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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 FINAL RESULTS FOR THE YEAR ENDED 31 JULY 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.*

RESULTS

The board of directors (the “**Board**”) of Media Asia Group Holdings Limited (the “**Company**”) presents the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 July 2021 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
TURNOVER	3	354,986	364,773
Cost of sales		<u>(385,439)</u>	<u>(320,887)</u>
Gross profit/(loss)		(30,453)	43,886
Other income	3	10,323	9,542
Marketing expenses		(19,180)	(24,047)
Administrative expenses		(114,627)	(138,419)
Other operating gains		39,236	1,833
Other operating expenses		<u>(50,044)</u>	<u>(62,421)</u>
LOSS FROM OPERATING ACTIVITIES		(164,745)	(169,626)
Finance costs	4	(6,652)	(17,756)
Share of profits and losses of joint ventures		<u>420</u>	<u>50</u>
LOSS BEFORE TAX	5	(170,977)	(187,332)
Income tax credit/(expense)	6	<u>(504)</u>	<u>61</u>
LOSS FOR THE YEAR		<u><u>(171,481)</u></u>	<u><u>(187,271)</u></u>
Attributable to:			
Owners of the Company		(171,425)	(178,169)
Non-controlling interests		<u>(56)</u>	<u>(9,102)</u>
		<u><u>(171,481)</u></u>	<u><u>(187,271)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		(Restated)
Basic and diluted (HK cents)		<u><u>(10.35)</u></u>	<u><u>(83.41)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
LOSS FOR THE YEAR	(171,481)	(187,271)
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	(10,673)	(305)
Release of foreign currency translation reserve upon deregistration of subsidiaries	<u>(183)</u>	<u>—</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(10,856)</u>	<u>(305)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(182,337)</u></u>	<u><u>(187,576)</u></u>
Attributable to:		
Owners of the Company	(182,538)	(178,553)
Non-controlling interests	<u>201</u>	<u>(9,023)</u>
	<u><u>(182,337)</u></u>	<u><u>(187,576)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2021

	Notes	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		—	—
Film and TV program products		15,420	25,268
Film and TV program rights		—	—
Investments in joint ventures		15,823	13,555
Investment in an associate		—	—
Prepayments, deposits and other receivables		25,562	22,732
Right-of-use assets		—	—
		<hr/>	<hr/>
Total non-current assets		56,805	61,555
CURRENT ASSETS			
Films and TV programs under production and film investments		235,844	313,420
Trade receivables	8	60,522	42,654
Prepayments, deposits and other receivables		126,303	138,477
Other financial assets		4,571	5,539
Cash and cash equivalents		295,564	317,692
		<hr/>	<hr/>
Total current assets		722,804	817,782
CURRENT LIABILITIES			
Trade payables	9	4,095	75
Accruals and other payables		269,695	252,547
Deposits received		167,102	226,431
Lease liabilities		7,497	9,170
Tax payable		9,087	10,751
		<hr/>	<hr/>
Total current liabilities		457,476	498,974
NET CURRENT ASSETS			
		<hr/>	<hr/>
		265,328	318,808
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/>	<hr/>
		322,133	380,363

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Loans from an intermediate holding company	<i>10</i>	—	350,000
Lease liabilities		<u>2,160</u>	<u>5,357</u>
 Total non-current liabilities		 <u>2,160</u>	 <u>355,357</u>
 Net assets		 <u>319,973</u>	 <u>25,006</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>11</i>	294,570	21,361
Reserves		<u>40,433</u>	<u>18,876</u>
		335,003	40,237
 Non-controlling interests		 <u>(15,030)</u>	 <u>(15,231)</u>
 Total equity		 <u>319,973</u>	 <u>25,006</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 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			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 August 2019	21,361	633,661	95,191	(7,591)	(523,832)	218,790	(11,631)	207,159	
Loss for the year	—	—	—	—	(178,169)	(178,169)	(9,102)	(187,271)	
Other comprehensive income/ (loss) for the year:									
Exchange differences on translation of foreign operations	—	—	—	(384)	—	(384)	79	(305)	
Total comprehensive loss for the year	—	—	—	(384)	(178,169)	(178,553)	(9,023)	(187,576)	
Capital contributions from non-controlling shareholders	—	—	—	—	—	—	5,423	5,423	
At 31 July 2020 and 1 August 2020	21,361	633,661[#]	95,191[#]	(7,975)[#]	(702,001)[#]	40,237	(15,231)	25,006	
Loss for the year	—	—	—	—	(171,425)	(171,425)	(56)	(171,481)	
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	—	—	—	(10,930)	—	(10,930)	257	(10,673)	
Release of foreign currency translation reserve upon deregistration of subsidiaries	—	—	—	(183)	—	(183)	—	(183)	
Total comprehensive income/ (loss) for the year	—	—	—	(11,113)	(171,425)	(182,538)	201	(182,337)	
Loan capitalisation	268,750	161,250	—	—	—	430,000	—	430,000	
Transaction costs of loan capitalisation	—	(3,527)	—	—	—	(3,527)	—	(3,527)	
Issuance of fee shares	187	113	—	—	—	300	—	300	
Placing of shares	4,272	46,993	—	—	—	51,265	—	51,265	
Transaction costs of placing of shares	—	(734)	—	—	—	(734)	—	(734)	
At 31 July 2021	294,570	837,756[#]	95,191[#]	(19,088)[#]	(873,426)[#]	335,003	(15,030)	319,973	

[#] These reserve accounts comprise the consolidated reserves of HK\$40,433,000 (2020: HK\$18,876,000) in the consolidated statement of financial position.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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, 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 certain financial assets 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.

1.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions beyond 30 June 2021</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

2. OPERATING SEGMENT INFORMATION

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

- (i) the media and entertainment segment engages in the investment in and the production of entertainment events, the provision of artiste management services, album sales and the distribution and licence of music;
- (ii) the film and TV program segment engages in the investment in, production of, sale, distribution and licence of films and TV programs; and
- (iii) the corporate segment comprises corporate income and expense items.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax.

Segment liabilities exclude tax payable and loans from an intermediate holding company as these liabilities are managed on a group basis.

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

There were no material intersegmental sales and transfers during the year (2020: Nil).

Segment revenue/results:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	108,865	104,796	246,121	259,977	—	—	354,986	364,773
Other income	<u>3,026</u>	<u>2,688</u>	<u>2,759</u>	<u>3,453</u>	<u>4,538</u>	<u>3,401</u>	<u>10,323</u>	<u>9,542</u>
Segment loss	<u>(40,693)</u>	<u>(38,571)</u>	<u>(107,569)</u>	<u>(99,205)</u>	<u>(16,524)</u>	<u>(31,850)</u>	<u>(164,786)</u>	<u>(169,626)</u>
Gain on deregistration of subsidiaries	102	—	81	—	—	—	183	—
Loss on disposal of joint ventures	(142)	—	—	—	—	—	(142)	—
Finance costs	(136)	(253)	(215)	(413)	(6,301)	(17,090)	(6,652)	(17,756)
Share of profits and losses of joint ventures	1,309	(193)	(889)	243	—	—	420	50
Loss before tax							<u>(170,977)</u>	<u>(187,332)</u>

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	210,975	187,943	456,515	625,073	96,296	52,766	763,786	865,782
Investments in joint ventures	14,766	11,608	1,057	1,947	—	—	15,823	13,555
Investment in an associate	—	—	—	—	—	—	—	—
Total assets							<u>779,609</u>	<u>879,337</u>
Segment liabilities	122,025	101,147	320,905	381,623	7,619	10,810	450,549	493,580
Unallocated liabilities							<u>9,087</u>	<u>360,751</u>
Total liabilities							<u>459,636</u>	<u>854,331</u>

Other segment information:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	48	268	17	268	192	612	257	1,148
Depreciation of right-of-use assets	856	3,373	530	4,427	105	3,346	1,491	11,146
Amortisation of film and TV program products	—	—	176,388	128,011	—	—	176,388	128,011
Amortisation of film and TV program rights	—	—	1,846	283	—	—	1,846	283
Impairment of films and TV programs under production	—	—	2,553	12,439	—	—	2,553	12,439
Impairment of trade receivables	4,599	4,847	56	127	—	—	4,655	4,974
Impairment of advances and other receivables	14,606	5,345	3,609	8,399	—	775	18,215	14,519
Impairment of property, plant and equipment	493	639	117	204	637	1,507	1,247	2,350
Impairment of right-of-use assets	2,840	2,954	865	5,292	430	6,331	4,135	14,577
Impairment of amounts due from joint ventures	1,960	697	—	364	—	—	1,960	1,061
Reversal of impairment of amounts due from joint ventures	(693)	—	(1,183)	—	—	—	(1,876)	—
Reversal of impairment of an amount due from an associate	—	—	(14)	(29)	—	—	(14)	(29)
Reversal of impairment of advances and other receivables	(303)	(88)	(421)	—	—	—	(724)	(88)
Write-off of prepayments and other receivables	—	—	—	3,167	—	—	—	3,167
Additions of property, plant and equipment	541	392	134	78	829	157	1,504	627
Additions of right-of-use assets	3,696	280	1,395	2,426	535	9,068	5,626	11,774
Additions of film and TV program products	—	—	2,661	1,655	—	—	2,661	1,655
Additions of film and TV program rights	—	—	1,846	136	—	—	1,846	136
Additions of films and TV programs under production and film investments	—	—	224,588	155,297	—	—	224,588	155,297

Geographical information:

	Hong Kong		Mainland China		Macau		Others		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue:										
Sales to external customers	110,638	58,307	227,059	267,137	1	20,908	17,288	18,421	354,986	364,773
Assets:										
Segment assets										
— non-current assets	53,399	53,734	3,144	7,821	—	—	262	—	56,805	61,555
— current assets	463,270	282,115	252,520	528,717	2,036	2,044	4,978	4,906	722,804	817,782
Total assets									779,609	879,337
Other information:										
Additions of property, plant and equipment	1,151	379	211	156	—	—	142	92	1,504	627
Additions of right-of-use assets	1,872	9,068	2,380	2,706	—	—	1,374	—	5,626	11,774
Additions of film and TV program products	2,530	1,655	131	—	—	—	—	—	2,661	1,655
Additions of film and TV program rights	1,846	136	—	—	—	—	—	—	1,846	136
Additions of films and TV programs under production and film investments	121,968	13,694	102,620	141,603	—	—	—	—	224,588	155,297

Information about major customers

Revenue from one (2020: two) customer(s) which accounted for revenue exceeding 10% of the Group's total revenues derived from film and TV program segment amounted to approximately HK\$140,804,000 for the year ended 31 July 2021 (2020: approximately HK\$189,765,000).

3. TURNOVER AND OTHER INCOME

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Entertainment event income	72,429	68,372
Album sales, licence income and distribution commission income from music publishing and licensing	31,108	31,079
Artiste management fee income	5,328	5,345
Distribution commission income, licence income from and sales of film and TV program products and film and TV program rights	<u>246,121</u>	<u>259,977</u>
	<u>354,986</u>	<u>364,773</u>

(b) An analysis of the Group's other income is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Other income from contracts with customers</i>		
Commission and handling fee income from entertainment and other events	<u>3,431</u>	<u>4,315</u>
<i>Other income from other sources</i>		
Bank interest income	1,735	1,427
Government grants*	3,826	2,472
Rental income	895	738
Others	<u>436</u>	<u>590</u>
	<u>6,892</u>	<u>5,227</u>
	<u>10,323</u>	<u>9,542</u>

* There are no unfulfilled conditions or contingencies related to this income.

4. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on:		
— Loans from an intermediate holding company	6,032	7,265
— Loan from a fellow subsidiary	—	9,387
— Lease liabilities	620	1,104
	<u>6,652</u>	<u>17,756</u>

5. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of film and TV program products, film and TV program rights and licence rights	314,005	258,472
Cost of artiste management services and services for entertainment events provided	71,434	62,415
Total cost of sales	<u>385,439</u>	<u>320,887</u>
Depreciation of property, plant and equipment	257	1,148
Depreciation of right-of-use assets	1,491	11,146
Amortisation of film and TV program products [#]	176,388	128,011
Amortisation of film and TV program rights [#]	1,846	283
Lease payments not included in the measurement of lease liabilities:		
Entertainment events [#]	474	1,347
Others	1,896	2,782
Contingent rents incurred for entertainment events [#]	6,215	2,821
Total	<u>8,585</u>	<u>6,950</u>
Auditor's remuneration	2,222	2,222
Employee benefit expense (including directors' emoluments):		
Salaries, wages, bonuses and allowances	75,652	87,720
Pension scheme contributions	4,401	4,036
	<u>80,053</u>	<u>91,756</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on deregistration of subsidiaries*	(183)	—
Loss on disposal of joint ventures ^{##}	142	—
Loss on disposal of property, plant and equipment ^{##}	—	3
Gain on termination of a lease*	(163)	(1)
Impairment of property, plant and equipment ^{##}	1,247	2,350
Impairment of right-of-use assets ^{##}	4,135	14,577
Impairment of amounts due from joint ventures ^{##}	1,960	1,061
Reversal of impairment of amounts due from joint ventures*	(1,876)	—
Reversal of impairment of an amount due from an associate*	(14)	(29)
Impairment of films and TV programs under production [#]	2,553	12,439
Impairment of trade receivables ^{##}	4,655	4,974
Impairment of advances and other receivables ^{##}	18,215	14,519
Reversal of impairment of advances and other receivables*	(724)	(88)
Write-off of prepayments and other receivables ^{##}	—	3,167
Fair value change from film investments ^{##}	12,702	5,014
Fair value change from other financial assets ^{##}	—	9,426
Share of net loss from entertainment events organised by the Group to co-investors*	—	(659)
Share of net gain from entertainment events organised by the Group to co-investors ^{##}	3,242	—
Fair value change from entertainment events organised by co-investors ^{##/*}	1,280	(990)
Foreign exchange gains, net*	(36,276)	—
Foreign exchange losses, net ^{##}	—	7,308
	<u> </u>	<u> </u>

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

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 years ended 31 July 2021 and 31 July 2020. 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.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Provision for tax for the year		
Current — Hong Kong		
Charge for the year	—	—
Overprovision in prior years	(18)	(56)
Current — Elsewhere		
Charge for the year	561	466
Overprovision in prior years	(39)	(471)
	<u>504</u>	<u>(61)</u>
Total tax expense/(credit) for the year	<u>504</u>	<u>(61)</u>

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company of approximately HK\$171,425,000 (2020: approximately HK\$178,169,000) and the weighted average number of ordinary shares of approximately 1,655,857,000 (2020: approximately 213,606,000 (restated)) in issue during the year.

The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the year ended 31 July 2021 has been adjusted to reflect the effect of Share Consolidation as set out in note 11(a)(i). Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior year.

The Group had no potential dilutive ordinary shares in issue during the years ended 31 July 2021 and 31 July 2020.

8. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	77,910	55,387
Impairment	(17,388)	(12,733)
	<u>60,522</u>	<u>42,654</u>

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licensing income and sales of products. 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables, as of the end of the reporting period, based on the payment due date and revenue recognition date (when invoice had yet been issued by then, i.e. unbilled) and net of loss allowances, is as follows:

	2021 HK\$'000	2020 <i>HK\$'000</i>
Neither past due nor impaired	38,736	13,477
1 to 90 days past due	14,371	16,619
Over 90 days past due	1,039	3,140
	<hr/>	<hr/>
	54,146	33,236
Unbilled	6,376	9,418
	<hr/>	<hr/>
	60,522	42,654
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9. TRADE PAYABLES

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Less than 30 days	4,029	17
31 to 60 days	2	—
Over 90 days	64	58
	<hr/>	<hr/>
	4,095	75
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Trade payables are non-interest-bearing and have credit terms generally ranging from 30 to 60 days.

10. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current:			
HK\$50,000,000 term loan	<i>(ii)</i>	—	50,000
HK\$300,000,000 term loan	<i>(iii)</i>	—	300,000
		<u>—</u>	<u>350,000</u>

Notes:

- (i) On 29 June 2018, the Company and eSun Holdings Limited (“**eSun**”), an intermediate holding company of the Company, entered into a loan agreement for a term loan facility with a principal amount up to HK\$100 million. The balance was unsecured, interest-bearing at 3-month Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 3.3% per annum and repayable on 3 July 2020. The balance was fully settled during the year ended 31 July 2020.
- (ii) On 1 November 2019, the Company and eSun entered into a loan agreement (“**eSun 1st Shareholder’s Loan**”) for a term loan facility with a principal amount up to HK\$50 million. The balance is unsecured, interest-bearing at 3-month HIBOR plus 2.8% per annum and repayable on 31 October 2022.
- (iii) On 11 June 2020, the Company and eSun entered into a loan agreement (“**eSun 2nd Shareholder’s Loan**”) for a term loan facility with a principal amount up to HK\$300 million. The balance is unsecured, interest-bearing at 3-month HIBOR plus 2.8% per annum and repayable on 10 June 2023.
- (iv) On 20 October 2020, the Company and eSun entered into a loan agreement (“**eSun 3rd Shareholder’s Loan**”) for a term loan facility with a principal amount up to HK\$80 million. The balance is unsecured, interest-bearing at 3-month HIBOR plus 2.8% per annum and repayable on 19 October 2023.

The eSun 1st Shareholder’s Loan, the eSun 2nd Shareholder’s Loan and the eSun 3rd Shareholder’s Loan are collectively referred to as “**eSun Shareholder’s Loans**”.

On 6 November 2020, the Company and eSun entered into the loan capitalisation agreement, pursuant to which the Company has conditionally agreed to issue a maximum of 2,687,500,000 new Consolidated Shares (as defined in note 11(a)) (the “**Capitalisation Shares**”) to eSun, or any persons as it may direct, at a price of HK\$0.16 per Consolidated Share in consideration of the cancellation by way of setting-off against the outstanding principal amount of HK\$430 million under the eSun Shareholder’s Loans (the “**Loan Capitalisation**”).

Upon completion of the Loan Capitalisation on 18 January 2021, eSun Shareholder’s Loans of HK\$430 million were capitalised into 2,687,500,000 Capitalisation Shares, of which the Company issued to the persons as directed by eSun. Details of which are set out in note 11(a).

11. SHARE CAPITAL

	Notes	2021		2020	
		Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:					
Ordinary shares of HK\$0.10 (31 July 2020: HK\$0.01) each	(a), (b)	<u>10,000,000</u>	<u>1,000,000</u>	<u>60,000,000</u>	<u>600,000</u>
Issued and fully paid:					
Ordinary shares of HK\$0.10 (31 July 2020: HK\$0.01) each		<u>2,945,702</u>	<u>294,570</u>	<u>2,136,056</u>	<u>21,361</u>

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

	Notes	2021		2020	
		Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Balance at the beginning of the year		2,136,056	21,361	2,136,056	21,361
Share consolidation	(a)(i)	(1,922,450)	—	—	—
Loan capitalisation	(a)(iii)	2,687,500	268,750	—	—
Issuance of fee shares	(b)	1,875	187	—	—
Placing of shares	(c)	<u>42,721</u>	<u>4,272</u>	—	—
Balance at the end of the year		<u>2,945,702</u>	<u>294,570</u>	<u>2,136,056</u>	<u>21,361</u>

Notes:

(a) Pursuant to the ordinary resolutions passed at the special general meeting of the Company on 18 December 2020 (the “2020 SGM”), the recapitalisation proposal involved, among other things, (i) the Share Consolidation (as defined below); (ii) the Increase in Authorised Share Capital (as defined below) (both (i) and (ii) became effective on 22 December 2020); and (iii) the Loan Capitalisation (completed on 18 January 2021). The recapitalisation proposal involved:

- (i) the consolidation of every ten issued and unissued shares of HK\$0.01 each into one consolidated share (the “Consolidated Share(s)”) of HK\$0.10 each (the “Share Consolidation”). As a result of the Share Consolidation, the Company’s authorised share capital has been adjusted from HK\$600,000,000 divided into 60,000,000,000 shares of HK\$0.01 each to HK\$600,000,000 divided into 6,000,000,000 Consolidated Shares of HK\$0.10 each while the number of issued and fully paid ordinary shares was adjusted from 2,136,056,825 of HK\$0.01 each to 213,605,682 of HK\$0.10 each;

- (ii) the increase in the Company's authorised share capital from HK\$600,000,000 divided into 6,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 4,000,000,000 unissued Consolidated Shares (the "**Increase in Authorised Share Capital**"); and
- (iii) the capitalisation of the eSun Shareholder's Loans of HK\$430,000,000 into 2,687,500,000 Capitalisation Shares, of which the Company issued to the persons as directed by eSun, at the issue price of HK\$0.16 per Capitalisation Share. In order to provide independent shareholders of the Company (the "**Qualifying Shareholders**") with an opportunity to reduce the dilutive impact of the Loan Capitalisation on their shareholdings in the Company, and to continue to participate in and share the growth of the business of the Company alongside eSun under the Loan Capitalisation, it was proposed that prior to the completion of the Loan Capitalisation, a portion of the Capitalisation Shares that would otherwise be issued to eSun (or any persons as it may direct) would be directed to be issued to the Qualifying Shareholders on a pro rata basis of three clawback offer shares for every one Consolidated Share held by the Qualifying Shareholders as at 28 December 2020 pursuant to a clawback offer by eSun up to a maximum of 207,869,997 Capitalisation Shares (the "**Clawback Offer**"). In order to ensure that the Company would be able to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules upon the completion of the Loan Capitalisation, in addition to the Clawback Offer, eSun and the Company entered into a placing agreement (the "**Placing Agreement**") with Get Nice Securities Limited ("**Get Nice**", as the "**Placing Agent**") on 6 November 2020 to place, through the Placing Agent up to a maximum of 937,500,000 Capitalisation Shares otherwise due to be allotted to eSun under the Loan Capitalisation to not less than six places at the price of HK\$0.16 per Capitalisation Share (the "**Placing**").

As the Loan Capitalisation was completed on 18 January 2021, a total of 2,687,500,000 Capitalisation Shares were issued by the Company on the same date, of which (i) 41,217,036 Capitalisation Shares were allocated to the Qualifying Shareholders in relation to their valid applications for their respective entitlements under the Clawback Offer; (ii) 768,750,000 Capitalisation Shares were placed by Get Nice to not less than six places pursuant to the terms and conditions of the Placing Agreement; and (iii) the remaining 1,877,532,964 Capitalisation Shares were taken up by Perfect Sky Holdings Limited (a direct wholly-owned subsidiary of eSun), as directed by eSun. Upon completion of the Loan Capitalisation, the eSun Shareholder's Loans of HK\$430,000,000 were derecognised and, share capital of HK\$268,750,000, share premium of HK\$161,250,000 and the related issue expenses of approximately HK\$3,527,000 were recognised.

On 18 January 2021, the issued share capital of the Company was increased to HK\$290,110,568.2 divided into 2,901,105,682 ordinary shares of HK\$0.10 each. Further details of which are set out in the Company's circular dated 30 November 2020; the joint announcement of the Company, eSun, Lai Sun Development Company Limited and Lai Sun Garment (International) Limited dated 6 November 2020, 12 January 2021 and 18 January 2021; and the joint announcement of the Company and eSun dated 10 December 2020 and 11 January 2021.

- (b) Pursuant to an ordinary resolution passed at the 2020 SGM, on 17 March 2021, the Company issued 1,875,000 Fee Shares to Anglo Chinese Corporate Finance, Limited (“**Anglo Chinese**”), the financial adviser of the Company in relation to the recapitalisation proposal, in settlement of the advisory fee of HK\$300,000 at the election of Anglo Chinese.
- (c) 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 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 would be issued in two tranches of which 42,721,136 new shares (“**Tranche A Subscription Shares**”) would be issued under the general mandate granted to the directors of the Company to issue up to 20% of the total number of shares in issue on 18 December 2020, by an ordinary resolution passed at the annual general meeting of the Company held on 18 December 2020 (the “**General Mandate**”), and 40,612,197 new shares (“**Tranche B Subscription Shares**”) would be issued under the specific mandate granted to the directors of the Company to issue 40,612,197 new shares by an ordinary resolution passed at the special general meeting held on 16 July 2021 (the “**Specific Mandate**”). On 28 June 2021, the Company issued 42,721,136 new shares (i.e. Tranche A Subscription Shares) under the General Mandate to the Subscriber. The gross proceeds from the Tranche A Subscription Shares amounted to approximately HK\$51,265,000 and the related issue expense was approximately HK\$734,000.

Subsequent to the year end date, on 3 August 2021, the Company issued 40,612,197 new shares (i.e. Tranche B Subscription Shares) under the Specific Mandate to the Subscriber. The gross proceeds from the Tranche B Subscription Shares amounted to approximately HK\$48,735,000 and the related issue expense was approximately HK\$698,000.

12. DIVIDEND

The board of directors of the Company does not recommend the payment of any dividend in respect of the year ended 31 July 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 July 2021, the Company and its subsidiaries (the “**Group**”) recorded a turnover of approximately HK\$354,986,000, representing a slight decrease of 3% from turnover of approximately HK\$364,773,000 for the year ended 31 July 2020. The decrease in the turnover of the Group was mainly attributable to the decrease in revenue from the Group’s film business.

Cost of sales for the year ended 31 July 2021 increased to approximately HK\$385,439,000 from approximately HK\$320,887,000 for the previous financial year. The increase was mainly due to the additional amortisation of certain film and TV program products released in the fourth quarter of the financial year with unsatisfactory performance, which resulted in gross loss for the year. Marketing expenses for the year ended 31 July 2021 was approximately HK\$19,180,000 (2020: approximately HK\$24,047,000). Administrative expenses for the year ended 31 July 2021 was approximately HK\$114,627,000 (2020: approximately HK\$138,419,000). These expenses are under strict control by the Company’s management. Other operating expenses decreased to approximately HK\$50,044,000 (2020: approximately HK\$62,421,000). Other operating expenses for the year ended 31 July 2021 mainly included impairment of trade and other receivables and fair value loss of film investments. Other operating gains increased to approximately HK\$39,236,000 for the year ended 31 July 2021 from approximately HK\$1,833,000 for the year ended 31 July 2020. Other operating gains mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs decreased to approximately HK\$6,652,000 for the year ended 31 July 2021 from approximately HK\$17,756,000 for the year ended 31 July 2020. The decrease in interest expenses was mainly due to the capitalisation of loans from an intermediate holding company during the year.

The Group recorded a loss after tax of approximately HK\$171,481,000 (2020: approximately HK\$187,271,000) and a loss attributable to owners of the Company of approximately HK\$171,425,000 (2020: approximately HK\$178,169,000) during the year.

As at 31 July 2021, the Group’s equity attributable to owners of the Company amounted to approximately HK\$335,003,000 (2020: approximately HK\$40,237,000) and the net asset value per share attributable to owners of the Company was HK11.4 cents (2020: HK18.8 cents (restated to adjust the effect of share consolidation completed on 22 December 2020)).

BUSINESS REVIEW

Media and Entertainment Segment

Events management

During the year under review, the Group organised and invested in 14 (2020: 39) shows by popular local, Asian and internationally renowned artistes, including Leon Lai, C AllStar and Eman Lam. The total revenue from these events amounted to approximately HK\$72,429,000.

Music

During the year under review, the Group released 11 (2020: 9) albums, including titles by Sammi Cheng, C AllStar, Andy Leung, Chan Kin On, Jay Fung, Nowhere Boys and Joyce Cheng. Turnover from music publishing and recording was approximately HK\$31,108,000.

Artiste management

During the year under review, the Group recorded a turnover of approximately HK\$5,328,000 from artiste management. The Group currently has 24 artistes under its management.

Film and TV Program Segment

Film production and distribution

During the year under review, a total of 6 films produced/invested by the Group were theatrically released, namely “I’m Livin’ It”, “The Calling Of A Bus Driver”, “All U Need Is Love”, “The Legend of the Condor Heroes: The Cadaverous Claws”, “The Legend of the Condor Heroes: The Dragon Tamer” and “1921”. Turnover from the licence income and distribution commission income of films was approximately HK\$47,966,000.

TV program production and distribution

During the year under review, the Group has recorded a turnover of approximately HK\$198,155,000 from TV program licence fee, distribution commission and sale of TV program products.

RECAPITALISATION PROPOSAL AND POTENTIAL ACQUISITION

References were made to (i) the joint announcements of the Company, eSun, LSD 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 of the Company dated 30 November 2020 (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 (the “**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 dated 6 November 2020 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 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 advisory fee of HK\$300,000.

SHARE SUBSCRIPTION AND NEW GENERAL MANDATE

On 4 June 2021, the Company and 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 at the subscription price of HK\$1.20 per Subscription Share. The Subscription Shares will be issued in two tranches (i.e. Tranche A Subscription Shares and Tranche B Subscription Shares).

On 28 June 2021, the Company allotted and issued 42,721,136 Subscription Shares (i.e. Tranche A Subscription Shares) to the Subscriber under the General Mandate, which was approved by the Shareholders at the annual general meeting of the Company held on 18 December 2020 (the “**2020 AGM**”).

On 3 August 2021, the Company allotted and issued 40,612,197 Subscription Shares (i.e. Tranche B Subscription Shares) to the Subscriber under the Specific Mandate, which was approved by the Shareholders at the special general meeting of the Company held on 16 July 2021 (the “**2021 SGM**”).

At the 2021 SGM, an ordinary resolution was also passed by the independent Shareholders to refresh the General Mandate by granting a new general mandate (the “**New General Mandate**”) to the Directors to allot, issue and deal with additional Shares not exceeding 20% of the number of the total issued shares as at the date of passing such resolution. Such general mandate will lapse at the conclusion of the 2021 annual general meeting of the Company unless renewed thereat.

The aggregate net proceeds received by the Company from the allotment and issue of the Subscription Shares are approximately HK\$98,568,000 (after deducting the related issue costs), which was intended to be applied in the manner as disclosed in the circular of the Company dated 30 June 2021 (the “**2021 Circular**”). Up to 31 July 2021, the actual use of the proceeds by the Company were: (i) approximately HK\$1,140,000 for working capital for the Group’s new content digitisation initiatives, including but not limited to the further development of new platforms for the Group’s media and entertainment businesses and e-commerce; and (ii) approximately HK\$19,918,000 for general working capital, including funding the existing TV and film projects of the Group and related overhead expenses, and for funding the ongoing business development of the Group.

Details of the Subscription and the New General Mandate are disclosed in (i) the joint announcement of the Company and eSun dated 4 June, 28 June and 3 August 2021, respectively; (ii) the 2021 Circular; and (iii) the announcement of the Company dated 16 July 2021.

CAPITAL STRUCTURE

As at 31 July 2021, the Group’s equity attributable to owners of the Company increased by 733% to approximately HK\$335,003,000 (as at 31 July 2020: approximately HK\$40,237,000). Total assets amounted to approximately HK\$779,609,000 (as at 31 July 2020: approximately HK\$879,337,000) included current assets amounting to approximately HK\$722,804,000 (as at 31 July 2020: approximately HK\$817,782,000). Current liabilities were approximately HK\$457,476,000 (as at 31 July 2020: approximately HK\$498,974,000). Net asset value per share attributable to owners of the Company as at 31 July 2021 was approximately HK11.4 cents (as at 31 July 2020: approximately HK18.8 cents (restated)). Current ratio was approximately 1.6 (as at 31 July 2020: approximately 1.6).

LIQUIDITY AND FINANCIAL RESOURCES

The Group’s major cash payments are for settlement of trade and other payables and operating expenses. The Group financed its operations with internal resources. As at 31 July 2021, the Group had no unutilised letter of credit facility (as at 31 July 2020: Nil).

As at 31 July 2021, the Group's cash and cash equivalents decreased to approximately HK\$295,564,000 (as at 31 July 2020: approximately HK\$317,692,000) of which around 48% was denominated in Hong Kong dollar, around 42% was denominated in Renminbi (“RMB”) and around 10% was denominated in United States dollar, Macau Peso and Korean Won currencies. The RMB denominated balances were placed with licensed banks. The conversion of these RMB balances into foreign currencies and the remittance of such foreign currencies balances, are subject to the rules and regulation of foreign exchange control promulgated by the PRC government. Save for the aforesaid, as at 31 July 2021, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the year ended 31 July 2021.

As at 31 July 2020, the gearing ratio of the Group, being the total borrowings to Shareholders' equity attributable to the owners of the Company, was 870%. Upon completion of Loan Capitalisation on 18 January 2021, eSun Shareholder's Loans of HK\$430 million were fully capitalised. As at 31 July 2021, the Group had no borrowings.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposures to foreign currencies mainly arises from trade receipts from overseas customers and its investment in foreign subsidiaries which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and uses suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the year. As at 31 July 2021, the Group had no outstanding foreign currency hedge contracts (as at 31 July 2020: Nil).

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisition of subsidiary during the year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 July 2021 (as at 31 July 2020: Nil).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 July 2021, the Group had 143 (as at 31 July 2020: 136) employees. Staff costs, including directors' emoluments for the year ended 31 July 2021, amounted to approximately HK\$80,053,000 (2020: approximately HK\$91,756,000). 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.

PROSPECTS

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

The Group continues 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, is in post-production stage.

“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, was selected as the opening film of the 45th Hong Kong International Film Festival. This film is scheduled for theatrical release soon.

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 featuring Bosco Wong, will commence shooting in December of this year. The Group is in discussion with various Chinese portals and video web sites 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 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 “Leon Lai Talk & Sing 2021 Concert” and “C AllStar in Concert 2021” have 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 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.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31 July 2021 save for the following deviation:

Under code provision E.1.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend.

Due to other pre-arranged business commitments, Dr. Lam Kin Ngok, Peter, the chairman of the Board, had not attended the 2020 AGM. However, Mr. Lui Siu Tsuen, Richard, an executive Director present at that meeting, took the chair pursuant to bye-law 63 of the bye-laws of the Company to ensure the effective communication with the Shareholders thereat.

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 year ended 31 July 2021.

REVIEW OF FINAL 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 final results (containing the consolidated financial statements) of the Company for the year ended 31 July 2021.

REVIEW OF PRELIMINARY ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 July 2021 as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, 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 the preliminary announcement.

ANNUAL GENERAL MEETING

The 2021 annual general meeting of the Company (the “**2021 AGM**”) will be held on Friday, 17 December 2021. Notice of the 2021 AGM together with the Company’s annual report for the year ended 31 July 2021 will be published on the respective websites of GEM and the Company and despatched to the Shareholders in late October 2021.

By order of the Board
Media Asia Group Holdings Limited
Lam Kin Ngok, Peter
Chairman

Hong Kong, 18 October 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.