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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2020

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.*

INTERIM 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 the six months ended 31 January 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 January		Six months ended 31 January	
		2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
TURNOVER	4	50,389	64,559	156,025	291,942
Cost of sales		(38,445)	(93,041)	(93,757)	(267,031)
Gross profit/(loss)		11,944	(28,482)	62,268	24,911
Other income		2,509	932	4,541	2,336
Marketing expenses		(86)	(12,314)	(24,193)	(15,375)
Administrative expenses		(40,920)	(37,005)	(74,337)	(71,131)
Other operating gains		870	5,449	1,518	8,670
Other operating expenses		(1,049)	4,554	(7,045)	(3,117)
LOSS FROM OPERATING ACTIVITIES		(26,732)	(66,866)	(37,248)	(53,706)
Finance costs	5	(5,118)	(4,062)	(9,364)	(8,005)
Share of profits and losses of joint ventures		39	(921)	(509)	(2,692)
Share of profit and loss of an associate		5	14	27	113
LOSS BEFORE TAX	6	(31,806)	(71,835)	(47,094)	(64,290)
Income tax expense	7	(207)	(81)	(231)	(111)
LOSS FOR THE PERIOD		(32,013)	(71,916)	(47,325)	(64,401)
Attributable to:					
Owners of the Company		(30,200)	(71,740)	(41,848)	(64,912)
Non-controlling interests		(1,813)	(176)	(5,477)	511
		(32,013)	(71,916)	(47,325)	(64,401)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8				
Basic and diluted (HK cents)		(1.41)	(3.36)	(1.96)	(3.04)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	31 January		31 January	
	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>	2020 (Unaudited) <i>HK\$'000</i>	2019 (Unaudited) <i>HK\$'000</i>
LOSS FOR THE PERIOD	(32,013)	(71,916)	(47,325)	(64,401)
OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS				
Exchange differences on translation of foreign operations	<u>406</u>	<u>(2,502)</u>	<u>656</u>	<u>(1,682)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>406</u>	<u>(2,502)</u>	<u>656</u>	<u>(1,682)</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(31,607)</u>	<u>(74,418)</u>	<u>(46,669)</u>	<u>(66,083)</u>
Attributable to:				
Owners of the Company	<u>(29,861)</u>	<u>(73,900)</u>	<u>(41,260)</u>	<u>(66,403)</u>
Non-controlling interests	<u>(1,746)</u>	<u>(518)</u>	<u>(5,409)</u>	<u>320</u>
	<u>(31,607)</u>	<u>(74,418)</u>	<u>(46,669)</u>	<u>(66,083)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		2,500	2,890
Film and TV program products		31,356	35,139
Film and TV program rights		–	147
Investments in joint ventures		13,486	19,505
Investment in an associate		–	–
Prepayments, deposits and other receivables		28,618	29,342
Other financial assets		9,426	9,426
Right-of-use assets		21,239	–
Total non-current assets		106,625	96,449
CURRENT ASSETS			
Films and TV programs under production and film investments		419,361	417,308
Trade receivables	10	91,514	78,726
Prepayments, deposits and other receivables		174,250	146,418
Other financial assets		5,560	11,349
Cash and cash equivalents		259,652	334,996
Total current assets		950,337	988,797
CURRENT LIABILITIES			
Trade payables	11	288	3,798
Accruals and other payables		277,823	300,257
Deposits received		253,790	262,533
Loan from an intermediate holding company	12	100,000	100,000
Loan from a fellow subsidiary	13	200,000	200,000
Lease liabilities		10,988	–
Tax payable		11,339	11,499
Total current liabilities		854,228	878,087
NET CURRENT ASSETS		96,109	110,710
TOTAL ASSETS LESS CURRENT LIABILITIES		202,734	207,159
NON-CURRENT LIABILITIES			
Loan from an intermediate holding company	12	32,000	–
Lease liabilities		10,244	–
Total non-current liabilities		42,244	–
Net assets		160,490	207,159
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	21,361	21,361
Reserves		156,169	197,429
		177,530	218,790
Non-controlling interests		(17,040)	(11,631)
Total equity		160,490	207,159

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2020

	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 2019 (audited)	21,361	633,661	95,191	(7,591)	(523,832)	218,790	(11,631)	207,159
Loss for the period	–	–	–	–	(41,848)	(41,848)	(5,477)	(47,325)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	–	–	–	588	–	588	68	656
Total comprehensive income/(loss) for the period	–	–	–	588	(41,848)	(41,260)	(5,409)	(46,669)
At 31 January 2020 (unaudited)	<u>21,361</u>	<u>633,661</u>	<u>95,191</u>	<u>(7,003)</u>	<u>(565,680)</u>	<u>177,530</u>	<u>(17,040)</u>	<u>160,490</u>
At 1 August 2018 (audited)	21,361	633,661	95,191	(8,903)	(376,776)	364,534	(18,768)	345,766
Profit/(loss) for the period	–	–	–	–	(64,912)	(64,912)	511	(64,401)
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	–	–	–	(1,491)	–	(1,491)	(191)	(1,682)
Total comprehensive income/(loss) for the period	–	–	–	(1,491)	(64,912)	(66,403)	320	(66,083)
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	858	858
At 31 January 2019 (unaudited)	<u>21,361</u>	<u>633,661</u>	<u>95,191</u>	<u>(10,394)</u>	<u>(441,688)</u>	<u>298,131</u>	<u>(17,590)</u>	<u>280,541</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2020

	Six months ended	
	31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash flows used in operating activities	<u>(98,233)</u>	<u>(156,616)</u>
Cash flows from investing activities		
Capital contribution to a joint venture	–	(2,500)
Repayment of advance from/(advance to) joint ventures	5,961	(1,285)
Other investing cash flows	<u>467</u>	<u>(1,543)</u>
Net cash flows from/(used in) investing activities	<u>6,428</u>	<u>(5,328)</u>
Cash flows from financing activities		
Loan from an intermediate holding company	32,000	–
Capital contribution from a non-controlling shareholder	–	858
Principal portion of lease payments	(6,091)	–
Interest paid to an intermediate holding company	(3,048)	(2,736)
Interest paid to a fellow subsidiary	<u>(5,516)</u>	<u>(4,730)</u>
Net cash flows from/(used in) financing activities	<u>17,345</u>	<u>(6,608)</u>
Net decrease in cash and cash equivalents	(74,460)	(168,552)
Cash and cash equivalents at beginning of period	334,996	429,983
Effect of foreign exchange rates changes, net	<u>(884)</u>	<u>605</u>
Cash and cash equivalents at end of period	<u>259,652</u>	<u>262,036</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2020

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 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; and 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 interim 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 interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2019 except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs" which also included HKASs and interpretations), which are effective for the Group's financial year beginning on 1 August 2019. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2019.

New and revised HKFRSs

In addition, the Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited condensed consolidated interim financial statements.

HKFRS 16	<i>Leases</i>
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding HKFRS 16 *Leases*, the application of these new and revised HKFRSs has had no significant impact on the financial performance or financial position of the Group.

Adoption of HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 August 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of accumulated losses at 1 August 2019, and the comparative information for the three months and six months ended 31 January 2019 and as at 31 July 2019 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 August 2019.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of properties and equipment. As a lessee, the Group previously classified leases as operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and lease with a lease term of 12 months or less (“**short-term leases**”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 August 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 August 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 August 2019. The Group elected to present the lease liabilities separately in the condensed consolidated statement of financial position.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the condensed consolidated statement of financial position immediately before 1 August 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the condensed consolidated statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 August 2019:

- applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application;
- using hindsight in determining the lease term where the contract contains options to extend/terminate the lease;
- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on the entity’s assessment of whether leases were onerous by applying HKAS 37 immediately before 1 August 2019 as an alternative to performing an impairment review; and
- excluding the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The impact arising from the adoption of HKFRS 16 as at 1 August 2019 is as follows:

	Increase/ (decrease) (Unaudited) HK\$'000
Assets	
Increase in right-of-use assets	16,354
Decrease in prepayments, deposits and other receivables	(391)
	<hr/>
Increase in total assets	15,963
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Liabilities	
Increase in lease liabilities and total liabilities	15,963
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The lease liabilities as at 1 August 2019 reconciled to the operating lease commitments as at 31 July 2019 are as follows:

	(Unaudited) HK\$'000
Operating lease commitments as at 31 July 2019	9,075
Less:	
Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 July 2020	(1,348)
Add:	
Payments for optional periods not recognised as at 31 July 2019	9,494
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	17,221
Weighted average incremental borrowing rate as at 1 August 2019	5.523%
Discounted operating lease commitments and lease liabilities as at 1 August 2019	15,963
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During the period, the addition of right-of-use assets and lease liabilities amounted to HK\$10,713,000, respectively. The Group recognised rental expenses for short-term leases of HK\$723,000 for the six months ended 31 January 2020.

Summary of new accounting policies

The new accounting policies upon adoption of HKFRS 16 from 1 August 2019 are as follows:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

4. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover during the three months and six months ended 31 January 2020 is as follows:

	Three months ended 31 January		Six months ended 31 January	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Revenue from contracts with customers				
Entertainment event income	37,186	19,648	66,386	77,054
Album sales, licence income and distribution commission income from music publishing and licensing	8,646	5,343	14,819	14,609
Artiste management fee income	1,388	1,952	3,336	4,600
Distribution commission income, licence fee income and sales from film and TV program products and film and TV program rights	3,169	37,616	71,484	195,679
	<u>50,389</u>	<u>64,559</u>	<u>156,025</u>	<u>291,942</u>

Disaggregated revenue information

For the six months ended 31 January 2020

	Media and entertainment (Unaudited) HK\$'000	Film and TV program (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Timing at revenue recognition			
At a point in time	79,169	71,484	150,653
Over time	5,372	–	5,372
Total revenue from contracts with customers	<u>84,541</u>	<u>71,484</u>	<u>156,025</u>
Geographical markets			
Hong Kong	42,391	2,613	45,004
Mainland China	12,242	63,966	76,208
Macau	21,178	–	21,178
Others	8,730	4,905	13,635
Total revenue from contracts with customers	<u>84,541</u>	<u>71,484</u>	<u>156,025</u>

For the six months ended 31 January 2019

	Media and entertainment (Unaudited) HK\$'000	Film and TV program (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Timing at revenue recognition			
At a point in time	90,011	195,679	285,690
Over time	6,252	—	6,252
	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>96,263</u>	<u>195,679</u>	<u>291,942</u>
Geographical markets			
Hong Kong	47,572	6,617	54,189
Mainland China	21,245	181,525	202,770
Macau	22,091	1	22,092
Others	5,355	7,536	12,891
	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>96,263</u>	<u>195,679</u>	<u>291,942</u>

Segment revenue/results:

	Media and entertainment		Film and TV program		Corporate		Unallocated		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	31 January		31 January		31 January		31 January		31 January	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	84,541	96,263	71,484	195,679	—	—	—	—	156,025	291,942
Other income	1,320	1,052	2,264	890	957	394	—	—	4,541	2,336
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Segment profit/(loss)	2,305	6,936	(18,573)	(37,158)	(20,980)	(23,484)	—	—	(37,248)	(53,706)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Finance costs	(174)	—	(260)	—	(213)	—	(8,717)	(8,005)	(9,364)	(8,005)
Share of profits and losses of joint ventures	269	(1,948)	(778)	(744)	—	—	—	—	(509)	(2,692)
Share of profit and loss of an associate	—	—	27	113	—	—	—	—	27	113
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loss before tax									(47,094)	(64,290)
									<u> </u>	<u> </u>

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000
Segment assets	202,383	272,727	755,164	728,932	85,929	64,082	1,043,476	1,065,741
Investments in joint ventures	12,259	17,851	1,227	1,654	–	–	13,486	19,505
Investment in an associate	–	–	–	–	–	–	–	–
Total assets							<u>1,056,962</u>	<u>1,085,246</u>
Segment liabilities	84,391	182,896	458,362	377,925	10,380	5,767	553,133	566,588
Unallocated liabilities							<u>343,339</u>	<u>311,499</u>
Total liabilities							<u>896,472</u>	<u>878,087</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 January	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Interest on:		
– Loans from an intermediate holding company (Note 12)	3,044	2,737
– Loan from a fellow subsidiary (Note 13)	5,673	5,268
– Lease liabilities	647	–
	<u>9,364</u>	<u>8,005</u>

6. LOSS BEFORE TAX

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

	Six months ended	
	31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation on property, plant and equipment	661	2,205
Depreciation on right-of-use assets	5,829	–
Amortisation of film and TV program products [#]	39,631	197,283
Impairment of film and TV program under production [#]	12	–
Impairment of advances and other receivables ^{##}	–	3,000
Write-off of other receivables ^{##}	38	339
Reversal of impairment of advances and other receivables*	(72)	(14)
Share of net gain ^{##} /(loss)* from entertainment events organised by the Group to co-investors	(386)	102
Share of net gain from entertainment events organised by co-investors*	(1,051)	(4,683)
Foreign exchange losses ^{##} /(gains)*, net	<u>6,985</u>	<u>(3,625)</u>

[#] These items are included in “Cost of sales” in the condensed consolidated income statement.

^{##} These items are included in “Other operating expenses” in the condensed consolidated income statement.

* These items are included in “Other operating gains” in the condensed consolidated income statement.

7. 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 six months ended 31 January 2020 (six months ended 31 January 2019: 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.

	Six months ended	
	31 January	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision for tax for the period		
Current – Hong Kong		
Charge for the period	–	–
Overprovision in prior years	(56)	(21)
Current – Elsewhere		
Charge for the period	287	132
	<u> </u>	<u> </u>
Total tax expense for the period	231	111
	<u> </u>	<u> </u>

8. 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		Six months ended	
	31 January		31 January	
	2020	2019	2020	2019
	(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	(30,200)	(71,740)	(41,848)	(64,912)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Number of shares			
	Three months ended		Six months ended	
	31 January		31 January	
	2020	2019	2020	2019
(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>2,136,056</u>	<u>2,136,056</u>	<u>2,136,056</u>	<u>2,136,056</u>
Loss per share				
– Basic and diluted (HK cents)	<u>(1.41)</u>	<u>(3.36)</u>	<u>(1.96)</u>	<u>(3.04)</u>

The Group had no potential dilutive ordinary shares in issue during the three months and six months ended 31 January 2020 (three months and six months ended 31 January 2019 : Nil).

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2020 (six months ended 31 January 2019: Nil).

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licensing income and sales of products. The credit period generally ranges from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. 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 the trade receivables, net of loss allowance for impairment of trade receivables, based on the payment due date, as at the end of the reporting period, is as follows:

	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000
Neither past due nor impaired	50,738	25,268
1 to 90 days past due	26,401	48,687
Over 90 days past due	14,375	4,771
	<u>91,514</u>	<u>78,726</u>

11. TRADE PAYABLES

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

	31 January 2020 (Unaudited) HK\$'000	31 July 2019 (Audited) HK\$'000
Less than 30 days	136	680
31 to 60 days	93	16
61 to 90 days	–	–
Over 90 days	59	3,102
	<hr/> 288 <hr/>	<hr/> 3,798 <hr/>

12. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

The balance of HK\$100,000,000 represented a loan from eSun Holdings Limited (“eSun”), an intermediate holding company of the Company. The balance is unsecured, interest-bearing at a floating rate and repayable within one year. The interest rate ranged from 5.54% to 5.84% per annum during the six months ended 31 January 2020 (year ended 31 July 2019: 5.07% to 5.84% per annum).

The balance of HK\$32,000,000 represented additional loan from eSun during the six months ended 31 January 2020. The balance is unsecured, interest-bearing at a floating rate and repayable in the third year. The interest rate ranged from 5.08% to 5.14% per annum during the six months ended 31 January 2020 (year ended 31 July 2019: Nil).

13. LOAN FROM A FELLOW SUBSIDIARY

The balance represented a loan from Hibright Limited, a wholly-owned subsidiary of Lai Sun Development Company Limited (“LSD”). LSD is an intermediate holding company of the Company. The balance is unsecured, interest-bearing at a floating rate and repayable within one year. The interest rate ranged from 5.36% to 5.73% per annum during the six months ended 31 January 2020 (year ended 31 July 2019: 5.02% to 5.40% per annum).

14. SHARE CAPITAL

	31 January 2020		31 July 2019	
	Number of shares (Unaudited) '000	Nominal value (Unaudited) HK\$'000	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>60,000,000</u>	<u>600,000</u>	<u>60,000,000</u>	<u>600,000</u>
Issued and fully paid:				
Ordinary shares of HK\$0.01 each	<u>2,136,056</u>	<u>21,361</u>	<u>2,136,056</u>	<u>21,361</u>

15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 January 2020, the Group had financial assets at fair value through profit or loss of HK\$47,648,000 (unaudited) (31 July 2019: HK\$47,140,000 (audited)) which included (i) other financial assets of HK\$14,986,000 (unaudited) (31 July 2019: HK\$20,775,000 (audited)) represented investments in preference shares and debt instruments, (ii) film investments of HK\$9,096,000 (unaudited) (31 July 2019: HK\$8,466,000 (audited)), and (iii) other assets of HK\$23,566,000 (unaudited) (31 July 2019: HK\$17,899,000 (audited)) represented investments in entertainment events and included in prepayments, deposits and other receivables. These assets were measured at fair value using significant unobservable inputs (Level 3) by way of the latest available transaction prices or the discounted cash flow method as at 31 January 2020 and 31 July 2019. The Group did not have any financial liabilities measured at fair value as at 31 January 2020 and 31 July 2019. During the period ended 31 January 2020 and year ended 31 July 2019, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets.

16. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group

	Six months ended	
	31 January 2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Short-term employee benefits	5,937	8,035
Post-employment benefits	<u>26</u>	<u>26</u>
	<u>5,963</u>	<u>8,061</u>

(b) Material transactions with related parties

		Six months ended	
		31 January	
		2020	2019
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Fellow subsidiaries:			
Rental expenses and building management fee	(i), (iv)	323	1,730
Film distribution commission income	(ii)	2,638	1,179
Music distribution commission income	(ii)	3,657	3,439
Sharing of corporate salaries on a cost basis allocated from		3,733	4,298
Sharing of administrative expenses on a cost basis allocated from		345	1,346
Sharing of corporate salaries on a cost basis allocated to		3,322	6,738
Sharing of administrative expenses on a cost basis allocated to		963	3,009
Interest expense	(iii)	5,673	5,268
Intermediate holding company:			
Interest expense	(iii)	3,044	2,737
Related party:			
Production fee*	(ii)	770	1,200

* The company is a joint venture of the Group

Notes:

- (i) The rental expenses and building management fee were charged with reference to market rates.
- (ii) The film distribution commission income, music distribution commission income and production fee were charged in accordance with contractual terms with the respective parties.
- (iii) The interest expenses were charged in accordance with contractual terms with an intermediate holding company and a fellow subsidiary, details of which are set out in notes 12 and 13 to the condensed consolidated interim financial statements, respectively.
- (iv) The Group leased properties from fellow subsidiaries for office use. The monthly lease payables were charged with reference to market rates. Right-of-use assets of HK\$7,718,000 and lease liabilities of HK\$7,824,000 in respective to the leases were recognised in condensed consolidated statement of financial position as at 31 January 2020. During the six months ended 31 January 2020, depreciation of right-of-use assets of HK\$1,802,000 and finance costs on lease liabilities of HK\$235,000 were charged to condensed consolidated income statement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 31 January 2020 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$156,025,000, representing a decrease of approximately 47% from approximately HK\$291,942,000 for the corresponding six months in 2019 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s TV program business.

Cost of sales decreased to approximately HK\$93,757,000 for the Current Period from approximately HK\$267,031,000 for the Corresponding Period. The Group’s marketing expenses increased to approximately HK\$24,193,000 for the Current Period from approximately HK\$15,375,000 for the Corresponding Period. The increase in the marketing expenses was related to 4 films produced/invested by the Group theatrically released during the Current Period. Administrative expenses increased to approximately HK\$74,337,000 for the Current Period from approximately HK\$71,131,000 for the Corresponding Period. Nevertheless, these expenses are under strict control by the Company’s management. Other operating expenses increased to approximately HK\$7,045,000 for the Current Period from approximately HK\$3,117,000 for the Corresponding Period. Other operating expenses mainly included exchange loss arising from the depreciation in Renminbi.

Finance costs increased to approximately HK\$9,364,000 for the Current Period from approximately HK\$8,005,000 for the Corresponding Period. The increase in interest expenses is mainly due to the additional loan from an intermediate holding company and the interest on lease liabilities upon adoption of HKFRS 16 from 1 August 2019.

Loss attributable to owners of the Company for the Current Period decreased to approximately HK\$41,848,000 from approximately HK\$64,912,000 for the Corresponding Period. Basic loss per share decreased to approximately HK1.96 cents from approximately HK3.04 cents for the Corresponding Period.

As at 31 January 2020, the Group’s equity attributable to owners of the Company amounted to approximately HK\$177,530,000 (31 July 2019: approximately HK\$218,790,000) and the net asset value per share attributable to the owners of the Company was approximately HK8.3 cents (31 July 2019: approximately HK10.2 cents).

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 39 (2019: 46) shows by popular local, Asian and internationally renowned artistes, including EXO, Ivana Wong, Miriam Yeung and Jan Lamb. The total revenue from these concerts amounted to approximately HK\$66,386,000.

Music

During the Current Period, the Group released 6 (2019: 10) albums, including titles by Sammi Cheng, Tang Siu Hau, Jay Fung, Chan Kin On and Nowhere Boys. Turnover from music publishing and recording was approximately HK\$14,819,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$3,336,000 from artiste management. The Group currently has 22 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, a total of 4 films produced/invested by the Group was theatrically released, namely “Bodies at Rest”, “Fagara”, “The Climbers” and “A Witness Out of the Blue”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$71,357,000.

TV Program Production and Distribution

During the Current Period, the Group recorded a turnover of approximately HK\$127,000 from TV program licence fee and distribution commission.

PROSPECTS

The Group continues to invest in original production of quality films with Chinese themes. Our current production pipeline include “I’m Living It”, a feature film produced by Cheang Pou Soi with Miriam Yeung and Aaron Kwok, “Knockout”, an action film by director Roy Chow featuring Han Geng, “The Calling of a Bus Driver”, a romance comedy film with Ivana Wong and director Patrick Kong, and “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 is in discussion with various Chinese portals and video web sites for new project development in TV drama production. A 52 episode romance drama series “New Horizon” starring Zheng Kai and Chen Chiao-en, is in the post-production stage. Projects under development include “Who Sell Bricks in Hong Kong”, a 20 episode modern-day drama series tailor-made for Viu TV, featuring Ng Siu Hin, Fish Liew, Wu Tze Tung and Patrick Tam.

The exclusive distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income contribution to the Group. The Group is actively looking for new talent in Greater China and further co-operation with Asian artistes with an aim to build up a strong artiste roster.

The Group will continue to work with prominent local and Asian artistes for concert promotion. Upcoming events include concerts of Tsai Chin, Yoga Lin and Leon Lai.

The outbreak of novel coronavirus further weakens the entertainment consumption of the PRC and local markets. To rise the challenge we will focus on producing high quality projects with proven track record and commercial viability as well as tightening the cost control procedure to minimise unnecessary spending.

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 China 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations with internal resources, loans from an intermediate holding company and loan from a fellow subsidiary. At 31 January 2020, the Group has unsecured and interest-bearing loans from an intermediate holding company and a fellow subsidiary with an outstanding principal amount of HK\$132,000,000 and HK\$200,000,000 respectively.

As at 31 January 2020, cash and cash equivalents decreased to approximately HK\$259,652,000 (31 July 2019: approximately HK\$334,996,000). The balances were approximately 31% in Hong Kong dollar, 43% in Renminbi and 26% in United States dollar, Macanese pataca and Korean won currencies. The Renminbi denominated balances were placed with licensed banks in the PRC and Hong Kong. The conversion of the Renminbi balances placed within the PRC 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 January 2020, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the six months ended 31 January 2020.

As at 31 January 2020, the gearing ratio of the Group, being the total borrowings to the shareholders' equity attributable to the owners of the Company, was approximately 187% (31 July 2019: approximately 137%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure 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 Current Period. As at 31 January 2020, the Group has no outstanding foreign currency hedge contract (31 July 2019: Nil).

CHARGE ON GROUP ASSETS

At 31 January 2020, the Group did not have any charge on its assets.

CAPITAL STRUCTURE

At 31 January 2020, the Group's equity attributable to owners of the Company decreased by approximately 19% to approximately HK\$177,530,000 (31 July 2019: approximately HK\$218,790,000). Total assets amounted to approximately HK\$1,056,962,000 (31 July 2019: approximately HK\$1,085,246,000) which included current assets amounting to approximately HK\$950,337,000 (31 July 2019: approximately HK\$988,797,000). Current liabilities were approximately HK\$854,228,000 (31 July 2019: approximately HK\$878,087,000). Net asset value per share attributable to the owners of the Company as at 31 January 2020, was approximately HK8.3 cents (31 July 2019: approximately HK10.2 cents). Current ratio was approximately 1.1 (31 July 2019: approximately 1.1).

ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group had no material acquisition or disposal of subsidiaries during the Current Period.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 January 2020.

EMPLOYEE INFORMATION

At 31 January 2020, the Group had 157 (2019: 180) full-time employees. Staff costs amounted to approximately HK\$49,840,000 for the Current Period (2019: approximately HK\$51,678,000). The Group's remuneration policy remained the same as detailed in the Company's annual report for the year ended 31 July 2019.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 31 January 2020 save for the following deviation:

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

Due to other pre-arranged business commitments, Dr. Lam Kin Ngok, Peter, the chairman of the Board, had not attended the annual general meeting of the Company held on 20 December 2019. 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.

INTERESTS IN COMPETING BUSINESSES

During the period under review and up to the date of this announcement, eSun Holdings Limited (“eSun”) and four executive Directors, namely, Dr. Lam Kin Ngok, Peter, Mr. Chan Chi Kwong, Mr. Lui Siu Tsuen, Richard and Mr. Yip Chai Tuck (together, the “Interested Directors”) are considered to have interests in businesses which compete or may compete with the businesses of the Group pursuant to the GEM Listing Rules.

The Interested Directors held shareholding interests and/or other interests and/or directorships in companies/entities in the group of eSun which engage in the businesses including the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programs, films and video format products and cinema operation.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies/entities.

Save as disclosed above, none of the Directors, the controlling Shareholder and their respective close associates competes or may compete with the businesses of the Group and has or may have any other conflict of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 31 January 2020.

REVIEW OF INTERIM 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 interim results (containing the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2020.

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

Hong Kong, 12 March 2020

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 Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.mediaasia.com.