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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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 APRIL 2022

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*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 nine months ended 30 April 2022 together with the comparative unaudited figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended 30 April		Nine months ended 30 April	
		2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
TURNOVER	3	16,760	31,838	162,061	78,861
Cost of sales		(12,365)	(20,084)	(115,513)	(60,597)
Gross profit		4,395	11,754	46,548	18,264
Other income		684	2,013	4,031	8,340
Marketing expenses		(1,768)	(1,110)	(6,890)	(8,578)
Administrative expenses		(29,772)	(27,612)	(89,471)	(85,132)
Other operating gains	4	2,100	2,302	7,023	38,988
Other operating expenses		(5,453)	(2,018)	(8,227)	(3,408)
LOSS FROM OPERATING ACTIVITIES		(29,814)	(14,671)	(46,986)	(31,526)
Finance costs	5	(763)	(144)	(971)	(6,536)
Share of profits and losses of joint ventures		(235)	(187)	(580)	2,155
LOSS BEFORE TAX		(30,812)	(15,002)	(48,537)	(35,907)
Income tax expense	6	(16)	(139)	(1,514)	(496)
LOSS FOR THE PERIOD		(30,828)	(15,141)	(50,051)	(36,403)
Attributable to:					
Owners of the Company		(29,804)	(14,500)	(53,314)	(33,663)
Non-controlling interests		(1,024)	(641)	3,263	(2,740)
		(30,828)	(15,141)	(50,051)	(36,403)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7				
Basic and diluted (HK cents)		(1.00)	(0.50)	(1.79)	(2.74)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 April		30 April	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LOSS FOR THE PERIOD	(30,828)	(15,141)	(50,051)	(36,403)
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS				
Exchange differences on translation of foreign operations	(1,744)	(156)	(780)	(10,197)
Release of foreign currency translation reserve upon dissolution of a subsidiary/ deregistration of subsidiaries	—	—	(176)	(183)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(1,744)	(156)	(956)	(10,380)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(32,572)	(15,297)	(51,007)	(46,783)
Attributable to:				
Owners of the Company	(31,447)	(14,555)	(54,472)	(44,055)
Non-controlling interests	(1,125)	(742)	3,465	(2,728)
	(32,572)	(15,297)	(51,007)	(46,783)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2022

	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 reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 August 2021 (audited)	294,570	837,756	95,191	(19,088)	(873,426)	335,003	(15,030)	319,973
Profit/(loss) for the period	—	—	—	—	(53,314)	(53,314)	3,263	(50,051)
Other comprehensive income/ (loss) for the period:								
Exchange differences on translation of foreign operations	—	—	—	(982)	—	(982)	202	(780)
Release of foreign currency translation reserve upon dissolution of a subsidiary	—	—	—	(176)	—	(176)	—	(176)
Total comprehensive income/ (loss) for the period	—	—	—	(1,158)	(53,314)	(54,472)	3,465	(51,007)
Placing of shares	4,061	44,674	—	—	—	48,735	—	48,735
Transaction costs of placing of shares	—	(698)	—	—	—	(698)	—	(698)
At 30 April 2022 (unaudited)	<u>298,631</u>	<u>881,732</u>	<u>95,191</u>	<u>(20,246)</u>	<u>(926,740)</u>	<u>328,568</u>	<u>(11,565)</u>	<u>317,003</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	—	—	—	—	(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 deregistration 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)	<u>290,298</u>	<u>791,290</u>	<u>95,191</u>	<u>(18,367)</u>	<u>(735,664)</u>	<u>422,748</u>	<u>(17,959)</u>	<u>404,789</u>

NOTES TO CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 April 2022

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 of the Company, 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 and the unaudited condensed consolidated interim financial statements for the six months ended 31 January 2022. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2021 and the interim report for the six months ended 31 January 2022.

3. TURNOVER

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

	Three months ended 30 April		Nine months ended 30 April	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers				
Entertainment event income	1,800	8,313	9,698	8,802
Album sales, licence income and distribution commission income from music publishing and licensing	7,958	6,484	27,402	22,719
Artiste management fee income	1,473	1,808	6,754	3,700
Distribution commission income, licence income from and sales of film and TV program products and film and TV program rights	5,529	15,233	118,207	43,640
	<u>16,760</u>	<u>31,838</u>	<u>162,061</u>	<u>78,861</u>

4. OTHER OPERATING GAINS

	Nine months ended 30 April	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Foreign exchange gains, net	—	36,812
Fair value change from film investments	2,002	—
Others	5,021	2,176
	<u>7,023</u>	<u>38,988</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 April	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on:		
— Loans from an intermediate holding company	664	6,032
— Lease liabilities	307	504
	<u>971</u>	<u>6,536</u>

6. INCOME TAX EXPENSE

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 2022 (nine months ended 30 April 2021: 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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Provision for tax for the period		
Current — Hong Kong		
Overprovision in prior years	—	(19)
Current — Elsewhere		
Charge for the period	1,514	534
Overprovision in prior years	—	(19)
	<u>1,514</u>	<u>496</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	
	2022	2021	2022	2021
	(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>(29,804)</u>	<u>(14,500)</u>	<u>(53,314)</u>	<u>(33,663)</u>
	Number of shares			
	Three months ended		Nine months ended	
	30 April		30 April	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	'000	'000	'000	'000
Shares				
Weighted average number of ordinary shares in issue used in the basic loss per share calculation	<u>2,986,314</u>	<u>2,902,054</u>	<u>2,986,314</u>	<u>1,227,880</u>
Loss per share				
Basic and diluted (HK cents)	<u>(1.00)</u>	<u>(0.50)</u>	<u>(1.79)</u>	<u>(2.74)</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 Group had no potential dilutive ordinary shares in issue during the three months and nine months ended 30 April 2022 (three months and nine months ended 30 April 2021: Nil).

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 April 2022 (nine months ended 30 April 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30 April 2022 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$162,061,000, representing an increase of approximately 106% from approximately HK\$78,861,000 for the corresponding nine months in 2021 (the “**Corresponding Period**”), mainly due to the increase in revenue from the Group’s TV program business.

Cost of sales increased to approximately HK\$115,513,000 for the Current Period from approximately HK\$60,597,000 for the Corresponding Period. The increase in cost of sales was due to the release of TV program product during the Current Period. The Group’s marketing expenses decreased to approximately HK\$6,890,000 for the Current Period from approximately HK\$8,578,000 for the Corresponding Period. Administrative expenses increased to approximately HK\$89,471,000 for the Current Period from approximately HK\$85,132,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains decreased to approximately HK\$7,023,000 for the Current Period from approximately HK\$38,988,000 for the Corresponding Period. Other operating gains for the Corresponding Period mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs were approximately HK\$971,000 for the Current Period compared to approximately HK\$6,536,000 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\$53,314,000 from approximately HK\$33,663,000 for the Corresponding Period. Basic loss per share decreased to approximately HK1.79 cents for the Current Period from approximately HK2.74 cents 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 10 (2021: 3) shows by popular local renowned artistes, including Sammi Cheng, C AllStar, Joyce Cheng, Jay Fung and Eman Lam. The total revenue from these concerts and shows amounted to approximately HK\$9,698,000.

Music

During the Current Period, the Group released 8 (2021: 5) albums, including titles by Sammi Cheng, C AllStar, Joyce Cheng, Jay Fung and Ivana Wong. Turnover from music publishing and recording was approximately HK\$27,402,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$6,754,000 from artiste management. The Group currently has 30 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, 2 films produced/invested by the Group were theatrically released, namely “American Girl” and “Fireflies in the Sun”. Turnover from the licence income and distribution commission income of films was approximately HK\$12,790,000.

TV Program Production and Distribution

During the Current Period, turnover from TV program licence fee, distribution commission and sale of TV program products was approximately HK\$105,417,000 recorded by the Group.

PROSPECTS

The entertainment consumption in Hong Kong started to recover amid the novel coronavirus epidemic. However, the recent outbreak of Omicron COVID-19 variant in China posed a challenge to the PRC 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.

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. Our current production pipeline include “Twilight of the Warriors: Walled In”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and “Tales from the Occult” series, three psychological thriller each made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan (Tales from the Occult I), Frank Hui, Daniel Chan and Doris Wong (Tales from the Occult II), and Li Chi Ngai, Peter Lee and Pater Wong (Tales from the Occult III).

“Dead Ringer”, a 24-episode modern-day TV drama series featuring Bosco Wong and Chrissie Chau, is in post-production stage. 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. The Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events include concerts of Joyce Cheng and Jay Fung.

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 nine months ended 30 April 2022.

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 2022.

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

Hong Kong, 10 June 2022

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 Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on the Company’s website at www.mediaasia.com.