



Media Asia 寰亞™

Media Asia Group Holdings Limited
寰亞傳媒集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8075)

Third Quarterly Report
2011 / 2012

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*This report, 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 of the Stock Exchange (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 report 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 report misleading.*

THIRD 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 and the nine months ended 30 April 2012 together with the comparative unaudited figures for the corresponding periods in 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 April		Nine months ended 30 April	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Turnover	3	38,187	1,825	92,816	9,531
Cost of sales		(24,833)	(1,117)	(66,671)	(7,229)
Gross profit		13,354	708	26,145	2,302
Other income		1,724	27	4,528	65
Marketing expenses		(2,270)	(42)	(3,243)	(130)
Administrative expenses		(22,329)	(8,689)	(52,224)	(30,402)
Fair value gain/(loss) on a forward contract	4	96,931	—	(256,165)	—
Other operating gains		10	—	372	—
Other operating expenses		(2,924)	(1,577)	(5,544)	(9,242)
Profit/(loss) from operating activities		84,496	(9,573)	(286,131)	(37,407)
Finance costs	5	(6,716)	(411)	(20,807)	(1,390)
Profit/(loss) before tax		77,780	(9,984)	(306,938)	(38,797)
Income tax credit/(expense)	6	746	(56)	27	196
Profit/(loss) for the period		78,526	(10,040)	(306,911)	(38,601)
Attributable to:					
Owners of the parent		78,530	(9,560)	(306,752)	(36,912)
Non-controlling interests		(4)	(480)	(159)	(1,689)
		78,526	(10,040)	(306,911)	(38,601)
Earnings/(loss) per share attributable to owners of the parent	7				
Basic (HK cents)		0.60	(0.40)	(2.41)	(1.58)
Diluted (HK cents)		0.29	(0.40)	(2.41)	(1.58)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 April		Nine months ended 30 April	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Profit/(loss) for the period	78,526	(10,040)	(306,911)	(38,601)
Other comprehensive income				
Exchange differences on translation of foreign operations	<u>65</u>	<u>269</u>	<u>285</u>	<u>552</u>
Other comprehensive income for the period, net of tax	<u>65</u>	<u>269</u>	<u>285</u>	<u>552</u>
Total comprehensive income/(loss) for the period	<u>78,591</u>	<u>(9,771)</u>	<u>(306,626)</u>	<u>(38,049)</u>
Attributable to:				
Owners of the parent	<u>78,595</u>	<u>(9,291)</u>	<u>(306,467)</u>	<u>(36,360)</u>
Non-controlling interests	<u>(4)</u>	<u>(480)</u>	<u>(159)</u>	<u>(1,689)</u>
	<u>78,591</u>	<u>(9,771)</u>	<u>(306,626)</u>	<u>(38,049)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2012

	Attributable to owners of the parent										
	Issued capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Subscription right reserve HK\$'000	Share-based payment reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 August 2011 (audited)	101,103	109,611	44,475	92,651	—	—	5,475	(59,320)	293,995	(2,153)	291,842
Loss for the period	—	—	—	—	—	—	—	(306,752)	(306,752)	(159)	(306,911)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	285	—	285	—	285
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	285	(306,752)	(306,467)	(159)	(306,626)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	27,503	27,503
Partial conversion of convertible notes	15,625	9,476	—	(6,237)	—	—	—	—	18,864	—	18,864
Placing of new shares	14,675	278,825	—	—	—	—	—	—	293,500	—	293,500
Transaction costs of placing of new shares	—	(2,663)	—	—	—	—	—	—	(2,663)	—	(2,663)
Equity-settled share option arrangements	—	—	—	—	—	3,628	—	—	3,628	—	3,628
At 30 April 2012 (unaudited)	<u>131,403</u>	<u>395,249</u>	<u>44,475</u>	<u>86,414</u>	<u>—</u>	<u>3,628</u>	<u>5,760</u>	<u>(366,072)</u>	<u>300,857</u>	<u>25,191</u>	<u>326,048</u>
At 1 August 2010 (unaudited)	23,061	2	44,475	4,747	2,500	—	4,749	(29,239)	50,295	—	50,295
Loss for the period	—	—	—	—	—	—	—	(36,912)	(36,912)	(1,689)	(38,601)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	552	—	552	—	552
Total comprehensive income/(loss) for the period	—	—	—	—	—	—	552	(36,912)	(36,360)	(1,689)	(38,049)
Costs of issue of convertible bonds	—	—	—	(83)	—	—	—	—	(83)	—	(83)
Equity-settled share option arrangements	—	—	—	—	—	8,197	—	—	8,197	—	8,197
Shares issued under share option scheme	28	626	—	—	—	(100)	—	—	554	—	554
Conversion of convertible bonds	5,000	20,950	—	(4,664)	—	—	—	—	21,286	—	21,286
At 30 April 2011 (unaudited)	<u>28,089</u>	<u>21,578</u>	<u>44,475</u>	<u>—</u>	<u>2,500</u>	<u>8,097</u>	<u>5,301</u>	<u>(66,151)</u>	<u>43,889</u>	<u>(1,689)</u>	<u>42,200</u>

NOTES:

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 drama series; music production and publishing; cinema investment and operation; provision of consultancy services in planning and management of cultural, entertainment and live performance projects; provision of contents to new media and operation of new media and related businesses primary in the People's Republic of China (the "PRC") and Macau.

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 period from 1 April 2011 to 31 July 2011. During the current period, the Group recognised revenue from its new operations, including film, music and artiste management operations and, accordingly the accounting policies for revenue recognition of relevant revenue are adopted by the Group and described in 2.1 below. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the period from 1 April 2011 to 31 July 2011.

2.1 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably, on the following bases:

- (a) income from films licensed to movie theatres, when the films are exhibited;
- (b) licence income from films licensed for a fixed fee or non-refundable guarantee under a non-cancellable contract, where an assignment is granted to the licensee, which permits the licensee to exploit those film rights freely and where the Group has no remaining obligations to perform and when the film materials have been delivered to licensees. Revenue recognised is limited to the amount of consideration received and subject to due allowance for contingencies;
- (c) licence income from films licensed, other than for a fixed fee or non-refundable guarantee under a non-cancellable contract, to licensees, over the licence period and when the films are available for showing or telecast;
- (d) sale of products and albums, when significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the products and albums sold;
- (e) distribution commission income, when the album or film materials have been delivered to the wholesalers and distributors;

- (f) album licence income and music publishing income, on an accrual basis in accordance with the terms of the relevant agreements; and
- (g) artiste management fee income, in the period in which the relevant services are rendered.

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 is as follows:

	Three months ended 30 April		Nine months ended 30 April	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Turnover				
Entertainment event income	34,942	1,194	85,036	7,623
Film distribution commission income and licence fee income	430	—	1,869	—
Album sales, licence income and distribution commission income from music publishing and licensing	2,195	—	5,017	—
Artiste management fee income	620	—	894	—
Licensing of software income	—	631	—	1,908
	<u>38,187</u>	<u>1,825</u>	<u>92,816</u>	<u>9,531</u>

4. FAIR VALUE GAIN/(LOSS) ON A FORWARD CONTRACT

Pursuant to a subscription agreement (the "**Subscription Agreement**") entered into between Perfect Sky Holdings Limited ("**Perfect Sky**"), Sun Great Investments Limited, Next Gen Entertainment Limited ("**Next Gen**"), Memestar Limited ("**Memestar**"), On Chance Inc. ("**On Chance**") and Grace Promise Limited (collectively the "**Subscribers**") and the Company on 23 March 2011, among others, the Company:

- conditionally agreed to issue to the Subscribers and the Subscribers conditionally agreed to subscribe for 3-year zero coupon convertible notes in an aggregate principal amount of HK\$371,386,642 (the "**First Completion Convertible Notes**"); and
- conditionally agreed to issue to the Subscribers and the Subscribers conditionally agreed to subscribe for 3-year zero coupon convertible notes in an aggregate principal amount of HK\$224,873,937 (the "**Second Completion Convertible Notes**").

As all the conditions precedent in relation to the subscription of the First Completion Convertible Notes and the Second Completion Convertible Notes had been fulfilled, the completion of the First Completion Convertible Notes and the Second Completion Convertible Notes took place on 9 June 2011 and 9 June 2012 respectively.

As at 30 April 2012, the Company was contractually obligated to issue the Second Completion Convertible Notes. In this regard, before the issue of the Second Completion Convertible Notes, the Subscription Agreement in respect of the issue of the Second Completion Convertible Notes constitutes a forward contract within the scope of Hong Kong Accounting Standard 39, and is recognised at its fair value as an asset or a liability on the commitment date, and is subsequently remeasured at fair value with changes in fair value recognised in the income statement.

The Group has recognised a fair value loss in respect of the forward contract of approximately HK\$256,165,000 (nine months ended 30 April 2011: Nil) in the unaudited condensed consolidated income statement for the nine months ended 30 April 2012. However, any fair value gain or loss on the forward contract in relation to the Second Completion Convertible Notes is non-cash in nature, will not have any impact on the cashflow of the Group and may fluctuate significantly according to market conditions and the trading price of the Shares. Accordingly, the Group would incur fair value gains or losses until 9 June 2012 when the Second Completion Convertible Notes have been issued and after then the Group's results shall no longer be affected by fair value gain or loss on the forward contract in relation to the Second Completion Convertible Notes.

The fair values of the forward contract as at 30 April 2012 was determined with reference to the valuation of the forward contract as at that date performed by Greater China Appraisal Limited, an independent firm of professional valuers. The valuation has taken into account factors including adjusted weighted average market price of the Company's shares, volatility, and prevailing market interest rates etc.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 April	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Interest on:		
— First Completion Convertible Notes wholly repayable within five years	20,807	—
— Convertible Bonds wholly repayable within five years (Note)	—	1,390
	<u>20,807</u>	<u>1,390</u>

Note: Convertible bonds in the principal amount of HK\$25,000,000 (the "Convertible Bonds") were issued to a bondholder on 30 April 2010. Upon receipt of a notice from the bondholder requesting for full conversion of the Convertible Bonds, on 18 April 2011, the Company issued 500,000,000 Shares at the price of HK\$0.05 per share upon full conversion of the Convertible Bonds.

6. INCOME TAX CREDIT/(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 nine months ended 30 April 2012 (nine months ended 30 April 2011: 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 of.

	Nine months ended 30 April	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Provision for tax for the period:		
— Elsewhere	(38)	—
— Deferred tax credit	65	196
Total tax credit for the period	<u>27</u>	<u>196</u>

7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

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

	Three months ended 30 April		Nine months ended 30 April	
	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
Profit/(Loss)				
Profit/(loss) attributable to owners of the parent used in the basic earnings/(loss) per share calculation	78,530	(9,560)	(306,752)	(36,912)
Effect of dilutive potential ordinary shares:				
Interest on First Completion Convertible Notes	6,716	N/A	N/A	N/A
Profit/(loss) for the purpose of diluted earnings/(loss) per share	85,246	(9,560)	(306,752)	(36,912)

	Number of shares			
	Three months ended 30 April		Nine months ended 30 April	
	2012 (Unaudited) '000	2011 (Unaudited) '000	2012 (Unaudited) '000	2011 (Unaudited) '000
Shares				
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	13,140,258	2,380,220	12,720,039	2,330,273
Effect of dilutive potential ordinary shares:				
First Completion Convertible Notes	16,293,618	N/A	N/A	N/A
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation	29,433,876	2,380,220	12,720,039	2,330,273
Earnings/(loss) per share:				
— Basic (HK cents)	0.60	(0.40)	(2.41)	(1.58)
— Diluted* (HK cents)	0.29	(0.40)	(2.41)	(1.58)

* The calculation of diluted loss per share for the nine months ended 30 April 2012 has not assumed the conversion of the First Completion Convertible Notes as such conversion has an anti-dilutive effect during the period. In addition, the calculation of diluted loss per share for the nine months ended 30 April 2012 has not assumed the exercise of share options as no diluting event existed during the period.

The calculation of diluted earnings per share for the three months ended 30 April 2012 is based on the profit attributable to owners of the parent of approximately HK\$85,246,000 after adjusting for the interest saving from the conversion of the First Completion Convertible Notes and the weighted average number of ordinary shares issued during the periods of approximately 29,433,876,000 shares after adjusting for the number of dilutive potential ordinary shares arising from the conversion of the First Completion Convertible Notes.

The calculation of diluted loss per share for the three months and nine months ended 30 April 2011 had not assumed the exercise of share options and conversion of the Convertible Bonds as they had an anti-dilutive effect during that period.

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 April 2012 (nine months ended 30 April 2011: Nil).

9. EVENTS AFTER REPORTING PERIOD

As all the conditions precedent in relation to the subscription of the Second Completion Convertible Notes had been fulfilled, the completion of the Second Completion Convertible Notes took place on 9 June 2012 (the "**Second Completion**"). Accordingly, the Second Completion Convertible Notes in an aggregate principal amount of HK\$224,873,937 were issued to the relevant Subscribers, namely Perfect Sky, Next Gen, Memestar and On Chance, in accordance with the terms of the Subscription Agreement.

Further details of the Second Completion Convertible Notes and the Second Completion are set out in the Company's circular dated 21 April 2011 and the Company's announcements dated 31 March 2011 and 11 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 April 2012, the Group recorded a turnover of approximately HK\$92,816,000, representing an increase of approximately 874% from approximately HK\$9,531,000 for the corresponding nine months in 2011. The significant increase in turnover was mainly due to the increase in revenue from the Group's entertainment businesses.

Cost of sales increased to approximately HK\$66,671,000 for the nine months ended 30 April 2012 from approximately HK\$7,229,000 for the corresponding nine months in 2011. The Group's other income increased to approximately HK\$4,528,000 for the nine months ended 30 April 2012 from approximately HK\$65,000 for the corresponding nine months in 2011. The increase in other income was mainly due to interest income on the bank deposit. Operating expenses increased by approximately 53% to approximately HK\$61,011,000 for the nine months ended 30 April 2012 from approximately HK\$39,774,000 for the corresponding nine months in 2011. During the nine months ended 30 April 2012, the Group recognised a fair value loss on the forward contract in relation to the Second Completion Convertible Notes of approximately HK\$256,165,000 (nine months ended 30 April 2011: Nil). Finance costs increased to approximately HK\$20,807,000 for the nine months ended 30 April 2012 from approximately HK\$1,390,000 for the corresponding nine months in 2011. The increase in finance costs was mainly due to the recognition of interest expenses on the First Completion Convertible Notes.

Loss attributable to owners of the parent for the nine months ended 30 April 2012 was approximately HK\$306,752,000 compared to that of approximately HK\$36,912,000 for the corresponding nine months in 2011. Basic loss per Share was approximately 2.41 HK cents compared to that of approximately 1.58 HK cents for the corresponding nine months in 2011.

The fair value loss on the forward contract in relation to the Second Completion Convertible Notes and the effective interest expenses arising from the First Completion Convertible Notes were non-cash in nature. The Company will in no event be obligated to settle any of such financial liability in respect of the forward contract by incurring a cash payout or otherwise by using any of its assets. Excluding the fair value loss of the forward contract of approximately HK\$256,165,000, the Group would have recorded a loss for the period attributable to owners of the parent of approximately HK\$50,587,000 for the nine months ended 30 April 2012.

At 30 April 2012, the Group had bank and cash balances of approximately HK\$549,186,000, increased from approximately HK\$507,315,000 at 31 July 2011. The increase in cash was mainly attributable to the net proceeds received from the completion of the placement of new Shares during the period.

Business Review

Events Management

During the period under review, the Group organised and invested in a number of concerts and shows. The total revenue from these business amounted to approximately HK\$85,036,000.

In August 2011, the Group entered into an entertainment service agreement with an independent third party, pursuant to which the Group has provided certain entertainment consultancy services including but not limited to conducting market research, meeting with their senior management as well as industry players and designing and formulating event proposals. Events management income included retainer fees recognised of approximately HK\$17,333,000 arising from the said entertainment service agreement.

Film production and distribution

During the period under review, the Group recorded a turnover of approximately HK\$1,824,000 from video distribution and film distribution commission income.

Music

During the period under review, the Group released 17 albums. Turnover from music publishing and recording was approximately HK\$5,017,000.

Artiste management

During the period under review, the Group recorded a turnover of approximately HK\$894,000 from artiste management.

TV Program distribution

During the period under review, the Group recorded a turnover of approximately HK\$45,000 from TV program distribution commission income.

Continuing Connected Transactions

On 23 December 2011, the Company entered into the following agreements:

- (i) the artistes engagement framework agreement with eSun Holdings Limited (“**eSun**”) in relation to the arrangement for the engagement of the artistes by the Group;
- (ii) the concert co-production framework agreement with eSun in relation to the arrangement for the co-production of concerts by both parties;
- (iii) the music catalogue licence agreements with certain subsidiaries of eSun as the licensors and eSun as the designated representative of the licensors respectively in relation to the grant of licences by the licensors to the Company to enable the Company to exploit the music works (including karaoke music videos) owned by the licensors in the territories of the PRC and Macau; and
- (iv) the film library licence agreements with certain subsidiaries of eSun as the licensors and eSun as the designated representative of the licensors respectively in relation to the grant of licences by the licensors to the Company to enable the Company to exploit the rights in the films owned or acquired by, or licensed to, the licensors in the territories of the PRC and Macau,

(each of the continuing connected transactions contemplated under the above agreements for the three years of the Company ending 31 July 2014, collectively, the “**Continuing Connected Transactions**”).

Details of the Continuing Connected Transactions are set out in the announcement and circular of the Company dated 23 December 2011 and 17 February 2012 respectively. The Continuing Connected Transactions and the proposed maximum annual amount of each of the Continuing Connected Transactions for three years ending 31 July 2014 have been approved by the independent shareholders of the Company (the “**Shareholders**”) on 5 March 2012.

Prospects

The Group is positive on the continuous growth of the Chinese entertainment and cultural industries and has made big strides in shaping up its business strategy as an all-around entertainment company with a comprehensive revenue plan realised across all major consumer media and entertainment platforms. To diversify its investment risks and to capture the synergistic and cohesive efforts across all divisions of the Group, including film, television, music, live entertainment, artiste management, new media and advertising, seasoned management and operation team in these areas have been engaged with an aim to expand multiple quality entertainment offerings and to build up a distribution platform that will deliver maximum revenue from our movies, television, music, live entertainment, merchandising and artiste management.

Through the above mentioned Continuing Connected Transactions, the Group has access to the pool of eSun's artistes as well as eSun's music and film libraries. Together with the Group's own product, the Group is enabled to offer an increasingly wider variety of product to a broader customer base for building up a strong base of its PRC businesses.

The Group is entering markets of strategic importance and is expanding its portfolio to broaden appeal and synergy. Management of the Group will continue to explore opportunities to broaden the Group's income stream through internal growth and business and/or assets acquisition, with primary focus in the PRC and Macau markets.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 April 2012, interests or short positions of the Directors, chief executives of the Company or their respective associates (as defined under the GEM Listing Rules) in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

(1) The Company

(a) Long positions in the Shares

Name of Directors	Capacity in which the Shares are held	Number of the Shares	Approximate percentage of total issued Shares (Note 5)
Dr. Lam Kin Ngok, Peter (Note 1)	(i) Interest of controlled corporations	6,712,925,500	51.09%
	(ii) Deemed interest under S.317 of the SFO	<u>1,732,343,209</u>	<u>13.18%</u>
	Total	<u>8,445,268,709</u>	<u>64.27%</u>
Mr. Yu Feng (Note 2)	(i) Interest of controlled corporations	576,098,633	4.38%
	(ii) Deemed interest under S.317 of the SFO	<u>7,869,170,076</u>	<u>59.89%</u>
	Total	<u>8,445,268,709</u>	<u>64.27%</u>
Mr. Choi Chiu Fai, Stanley (Note 3)	Deemed interest under S.317 of the SFO	8,445,268,709	64.27%
Ms. Etsuko Hoshiyama	Beneficial owner	3,000,000	0.02%
Mr. Chan Chi Yuen	Beneficial owner	2,300,000	0.02%

(b) Long positions in the underlying Shares

Name of Directors	Capacity in which the underlying Shares are held	Number of the underlying Shares comprised in		Approximate percentage of total issued Shares (Note 5)
		Convertible Notes	Share Options	
Dr. Lam Kin Ngok, Peter (Note 1)	(i) Interest of controlled corporations	14,132,500,000	—	107.55%
	(ii) Deemed interest under S.317 of the SFO	9,650,479,894	—	73.44%
	Total	<u>23,782,979,894</u>		<u>180.99%</u>
Mr. Yu Feng (Note 2)	(i) Interest of controlled corporations	6,486,699,793	—	49.36%
	(ii) Deemed interest under S.317 of the SFO	17,296,280,101	—	131.63%
	Total	<u>23,782,979,894</u>		<u>180.99%</u>
Mr. Choi Chiu Fai, Stanley (Note 3)	(i) Interest of a controlled corporation	492,092,899	—	3.74%
	(ii) Deemed interest under S.317 of the SFO	23,290,886,995	—	177.25%
	Total	<u>23,782,979,894</u>		<u>180.99%</u>
Mr. Tang Jun (Note 4)	Beneficial owner	—	101,102,576	0.77%

(2) Associated Corporations

(a) eSun Holdings Limited

Name of Director	Capacity in which shares are held	Ordinary shares of HK\$0.50 each	
		Number of shares	Approximate percentage of total issued shares
Dr. Lam Kin Ngok, Peter	(i) Interest of controlled corporations	471,604,186	37.93%
	(ii) Beneficial owner	<u>2,794,443</u>	<u>0.23%</u>
	Total	<u>474,398,629</u>	<u>38.16%</u>

(b) Perfect Sky Holdings Limited

Ordinary shares of US\$1.00 each

Name of Director	Capacity in which share is held	Number of shares	Approximate percentage of total issued shares
Dr. Lam Kin Ngok, Peter	Interest of controlled corporations	1	100.00%

Notes:

- (1) (a) By virtue of the interest of Dr. Lam Kin Ngok, Peter ("**Dr. Lam**") through his controlled corporations described in paragraph (b) immediately below, Dr. Lam was deemed to be interested in the Shares owned/to be owned by Perfect Sky as shown in the section headed "**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES**" below pursuant to Part XV of the SFO.
- (b) Perfect Sky is a wholly-owned subsidiary of eSun and eSun is indirectly owned as to approximately 37.93% by Lai Sun Development Company Limited ("**LSD**") which is approximately 47.97% directly and indirectly owned by Lai Sun Garment (International) Limited ("**LSG**"). LSG is approximately 8.07% owned by Dr. Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% beneficially owned by Dr. Lam.
- (2) (a) By virtue of the interest of Mr. Yu Feng ("**Mr. Yu**") through his controlled corporations described in paragraph (b) immediately below, Mr. Yu was deemed to be interested in the Shares owned/to be owned by Next Gen Entertainment Limited ("**Next Gen**") as shown in the section headed "**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES**" below pursuant to Part XV of the SFO.
- (b) Next Gen is a wholly-owned subsidiary of Yunfeng Fund, L.P., of which Mr. Yu is the founder and chairman. Mr. Yu is also the sole director of the aforesaid fund's general partner.
- (3) (a) By virtue of the interest of Mr. Choi Chui Fai, Stanley ("**Mr. Choi**") through his controlled corporation described in paragraph (b) immediately below, Mr. Choi was deemed to be interested in the Shares owned/to be owned by Grace Promise Limited ("**Grace Promise**") as shown in the section headed "**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES**" below pursuant to Part XV of the SFO.
- (b) Grace Promise is wholly and beneficially owned by Mr. Choi.
- (4) The share option to subscribe for a total of 101,102,576 Shares was granted to Mr. Tang Jun pursuant to the share option scheme adopted by the Company on 19 November 2009 and their particulars are set out in the section headed "**SHARE OPTION SCHEME**" below.
- (5) The total number of the issued Shares as at 30 April 2012 (that is, 13,140,257,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, as at 30 April 2012, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

So far as was known by or otherwise notified to any Director or chief executive of the Company, as at 30 April 2012, the following corporations or persons had 5% or more interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the "Voting Entitlement"):

Long position in the Shares

Name of Shareholders	Capacity in which the Shares and the underlying Share are held	Number of the Shares	Number of the underlying Shares	Deemed interest pursuant to Section 317 of the SFO (Note 7)	Total	Approximate percentage of total issued Shares (Note 10)
Substantial Shareholders						
Dr. Lam Kin Ngok, Peter (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Lai Sun Garment (International) Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Zimba International Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Lai Sun Development Company Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Transtrend Holdings Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
eSun Holdings Limited (Note 1)	Interest of a controlled corporation	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Perfect Sky Holdings Limited (Note 1)	Beneficial owner	6,712,925,500	14,132,500,000	11,382,823,103	32,228,248,603	245.26%
Mr. Tse On Kin (Note 2)	Interest of a controlled corporation	1,064,000,000	430,000,000	30,734,248,603	32,228,248,603	245.26%
Sun Great Investments Limited (Note 2)	Beneficial owner	1,064,000,000	430,000,000	30,734,248,603	32,228,248,603	245.26%
Mr. Yu Feng (Note 3)	Interest of controlled corporations	576,098,633	6,486,699,793	25,165,450,177	32,228,248,603	245.26%
Yunfeng Fund, L.P. (Note 3)	Interest of a controlled corporation	576,098,633	6,486,699,793	25,165,450,177	32,228,248,603	245.26%
Next Gen Entertainment Limited (Note 3)	Beneficial owner	576,098,633	6,486,699,793	25,165,450,177	32,228,248,603	245.26%
SINA Corporation (Note 4)	Interest of a controlled corporation	92,244,576	1,164,487,920	30,971,516,107	32,228,248,603	245.26%
Memestar Limited (Note 4)	Beneficial owner	92,244,576	1,164,487,920	30,971,516,107	32,228,248,603	245.26%
Mr. Choi Chiu Fai, Stanley (Note 5)	Interest of a controlled corporation	—	492,092,899	31,736,155,704	32,228,248,603	245.26%
Ms. Cheung Fung Kuen, Maggie (Note 5)	Interest of a controlled corporation	—	492,092,899	31,736,155,704	32,228,248,603	245.26%
Grace Promise Limited (Note 5)	Beneficial owner	—	492,092,899	31,736,155,704	32,228,248,603	245.26%
Promise Global Investment Limited (Note 6)	Interest of a controlled corporation	—	1,077,199,282	31,151,049,321	32,228,248,603	245.26%
Mr. Zhou Xin (Note 6)	Interest of a controlled corporation	—	1,077,199,282	31,151,049,321	32,228,248,603	245.26%

Name of Shareholders	Capacity in which the Shares and the underlying Share are held	Number of the Shares	Number of the underlying Shares	Deemed interest pursuant to Section 317 of the SFO (Note 7)	Total	Approximate percentage of total issued Shares (Note 10)
嚴紅春 (Note 6)	Interest of a controlled corporation	—	1,077,199,282	31,151,049,321	32,228,248,603	245.26%
On Chance Inc. (Note 6)	Beneficial owner	—	1,077,199,282	31,151,049,321	32,228,248,603	245.26%
Other Persons						
Ms. Liu Yang (Note 8)	Interest of controlled corporations	658,750,000	—	—	658,750,000	5.01%
Atlantis Capital Holdings Limited (Note 8)	Interest of a controlled corporation	658,750,000	—	—	658,750,000	5.01%
Atlantis Investment Management (Hong Kong) Limited (Note 8)	Beneficial owner	658,750,000	—	—	658,750,000	5.01%
Tencent Holdings Limited (Note 9)	Interest of a controlled corporation	658,750,000	—	—	658,750,000	5.01%
THL G Limited (Note 9)	Beneficial owner	658,750,000	—	—	658,750,000	5.01%

Notes:

- (1) Perfect Sky is wholly owned by eSun. eSun is owned as to approximately 37.93% by Transtrend Holdings Limited (“**Transtrend**”). Transtrend is wholly owned by LSD. LSD is approximately 47.97% owned by LSG and two of LSG’s wholly-owned subsidiaries, namely Zimba International Limited (“**Zimba**”) and Joy Mind Limited. LSG is approximately 8.07% owned by Dr. Lam and is approximately 29.99% owned by Wisdoman Limited which is in turn 50% beneficially owned by Dr. Lam. Thus, all the above companies are corporations controlled by Dr. Lam, and Dr. Lam, LSG, Zimba, LSD, Transtrend and eSun were deemed to be interested in such Shares which Perfect Sky was interested in pursuant to Part XV of the SFO.
- (2) Sun Great Investments Limited (“**Sun Great**”) is wholly and beneficially owned by Mr. Tse On Kin (“**Mr. Tse**”). Mr. Tse was, therefore, deemed to be interested in such Shares which Sun Great was interested in pursuant to Part XV of the SFO.
- (3) Next Gen is wholly and beneficially owned by Yunfeng Fund, L.P. of which Mr. Yu is the founder and chairman. Mr. Yu and the aforesaid fund were, therefore, deemed to be interested in such Shares which Next Gen was interested in pursuant to Part XV of the SFO. Mr. Yu is also the sole director of the general partner of the aforesaid fund.
- (4) Memestar Limited (“**Memestar**”) is wholly and beneficially owned by SINA Corporation (“**SINA**”). SINA was, therefore, deemed to be interested in such Shares which Memestar was interested in pursuant to Part XV of the SFO.
- (5) Grace Promise is wholly and beneficially owned by Mr. Choi. Mr. Choi and his spouse Ms. Cheung Fung Kuen, Maggie, were, therefore, deemed to be interested in such Shares which Grace Promise was interested in pursuant to Part XV of the SFO.
- (6) On Chance Inc. (“**On Chance**”) is owned as to 95% by Mr. Zhou Xin (“**Mr. Zhou**”) and as to 5% by Prowise Global Investment Limited. Mr. Zhou and his spouse 嚴紅春 were, therefore, deemed to be interested in such Shares which On Chance was interested in pursuant to Part XV of the SFO.
- (7) Pursuant to Section 317 of the SFO, each of the Subscribers was deemed to be interested in the Shares and the underlying Shares held by the other Subscribers.
- (8) Atlantis Investment Management (Hong Kong) Limited (“**Atlantis Investment**”) is wholly and beneficially owned by Atlantis Capital Holdings Limited (“**Atlantis Capital**”) which is in turn wholly and beneficially owned by Ms. Liu Yang (“**Ms. Liu**”). Ms. Liu and Atlantis Capital were, therefore, deemed to be interested in such Shares which Atlantis Investment was interested in pursuant to Part XV of the SFO.

- (9) THL G Limited (“**THL**”) is wholly and beneficially owned by Tencent Holdings Limited (“**Tencent**”). Tencent was, therefore, deemed to be interested in such Shares which THL was interested in pursuant to Part XV of the SFO.
- (10) The total number of the issued Shares as at 30 April 2012 (that is, 13,140,257,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, at 30 April 2012, there were no other persons who were recorded in the register of the Company as having interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or who had the Voting Entitlement.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 19 November 2009, pursuant to which the Directors of the Company may, at their discretion, invite any employee, director, non-executive director (including independent non-executive director), supplier, customer, advisor, consultant, agent, contractor, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity, to take up options to subscribe for Shares.

Details of the movements in the share options granted pursuant to the Share Option Scheme and exercised during the nine months ended 30 April 2012 are as follows:

Name of Grantee	Number of underlying Shares comprised in share options				Outstanding as at 30 April 2012	Date of grant	Exercise period (dd/mm/yyyy)	Exercise price per Share (Note 3) (HK\$)
	Outstanding as at 1 August 2011	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period				
Director								
Mr. Tang Jun (Notes 1 and 2)	—	31,341,666	—	—	31,341,666	26 August 2011	06/08/2012 to 05/08/2013	0.2042
	—	31,341,666	—	—	31,341,666	26 August 2011	06/08/2013 to 05/08/2014	0.24504
	—	31,341,668	—	—	31,341,668	26 August 2011	06/08/2014 to 05/09/2015	0.26546
	—	2,359,192	—	—	2,359,192	17 January 2012	06/08/2012 to 05/08/2013	0.1448
	—	2,359,192	—	—	2,359,192	17 January 2012	06/08/2013 to 05/08/2014	0.17376
	—	2,359,192	—	—	2,359,192	17 January 2012	06/08/2014 to 05/09/2015	0.18824
Total	<u>—</u>	<u>101,102,576</u>	<u>—</u>	<u>—</u>	<u>101,102,576</u>			

Notes:

- Mr. Tang Jun was appointed an executive Director and the chief executive officer of the Company with effect from 6 September 2011.
- (a) Any part of the share option in respect of the Shares comprised therein not exercised in whole in the original exercise period may be carried forward and exercised in the subsequent periods subject to the payment of the appropriate exercise price per Share.

- (b) Regarding the share option granted on 26 August 2011, the first tranche of the share option, the vesting period is from 26 August 2011 to 5 August 2012. For the second tranche of the share option, the vesting period is from 26 August 2011 to 5 August 2013. For the third tranche of the share option, the vesting period is from 26 August 2011 to 5 August 2014.
 - (c) Regarding the share option granted on 17 January 2012, the first tranche of the share option, the vesting period is from 17 January 2012 to 5 August 2012. For the second tranche of the share option, the vesting period is from 17 January 2012 to 5 August 2013. For the third tranche of the share option, the vesting period is from 17 January 2012 to 5 August 2014.
 - (d) The closing price of the Shares immediately before the dates on which the share options were granted, which were 26 August 2011 and 17 January 2012, were HK\$0.2 per share and HK\$0.138 per share respectively. The corresponding fair value of share options granted on 26 August 2011 and 17 January 2012 were HK\$8,181,000 and HK\$400,000 respectively.
3. The exercise price of share options is subject to adjustment in case of rights issue or other specific changes in the Company's share capital.

AUDIT COMMITTEE

The Company has established an audit committee on 21 May 2001 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee has three members comprising the 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 accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial information for the nine months ended 30 April 2012.

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 nine months ended 30 April 2012.

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

Hong Kong, 12 June 2012

As at the date of this report, the Board comprises eight executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Mr. Choi Chiu Fai, Stanley, Mr. Tang Jun (Chief Executive Officer), Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong, Ms. Etsuko Hoshiyama and Mr. Chan Chi Ming, Alvin; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Zhang Xi and Mr. Ng Chi Ho, Dennis.