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Media Asia Group Holdings Limited

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

(Stock Code: 8075)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 APRIL 2016

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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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 the 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 consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months and the nine months ended 30 April 2016 together with the comparative unaudited figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 April		Nine months ended 30 April	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
TURNOVER	3	189,007	147,239	384,091	530,694
Cost of sales		(136,381)	(77,327)	(271,361)	(324,679)
Gross profit		52,626	69,912	112,730	206,015
Other income		665	573	4,638	3,909
Marketing expenses		(37,600)	(31,923)	(47,756)	(83,134)
Administrative expenses		(33,905)	(28,638)	(98,836)	(96,161)
Other operating gains		1,560	2,050	4,579	2,771
Other operating expenses		(8,462)	504	(15,386)	(2,216)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(25,116)	12,478	(40,031)	31,184
Finance costs	4	(5,381)	(3,965)	(16,451)	(12,163)
Share of profits and losses of joint ventures		76	460	7,056	894
Share of profits and losses of an associate		3	—	1	(3)
PROFIT/(LOSS) BEFORE TAX		(30,418)	8,973	(49,425)	19,912
Income tax expense	5	(190)	—	(1,674)	(419)
PROFIT/(LOSS) FOR THE PERIOD		(30,608)	8,973	(51,099)	19,493
Attributable to:					
Owners of the Company		(29,405)	9,976	(47,703)	21,634
Non-controlling interests		(1,203)	(1,003)	(3,396)	(2,141)
		(30,608)	8,973	(51,099)	19,493
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6	(1.38)	0.74	(2.24)	1.61
Basic and diluted (HK cents)		(1.38)	0.74	(2.24)	1.61

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 April		30 April	
	2016	2015	2016	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT/(LOSS) FOR THE PERIOD	(30,608)	8,973	(51,099)	19,493
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS				
Exchange differences on translation of foreign operations	13,026	285	(7,310)	1,529
Release of foreign currency translation reserve upon disposal of subsidiaries	91	—	91	(106)
	<u>13,117</u>	<u>285</u>	<u>(7,219)</u>	<u>1,423</u>
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX	13,117	285	(7,219)	1,423
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(17,491)</u>	<u>9,258</u>	<u>(58,318)</u>	<u>20,916</u>
Attributable to:				
Owners of the Company	(16,320)	10,248	(54,858)	23,042
Non-controlling interests	(1,171)	(990)	(3,460)	(2,126)
	<u>(17,491)</u>	<u>9,258</u>	<u>(58,318)</u>	<u>20,916</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2016

	Attributable to owners of the Company								Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
At 1 August 2015 (audited)	20,924	614,032	95,191	76,296	1,137	90,774	898,354	(3,538)	894,816
Loss for the period	—	—	—	—	—	(47,703)	(47,703)	(3,396)	(51,099)
Other comprehensive income/(loss) for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	(7,246)	—	(7,246)	(64)	(7,310)
Release of foreign currency translation reserve upon disposal of a subsidiary	—	—	—	—	91	—	91	—	91
Total comprehensive loss for the period	—	—	—	—	(7,155)	(47,703)	(54,858)	(3,460)	(58,318)
Partial conversion of the Specific Mandate Convertible Notes	437	19,629	—	(4,842)	—	—	15,224	—	15,224
Deemed acquisition of a subsidiary	—	—	—	—	—	—	—	3,746	3,746
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	2,999	2,999
At 30 April 2016 (unaudited)	21,361	633,661	95,191	71,454	(6,018)	43,071	858,720	(253)	858,467
At 1 August 2014 (audited)	13,399	343,460	95,191	181,821	(2)	(77,318)	556,551	(2,048)	554,503
Profit/(loss) for the period	—	—	—	—	—	21,634	21,634	(2,141)	19,493
Other comprehensive income/(loss) for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	1,514	—	1,514	15	1,529
Release of foreign currency translation reserve upon disposal of subsidiaries	—	—	—	—	(106)	—	(106)	—	(106)
Total comprehensive income/(loss) for the period	—	—	—	—	1,408	21,634	23,042	(2,126)	20,916
At 30 April 2015 (unaudited)	13,399	343,460	95,191	181,821	1,406	(55,684)	579,593	(4,174)	575,419

NOTES TO CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 April 2016

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 of HK\$0.01 each 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 advertising services and consultancy services in planning and management of cultural, entertainment and live performance projects.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group have not been audited by the Company's auditors 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 2015. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2015.

3. TURNOVER

An analysis of the Group's turnover during the three months and nine months ended 30 April 2016 is as follows:

	Three months ended 30 April		Nine months ended 30 April	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Turnover				
Entertainment event income	57,897	52,884	168,677	257,770
Album sales, licence income and distribution commission income from music publishing and licensing	8,319	10,935	33,423	23,755
Artiste management fee income	3,701	2,465	14,190	12,107
Advertising income	—	4,338	—	15,246
Distribution commission income and licence fee income from film and TV program products and film rights	119,090	76,617	167,801	221,816
	<u>189,007</u>	<u>147,239</u>	<u>384,091</u>	<u>530,694</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 April	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on:		
— Second Completion Convertible Notes	—	12,163
— TFN Convertible Notes	7,063	—
— Specific Mandate Convertible Notes	9,388	—
	<u>16,451</u>	<u>12,163</u>

5. 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 in Hong Kong during the nine months ended 30 April 2016 (nine months ended 30 April 2015: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Nine months ended 30 April	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Current — Elsewhere		
Charge for the period	1,674	419
	<u>1,674</u>	<u>419</u>
Total tax expense for the period	<u>1,674</u>	<u>419</u>

6. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Three months ended 30 April		Nine months ended 30 April	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Earnings/(Loss)				
Profit/(loss) attributable to owners of the Company used in the basic earnings/(loss) per share calculation	<u>(29,405)</u>	<u>9,976</u>	<u>(47,703)</u>	<u>21,634</u>

	Number of shares			
	Three months ended		Nine months ended	
	30 April		30 April	
	2016	2015	2016	2015
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
'000	'000	'000	'000	
Shares				
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	2,136,056	1,339,865	2,132,869	1,339,865
	<u><u>2,136,056</u></u>	<u><u>1,339,865</u></u>	<u><u>2,132,869</u></u>	<u><u>1,339,865</u></u>
Earnings/(loss) per share:				
— Basic and diluted (HK cents)	(1.38)	0.74	(2.24)	1.61
	<u><u>(1.38)</u></u>	<u><u>0.74</u></u>	<u><u>(2.24)</u></u>	<u><u>1.61</u></u>

No adjustment has been made to the basic earnings per share amounts presented for three months and nine months ended 30 April 2015 in respect of a dilution as the impact of the Second Completion Convertible Notes outstanding during the periods had an anti-dilutive effect on the basic earnings per share amounts presented.

No adjustment has been made to the basic loss per share amounts presented for three months and nine months ended 30 April 2016 in respect of a dilution as the impact of the TFN Convertible Notes and Specific Mandate Convertible Notes outstanding during the periods had an anti-dilutive effect on the basic loss per share amounts presented.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 April 2016 (nine months ended 30 April 2015: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 30 April 2016 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$384,091,000, representing a decrease of approximately 28% from approximately HK\$530,694,000 for the corresponding nine months in 2015 (the “**Corresponding Period**”). The decrease in revenue was due to the decrease in the number of large-scale films released and events held during the Current Period.

Cost of sales decreased to approximately HK\$271,361,000 for the Current Period from approximately HK\$324,679,000 for the Corresponding Period. The Group’s marketing expenses decreased to approximately HK\$47,756,000 for the Current Period from approximately HK\$83,134,000 for the Corresponding Period. The decrease in the abovementioned expenses was due to the decrease in the number of large-scale films released and events held during the Current Period. Administrative expenses increased to approximately HK\$98,836,000 for the Current Period from approximately HK\$96,161,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains mainly included the share of net income from entertainment events organised by co-investors. Other operating expenses increased to approximately HK\$15,386,000 for the Current Period from approximately HK\$2,216,000 for the Corresponding Period. Other operating expenses for the Current Period mainly included exchange loss arising from the depreciation in Renminbi.

Finance costs increased to approximately HK\$16,451,000 for the Current Period from approximately HK\$12,163,000 for the Corresponding Period. The increase in finance costs was mainly due to the issuance of the TFN Convertible Notes and Specific Mandate Convertible Notes on 13 May 2015 and 3 July 2015 respectively.

Loss attributable to owners of the Company for the Current Period was approximately HK\$47,703,000 compared to profit attributable to owners of the Company of approximately HK\$21,634,000 for the Corresponding Period. Basic loss per share was approximately HK cents 2.24 compared to basic earnings per share of approximately HK cents 1.61 for the Corresponding Period.

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 76 (2015: 44) shows by popular local, Asian and internationally renowned artistes, including Sammi Cheng, Miriam Yeung, Ivana Wong, EXO, Infinite, SHINee, Super Junior, a group of Ekin Cheng, Jordan Chan, Michael Tse, Jerry Lamb and Chin Ka Lok, Kelly Chen, George Lam, Rene Liu and Jolin Tsai. The total revenue from these concerts amounted to approximately HK\$168,677,000.

Music

During the Current Period, the Group released 9 (2015: 17) albums, including titles by Miriam Yeung, C AllStar, Grasshopper, a group of Richie Jen, William So, Edmond Leung and Steve Wong, Justin Lo, Sean Pang and RubberBand. Turnover from music publishing and recording was approximately HK\$33,423,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$14,190,000 from artiste management. The Group currently has more than 25 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, a total of 6 films produced/invested by the Group was theatrically released, namely “The Assassin”, “All You Need Is Love”, “Office”, “She Remembers, He Forgets”, “From Vegas to Macau III” and “Trivisa”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$163,555,000.

TV Program Production and Distribution

During the Current Period, the Group recorded a turnover of approximately HK\$4,246,000 from TV program licence fee and distribution commission. The Group has made investments in production of 7 television drama series in the PRC which are expected to generate return to the Group in the coming financial years.

PROSPECTS

The China entertainment consumption continues to grow and the Group has lined up its products to capture the market opportunities.

“Three”, a Johnnie To production featuring Zhao Wei, Louis Koo Tin Lok and Wallace Chung Hon Leung, will be released soon. Director John Woo’s new production “Manhunt” featuring Zhang Han Yu and Fukuyama Masaharu is under production. A number of other projects are also in development according to the Group’s strategy to increase original production of films with Chinese themes.

During the Hong Kong Filmart in March 2016 the Group has announced its strategic alliance with iQiyi. The co-operation includes an output deal of film product internet right licensing as well as film/TV drama co-production and investment. A 36 episode drama series based on the legend movie “Infernal Affairs” tailor made for iQiyi platform has started production.

The TV drama “Don’t Go Breaking My Heart” has started broadcasting nationwide in May by a leading satellite TV channel in the PRC and achieved satisfactory rating. A 200 episodes sitcom “The Taste of Love” has also been broadcasting since February 2016 in more than 25 terrestrial TV stations across the country.

The Group remains highly active on the live entertainment front. During the period under review, the Group has produced and promoted numerous major concerts in China and Hong Kong by prominent local and Asian artistes. The Group continues to work with leading international companies such as Korea's CJ E&M Corp. ("CJ") and has successfully co-produced the Mnet Asian Music Awards (MAMA) with CJ for the third year. Besides pop music event the Group has also extended its production to Cantonese Opera to promote traditional Chinese culture. A famous title 「牡丹亭驚夢」 featuring Ms. Chan Po Chu and Ms. Mui Suet See has just finished its first run while the re-run is scheduled in coming August.

On top of its current artiste portfolio the Group is actively looking for new talent in Greater China and further co-operation with Asian artiste. We have entered into management agreement with a number of fresh talents in Hong Kong as well as Taiwan, and are finalising management contract with some Korean artiste through a subsidiary newly set up in Korea.

In summary, we believe that the Group is in a strong position to capture the growth of China entertainment market by a most balanced and synergistic approach with our upcoming quality movies, dramas, popular music products and live entertainment events.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 April 2016.

REVIEW OF QUARTERLY RESULTS

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Ng Chi Ho, Dennis and Mr. Zhang Xi. 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 2016.

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

Hong Kong, 8 June 2016

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. Chan Chi Yuen, Mr. Ng Chi Ho, Dennis and Mr. Zhang Xi.

This announcement will remain on the "Latest Company Announcements" 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.