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## **Media Asia Group Holdings Limited**

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

**(Stock Code: 8075)**

### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 OCTOBER 2014**

#### **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.**

**Given the emerging nature of companies listed on GEM, 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 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.*

## FIRST QUARTERLY RESULTS

The board of directors (the “**Board**”) of Media Asia Group Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 October 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

		Three months ended	
		31 October	
		2014	2013
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
<b>TURNOVER</b>	3	78,729	147,695
Cost of sales		<u>(53,033)</u>	<u>(81,797)</u>
<b>Gross profit</b>		25,696	65,898
Other income		1,046	332
Marketing expenses		(7,462)	(17,335)
Administrative expenses		(27,074)	(23,312)
Other operating gains		924	469
Other operating expenses		<u>(1,765)</u>	<u>(24,354)</u>
<b>PROFIT/(LOSS) FROM OPERATING ACTIVITIES</b>		(8,635)	1,698
Finance costs	4	(4,099)	(13,100)
Share of profits and losses of joint ventures		545	(1,195)
Share of profits and losses of an associate		<u>(3)</u>	<u>(1)</u>
<b>LOSS BEFORE TAX</b>		(12,192)	(12,598)
Income tax expense	5	<u>—</u>	<u>(1,589)</u>
<b>LOSS FOR THE PERIOD</b>		<u>(12,192)</u>	<u>(14,187)</u>
Attributable to:			
Owners of the Company		(10,922)	(15,904)
Non-controlling interests		<u>(1,270)</u>	<u>1,717</u>
		<u>(12,192)</u>	<u>(14,187)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			(restated)
Basic and diluted (HK cents)	6	<u>(0.82)</u>	<u>(2.42)</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Three months ended</b>	
	<b>31 October</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>LOSS FOR THE PERIOD</b>	<b>(12,192)</b>	<b>(14,187)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>TO BE RECLASSIFIED TO INCOME STATEMENT</b>		
<b>IN SUBSEQUENT PERIODS</b>		
Exchange differences on translation of foreign operations	<u>645</u>	<u>816</u>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>TO BE RECLASSIFIED TO INCOME STATEMENT</b>		
<b>IN SUBSEQUENT PERIODS, NET OF TAX</b>	<u>645</u>	<u>816</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>(11,547)</u></b>	<b><u>(13,371)</u></b>
Attributable to:		
Owners of the Company	<b>(10,277)</b>	<b>(15,362)</b>
Non-controlling interests	<u>(1,270)</u>	<u>1,991</u>
	<b><u>(11,547)</u></b>	<b><u>(13,371)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 31 October 2014*

	Attributable to owners of the Company								
	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 August 2014 (audited)	13,399	343,460	95,191	181,821	(2)	(77,318)	556,551	(2,048)	554,503
Loss for the period	—	—	—	—	—	(10,922)	(10,922)	(1,270)	(12,192)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	645	—	645	—	645
Total comprehensive income/(loss) for the period	—	—	—	—	645	(10,922)	(10,277)	(1,270)	(11,547)
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	55	55
<b>At 31 October 2014 (unaudited)</b>	<b><u>13,399</u></b>	<b><u>343,460</u></b>	<b><u>95,191</u></b>	<b><u>181,821</u></b>	<b><u>643</u></b>	<b><u>(88,240)</u></b>	<b><u>546,274</u></b>	<b><u>(3,263)</u></b>	<b><u>543,011</u></b>
At 1 August 2013 (audited)	131,403	395,249	44,475	309,993	950	(443,014)	439,056	33,551	472,607
Profit/(loss) for the period	—	—	—	—	—	(15,904)	(15,904)	1,717	(14,187)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	542	—	542	274	816
Total comprehensive income/(loss) for the period	—	—	—	—	542	(15,904)	(15,362)	1,991	(13,371)
Partial conversion of First Completion Convertible Notes	984	1,379	—	(499)	—	—	1,864	—	1,864
<b>At 31 October 2013 (unaudited)</b>	<b><u>132,387</u></b>	<b><u>396,628</u></b>	<b><u>44,475</u></b>	<b><u>309,494</u></b>	<b><u>1,492</u></b>	<b><u>(458,918)</u></b>	<b><u>425,558</u></b>	<b><u>35,542</u></b>	<b><u>461,100</u></b>

# NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2014

## 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 (the "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; provision of advertising services and consultancy services in planning and management of cultural, entertainment and live performance projects.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information has 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 information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 July 2014. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2014.

The unaudited condensed consolidated financial information has not been audited by the Company's independent auditors, but has been reviewed by the Company's audit committee.

## 3. TURNOVER

An analysis of the Group's turnover during the three months ended 31 October 2014 is as follows:

	Three months ended 31 October	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000 (restated)
Turnover		
Entertainment event income	51,048	64,704
Album sales, licence income and distribution commission income from music publishing and licensing	5,584	5,110
Artiste management fee income	5,037	13,052
Advertising income	992	4,267
Distribution commission income and licence fee income from film and TV program products and film rights	16,068	60,562
	<u>78,729</u>	<u>147,695</u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Three months ended 31 October</b>	
	<b>2014 (Unaudited) HK\$'000</b>	<b>2013 (Unaudited) HK\$'000</b>
Interest on:		
— First Completion Convertible Notes wholly repayable within five years ( <i>note a</i> )	—	8,508
— Second Completion Convertible Notes wholly repayable within five years ( <i>note b</i> )	<b>4,099</b>	4,592
	<b>4,099</b>	13,100

*Notes:*

- (a) 3-year zero coupon convertible notes of the Company due 8 June 2014, with an outstanding principal amount of HK\$344,386,642 as at 31 October 2013.
- (b) 3-year zero coupon convertible notes of the Company due 8 June 2015, with an outstanding principal amount of HK\$182,873,937 as at 31 October 2014 (2013: HK\$224,873,937).

#### 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 during the three months ended 31 October 2014 (three months ended 31 October 2013: 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.

	<b>Three months ended 31 October</b>	
	<b>2014 (Unaudited) HK\$'000</b>	<b>2013 (Unaudited) HK\$'000</b>
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Current — Elsewhere		
Charge for the period	—	2,168
	—	2,168
Deferred tax credit for the period	—	(579)
Total tax expense for the period	—	1,589

## 6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share amounts is based on the loss attributable to owners of the Company for the period of approximately HK\$10,922,000 (2013: HK\$15,904,000) and the weighted average number of ordinary shares of approximately 1,339,866,000 (2013: approximately 658,523,000 (restated)) in issue during the period.

The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the period ended 31 October 2013 has been adjusted for the capital reorganisation during the year ended 31 July 2014 as detailed in the Company's circular dated 13 December 2013.

No adjustment has been made to the basic loss per share amounts presented for three months ended 31 October 2014 and 2013 in respect of a dilution as the impact of the First Completion Convertible Notes and Second Completion 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 three months ended 31 October 2014 (three months ended 31 October 2013: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

For the three months ended 31 October 2014 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$78,729,000, representing an decrease of approximately 47% from approximately HK\$147,695,000 for the corresponding three months ended 31 October 2013 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group's film production and distribution and entertainment events.

Cost of sales decreased to approximately HK\$53,033,000 for the Current Period from approximately HK\$81,797,000 for the Corresponding Period. The Group's marketing expenses decreased to approximately HK\$7,462,000 for the Current Period from approximately HK\$17,335,000 for the Corresponding Period. The decrease in the abovementioned expenses is due to decrease in the operation activities of the Group. Administrative expenses increased to approximately HK\$27,074,000 for the Current Period from approximately HK\$23,312,000 for the Corresponding Period due to the strengthening of our management structures as well as office relocation. Nevertheless, these expenses are under strict control by the Company's management. Other operating expenses decreased to approximately HK\$1,765,000 for the Current Period from approximately HK\$24,354,000 for the Corresponding Period. Other operating expenses for the Current Period mainly included share of net income to co-investors from entertainment events organised by the Group.

Finance costs decreased to approximately HK\$4,099,000 for the Current Period from approximately HK\$13,100,000 for the Corresponding Period. The decrease in finance costs was mainly due to the redemption of the First Completion Convertible Notes on 8 June 2014.

Loss attributable to owners of the Company for the Current Period was approximately HK\$10,922,000 compared to that of approximately HK\$15,904,000 for the Corresponding Period. Basic loss per Share was approximately 0.82 HK cents compared to that of approximately 2.42 HK cents (as restated, after the Capital Reorganisation) for the Corresponding Period. The weighted average number of ordinary shares in issue used in the basic loss per share calculation for the Current Period and the Corresponding Period have been adjusted for the capital reorganisation, which came in to effect on 9 January 2014.

## **Business Review**

### ***Media and Entertainment Segment***

#### *Events Management*

During the Current Period, the Group organised and invested in 8 (2013: 26) shows by popular local Asian and internationally renowned artistes, including EXO, SM Town, Show Lo, Justin Lo and C AllStar. The total revenue from these concerts amounted to approximately HK\$51,048,000.

#### *Music*

During the Current Period, the Group released 6 (2013: over 6) albums, including titles by Super Junior, Henry@SJM, Miriam Yeung, C AllStar and RubberBand. Turnover from music publishing and recording was approximately HK\$5,584,000.

#### *Artiste Management*

During the Current Period, the Group recorded a turnover of approximately HK\$5,037,000 from artiste management. The Group currently has more than 30 artistes under its management.

#### *Advertising*

During the Current Period, the Group recorded a turnover of approximately HK\$992,000 from advertising business.

### ***Film and TV Program Segment***

#### *Film production and distribution*

During the Current Period, the Group released 1 film, namely Break up 100. Turnover from the licence fee and distribution commission of films was approximately HK\$15,998,000.

#### *TV program production and distribution*

During the Current Period, the Group recorded a turnover of approximately HK\$70,000 from TV program licence fee and distribution commission. The Group has made investments in production of 168 episodes of television dramas in the PRC which are expected to generate return to the Group in the coming financial years.

## **Prospects**

The unprecedented growth of entertainment consumption in China continues and the Group stands ready to fully seize the opportunities based on its solid foundation.

The Group is on a continued drive to increase original production of films with Chinese themes. The recently released title “Don’t Go Breaking My Heart 2” has achieved satisfactory box office. With the slate of films currently in development and production, the Group foresees a solid distribution pipeline in the year to come.

The Group has strengthened its TV production capability in response to the continued strong demand for good quality television drama from TV stations and online video websites in the PRC. Other than TV dramas, the Group is also looking to increase its investments in other types of TV programs such as variety shows and reality series.

The Group believes that the diverse projects of the Group including film, TV, music and live events ensure maximum commercial value and appeal in attracting talent and on the other hand a strong artiste roster will complement the media and entertainment businesses of the Group. In addition to expanding our Chinese artiste portfolio, the Group also collaborates with high profile Asian artistes such as top Korean music groups.

The Group remains committed to staying a major force in Chinese live entertainment and music industry. During the period under review the Group has produced and promoted numerous major concerts in China and Hong Kong and released a number of popular songs by prominent local and Asian artistes. Upcoming products include long awaited concerts and new songs of Sammi Cheng and Miriam Yeung.

In summary, the Group is convinced that its integrated media platform comprising film, TV, music, talent, and event presents the most balanced and synergistic approach to growing a Chinese entertainment powerhouse.

## **REVIEW OF QUARTERLY RESULTS**

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis. The audit committee has reviewed the unaudited condensed consolidated financial information for the three months ended 31 October 2014.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 October 2014.

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

Hong Kong, 11 December 2014

*As at the date of this announcement, the Board comprises six executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Dr. Choi Chiu Fai, Stanley, Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong and Mr. Yip Chai Tuck; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://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](http://www.mediaasia.com).*