



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

For the nine months ended 30 April 2013

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

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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 2013 together with the comparative unaudited figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 30 April		Nine months ended 30 April	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
TURNOVER	3	45,300	38,187	205,293	92,816
Cost of sales		(35,505)	(24,833)	(156,690)	(66,671)
Gross profit		9,795	13,354	48,603	26,145
Other income		760	1,724	4,938	4,528
Marketing expenses		(4,817)	(2,270)	(17,765)	(3,243)
Administrative expenses		(29,611)	(22,329)	(79,820)	(52,224)
Fair value gain/(loss) on a forward contract	4	–	96,931	–	(256,165)
Other operating gains		600	10	3,961	372
Other operating expenses		(1,252)	(2,924)	(14,005)	(5,544)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(24,525)	84,496	(54,088)	(286,131)
Finance costs	5	(11,489)	(6,716)	(35,243)	(20,807)
Share of profits and losses of joint ventures		25	–	(155)	–
PROFIT/(LOSS) BEFORE TAX		(35,989)	77,780	(89,486)	(306,938)
Income tax credit/(expenses)	6	(984)	746	(4,011)	27
PROFIT/(LOSS) FOR THE PERIOD		(36,973)	78,526	(93,497)	(306,911)
Attributable to:					
Owners of the Company		(36,851)	78,530	(92,624)	(306,752)
Non-controlling interests		(122)	(4)	(873)	(159)
		(36,973)	78,526	(93,497)	(306,911)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	7				
Basic (HK cents)		(0.28)	0.60	(0.70)	(2.41)
Diluted (HK cents)		(0.28)	0.29	(0.70)	(2.41)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Nine months ended	
	30 April		30 April	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(36,973)	78,526	(93,497)	(306,911)
OTHER COMPREHENSIVE INCOME				
Exchange differences on translation of foreign operations	1,124	65	1,485	285
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	1,124	65	1,485	285
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(35,849)	78,591	(92,012)	(306,626)
Attributable to:				
Owners of the Company	(36,031)	78,595	(91,698)	(306,467)
Non-controlling interests	182	(4)	(314)	(159)
	(35,849)	78,591	(92,012)	(306,626)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 April 2013

	Attributable to owners of the Company										
	Issued capital	Share premium	Contributed surplus	Capital reserve	Share-based payment reserve	Foreign currency		Accumulated losses	Total	Non-controlling interests	Total equity
						translation reserve	reserve				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 August 2012 (audited)	131,403	395,249	44,475	309,993	5,030	5,461	(349,495)	542,116	26,805	568,921	
Loss for the period	–	–	–	–	–	–	(92,624)	(92,624)	(873)	(93,497)	
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	926	–	926	559	1,485	
Total comprehensive income/(loss) for the period	–	–	–	–	–	926	(92,624)	(91,698)	(314)	(92,012)	
Equity-settled share option arrangements	–	–	–	–	334	–	–	334	–	334	
Transfer of share-based payment reserve upon lapse of share options	–	–	–	–	(5,364)	–	5,364	–	–	–	
At 30 April 2013 (unaudited)	131,403	395,249	44,475	309,993	–	6,387	(436,755)	450,752	26,491	477,243	
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)	131,403	395,249	44,475	86,414	3,628	5,760	(366,072)	300,857	25,191	326,048	

NOTES TO CONDENSED CONSOLIDATED THIRD QUARTERLY FINANCIAL STATEMENTS

30 April 2013

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 primarily 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 year ended 31 July 2012. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2012.

The unaudited condensed consolidated financial information has not been audited by the Company's 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	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Turnover				
Entertainment event income	23,315	34,942	148,152	85,036
Sales of video products, distribution commission income and licence fee income from film products and film rights	8,970	430	21,619	1,869
Album sales, licence income and distribution commission income from music publishing and licensing	6,212	2,195	15,335	5,017
Artiste management fee income	6,803	620	20,817	894
	45,300	38,187	205,923	92,816

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

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

- conditionally agreed to issue, 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, 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**").

All conditions precedent to the completion of the subscription of the First Completion Convertible Notes and the Second Completion Convertible Notes were fulfilled on 9 June 2011 and 9 June 2012, respectively.

Before 9 June 2012 (the "**Second Completion Date**"), 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 the Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement", and is recognised at its fair value as an asset or a liability on the commitment date, and is subsequently measured at fair value with changes in fair value recognised in the income statement. During the nine months ended 30 April 2012, the Group recognised a fair value loss in respect of the forward contract of approximately HK\$256,165,000 in the income statement.

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

On the Second Completion Date, the Group recognised a financial liability of the forward contract of approximately HK\$172,488,000. On the same date, the Company issued the Second Completion Convertible Notes in an aggregate principal amount of HK\$224,873,937. The fair value of the forward contract of approximately HK\$172,488,000 formed part of the consideration for the issuance of the Second Completion Convertible Notes. Accordingly, no fair value gain or loss in respect of the forward contract was recognised for the nine months ended 30 April 2013.

The fair values of the forward contract as at the Second Completion Date and 30 April 2012 were determined with reference to the valuations of the forward contract as at those dates performed by Greater China Appraisal Limited, an independent firm of professional valuers. The valuations have taken into account factors including adjusted weighted average market prices of the Company's shares, volatilities and prevailing market interest rates.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Nine months ended 30 April	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Interest on:		
— First Completion Convertible Notes wholly repayable within five years	22,828	20,807
— Second Completion Convertible Notes wholly repayable within five years	12,415	—
	35,243	20,807

6. INCOME TAX CREDIT/(EXPENSES)

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 2013 (nine months ended 30 April 2012: 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.

	Nine months ended 30 April	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Provision for tax for the period		
Hong Kong	—	—
Elsewhere	(5,710)	(38)
	(5,710)	(38)
Deferred tax credit for the period	1,699	65
Total tax credit/(expenses) for the period	(4,011)	27

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

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

	Three months ended 30 April		Nine months ended 30 April	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Earnings/(Loss)				
Profit/(loss) attributable to owners of the Company used in the basic earnings/(loss) per share calculation	(36,851)	78,530	(92,624)	(306,752)
Interest on First Completion Convertible Notes	N/A	6,716	N/A	N/A
Profit/(loss) for the purpose of diluted earnings/(loss) per share	(36,851)	85,246	(92,624)	(306,752)

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

	Number of shares			
	Three months ended		Nine months ended	
	30 April		30 April	
	2013	2012	2013	2012
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
'000	'000	'000	'000	
Shares				
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	13,140,258	13,140,258	13,140,258	12,720,039
Effect of dilutive potential ordinary shares:				
First Completion Convertible Notes	N/A	16,293,618	N/A	N/A
Weighted average number of ordinary shares used in the diluted earnings/(loss) per share calculation	13,140,258	29,433,876	13,140,258	12,720,039
Earnings/(loss) per share:				
– Basic (HK cents)	(0.28)	0.60	(0.70)	(2.41)
– Diluted (HK cents)	(0.28)	0.29	(0.70)	(2.41)

The calculation of diluted loss per share for the three months and nine months ended 30 April 2013 had not assumed the exercise of share options and conversion of the First Completion Convertible Notes and Second Completion Convertible Notes as they had an anti-dilutive effect during those periods.

The calculation of diluted loss per share for the nine months ended 30 April 2012 had not assumed the conversion of the First Completion Convertible Notes as such conversion had an anti-dilutive effect during the period. In addition, the calculation of diluted loss per share for the nine months ended 30 April 2012 had 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 was based on the profit attributable to owners of the Company 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.

8. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 April 2013 (nine months ended 30 April 2012: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the nine months ended 30 April 2013 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$205,293,000, representing an increase of approximately 121% from approximately HK\$92,816,000 for the corresponding nine months ended 30 April 2012 (the “**Corresponding Period**”), mainly due to the increase in the Group’s entertainment event income.

Cost of sales increased to approximately HK\$156,690,000 for the Current Period from approximately HK\$66,671,000 for the Corresponding Period. The Group’s other income increased to approximately HK\$4,938,000 for the Current Period from approximately HK\$4,528,000 for the Corresponding Period. The increase in other income was mainly due to interest income on the bank deposit.

The Group’s marketing expenses increased to approximately HK\$17,765,000 for the Current Period from approximately HK\$3,243,000 for the Corresponding Period. Administrative expenses increased to approximately HK\$79,820,000 for the Current Period from approximately HK\$52,224,000 for the Corresponding Period. Other operating expenses increased to approximately HK\$14,005,000 for the Current Period from approximately HK\$5,544,000 for the Corresponding Period. Other operating expenses mainly include share of net income to co-investors from entertainment events organised by the Group. The increase in the abovementioned expenses is due to increase in the operating activities of the Group. Setting up and expansion of our China operations during the Current Period also increased the administrative expenses. These expenses are under strict control by the Company’s management.

Finance costs increased to approximately HK\$35,243,000 for the Current Period from approximately HK\$20,807,000 for the Corresponding Period. The increase in finance costs was mainly due to the recognition of interest expenses on the Second Completion Convertible Notes.

Loss attributable to owners of the Company for the Current Period was approximately HK\$92,624,000 compared to that of approximately HK\$306,752,000 for the Corresponding Period. Basic loss per Share was approximately 0.70 HK cents compared to that of approximately 2.41 HK cents for the Corresponding Period. The significant reduction in loss attributable to owners of the Company was mainly due to the fact that the issuance of the Second Completion Convertible Notes was completed on 9 June 2012 and therefore no fair value gain or loss on a forward contract was recognised during the Current Period. The fair value loss on a forward contract of approximately HK\$256,165,000 was recognised for the Corresponding Period.

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 and the Second 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.

Business Review

Events Management

During the Current Period, the Group organised and invested in 80 shows. Turnover from these shows amounted to approximately HK\$148,152,000.

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 services including designing and formulating event proposals, managing the events and arranging for artistes and staff to participate in the events. Events management income included retainer fees of approximately HK\$19,425,000 arising from the said entertainment service agreement.

Film production and distribution

During the Current Period, the Group released 3 films, namely Guillotines, Cloud Atlas and Drug War. Turnover from the licence fee income and distribution commission income of films was approximately HK\$21,619,000.

Music

During the Current Period, the Group released over 20 albums. Turnover from music publishing and recording was approximately HK\$15,335,000.

Artiste management

During the Current Period, the Group recorded a turnover of approximately HK\$20,817,000 from artiste management.

Prospects

The Group continues to expand its integrated entertainment platform through internal growth, strategic alliance and investment opportunities to broaden its income stream with primary focus in the PRC market.

A number of the Group's films have completed production and some will be released in the coming quarter of the current financial year. Our distribution teams in Beijing and Hong Kong fully take charge of distributing these new films worldwide. The search for materials and intellectual properties suitable for adaptation into films, and emerging talents appealing to the PRC market and the region continues. All aimed at expanding our market share and increasing our film revenue.

The last quarter featured a number of concerts and live entertainment in China by popular local and internationally renowned artistes. In addition, the Group has widened the appeal of the Group's Hong Kong artistes by producing more concerts and theatrical drama shows in major cities in China such as Guangzhou, Chengdu, Beijing and Shanghai, thereby elevating the commercial potential of the Group's musical talent.

The Group believes that a strong artiste roster will complement our media and entertainment businesses and cooperates with high profile Asian artistes such as top Korean music groups and explores new talents locally and in Asia. The comprehensive projects of the Group span across film, TV, music and live events for our artistes and ensures the maximum commercial value and appeal in attracting talent.

The continual strong demand for good quality television drama from TV stations and online video websites in the PRC have driven the Group to leverage its investment in premium quality TV programmes with well-known producers and artistes. The Group also works with renowned TV producers on other types of programmes such as variety shows, singing contests and reality series.

The Group endeavors to continue expansion of its integrated entertainment platform with the view to provide the highest quality and most comprehensive Chinese language content for Chinese audiences in China and worldwide.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

At 30 April 2013, 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 corporations (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 4)
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	1,521,093,209	11.57%
	Total	8,234,018,709	62.66%
Mr. Yu Feng (Note 2)	(i) Interest of controlled corporations	576,098,633	4.38%
	(ii) Deemed interest under S.317 of the SFO	7,657,920,076	58.28%
	Total	8,234,018,709	62.66%
Mr. Choi Chiu Fai, Stanley (Note 3)	Deemed interest under S.317 of the SFO	8,234,018,709	62.66%
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	Approximate percentage of total issued Shares (Note 4)
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	23,782,979,894	180.99%
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	23,782,979,894	180.99%
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	23,782,979,894	180.99%

(2) Associated Corporations

(a) eSun Holdings Limited (“eSun”)

(a.1) Long positions in eSun shares

		Ordinary shares of HK\$0.50 each	
Name of Director	Capacity in which shares are held	Number of shares	Approximate percentage of total issued shares
Dr. Lam Kin Ngok, Peter (Note 1)	(i) Interest of controlled corporations	496,404,186	39.93%
	(ii) Beneficial owner	2,794,443	0.22%
	Total	499,198,629	40.15%

(a.2) Long position in eSun underlying shares

Dr. Lam Kin Ngok, Peter (“**Dr. Lam**”) was granted on 18 January 2013 an option under the eSun share option scheme to subscribe for 1,243,212 eSun shares.

Mr. Lui Siu Tsuen, Richard was granted on 18 January 2013 an option under the eSun share option scheme to subscribe for 3,729,636 eSun shares.

(b) Perfect Sky Holdings Limited

Ordinary shares of US\$1.00 each			
Name of Director	Capacity in which shares are held	Number of shares	Approximate percentage of total issued shares
Dr. Lam Kin Ngok, Peter (Note 1)	Interest of controlled corporations	1	100.00%

(c) Lai Fung Holdings Limited (“Lai Fung”)

(c.1) Long position in Lai Fung shares

Ordinary shares of HK\$0.10 each			
Name of Director	Capacity in which shares are held	Number of shares	Approximate percentage of total issued shares
Dr. Lam Kin Ngok, Peter (Note 1)	Interest of controlled corporations	7,949,276,422	49.39%

(c.2) Long position in Lai Fung underlying shares

Dr. Lam was granted on 18 January 2013 an option under the Lai Fung share option scheme to subscribe for 16,095,912 Lai Fung shares.

(c.3) By virtue of his deemed controlling shareholding interests in eSun as described in Note(1)(b) below, as at 30 April 2013, Dr. Lam was also deemed to be interested in a principal amount of US\$1,025,000 in the Senior Notes due 2014 issued by Lai Fung, which was beneficially owned by a wholly-owned subsidiary of eSun.

Notes:

- (1) (a) By virtue of the interest of 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 Holdings Limited ("**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 which owns approximately 51.09% of the issued Shares. As at 30 April 2013, eSun was indirectly owned as to approximately 39.93% by Lai Sun Development Company Limited ("**LSD**") which was approximately 49.97% directly and indirectly owned by Lai Sun Garment (International) Limited ("**LSG**"). LSG was approximately 9.34% owned by Dr. Lam and approximately 29.99% owned by Wisdoman Limited which was in turn 50% beneficially owned by Dr. Lam. Further, Lai Fung was approximately 49.39% owned by eSun.
- (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 total number of the issued Shares as at 30 April 2013 (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 2013, none of the Directors or chief executives 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 2013, 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 Shares are held	Number of the Shares	Number of the underlying Shares	Deemed interest pursuant to Section 317 of the SFO (Note 8)	Total	Approximate percentage of total issued Shares (Note 9)
Substantial shareholders						
Dr. Lam Kin Ngok, Peter (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Lai Sun Garment (International) Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Zimba International Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Lai Sun Development Company Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Transtrend Holdings Limited (Note 1)	Interest of controlled corporations	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
eSun Holdings Limited (Note 1)	Interest of a controlled corporation	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Perfect Sky Holdings Limited (Note 1)	Beneficial owner	6,712,925,500	14,132,500,000	11,171,573,103	32,016,998,603	243.66%
Mr. Tse On Kin (Note 2)	Interest of a controlled corporation	852,750,000	430,000,000	30,734,248,603	32,016,998,603	243.66%
Sun Great Investments Limited (Note 2)	Beneficial owner	852,750,000	430,000,000	30,734,248,603	32,016,998,603	243.66%
Mr. Yu Feng (Note 3)	Interest of controlled corporations	576,098,633	6,486,699,793	24,954,200,177	32,016,998,603	243.66%
Yunfeng Fund, L.P. (Note 3)	Interest of a controlled corporation	576,098,633	6,486,699,793	24,954,200,177	32,016,998,603	243.66%
Next Gen Entertainment Limited (Note 3)	Beneficial owner	576,098,633	6,486,699,793	24,954,200,177	32,016,998,603	243.66%
SINA Corporation (Note 4)	Interest of a controlled corporation	92,244,576	1,164,487,920	30,760,266,107	32,016,998,603	243.66%
Memestar Limited (Note 4)	Beneficial owner	92,244,576	1,164,487,920	30,760,266,107	32,016,998,603	243.66%
Mr. Choi Chiu Fai, Stanley (Note 5)	Interest of a controlled corporation	—	492,092,899	31,524,905,704	32,016,998,603	243.66%
Ms. Cheung Fung Kuen, Maggie (Note 5)	Interest of a controlled corporation	—	492,092,899	31,524,905,704	32,016,998,603	243.66%
Grace Promise Limited (Note 5)	Beneficial owner	—	492,092,899	31,524,905,704	32,016,998,603	243.66%
Mr. Zhou Xin (Note 6)	Interest of a controlled corporation	—	1,077,199,282	30,939,799,321	32,016,998,603	243.66%
嚴紅春 (Note 6)	Interest of a controlled corporation	—	1,077,199,282	30,939,799,321	32,016,998,603	243.66%
On Chance Inc. (Note 6)	Beneficial owner	—	1,077,199,282	30,939,799,321	32,016,998,603	243.66%
Other Persons						
Tencent Holdings Limited (Note 7)	Interest of a controlled corporation	658,750,000	—	—	658,750,000	5.01%
THL G Limited (Note 7)	Beneficial owner	658,750,000	—	—	658,750,000	5.01%

Notes:

- (1) Perfect Sky is wholly owned by eSun. As at 30 April 2013, eSun was owned as to approximately 39.93% by Transtrend Holdings Limited ("**Transtrend**"). Transtrend is wholly owned by LSD. LSD was approximately 49.97% owned by LSG and two of LSG's wholly-owned subsidiaries, namely Zimba International Limited ("**Zimba**") and Joy Mind Limited. LSG was approximately 9.34% owned by Dr. Lam and approximately 29.99% owned by Wisdoman Limited which was in turn 50% beneficially owned by Dr. Lam. Thus, all the above companies were 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**"). 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) 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.
- (8) 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.
- (9) The total number of the issued Shares as at 30 April 2013 (that is, 13,140,257,612 Shares) has been used for the calculation of the approximate percentage.

Save as disclosed above, at 30 April 2013, 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 be disclosable 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

On 18 December 2012, the Company adopted a new share option scheme (the “**New Share Option Scheme**”) and terminated the share option scheme adopted by the Company on 19 November 2009 (the “**Old Share Option Scheme**”) as (i) the Company has become a subsidiary of eSun in June 2011 and Rule 23.01 (4) of the GEM Listing Rules requires the relevant provisions of the Old Share Option Scheme which are required to be approved by the shareholders/independent non-executive directors of the Company to be simultaneously approved by the shareholders/independent non-executive directors of eSun; and (ii) eSun would like to have a unified set of share option scheme rules for its all subsidiaries. The purpose of the New Share Option Scheme is to recognise the contribution or future contribution of the eligible participants for their contribution to the Group by granting share options to them as incentives or rewards and to attract, retain and motivate high-calibre eligible participants in line with the performance goals of the Group or the affiliated companies. Eligible participants include any employee, director, officer or consultant of the Group and the affiliated companies, and any other group or classes of participants which the Board, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group. The details of the New Share Option Scheme are set out in the circular of the Company dated 1 December 2012.

As at 30 April 2013, no share options had been granted under the New Share Option Scheme.

Details of the movements in the share options under the Old Share Option Scheme during the nine months ended 30 April 2013 are as follows:

Name of grantee	Number of underlying Shares comprised in share options				Outstanding as at 30 April 2013	Date of grant	Exercise period (dd/mm/yyyy)	Exercise price per Share (HK\$)
	Outstanding as at 1 August 2012	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period				
Director								
Mr. Tang Jun (Notes)	31,341,666	–	–	(31,341,666)	–	26 August 2011	06/08/2012 to 05/08/2013	0.20420
	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	0.14480
	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	101,102,576	–	–	(101,102,576)	–			

Notes: Mr. Tang Jun (“**Mr. Tang**”) resigned as an executive Director and the chief executive officer of the Company with effect from 15 September 2012. All the outstanding share options had lapsed during the period as the share options were not exercised by Mr. Tang within one month from the date of his resignation.

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 2013.

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 2013.

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

Hong Kong, 11 June 2013

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