

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Media Asia Group Holdings Limited

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

(Stock Code: 8075)

ANNOUNCEMENT OF FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 OCTOBER 2019

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.*

FIRST QUARTERLY RESULTS

The board of directors (the “**Board**”) of Media Asia Group Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 October 2019 together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Three months ended	
		2019	2018
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
TURNOVER	3	105,636	227,383
Cost of sales		<u>(55,312)</u>	<u>(173,990)</u>
Gross profit		50,324	53,393
Other income		2,032	1,404
Marketing expenses		(24,107)	(3,061)
Administrative expenses		(33,417)	(34,126)
Other operating gains		648	3,221
Other operating expenses		<u>(5,996)</u>	<u>(7,671)</u>
PROFIT/(LOSS) FROM OPERATING			
ACTIVITIES		(10,516)	13,160
Finance costs	4	(4,246)	(3,943)
Share of profits and losses of joint ventures		(548)	(1,771)
Share of profits and losses of an associate		<u>22</u>	<u>99</u>
PROFIT/(LOSS) BEFORE TAX		(15,288)	7,545
Income tax expense	5	<u>(24)</u>	<u>(30)</u>
PROFIT/(LOSS) FOR THE PERIOD		<u>(15,312)</u>	<u>7,515</u>
Attributable to:			
Owners of the Company		(11,648)	6,828
Non-controlling interests		<u>(3,664)</u>	<u>687</u>
		<u>(15,312)</u>	<u>7,515</u>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO OWNERS			
OF THE COMPANY	6		
Basic and diluted (HK cents)		<u>(0.55)</u>	<u>0.32</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 October	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(15,312)	7,515
OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	<u>250</u>	<u>820</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>250</u>	<u>820</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>(15,062)</u>	<u>8,335</u>
Attributable to:		
Owners of the Company	<u>(11,399)</u>	<u>7,497</u>
Non-controlling interests	<u>(3,663)</u>	<u>838</u>
	<u>(15,062)</u>	<u>8,335</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2019

	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	—	—	—	—	(11,648)	(11,648)	(3,664)	(15,312)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	249	—	249	1	250
Total comprehensive income/(loss) for the period	—	—	—	249	(11,648)	(11,399)	(3,663)	(15,062)
At 31 October 2019 (unaudited)	21,361	633,661	95,191	(7,342)	(535,480)	207,391	(15,294)	192,097
At 1 August 2018 (audited)	21,361	633,661	95,191	(8,903)	(376,776)	364,534	(18,768)	345,766
Profit for the period	—	—	—	—	6,828	6,828	687	7,515
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	—	—	—	669	—	669	151	820
Total comprehensive income for the period	—	—	—	669	6,828	7,497	838	8,335
Capital contributions from a non-controlling shareholder	—	—	—	—	—	—	858	858
At 31 October 2018 (unaudited)	21,361	633,661	95,191	(8,234)	(369,948)	372,031	(17,072)	354,959

NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2019

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; provision of 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 auditor but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 July 2019. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2019.

3. TURNOVER

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

	Three months ended 31 October	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers		
Entertainment event income	29,200	57,406
Album sales, licence income and distribution commission income from music publishing and licensing	6,173	9,266
Artiste management fee income	1,948	2,648
Distribution commission income, licence fee income and sales from film and TV program products and film and TV program rights	68,315	158,063
	<u>105,636</u>	<u>227,383</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 October	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
Interest on:		
— Loan from an intermediate holding company	1,449	1,364
— Loan from a fellow subsidiary	2,797	2,579
	<u>4,246</u>	<u>3,943</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 during the three months ended 31 October 2019 (three months ended 31 October 2018: 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.

	Three months ended	
	31 October	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Overprovision in prior years	(36)	(22)
Current — Elsewhere		
Charge for the period	60	52
	<u> </u>	<u> </u>
Total tax expense for the period	<u> 24 </u>	<u> 30 </u>

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

The calculation of basic earnings/(loss) per share amounts is based on the loss attributable to owners of the Company for the period of approximately HK\$11,648,000 (2018: profit of approximately HK\$6,828,000) and the weighted average number of ordinary shares of approximately 2,136,056,000 (2018: approximately 2,136,056,000) in issue during the period.

The Group had no potential dilutive ordinary shares in issue during the three months ended 31 October 2019 (three months ended 31 October 2018: Nil).

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 October 2019 (three months ended 31 October 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 October 2019 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$105,636,000, representing a decrease of approximately 54% from approximately HK\$227,383,000 for the corresponding three months ended 31 October 2018 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s TV program and entertainment event businesses.

Cost of sales decreased to approximately HK\$55,312,000 for the Current Period from approximately HK\$173,990,000 for the Corresponding Period. The Group’s marketing expenses increased to approximately HK\$24,107,000 for the Current Period from approximately HK\$3,061,000 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 decreased to approximately HK\$33,417,000 for the Current Period from approximately HK\$34,126,000 for the Corresponding Period. Nevertheless, these expenses are under strict control by the Company’s management. Other operating expenses decreased to approximately HK\$5,996,000 for the Current Period from approximately HK\$7,671,000 for the Corresponding Period. Other operating expenses for the Current Period mainly included exchange loss arising from the depreciation in Renminbi.

Finance costs was approximately HK\$4,246,000 for the Current Period compared to approximately HK\$3,943,000 for the Corresponding Period. Finance costs represented the interest expenses arising from the loans from an intermediate holding company and a fellow subsidiary.

Loss attributable to owners of the Company for the Current Period was approximately HK\$11,648,000 compared to profit attributable to owners of the Company of approximately HK\$6,828,000 for the Corresponding Period. Basic loss per share was approximately HK0.55 cents compared to basic earnings per share of approximately HK0.32 cents for the Corresponding Period.

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 28 (2018: 26) 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\$29,200,000.

Music

During the Current Period, the Group released 2 (2018: 4) albums, representing titles by Chan Kin On and Nowhere Boys. Turnover from music publishing and recording was approximately HK\$6,173,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$1,948,000 from artiste management. The Group currently has 23 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 were 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\$68,315,000.

TV Program Production and Distribution

During the Current Period, no turnover from TV program licence fee and distribution commission was recorded by the Group.

PROSPECTS

In line with the Group’s strategy to invest in original production of quality films with Chinese themes for the growing PRC market, one of our upcoming product is “I’m Living It”, a feature film produced by Cheang Pou Soi with Miriam Yeung, and congratulations to Aaron Kwok who just won the Best Actor Award in the London East Asia Film Festival for his performance in this movie.

Our current production pipeline also include “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 license 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 recent “EXO Planet#5 Tour 2019 Hong Kong” has earned good reputation and public praises. 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 continuing Sino-US trade war as well as protests in Hong Kong might weaken the entertainment consumption of the PRC and local markets respectively. To rise the challenge we will focus on producing high quality projects with proven track record and commercial viability.

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.

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 three months ended 31 October 2019.

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 first quarterly results (containing the unaudited condensed consolidated financial statements) of the Company for the three months ended 31 October 2019.

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

Hong Kong, 12 December 2019

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.