



Media Asia Group Holdings Limited

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

(Stock Code: 8075)

FIRST QUARTERLY REPORT

For the three months ended 31 October 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This 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 (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.*

CORPORATE INFORMATION

PLACE OF INCORPORATION

Incorporated in the Cayman Islands and continued in Bermuda

BOARD OF DIRECTORS

Executive Directors

Lam Kin Ngok, Peter (*Chairman*)
Chan Chi Kwong
Lui Siu Tsuen, Richard
Yip Chai Tuck

Independent Non-executive Directors

Chan Chi Yuen
Ng Chi Ho, Dennis
Zhang Xi

AUDIT COMMITTEE

Chan Chi Yuen (*Chairman*)
Ng Chi Ho, Dennis
Zhang Xi

NOMINATION COMMITTEE

Zhang Xi (*Chairman*)
Chan Chi Yuen
Lui Siu Tsuen, Richard
Ng Chi Ho, Dennis
Yip Chai Tuck

REMUNERATION COMMITTEE

Chan Chi Yuen (*Chairman*)
Lui Siu Tsuen, Richard
Ng Chi Ho, Dennis
Yip Chai Tuck
Zhang Xi

AUTHORISED REPRESENTATIVES

Lui Siu Tsuen, Richard
Lau Siu Mui

COMPLIANCE OFFICER

Lui Siu Tsuen, Richard

COMPANY SECRETARY

Lau Siu Mui

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

11th Floor
Lai Sun Commercial Centre
680 Cheung Sha Wan Road
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

LISTING INFORMATION

Place of Listing

The Growth Enterprise Market of
The Stock Exchange of Hong Kong Limited

Stock Code

8075

Board Lot

4,000 shares

WEBSITE

www.mediaasia.com

INVESTOR RELATIONS

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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 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended	
		31 October	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
TURNOVER	3	90,149	164,194
Cost of sales		(209,975)	(103,343)
Gross profit/(loss)		(119,826)	60,851
Other income		1,639	3,098
Marketing expenses		(28,043)	(19,324)
Administrative expenses		(34,116)	(27,314)
Other operating gains		2,177	699
Other operating expenses		(605)	(8,471)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES		(178,774)	9,539
Finance costs	4	(6,643)	(6,053)
Share of profits and losses of joint ventures		(4,003)	704
Share of profit and loss of an associate		—	—
PROFIT/(LOSS) BEFORE TAX		(189,420)	4,190
Income tax expense	5	(287)	(249)
PROFIT/(LOSS) FOR THE PERIOD		(189,707)	3,941
Attributable to:			
Owners of the Company		(188,042)	6,182
Non-controlling interests		(1,665)	(2,241)
		(189,707)	3,941
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	6		
Basic and diluted (HK cents)		(8.80)	0.29

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended	
	31 October	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
PROFIT/(LOSS) FOR THE PERIOD	(189,707)	3,941
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS		
Exchange differences on translation of foreign operations	2,015	(1,543)
OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO INCOME STATEMENT IN SUBSEQUENT PERIODS, NET OF TAX	2,015	(1,543)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(187,692)	2,398
Attributable to:		
Owners of the Company	(186,006)	4,653
Non-controlling interests	(1,686)	(2,255)
	(187,692)	2,398

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 October 2017

	Attributable to owners of the Company																
	Issued capital	Share premium account	Contributed surplus	Capital reserve	Foreign currency translation reserve	Retained Profit/ (accumulated losses)	Total	Non-controlling interests	Total equity								
										HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 August 2017 (audited)	21,361	633,661	95,191	71,454	(8,631)	(174,727)	638,309	(10,693)	627,616								
Loss for the period	–	–	–	–	–	(188,042)	(188,042)	(1,665)	(189,707)								
Other comprehensive income/(loss) for the period:																	
Exchange differences on translation of foreign operations	–	–	–	–	2,036	–	2,036	(21)	2,015								
Total comprehensive income/(loss) for the period	–	–	–	–	2,036	(188,042)	(186,006)	(1,686)	(187,692)								
At 31 October 2017 (unaudited)	21,361	633,661	95,191	71,454	(6,595)	(362,769)	452,303	(12,379)	439,924								
At 1 August 2016 (audited)	21,361	633,661	95,191	71,454	(4,090)	(4,772)	812,805	(2,256)	810,549								
Profit/(loss) for the period	–	–	–	–	–	6,182	6,182	(2,241)	3,941								
Other comprehensive loss for the period:																	
Exchange differences on translation of foreign operations	–	–	–	–	(1,529)	–	(1,529)	(14)	(1,543)								
Total comprehensive income/(loss) for the period	–	–	–	–	(1,529)	6,182	4,653	(2,255)	2,398								
Capital contribution from a non-controlling shareholder	–	–	–	–	–	–	–	1,522	1,522								
At 31 October 2016 (unaudited)	21,361	633,661	95,191	71,454	(5,619)	1,410	817,458	(2,989)	814,469								

NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2017

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 the GEM of the Stock Exchange since 31 May 2001.

The principal activity of the Company is investment holding. The Group's principal activities include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; 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 2017. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2017.

NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2017

3. TURNOVER

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

	Three months ended	
	31 October	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Turnover		
Entertainment event income	24,820	71,696
Album sales, licence income and distribution commission income from music publishing and licensing	9,381	11,288
Artiste management fee income	5,698	2,696
Distribution commission income and licence fee income from film and TV program products and film rights	50,250	78,514
	90,149	164,194

4. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended	
	31 October	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on:		
– TFN Convertible Notes	2,856	2,607
– Specific Mandate Convertible Notes	3,787	3,446
	6,643	6,053

NOTES TO CONDENSED CONSOLIDATED FIRST QUARTERLY FINANCIAL STATEMENTS

31 October 2017

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 2017 (three months ended 31 October 2016: 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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Provision for tax for the period		
Current — Hong Kong		
Charge for the period	—	—
Current — Elsewhere		
Charge for the period	287	249
Total tax expense for the period	287	249

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\$188,042,000 (2016: profit of HK\$6,182,000) and the weighted average number of ordinary shares of approximately 2,136,057,000 (2016: approximately 2,136,057,000) in issue during the period.

No adjustment has been made to the basic earnings/(loss) per share amounts presented for the three months ended 31 October 2017 and 2016 in respect of a dilution as the impact of the TFN Convertible Notes and Specific Mandate Convertible Notes outstanding during the periods had an anti-dilutive effect on the basic earnings/(loss) per share amounts presented.

7. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 October 2017 (three months ended 31 October 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the three months ended 31 October 2017 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$90,149,000, representing a decrease of approximately 45% from approximately HK\$164,194,000 for the corresponding three months ended 31 October 2016 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s film production and distribution and entertainment events.

Cost of sales increased to approximately HK\$209,975,000 for the Current Period from approximately HK\$103,343,000 for the Corresponding Period. The significant increase in cost of sales was mainly due to impairment made on the Group’s films recently released with unsatisfactory performance. Marketing expenses increased to approximately HK\$28,043,000 for the Current Period from approximately HK\$19,324,000 for the Corresponding Period. Administrative expenses increased to approximately HK\$34,116,000 for the Current Period from approximately HK\$27,314,000 for the Corresponding Period. Nevertheless, these expenses are under strict control by the Company’s management. Other operating expenses decreased to approximately HK\$605,000 for the Current Period from approximately HK\$8,471,000 for the Corresponding Period.

Finance costs was approximately HK\$6,643,000 for the Current Period compared to approximately HK\$6,053,000 for the Corresponding Period. Finance costs represented the interest expenses arising from the TFN Convertible Notes and Specific Mandate Convertible Notes issued on 13 May 2015 and 3 July 2015 respectively.

Loss attributable to owners of the Company for the Current Period was approximately HK\$188,042,000 compared to profit attributable to owners of the Company of approximately HK\$6,182,000 for the Corresponding Period. The significant increase in loss attributable to owners of the Company was primarily attributable to unsatisfactory performance of the Group’s films recently released. Basic loss per share was approximately HK8.8 cents compared to basic earnings per share of approximately HK0.29 cent for the Corresponding Period.

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 8 (2016: 25) shows by popular local, Asian and internationally renowned artistes, including Liza Wang, C AllStar, Ivana Wong and Hins Cheung, and Wanna One. The total revenue from these concerts amounted to approximately HK\$24,820,000.

Music

During the Current Period, the Group released 1 (2016: 1) album, representing title by C AllStar. Turnover from music publishing and recording was approximately HK\$9,381,000.

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$5,698,000 from artiste management. The Group currently has 30 artistes under its management.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

Film and TV Program Segment

Film Production and Distribution

During the Current Period, the Group released 2 films, namely “Legend of the Naga Pearls” and “The Adventurers”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$43,569,000.

TV Program Production and Distribution

During the Current Period, the Group recorded a turnover of approximately HK\$6,681,000 from TV program licence fee and distribution commission.

PROSPECTS

For our film business, the Group will continue to invest in original production of quality films with Chinese themes. An action comedy film “When Robbers Meet The Monster” featuring Louis Koo, Zhou Dongyu and Cheney Chen with director Andrew Lau, and an action crime film “Bodies At Rest” by director Renny Harlin casting Nick Cheung and Richie Jen, are under production.

On the other hand, we will continue to develop products attributed to famous IPs. Projects under development include “The Legend of The Condor Heroes”, Gordon Chan’s new production tribute to the classic work of martial arts from Dr. Louis Cha.

For TV business, “New Horizon”, a 50 episode romance drama series starring Zheng Kai and Chen Chiao-en, and “Shadow of Justice”, a 36 episode detective drama series tailor-made for the Alibaba’s Youku platforms featuring Julian Cheung and Fiona Sit, are under production.

For music and live entertainment businesses, the exclusive distribution licenses of our music products with Taobao China Software Co. Ltd. and Warner Music continue to provide stable income contribution to the Group. We have just successfully co-produced the Mnet Asian Music Awards (MAMA) 2017 Hong Kong and the recent “Grasshopper Live Goes On World Tour 2017” and “C AllStar in Concert 2017” have 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 Miriam Yeung and at17.

The Group believes a strong talent roster will complement its media and entertainment businesses. The Group will continue its effort in talent development. Targeting at the enormous yet growing China market, we endeavor to strengthen the Group’s integrated media platform with an aim to provide valuable and competitive products and to enhance our market position, and we will continue to explore strategic alliance as well as investment opportunities to enrich our portfolio, broaden our income stream and maximise value for our shareholders.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 October 2017, the interests and short positions of the Directors 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 (the “SFO”), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

(1) Interests in the Company

Name of Directors	Long positions in the shares and underlying shares of the Company				
	Number of shares		Number of underlying shares	Total	Approximate percentage of issued shares (Note 1)
	Corporate interests	Personal interests	Corporate interests		
Lam Kin Ngok, Peter	1,443,156,837 (Note 2(a))	—	218,340,611 (Note 2(a))	1,661,497,448 (Note 2(b))	77.78%
Chan Chi Yuen	—	172,500	—	172,500	0.01%

(2) Interests in Associated Corporations

(a) eSun Holdings Limited (“eSun”)

Name of Directors	Long positions in shares and underlying shares of eSun				
	Number of shares		Share options	Total	Approximate percentage of issued shares
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	551,040,186 (Note 3)	2,794,443	1,243,212 (Note 4)	555,077,841	37.21%
Chan Chi Kwong	—	—	1,500,000 (Note 5)	1,500,000	0.10%
Lui Siu Tsuen, Richard	—	—	3,729,636 (Note 6)	3,729,636	0.25%

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

Name of Director	Long positions in shares and underlying shares of Lai Fung				
	Number of shares		Share options	Total	Approximate percentage of issued shares
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	165,485,406 (Note 7)	—	321,918 (Note 8)	165,807,324	50.89%

OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes:

- (1) *The number of issued shares of the Company (the "Shares") as at 31 October 2017 (that is, 2,136,056,825 Shares) has been used for the calculation of the approximate percentage.*
- (2) (a) *The Shares were owned by Perfect Sky Holdings Limited ("Perfect Sky"), a wholly-owned subsidiary of eSun. The underlying Shares comprised the conversion shares to be allotted and issued upon conversion of the convertible notes issued by the Company to Perfect Sky pursuant to a subscription agreement dated 17 April 2015.*

1,415,132,837 Shares owned by Perfect Sky were pledged as security under a share mortgage dated 21 September 2016 pursuant to a facility agreement of eSun.
- (b) *eSun was the Company's ultimate holding company. As at 31 October 2017, eSun was indirectly owned as to approximately 36.94% by Lai Sun Development Company Limited ("LSD"). LSD was approximately 53.32% directly and indirectly owned by Lai Sun Garment (International) Limited ("LSG"). LSG was approximately 12.49% (excluding share option) owned by Dr. Lam Kin Ngok, Peter ("Dr. Lam") and approximately 29.37% owned by Wisdoman Limited which was in turn 100% beneficially owned by Dr. Lam. Therefore, Dr. Lam was deemed to be interested in the Shares and underlying Shares owned indirectly by eSun as shown in the section headed "Substantial Shareholders' Interests in Securities" below pursuant to Part XV of the SFO.*
- (3) *By virtue of his deemed controlling shareholding interests in LSD as described in Note (2)(b) above, Dr. Lam was deemed to be interested in such eSun shares owned indirectly by LSD.*
- (4) *On 18 January 2013, Dr. Lam was granted an option by eSun to subscribe for 1,243,212 eSun shares at a subscription price of HK\$1.612 per share during the period from 18 January 2013 to 17 January 2023.*
- (5) *On 18 January 2013, Mr. Chan Chi Kwong was granted an option by eSun to subscribe for 1,500,000 eSun shares at a subscription price of HK\$1.612 per share during the period from 18 January 2013 to 17 January 2023.*
- (6) *On 18 January 2013, Mr. Lui Siu Tsuen, Richard was granted an option by eSun to subscribe for 3,729,636 eSun shares at a subscription price of HK\$1.612 per share during the period from 18 January 2013 to 17 January 2023.*
- (7) *By virtue of his deemed controlling shareholding interests in eSun as described in Note (2)(b) above, Dr. Lam was deemed to be interested in such Lai Fung shares owned indirectly by eSun.*
- (8) *On 18 January 2013, Dr. Lam was granted an option by Lai Fung to subscribe for 16,095,912 Lai Fung shares at a subscription price of HK\$0.228 per share during the period from 18 January 2013 to 17 January 2023. Following the completion of share consolidation of Lai Fung, the exercise price and number of option shares were adjusted to HK\$11.4 per consolidated share and 321,918 consolidated shares respectively on 15 August 2017.*

Save as disclosed above, as at 31 October 2017, none of the Directors had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 October 2017, the interests and short positions of the persons, other than Directors, in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Position in the Shares

Name of shareholders	Capacity in which interests are held	Number of Shares	Number of underlying Shares	Total	Approximate percentage of issued Shares (Note 1)
Lai Sun Garment (International) Limited	Interest of controlled corporations	1,443,156,837	218,340,611	1,661,497,448 (Note 2)	77.78%
Lai Sun Development Company Limited	Interest of controlled corporations	1,443,156,837	218,340,611	1,661,497,448 (Note 2)	77.78%
eSun Holdings Limited	Interest of controlled corporation	1,443,156,837	218,340,611	1,661,497,448 (Note 2)	77.78%
Taiwan Mobile Co., Ltd.	Interest of controlled corporations	43,668,122	267,973,164 (Note 3(a))	311,641,286 (Note 3(b))	14.59%
Wealth Media Technology Co., Ltd.	Interest of controlled corporations	43,668,122	267,973,164 (Note 3(a))	311,641,286 (Note 3(b))	14.59%
TFN Media Co., Ltd.	Beneficial owner	—	267,973,164 (Note 3(a))	267,973,164	12.55%
Fubon Financial Holding Co., Ltd.	Interest of controlled corporation	99,187,500	72,969,432 (Note 4(a))	172,156,932 (Note 4(b))	8.06%
Fubon Financial Holding Venture Capital Corp.	Beneficial owner	99,187,500	72,969,432 (Note 4(a))	172,156,932	8.06%
Ming Tone Co., Ltd.	Interest of controlled corporations	99,187,500	72,969,432 (Note 5(a))	172,156,932 (Note 5(b))	8.06%
Wealth Media Co., Ltd.	Interest of controlled corporations	99,187,500	72,969,432 (Note 5(a))	172,156,932 (Note 5(b))	8.06%
Cheng Ting Co., Ltd.	Interest of controlled corporations	99,187,500	72,969,432 (Note 5(a))	172,156,932 (Note 5(b))	8.06%
Cheng Hao Co., Ltd.	Interest of controlled corporations	99,187,500	72,969,432 (Note 5(a))	172,156,932 (Note 5(b))	8.06%

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(continued)*

Long Position in the Shares *(continued)*

Name of shareholders	Capacity in which interests are held	Number of Shares	Number of underlying Shares	Total	Approximate percentage of issued Shares <i>(Note 1)</i>
Kbro Co., Ltd.	Interest of controlled corporation	99,187,500	72,969,432 <i>(Note 5(a))</i>	172,156,932 <i>(Note 5(b))</i>	8.06%
Kbro Media Co., Ltd.	Beneficial owner	99,187,500	72,969,432 <i>(Note 5(a))</i>	172,156,932	8.06%

Notes:

- (1) The number of issued Shares as at 31 October 2017 (that is, 2,136,056,825 Shares) has been used for the calculation of the approximate percentage.
- (2) LSG, LSD and eSun were deemed to be interested in the same 1,661,497,448 Shares and underlying Shares held by Perfect Sky. Please refer to Note (2) as shown in the section headed "Directors' Interests in Securities" above for further details.
- (3)
 - (a) The underlying Shares comprised the conversion shares to be allotted and issued upon conversion of the convertible notes issued by the Company to TFN Media Co., Ltd. ("**TFN Media**") pursuant to a subscription agreement dated 17 April 2015.
 - (b) MOMO.COM Inc. ("**MOMO.COM**", interested in 43,668,122 Shares) and TFN Media were owned as to approximately 44.38% and 100% by Wealth Media Technology Co., Ltd. ("**WMT**") respectively. WMT was wholly-owned by Taiwan Mobile Co., Ltd. ("**TMC**"). Therefore, WMT and TMC were deemed to be interested in 43,668,122 Shares owned by MOMO.COM and 267,973,164 underlying Shares owned by TFN Media pursuant to Part XV of the SFO.
- (4)
 - (a) The underlying Shares comprised the conversion shares to be allotted and issued upon conversion of the convertible notes issued by the Company to Fubon Financial Holding Venture Capital Corp. ("**Fubon Financial**") pursuant to a subscription agreement dated 17 April 2015.
 - (b) Fubon Financial was a subsidiary of Fubon Financial Holding Co., Ltd. which was, therefore, deemed to be interested in the same 172,156,932 Shares and underlying Shares owned by Fubon Financial pursuant to Part XV of the SFO.
- (5)
 - (a) The underlying Shares comprised the conversion shares to be allotted and issued upon conversion of the convertible notes issued by the Company to Kbro Media Co., Ltd. ("**Kbro Media**") pursuant to a subscription agreement dated 17 April 2015.
 - (b) Kbro Media was owned as to approximately 53% by Kbro Co., Ltd. ("**Kbro Co**"). Kbro Co was wholly-owned by Cheng Hao Co., Ltd. ("**Cheng Hao**") and Cheng Hao was wholly-owned by Cheng Ting Co., Ltd. ("**Cheng Ting**"). Cheng Ting was approximately 80% owned by Wealth Media Co., Ltd. ("**Wealth Media**") which was in turn approximately 35.7% owned by Ming Tone Co., Ltd. ("**Ming Tone**"). Therefore, Kbro Co, Cheng Hao, Cheng Ting, Wealth Media and Ming Tone were deemed to be interested in the same 172,156,932 Shares and underlying Shares owned by Kbro Media pursuant to Part XV of the SFO.

Save as disclosed above, as at 31 October 2017, no other persons (other than the Directors) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

OTHER INFORMATION

INTERESTS IN COMPETING BUSINESSES

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the three months ended 31 October 2017.

REVIEW OF QUARTERLY REPORT

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 report (containing the unaudited condensed consolidated financial statements) of the Company for the three months ended 31 October 2017.

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

Hong Kong, 13 December 2017