issued under the specific mandate which will be subject to Shareholders' approval at the forthcoming special general meeting of the Company (the “**SGM**”).

The Company proposed to refresh the general mandate for the Directors to allot and issue new shares of the Company (the “**Shares**”) up to 20% of the total number of issued Shares as at the date of passing of the relevant resolution by the Company’s independent Shareholders at the SGM (the “**New General Mandate**”).

Details of the Subscription and the New General Mandate were disclosed in the Joint Announcement.

PROSPECTS

The entertainment consumption of the PRC and local markets is still affected by the novel coronavirus epidemic. We have been focusing on producing high quality projects with proven track record as well as commercial viability and tightening the cost control procedure to rise the challenge. As the consumption of online content has substantially increased in areas of streaming platforms and e-commerce as a result of pandemic lockdown measures and social distancing policies, we believe there are opportunities in online e-commerce and influencer market which the Group has been directing its resources towards development of related businesses.

The Group continues to invest in original production of quality films with Chinese themes. Our current production pipeline include “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, and “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.

A 30 episode modern-day drama series “Modern Dynasty”, tailor-made for Alibaba’s Youku platforms, is under production. The Group is in discussion with various Chinese portals and video web sites for new project development in TV drama production.

The exclusive distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue 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 recent Eman Lam Concert “The Beginning of Faith Live” has earned good reputation and public praises. The Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Leon Lai and C AllStar.

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 China 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 nine months ended 30 April 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 third quarterly results (containing the unaudited condensed consolidated financial statements) of the Company for the nine months ended 30 April 2021.

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

Hong Kong, 10 June 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.