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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 2022

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 2022 together with the comparative figures for the previous financial year as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 July 2022

	Notes	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
TURNOVER	3	222,466	354,986
Cost of sales		<u>(179,499)</u>	<u>(385,439)</u>
Gross profit/(loss)		42,967	(30,453)
Other income	3	6,086	10,323
Marketing expenses		(18,531)	(19,180)
Administrative expenses		(116,094)	(114,627)
Other operating gains		12,111	39,236
Other operating expenses		<u>(30,845)</u>	<u>(50,044)</u>
LOSS FROM OPERATING ACTIVITIES		(104,306)	(164,745)
Finance costs	4	(2,266)	(6,652)
Share of profits and losses of joint ventures		<u>(1,390)</u>	<u>420</u>
LOSS BEFORE TAX	5	(107,962)	(170,977)
Income tax expense	6	<u>(1,522)</u>	<u>(504)</u>
LOSS FOR THE YEAR		<u><u>(109,484)</u></u>	<u><u>(171,481)</u></u>
Attributable to:			
Owners of the Company		(107,368)	(171,425)
Non-controlling interests		<u>(2,116)</u>	<u>(56)</u>
		<u><u>(109,484)</u></u>	<u><u>(171,481)</u></u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7		
Basic and diluted (<i>HK cents</i>)		<u><u>(3.60)</u></u>	<u><u>(10.35)</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 July 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
LOSS FOR THE YEAR	(109,484)	(171,481)
OTHER COMPREHENSIVE LOSS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	(1,260)	(10,673)
Release of foreign currency translation reserve upon dissolution of a subsidiary/deregistration of subsidiaries	<u>(176)</u>	<u>(183)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(1,436)</u>	<u>(10,856)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(110,920)</u></u>	<u><u>(182,337)</u></u>
Attributable to:		
Owners of the Company	(109,197)	(182,538)
Non-controlling interests	<u>(1,723)</u>	<u>201</u>
	<u><u>(110,920)</u></u>	<u><u>(182,337)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 July 2022

		2022	2021
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		—	—
Film and TV program products		21,756	15,420
Film and TV program rights		469	—
Investments in joint ventures		12,191	15,823
Investment in an associate		—	—
Prepayments, deposits and other receivables		38,487	25,562
Right-of-use assets		—	—
		<hr/>	<hr/>
Total non-current assets		72,903	56,805
		<hr/>	<hr/>
CURRENT ASSETS			
Films and TV programs under production and film investments		317,109	235,844
Trade receivables	8	55,549	60,522
Prepayments, deposits and other receivables		109,851	126,303
Other financial assets		—	4,571
Cash and cash equivalents		174,584	295,564
		<hr/>	<hr/>
Total current assets		657,093	722,804
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade payables	9	2,718	4,095
Accruals and other payables		204,909	269,695
Deposits received		107,986	167,102
Lease liabilities		6,354	7,497
Tax payable		9,087	9,087
		<hr/>	<hr/>
Total current liabilities		331,054	457,476
		<hr/>	<hr/>
NET CURRENT ASSETS		326,039	265,328
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		398,942	322,133
		<hr/>	<hr/>

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Loan from an intermediate holding company	<i>10</i>	137,000	—
Lease liabilities		<u>4,852</u>	<u>2,160</u>
Total non-current liabilities		<u>141,852</u>	<u>2,160</u>
Net assets		<u>257,090</u>	<u>319,973</u>
EQUITY			
Equity attributable to owners of the Company			
Issued capital	<i>11</i>	298,631	294,570
Reserves		<u>(24,788)</u>	<u>40,433</u>
		273,843	335,003
Non-controlling interests		<u>(16,753)</u>	<u>(15,030)</u>
Total equity		<u>257,090</u>	<u>319,973</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 July 2022

	Attributable to owners of the Company							
	Issued capital	Share premium account	Contributed surplus	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 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 income/(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 and 1 August 2021	294,570	837,756[#]	95,191[#]	(19,088)[#]	(873,426)[#]	335,003	(15,030)	319,973
Loss for the year	—	—	—	—	(107,368)	(107,368)	(2,116)	(109,484)
Other comprehensive income/(loss) for the year:								
Exchange differences on translation of foreign operations	—	—	—	(1,653)	—	(1,653)	393	(1,260)
Release of foreign currency translation reserve upon dissolution of a subsidiary	—	—	—	(176)	—	(176)	—	(176)
Total comprehensive loss for the year	—	—	—	(1,829)	(107,368)	(109,197)	(1,723)	(110,920)
Placing of shares	4,061	44,674	—	—	—	48,735	—	48,735
Transaction costs of placing of shares	—	(698)	—	—	—	(698)	—	(698)
At 31 July 2022	<u>298,631</u>	<u>881,732[#]</u>	<u>95,191[#]</u>	<u>(20,917)[#]</u>	<u>(980,794)[#]</u>	<u>273,843</u>	<u>(16,753)</u>	<u>257,090</u>

[#] These reserve accounts comprise the consolidated deficit of approximately HK\$24,788,000 (2021: reserves of approximately HK\$40,433,000) 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 following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, *Interest Rate Benchmark Reform — Phase 2*
HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

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 loan 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 (2021: Nil).

Segment revenue/results:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	78,642	108,865	143,824	246,121	—	—	222,466	354,986
Other income	<u>2,015</u>	<u>3,026</u>	<u>1,238</u>	<u>2,759</u>	<u>2,833</u>	<u>4,538</u>	<u>6,086</u>	<u>10,323</u>
Segment loss	<u>(29,860)</u>	<u>(40,693)</u>	<u>(65,083)</u>	<u>(107,569)</u>	<u>(9,539)</u>	<u>(16,524)</u>	<u>(104,482)</u>	<u>(164,786)</u>
Gain on dissolution of a subsidiary/ deregistration of subsidiaries	—	102	176	81	—	—	176	183
Loss on disposal of joint ventures	—	(142)	—	—	—	—	—	(142)
Finance costs							(2,266)	(6,652)
Share of profits and losses of joint ventures	(543)	1,309	(847)	(889)	—	—	(1,390)	420
Loss before tax							<u>(107,962)</u>	<u>(170,977)</u>

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	141,760	210,975	528,567	456,515	47,478	96,296	717,805	763,786
Investments in joint ventures	10,533	14,766	1,658	1,057	—	—	12,191	15,823
Investment in an associate	—	—	—	—	—	—	—	—
Total assets							<u>729,996</u>	<u>779,609</u>
Segment liabilities	65,417	122,025	256,741	320,905	4,661	7,619	326,819	450,549
Unallocated liabilities							<u>146,087</u>	<u>9,087</u>
Total liabilities							<u>472,906</u>	<u>459,636</u>

Other segment information:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	130	48	39	17	12	192	181	257
Depreciation of right-of-use assets	423	856	2,134	530	118	105	2,675	1,491
Amortisation of film and TV program products	—	—	10,076	176,388	—	—	10,076	176,388
Amortisation of film and TV program rights	—	—	80	1,846	—	—	80	1,846
Impairment of films and TV programs under production	—	—	39,977	2,553	—	—	39,977	2,553
Impairment of trade receivables, net	4,573	4,599	(118)	56	—	—	4,455	4,655
Impairment of advances and other receivables	4,000	14,606	—	3,609	—	—	4,000	18,215
Impairment of property, plant and equipment	384	493	129	117	177	637	690	1,247
Impairment of right-of-use assets	1,491	2,840	7,283	865	785	430	9,559	4,135
Impairment of amounts due from joint ventures	1,709	1,960	—	—	—	—	1,709	1,960
Reversal of impairment of amounts due from joint ventures	—	(693)	(1,551)	(1,183)	—	—	(1,551)	(1,876)
Reversal of impairment of an amount due from an associate	—	—	(19)	(14)	—	—	(19)	(14)
Reversal of impairment of advances and other receivables	(4,015)	(303)	—	(421)	—	—	(4,015)	(724)
Additions of property, plant and equipment	514	541	168	134	189	829	871	1,504
Additions of right-of-use assets	—	3,696	—	1,395	1,280	535	1,280	5,626
Additions of film and TV program products	—	—	—	2,661	—	—	—	2,661
Additions of film and TV program rights	—	—	549	1,846	—	—	549	1,846
Additions of films and TV programs under production and film investments	—	—	244,246	224,588	—	—	244,246	224,588

Geographical information

	Hong Kong		Mainland China		Macau		Others		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	79,895	110,638	129,194	227,059	1,816	1	11,561	17,288	222,466	354,986
Assets:										
Segment assets										
— non-current assets	66,381	53,399	6,469	3,144	—	—	53	262	72,903	56,805
— current assets	381,750	463,270	265,206	252,520	1,057	2,036	9,080	4,978	657,093	722,804
Total assets									729,996	779,609
Other information:										
Additions of property, plant and equipment	756	1,151	11	211	—	—	104	142	871	1,504
Additions of right-of-use assets	1,280	1,872	—	2,380	—	—	—	1,374	1,280	5,626
Additions of film and TV program products	—	2,530	—	131	—	—	—	—	—	2,661
Additions of film and TV program rights	549	1,846	—	—	—	—	—	—	549	1,846
Additions of films and TV programs under production and film investments	181,469	121,968	62,270	102,620	—	—	507	—	244,246	224,588

Information about major customers

Revenue from one (2021: one) customer which accounted for revenue exceeding 10% of the Group's total revenues derived from film and TV program segment amounted to approximately HK\$109,650,000 for the year ended 31 July 2022 (2021: approximately HK\$140,804,000).

3. TURNOVER AND OTHER INCOME

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Entertainment event income	36,963	72,429
Album sales, licence income and distribution commission income from music publishing and licensing	33,157	31,108
Artiste management fee income	8,522	5,328
Distribution commission income, licence income from and sales of film and TV program products and film and TV program rights	143,824	246,121
	<u>222,466</u>	<u>354,986</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<i>Other income from contracts with customers</i>		
Commission and handling fee income from entertainment and other events	1,805	3,431
<i>Other income from other sources</i>		
Bank interest income	825	1,735
Government grants*	2,159	3,826
Rental income	1,050	895
Others	247	436
	<u>4,281</u>	<u>6,892</u>
	<u>6,086</u>	<u>10,323</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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on:		
— Loan from an intermediate holding company	1,874	6,032
— Lease liabilities	392	620
	<u>2,266</u>	<u>6,652</u>

5. LOSS BEFORE TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of film and TV program products, film and TV program rights and licence rights	132,091	314,005
Cost of artiste management services and services for entertainment events provided	47,408	71,434
	<u>179,499</u>	<u>385,439</u>
Total cost of sales		
Depreciation of property, plant and equipment	181	257
Depreciation of right-of-use assets	2,675	1,491
Amortisation of film and TV program products [#]	10,076	176,388
Amortisation of film and TV program rights [#]	80	1,846
Lease payments not included in the measurement of lease liabilities:		
Entertainment events [#]	1,045	474
Others	1,739	1,896
Contingent rents incurred for entertainment events [#]	2,199	6,215
	<u>4,983</u>	<u>8,585</u>
Total		
Auditor's remuneration	2,344	2,222
Employee benefit expense (including directors' emoluments):		
Salaries, wages, bonuses and allowances	81,476	75,652
Pension scheme contributions	5,143	4,401
	<u>86,619</u>	<u>80,053</u>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on dissolution of a subsidiary/deregistration of subsidiaries*	(176)	(183)
Loss on disposal of joint ventures##	—	142
Gain on termination of a lease*	(298)	(163)
Impairment of property, plant and equipment##	690	1,247
Impairment of right-of-use assets##	9,559	4,135
Impairment of amounts due from joint ventures##	1,709	1,960
Reversal of impairment of amounts due from joint ventures*	(1,551)	(1,876)
Reversal of impairment of an amount due from an associate*	(19)	(14)
Impairment of films and TV programs under production#	39,977	2,553
Impairment of trade receivables, net##	4,455	4,655
Impairment of advances and other receivables##	4,000	18,215
Reversal of impairment of advances and other receivables*	(4,015)	(724)
Fair value change from film investments*/##	(1,656)	12,702
Fair value change from other financial assets##	4,417	—
Share of net gain/(loss) from entertainment events organised by the Group to co-investors*/##	(555)	3,242
Fair value change from entertainment events organised by co-investors*/##	(155)	1,280
Foreign exchange gains, net*	—	(36,276)
Foreign exchange losses, net##	<u>6,193</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 2022 and 31 July 2021. 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.

	2022 HK\$'000	2021 HK\$'000
Provision for tax for the year		
Current — Hong Kong		
Charge for the year	—	—
Overprovision in prior years	—	(18)
Current — Elsewhere		
Charge for the year	1,522	561
Overprovision in prior years	—	(39)
	<u>1,522</u>	<u>504</u>
Total tax expense for the year	<u>1,522</u>	<u>504</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\$107,368,000 (2021: approximately HK\$171,425,000) and the weighted average number of ordinary shares of approximately 2,986,314,000 (2021: approximately 1,655,857,000) 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).

The Group had no potential dilutive ordinary shares in issue during the years ended 31 July 2022 and 2021.

8. TRADE RECEIVABLES

	2022 HK\$'000	2021 HK\$'000
Trade receivables	77,392	77,910
Impairment	(21,843)	(17,388)
	<u>55,549</u>	<u>60,522</u>

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licence 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Neither past due nor impaired	13,751	38,736
1 to 90 days past due	32,394	14,371
Over 90 days past due	2,507	1,039
	<hr/>	<hr/>
	48,652	54,146
Unbilled	6,897	6,376
	<hr/>	<hr/>
	55,549	60,522
	<hr/> <hr/>	<hr/> <hr/>

9. TRADE PAYABLES

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

	2022 HK\$'000	2021 <i>HK\$'000</i>
Less than 30 days	2,630	4,029
31 to 60 days	4	2
61 to 90 days	22	—
Over 90 days	62	64
	<hr/>	<hr/>
	2,718	4,095
	<hr/> <hr/>	<hr/> <hr/>

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

10. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current:		
HK\$200,000,000 term loan	<u>137,000</u>	<u>—</u>

On 28 January 2022, 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\$200 million. The balance was unsecured, interest-bearing at Hong Kong Interbank Offered Rate plus 2.8% per annum and repayable on 27 January 2025.

11. SHARE CAPITAL

		2022	2022	2021	2021
		Number of shares '000	Nominal value <i>HK\$'000</i>	Number of shares '000	Nominal value <i>HK\$'000</i>
	<i>Notes</i>				
Authorised:					
Ordinary shares of HK\$0.10 each	<i>(a), (b)</i>	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
Issued and fully paid:					
Ordinary shares of HK\$0.10 each		<u>2,986,314</u>	<u>298,631</u>	<u>2,945,702</u>	<u>294,570</u>

Movement in issued share capital of the Company during the year are as follow:

	<i>Notes</i>	2022		2021	
		Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Balance at the beginning of the year		2,945,702	294,570	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)	40,612	4,061	42,721	4,272
Balance at the end of the year		<u>2,986,314</u>	<u>298,631</u>	<u>2,945,702</u>	<u>294,570</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 (as defined below) (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 outstanding principal amount of HK\$430,000,000 under the shareholder's loans from eSun (the “**eSun Shareholder's Loans**”) into 2,687,500,000 new Consolidated Shares (the “**Capitalisation Shares**”) (the “**Loan Capitalisation**”), 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 placees 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 placees 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. The Loan Capitalisation was a non-cash transaction and had no cash flow impact during the year ended 31 July 2021.

On 18 January 2021, the issued share capital of the Company was increased to HK\$290,110,568.20 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 announcements 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 announcements 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 expenses were approximately HK\$734,000.

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 expenses were 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 2022 (2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year ended 31 July 2022, the Company and its subsidiaries (the “**Group**”) recorded a turnover of approximately HK\$222,466,000, representing a decrease of 37% from turnover of approximately HK\$354,986,000 for the year ended 31 July 2021. The decrease in the turnover of the Group was mainly attributable to the decrease in revenue from the Group’s film, TV program and events management business.

Cost of sales for the year ended 31 July 2022 decreased to approximately HK\$179,499,000 from approximately HK\$385,439,000 for the previous financial year. Marketing expenses for the year ended 31 July 2022 was approximately HK\$18,531,000 (2021: approximately HK\$19,180,000). Administrative expenses for the year ended 31 July 2022 was approximately HK\$116,094,000 (2021: approximately HK\$114,627,000). These expenses are under strict control by the Company’s management. Other operating gains decreased to approximately HK\$12,111,000 for the year ended 31 July 2022 from approximately HK\$39,236,000 for the year ended 31 July 2021. Other operating gains for the year ended 31 July 2021 mainly included exchange gain arising from the appreciation of Renminbi. Other operating expenses decreased to approximately HK\$30,845,000 (2021: approximately HK\$50,044,000). Other operating expenses for the year ended 31 July 2022 mainly included: (i) impairment of right-of-use assets, (ii) impairment of trade and other receivables, and (iii) exchange loss arising from the depreciation in Renminbi.

Finance costs decreased to approximately HK\$2,266,000 for the year ended 31 July 2022 from approximately HK\$6,652,000 for the year ended 31 July 2021. The decrease in interest expenses was mainly due to the capitalisation of loans from an intermediate holding company completed on 18 January 2021.

The Group recorded a loss after tax of approximately HK\$109,484,000 (2021: approximately HK\$171,481,000) and a loss attributable to owners of the Company of approximately HK\$107,368,000 (2021: approximately HK\$171,425,000) during the year.

As at 31 July 2022, the Group’s equity attributable to owners of the Company amounted to approximately HK\$273,843,000 (2021: approximately HK\$335,003,000) and the net asset value per share attributable to owners of the Company was approximately HK9.2 cents (2021: approximately HK11.4 cents).

BUSINESS REVIEW

Media and Entertainment Segment

Events management

During the year under review, the Group organised and invested in 18 (2021: 14) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar, Nowhere Boys and Eman Lam. The total revenue from these businesses amounted to approximately HK\$36,963,000.

Music

During the year under review, the Group released 9 (2021: 11) albums, including titles by Sammi Cheng, Joyce Cheng, Jay Fung, C AllStar and Ivana Wong. Turnover from music publishing and recording was approximately HK\$33,157,000.

Artiste management

During the year under review, the Group recorded a turnover of approximately HK\$8,522,000 from artiste management. The Group currently has 29 artistes under its management.

Film and TV Program Segment

Film production and distribution

During the year under review, a total of 8 films produced/invested by the Group were theatrically released, including “American Girl”, “Chilli Laugh Story”, “Fireflies in the Sun”, “Look Up”, “Rising Boas In A Girl’s School” and “Septet: The Story of Hong Kong”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$25,402,000.

TV program production and distribution

During the year under review, the Group has recorded a turnover of approximately HK\$118,422,000 from TV program licence fee, distribution commission and sale of TV program products.

EQUITY FUND RAISING

On 28 June and 3 August 2021, the Company allotted and issued 42,721,136 and 40,612,197 shares to THL G Limited (details of which were disclosed in the Company's circular dated 30 June 2021 (the "**Circular**")), the aggregate net proceeds received by the Company therefrom were approximately HK\$98,568,000 (after deducting the related issue costs); and the unutilised proceeds up to 31 July 2021 were approximately HK\$77,510,000 (details of which have been disclosed in the annual report for the year ended 31 July 2021 and supplemental announcement of the Company dated 4 August 2022).

During the year ended 31 July 2022, the actual use of the proceeds by the Company were (i) approximately HK\$26,052,000 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\$44,082,000 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. The unutilised proceeds up to 31 July 2022 were approximately HK\$7,376,000, which is expected to be used for the Group's new content digitisation initiatives in coming year. There is no intention to change the planned use of net proceeds as stated in the Circular and the expected timeline for using the unutilised proceeds would be based on the best estimation of the business market situations and might be subject to changes based on the market conditions.

CAPITAL STRUCTURE

As at 31 July 2022, the Group's equity attributable to owners of the Company decreased by 18% to approximately HK\$273,843,000 (as at 31 July 2021: approximately HK\$335,003,000). Total assets amounted to approximately HK\$729,996,000 (as at 31 July 2021: approximately HK\$779,609,000) included current assets amounting to approximately HK\$657,093,000 (as at 31 July 2021: approximately HK\$722,804,000). Current liabilities were approximately HK\$331,054,000 (as at 31 July 2021: approximately HK\$457,476,000). Net asset value per share attributable to owners of the Company as at 31 July 2022 was approximately HK9.2 cents (as at 31 July 2021: approximately HK11.4 cents). Current ratio was approximately 2.0 (as at 31 July 2021: approximately 1.6).

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resource and loan from an intermediate holding company. As at 31 July 2022, the Group has unsecured and interest-bearing loans with an outstanding principal amount of approximately HK\$137,000,000 (as at 31 July 2021: Nil). As at 31 July 2022, the Group had no unutilised letter of credit facility (as at 31 July 2021: Nil).

As at 31 July 2022, the Group's cash and cash equivalents decreased to approximately HK\$174,584,000 (as at 31 July 2021: approximately HK\$295,564,000) of which around 37% was denominated in Hong Kong dollar, around 51% was denominated in Renminbi ("RMB") and around 12% was denominated mainly 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 2022, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the year ended 31 July 2022.

As at 31 July 2022, the gearing ratio of the Group, being the total borrowings excluding lease liabilities to shareholders' equity attributable to the owners of the Company was approximately 50%. As at 31 July 2021, the Group had no borrowing.

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 2022, the Group had no outstanding foreign currency hedge contracts (as at 31 July 2021: Nil).

MATERIAL ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisitions/disposal of subsidiaries during the years ended 31 July 2022 and 2021.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 July 2022 (as at 31 July 2021: Nil).

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 July 2022, the Group had 151 (as at 31 July 2021: 143) employees. Staff costs, including directors' emoluments for the year ended 31 July 2022, amounted to approximately HK\$86,619,000 (2021: approximately HK\$80,053,000). 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

With the recent announcement by the Government to end the mandatory hotel quarantine, we expect the domestic economy as well as the entertainment consumption in Hong Kong will recover at a fast pace. Over the past years, the novel coronavirus epidemic has changed the consumption behavior of the general public. To rise this 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.

The Group continues 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 II & III", psychological thriller each made up of three short stories produced by John Chong and Mathew Tang, and directed by 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 continue to provide stable income 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.

Upcoming events including long-awaited "Re: Grasshopper In Concert 2022", "Super Junior World Tour — Super Show 9: Road in Hong Kong" and "Here & Now Ekin In Concert 2022" will be held in coming months. The Group will continue to work with prominent local and Asian artistes for concert promotion and events scheduled for next year include concerts of Joyce Cheng, Jay Fung, 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 Part 2 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules throughout the year ended 31 July 2022 save for the following deviation:

Under code provision F.2.2, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, nomination, remuneration 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 annual general meeting of the Company (the “AGM”) held on 17 December 2021. 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 an effective communication with the shareholders of the Company (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 2022.

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 2022.

REVIEW OF PRELIMINARY RESULTS 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 2022 as set out in the preliminary results 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 opinion or assurance has been expressed by Ernst & Young on the preliminary results announcement.

ANNUAL GENERAL MEETING

The 2022 AGM will be held on Friday, 16 December 2022. Notice of the 2022 AGM together with the Company's annual report for the year ended 31 July 2022 will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in late October 2022.

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

Hong Kong, 17 October 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.