



# Media Asia Group Holdings Limited

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

(Stock Code: 8075)

## INTERIM REPORT

For the six months ended 31 January 2021

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

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

*This 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 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*

Au Hoi Fung  
Ng Chi Ho, Dennis  
Poon Kwok Hing, Albert

## AUDIT COMMITTEE

Ng Chi Ho, Dennis (*Chairman*)  
Au Hoi Fung  
Poon Kwok Hing, Albert

## NOMINATION COMMITTEE

Poon Kwok Hing, Albert (*Chairman*)  
Au Hoi Fung  
Lui Siu Tsuen, Richard  
Ng Chi Ho, Dennis  
Yip Chai Tuck

## REMUNERATION COMMITTEE

Ng Chi Ho, Dennis (*Chairman*)  
Au Hoi Fung  
Lui Siu Tsuen, Richard  
Poon Kwok Hing, Albert  
Yip Chai Tuck

## AUTHORISED REPRESENTATIVES

Lui Siu Tsuen, Richard  
Wong Lai Chun

## COMPLIANCE OFFICER

Lui Siu Tsuen, Richard

## COMPANY SECRETARY

Wong Lai Chun

## 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*

GEM of The Stock Exchange of Hong Kong Limited

### *Stock Code*

8075

### *Board Lot*

12,000 shares

## WEBSITE

[www.mediaasia.com](http://www.mediaasia.com)

## INVESTOR RELATIONS

Tel: (852) 2370 5825  
Fax: (852) 2743 8459  
E-mail: [cosec@mediaasia.com](mailto:cosec@mediaasia.com)

# INTERIM RESULTS

The board of directors (the “**Board**”) of Media Asia Group Holdings Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the three months and the six months ended 31 January 2021 together with the comparative unaudited figures for the corresponding periods in 2020 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 January		Six months ended 31 January	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>TURNOVER</b>	4	<b>25,053</b>	50,389	<b>47,023</b>	156,025
Cost of sales		<b>(20,341)</b>	(38,445)	<b>(40,513)</b>	(93,757)
Gross profit		<b>4,712</b>	11,944	<b>6,510</b>	62,268
Other income		<b>2,434</b>	2,509	<b>6,327</b>	4,541
Marketing expenses		<b>(4,386)</b>	(86)	<b>(7,468)</b>	(24,193)
Administrative expenses		<b>(31,958)</b>	(40,920)	<b>(57,520)</b>	(74,337)
Other operating gains	5	<b>16,630</b>	870	<b>36,686</b>	1,518
Other operating expenses		<b>83</b>	(1,049)	<b>(1,390)</b>	(7,045)
<b>LOSS FROM OPERATING ACTIVITIES</b>		<b>(12,485)</b>	(26,732)	<b>(16,855)</b>	(37,248)
Finance costs	6	<b>(3,259)</b>	(5,118)	<b>(6,392)</b>	(9,364)
Share of profits and losses of joint ventures		<b>2,785</b>	39	<b>2,342</b>	(509)
Share of profit and loss of an associate		<b>-</b>	5	<b>-</b>	27
<b>LOSS BEFORE TAX</b>	7	<b>(12,959)</b>	(31,806)	<b>(20,905)</b>	(47,094)
Income tax expense	8	<b>(248)</b>	(207)	<b>(357)</b>	(231)
<b>LOSS FOR THE PERIOD</b>		<b>(13,207)</b>	(32,013)	<b>(21,262)</b>	(47,325)
<b>Attributable to:</b>					
Owners of the Company		<b>(12,241)</b>	(30,200)	<b>(19,163)</b>	(41,848)
Non-controlling interests		<b>(966)</b>	(1,813)	<b>(2,099)</b>	(5,477)
		<b>(13,207)</b>	(32,013)	<b>(21,262)</b>	(47,325)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	9		(Restated)		(Restated)
Basic and diluted (HK cents)		<b>(1.97)</b>	(14.14)	<b>(4.58)</b>	(19.59)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	31 January		31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>LOSS FOR THE PERIOD</b>	<b>(13,207)</b>	(32,013)	<b>(21,262)</b>	(47,325)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS</b>				
Exchange differences on translation of foreign operations	<b>(3,842)</b>	406	<b>(10,041)</b>	656
Release of foreign currency translation reserve upon dissolution of subsidiaries	<b>(211)</b>	–	<b>(183)</b>	–
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>(4,053)</b>	406	<b>(10,224)</b>	656
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(17,260)</b>	(31,607)	<b>(31,486)</b>	(46,669)
<b>Attributable to:</b>				
Owners of the Company	<b>(16,375)</b>	(29,861)	<b>(29,500)</b>	(41,260)
Non-controlling interests	<b>(885)</b>	(1,746)	<b>(1,986)</b>	(5,409)
	<b>(17,260)</b>	(31,607)	<b>(31,486)</b>	(46,669)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		890	–
Film and TV program products		25,823	25,268
Film and TV program rights		–	–
Investments in joint ventures		10,347	13,555
Investment in an associate		–	–
Prepayments, deposits and other receivables		22,812	22,732
Other financial assets		–	–
Right-of-use assets		3,999	–
Total non-current assets		63,871	61,555
<b>CURRENT ASSETS</b>			
Films and TV programs under production and film investments		409,584	313,420
Trade receivables	11	50,179	42,654
Prepayments, deposits and other receivables		179,290	138,477
Other financial assets		6,014	5,539
Cash and cash equivalents		266,778	317,692
Total current assets		911,845	817,782
<b>CURRENT LIABILITIES</b>			
Trade payables	12	202	75
Accruals and other payables		235,126	252,547
Deposits received		297,083	226,431
Lease liabilities		9,323	9,170
Tax payable		9,650	10,751
Total current liabilities		551,384	498,974
<b>NET CURRENT ASSETS</b>		360,461	318,808
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		424,332	380,363
<b>NON-CURRENT LIABILITIES</b>			
Loans from an intermediate holding company	13	–	350,000
Lease liabilities		4,546	5,357
Total non-current liabilities		4,546	355,357
<b>Net assets</b>		419,786	25,006
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	14	290,111	21,361
Reserves		146,892	18,876
		437,003	40,237
<b>Non-controlling interests</b>		(17,217)	(15,231)
<b>Total equity</b>		419,786	25,006

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2021

	Attributable to owners of the Company							Total equity HK\$'000
	Issued capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
At 1 August 2020 (audited)	21,361	633,661	95,191	(7,975)	(702,001)	40,237	(15,231)	25,006
Loss for the period	-	-	-	-	(19,163)	(19,163)	(2,099)	(21,262)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	(10,154)	-	(10,154)	113	(10,041)
Release of foreign currency translation reserve upon dissolution of subsidiaries	-	-	-	(183)	-	(183)	-	(183)
Total comprehensive loss for the period	-	-	-	(10,337)	(19,163)	(29,500)	(1,986)	(31,486)
Loan capitalisation (note 14(c))	268,750	161,250	-	-	-	430,000	-	430,000
Transaction costs of loan capitalisation	-	(3,734)	-	-	-	(3,734)	-	(3,734)
<b>At 31 January 2021 (unaudited)</b>	<b>290,111</b>	<b>791,177</b>	<b>95,191</b>	<b>(18,312)</b>	<b>(721,164)</b>	<b>437,003</b>	<b>(17,217)</b>	<b>419,786</b>
At 1 August 2019 (audited)	21,361	633,661	95,191	(7,591)	(523,832)	218,790	(11,631)	207,159
Loss for the period	-	-	-	-	(41,848)	(41,848)	(5,477)	(47,325)
Other comprehensive income for the period:								
Exchange differences on translation of foreign operations	-	-	-	588	-	588	68	656
Total comprehensive income/(loss) for the period	-	-	-	588	(41,848)	(41,260)	(5,409)	(46,669)
At 31 January 2020 (unaudited)	21,361	633,661	95,191	(7,003)	(565,680)	177,530	(17,040)	160,490

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2021

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Net cash flows used in operating activities</b>	<b>(139,931)</b>	(98,233)
<b>Cash flows from investing activities</b>		
Dividend received from joint ventures	<b>6,775</b>	–
Repayment from/(advance to) joint ventures	<b>(2,155)</b>	5,961
Other investing cash flows	<b>(239)</b>	467
<b>Net cash flows from investing activities</b>	<b>4,381</b>	6,428
<b>Cash flows from financing activities</b>		
Loan from an intermediate holding company	<b>80,000</b>	32,000
Principal portion of lease payments	<b>(5,316)</b>	(5,444)
Interest paid on lease liabilities	<b>(360)</b>	(647)
Interest paid to an intermediate holding company	<b>(6,063)</b>	(3,048)
Interest paid to a fellow subsidiary	<b>–</b>	(5,516)
<b>Net cash flows from financing activities</b>	<b>68,261</b>	17,345
<b>Net decrease in cash and cash equivalents</b>	<b>(67,289)</b>	(74,460)
<b>Cash and cash equivalents at beginning of period</b>	<b>317,692</b>	334,996
<b>Effect of foreign exchange rates changes</b>	<b>16,375</b>	(884)
<b>Cash and cash equivalents at end of period</b>	<b>266,778</b>	259,652



# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 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 have been listed and traded on GEM of the Stock Exchange since 31 May 2001.

The principal activity of the Company is investment holding. The Group's principal activities include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Lai Sun Garment (International) Limited ("**LSG**"), which was incorporated in Hong Kong and whose shares are listed and traded on the Main Board of the Stock Exchange.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements of the Group have not been audited by the Company's auditor but have been reviewed by the Company's audit committee.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants, and applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial statements for the period under review are consistent with those used in the Group's audited consolidated financial statements for the year ended 31 July 2020. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2020.

In addition, the Group has adopted the *Conceptual Framework for Financial Reporting 2018* and a number of revised Hong Kong Financial Reporting Standards ("**HKFRSs**", which also include HKASs and Interpretations) which are applicable to the Group for the first time for the current period's unaudited condensed consolidated interim financial statements. The adoption of these new and revised HKFRSs has had no material impact on the reported results or financial position of the Group.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 4. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover during the three months and six months ended 31 January 2021 is as follows:

	Three months ended		Six months ended	
	31 January		31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Revenue from contracts with customers</b>				
Entertainment event income	39	37,186	489	66,386
Album sales, licence income and distribution commission income from music publishing and licensing	7,827	8,646	16,235	14,819
Artiste management fee income	865	1,388	1,892	3,336
Distribution commission income, licence fee income from and sales of film and TV program products and film and TV program rights	16,322	3,169	28,407	71,484
	<b>25,053</b>	<b>50,389</b>	<b>47,023</b>	<b>156,025</b>

### Disaggregated revenue information

#### For the six months ended 31 January 2021

	Media and entertainment (Unaudited) HK\$'000	Film and TV program (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Timing of revenue recognition</b>			
At a point in time	9,614	28,407	38,021
Over time	9,002	-	9,002
Total revenue from contracts with customers	<b>18,616</b>	<b>28,407</b>	<b>47,023</b>
<b>Geographical markets</b>			
Hong Kong	7,335	13,760	21,095
Mainland China	10,469	9,230	19,699
Others	812	5,417	6,229
Total revenue from contracts with customers	<b>18,616</b>	<b>28,407</b>	<b>47,023</b>

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 4. TURNOVER AND SEGMENT INFORMATION (continued)

### Disaggregated revenue information (continued)

For the six months ended 31 January 2020

	Media and entertainment (Unaudited) HK\$'000	Film and TV program (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Timing of revenue recognition</b>			
At a point in time	79,169	71,484	150,653
Over time	5,372	–	5,372
Total revenue from contracts with customers	84,541	71,484	156,025

### Geographical markets

Hong Kong	42,391	2,613	45,004
Mainland China	12,242	63,966	76,208
Macau	21,178	–	21,178
Others	8,730	4,905	13,635
Total revenue from contracts with customers	84,541	71,484	156,025

### Segment revenue/results:

	Media and entertainment		Film and TV program		Corporate		Unallocated		Consolidated	
	Six months ended 31 January		Six months ended 31 January		Six months ended 31 January		Six months ended 31 January		Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Sales to external customers	18,616	84,541	28,407	71,484	–	–	–	–	47,023	156,025
Other income	803	1,320	1,641	2,264	3,883	957	–	–	6,327	4,541
Segment profit/(loss)	(9,077)	2,305	9,955	(18,573)	(17,733)	(20,980)	–	–	(16,855)	(37,248)
Finance costs	(75)	(174)	(133)	(260)	(152)	(213)	(6,032)	(8,717)	(6,392)	(9,364)
Share of profits and losses of joint ventures	2,805	269	(463)	(778)	–	–	–	–	2,342	(509)
Share of profit and loss of an associate	–	–	–	27	–	–	–	–	–	27
Loss before tax									(20,905)	(47,094)

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 4. TURNOVER AND SEGMENT INFORMATION *(continued)*

### Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
Segment assets	176,644	187,943	760,009	625,073	28,716	52,766	965,369	865,782
Investments in joint ventures	8,864	11,608	1,483	1,947	-	-	10,347	13,555
Investment in an associate	-	-	-	-	-	-	-	-
Total assets							975,716	879,337
Segment liabilities	77,648	101,147	455,401	381,623	13,231	10,810	546,280	493,580
Unallocated liabilities							9,650	360,751
Total liabilities							555,930	854,331

## 5. OTHER OPERATING GAINS

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Foreign exchange gains, net	35,977	-
Others	709	1,518
	36,686	1,518

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Six months ended 31 January</b>	
	<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Interest on:		
– Loans from an intermediate holding company (note 13)	<b>6,032</b>	3,044
– Loan from a fellow subsidiary	–	5,673
– Lease liabilities	<b>360</b>	647
	<b>6,392</b>	9,364

## 7. LOSS BEFORE TAX

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

	<b>Six months ended 31 January</b>	
	<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	<b>289</b>	661
Depreciation of right-of-use assets	<b>396</b>	5,829
Amortisation of film and TV program products <sup>#</sup>	<b>26,208</b>	39,631
Impairment of film and TV program under production <sup>#</sup>	–	12
Write-off of other receivables <sup>##</sup>	–	38
Impairment of amounts due from joint ventures <sup>##</sup>	<b>1,001</b>	–
Reversal of impairment of advances and other receivables <sup>*</sup>	<b>(25)</b>	(72)
Share of net loss from entertainment events organised by the Group to co-investors <sup>*</sup>	–	(386)
Share of net gain from entertainment events organised by co-investors <sup>*</sup>	<b>(221)</b>	(1,051)
Foreign exchange losses <sup>##</sup> /(gains) <sup>*</sup> , net	<b>(35,977)</b>	6,985
Gain on dissolution of subsidiaries <sup>*</sup>	<b>(183)</b>	–

<sup>#</sup> These items are included in "Cost of sales" in the condensed consolidated income statement.

<sup>##</sup> These items are included in "Other operating expenses" in the condensed consolidated income statement.

<sup>\*</sup> These items are included in "Other operating gains" in the condensed consolidated income statement.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 8. INCOME TAX

No provision for Hong Kong profits tax has been made during the period under review as there were no assessable profits generated during the six months ended 31 January 2021 (six months ended 31 January 2020: 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.

	Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Provision for tax for the period		
Current – Hong Kong		
Underprovision/(overprovision) in prior years	6	(56)
Current – Elsewhere		
Charge for the period	370	287
Overprovision in prior years	(19)	–
Total tax expense for the period	357	231

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Three months ended 31 January		Six months ended 31 January	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Loss</b>				
Loss attributable to owners of the Company used in the basic loss per share calculation	(12,241)	(30,200)	(19,163)	(41,848)

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY *(continued)*

	Number of shares			
	Three months ended		Six months ended	
	31 January		31 January	
	2021 (Unaudited) '000	2020 (Unaudited) '000 (Restated)	2021 (Unaudited) '000	2020 (Unaudited) '000 (Restated)
<b>Shares</b>				
Weighted average number of ordinary shares in issue used in the basic loss per share calculation	<b>622,573</b>	213,606	<b>418,089</b>	213,606
<b>Loss per share</b>				
– Basic and diluted (HK cents)	<b>(1.97)</b>	(14.14)	<b>(4.58)</b>	(19.59)

The weighted average number of ordinary shares in issue used in the basic and diluted loss per share calculation for the three months and six months ended 31 January 2021 have been adjusted to reflect the effect of the Share Consolidation as set out in note 14(a) to the condensed consolidated interim financial statements. Comparative figures have also been adjusted on the assumption that the Share Consolidation had been effective in the prior periods.

The Group had no potential dilutive ordinary shares in issue during three months and six months ended 31 January 2021 (three months and six months ended 31 January 2020: Nil).

## 10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2021 (six months ended 31 January 2020: Nil).

## 11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licensing income and sales of products. The credit period generally ranges from 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 11. TRADE RECEIVABLES *(continued)*

An ageing analysis of the trade receivables, as of the end of the reporting period, based on the payment due date and revenue recognition date (when invoice had yet been issued by then, i.e. unbilled) and net of loss allowances, is as follows:

	<b>31 January 2021 (Unaudited) HK\$'000</b>	31 July 2020 (Audited) HK\$'000
Neither past due nor impaired	<b>33,055</b>	13,477
1 to 90 days past due	<b>6,969</b>	16,619
Over 90 days past due	<b>779</b>	3,140
	<b>40,803</b>	33,236
Unbilled	<b>9,376</b>	9,418
	<b>50,179</b>	42,654

## 12. TRADE PAYABLES

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

	<b>31 January 2021 (Unaudited) HK\$'000</b>	31 July 2020 (Audited) HK\$'000
Less than 30 days	<b>118</b>	17
31 to 60 days	<b>20</b>	–
61 to 90 days	<b>–</b>	–
Over 90 days	<b>64</b>	58
	<b>202</b>	75



# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 13. LOANS FROM AN INTERMEDIATE HOLDING COMPANY

	Notes	31 January 2021 (Unaudited) HK\$'000	31 July 2020 (Audited) HK\$'000
HK\$50,000,000 term loan	(i)	–	50,000
HK\$300,000,000 term loan	(ii)	–	300,000
		–	350,000

Notes:

- (i) On 1 November 2019, the Company and eSun Holdings Limited (“eSun”), an intermediate holding company of the Company, entered into a loan agreement (“eSun 1st Shareholder’s Loan”) for a term loan facility with a principal amount up to HK\$50 million. The balance is unsecured, interest-bearing at 3-month Hong Kong Interbank Offered Rates (“HIBOR”) plus 2.8% per annum and repayable on 31 October 2022.
- (ii) On 11 June 2020, the Company and eSun entered into a loan agreement (“eSun 2nd Shareholder’s Loan”) for a term loan facility with a principal amount up to HK\$300 million. The balance is unsecured, interest-bearing at 3-month HIBOR plus 2.8% per annum and repayable on 10 June 2023.
- (iii) On 20 October 2020, the Company and eSun entered into a loan agreement (“eSun 3rd Shareholder’s Loan”) for a term loan facility with a principal amount up to HK\$80 million. The balance is unsecured, interest-bearing at 3-month HIBOR plus 2.8% per annum and repayable on 19 October 2023.

The eSun 1st Shareholder’s Loan, the eSun 2nd Shareholder’s Loan and the eSun 3rd Shareholder’s Loan are collectively referred to as “eSun Shareholder’s Loans”.

On 6 November 2020, the Company and eSun entered into the loan capitalisation agreement, pursuant to which the Company has conditionally agreed to allot and issue a maximum of 2,687,500,000 new Consolidated Shares (the “Capitalisation Shares”) to eSun, or any persons as it may direct, at a price of HK\$0.16 per Consolidated Share in consideration of the cancellation by way of setting-off against the outstanding principal amount of HK\$430 million under the eSun Shareholder’s Loans (the “Loan Capitalisation”).

Upon completion of the Loan Capitalisation on 18 January 2021, eSun Shareholder’s Loans of HK\$430 million were capitalised into 2,687,500,000 Capitalisation Shares, of which the Company allotted and issued to the persons as directed by eSun. Details of which are set out in note 14(c) to the condensed consolidated interim financial statements.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 14. SHARE CAPITAL

	Notes	31 January 2021		31 July 2020	
		Number of shares (Unaudited) '000	Nominal value (Unaudited) HK\$'000	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Authorised:					
Ordinary shares of HK\$0.1 (31 July 2020: HK\$0.01) each	(a), (b)	10,000,000	1,000,000	60,000,000	600,000
Issued and fully paid:					
Ordinary shares of HK\$0.1 (31 July 2020: HK\$0.01) each		2,901,106	290,111	2,136,056	21,361

Movements in the issued share capital of the Company during the period/year are as follows:

	Notes	31 January 2021		31 July 2020	
		Number of shares (Unaudited) '000	Nominal value (Unaudited) HK\$'000	Number of shares (Audited) '000	Nominal value (Audited) HK\$'000
Balance at the beginning of the period/year		2,136,056	21,361	2,136,056	21,361
Share Consolidation	(a)	(1,922,450)	–	–	–
Loan Capitalisation	(c)	2,687,500	268,750	–	–
Balance at the end of the period/year		2,901,106	290,111	2,136,056	21,361

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 14. SHARE CAPITAL *(continued)*

Notes:

Pursuant to the ordinary resolutions passed at the special general meeting of the Company on 18 December 2020, the recapitalisation proposal involved, among other things, (a) the Share Consolidation; (b) the Increase in Authorised Share Capital (both (a) and (b) became effective on 22 December 2020); and (c) the Loan Capitalisation (completed on 18 January 2021). The recapitalisation proposal involved:

- (a) the consolidation of every ten issued and unissued shares of HK\$0.01 each into one consolidated share (the **“Consolidated Share(s)”**) of HK\$0.1 each (the **“Share Consolidation”**). As a result of the Share Consolidation, the Company’s authorised share capital has been adjusted from HK\$600,000,000 divided into 60,000,000,000 shares of HK\$0.01 each to HK\$600,000,000 divided into 6,000,000,000 Consolidated Shares of HK\$0.1 each while the number of issued and fully paid ordinary shares was adjusted from 2,136,056,825 of HK\$0.01 each to 213,605,682 of HK\$0.1 each;
- (b) the increase in the Company’s authorised share capital from HK\$600,000,000 divided into 6,000,000,000 Consolidated Shares to HK\$1,000,000,000 divided into 10,000,000,000 Consolidated Shares by the creation of an additional 4,000,000,000 unissued Consolidated Shares (the **“Increase in Authorised Share Capital”**); and
- (c) the capitalisation of the eSun Shareholder’s Loans of HK\$430,000,000 into 2,687,500,000 Capitalisation Shares, of which the Company allotted and issued to the persons as directed by eSun, at the issue price of HK\$0.16 per Capitalisation Share. In order to provide independent shareholders of the Company (the **“Qualifying Shareholders”**) with an opportunity to reduce the dilutive impact of the Loan Capitalisation on their shareholdings in the Company, and to continue to participate in and share the growth of the business of the Company alongside eSun under the Loan Capitalisation, it was proposed that prior to the completion of the Loan Capitalisation, a portion of the Capitalisation Shares that would otherwise be issued to eSun (or any persons as it may direct) would be directed to be allotted and issued to the Qualifying Shareholders on a pro rata basis of three clawback offer shares for every one Consolidated Share held by the Qualifying Shareholders as at 28 December 2020 pursuant to a clawback offer by eSun up to a maximum of 207,869,997 Capitalisation Shares (the **“Clawback Offer”**). In order to ensure that the Company would be able to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules upon the completion of the Loan Capitalisation, in addition to the Clawback Offer, eSun and the Company entered into a placing agreement (the **“Placing Agreement”**) with Get Nice Securities Limited (**“Get Nice”**, as the **“Placing Agent”**) on 6 November 2020 to place, through the Placing Agent up to a maximum of 937,500,000 Capitalisation Shares otherwise due to be allotted to eSun under the Loan Capitalisation to not less than six places at the price of HK\$0.16 per Capitalisation Share (the **“Placing”**). As the Loan Capitalisation was completed on 18 January 2021, a total of 2,687,500,000 Capitalisation Shares were issued by the Company on the same date, of which (i) 41,217,036 Capitalisation Shares were allocated to the Qualifying Shareholders in relation to their valid applications for their respective entitlements under the Clawback Offer; (ii) 768,750,000 Capitalisation Shares were placed by Get Nice to not less than six places pursuant to the terms and conditions of the Placing Agreement; and (iii) the remaining 1,877,532,964 Capitalisation Shares were taken up by Perfect Sky Holdings Limited (**“Perfect Sky”**, a wholly-owned subsidiary of eSun), as directed by eSun. Upon completion of the Loan Capitalisation, the eSun Shareholder’s Loans of HK\$430,000,000 were transferred and recognised as share capital of HK\$268,750,000 and share premium of HK\$161,250,000.

On 18 January 2021, the issued share capital of the Company was increased to HK\$290,110,568.2 divided into 2,901,105,682 ordinary shares of HK\$0.1 each. Further details of which are set out in the Company’s circular dated 30 November 2020 (the **“Circular”**); the joint announcement of the Company, eSun, Lai Sun Development Company Limited (**“LSD”**) and LSG dated 6 November 2020, 12 January 2021 and 18 January 2021; and the joint announcement of the Company and eSun dated 10 December 2020 and 11 January 2021.

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 January 2021, the Group had financial assets at fair value through profit or loss of HK\$35,256,000 (unaudited) (31 July 2020: HK\$44,478,000 (audited)) which included (i) other financial assets of HK\$6,014,000 (unaudited) (31 July 2020: HK\$5,539,000 (audited)) represented investments in preference shares and debt instruments, (ii) film investments of HK\$8,165,000 (unaudited) (31 July 2020: HK\$16,716,000 (audited)), and (iii) other assets of HK\$21,077,000 (unaudited) (31 July 2020: HK\$22,223,000 (audited)) represented investments in entertainment events and included in prepayments, deposits and other receivables. These assets were measured at fair value using significant unobservable inputs (Level 3) by way of the latest available transaction prices or the discounted cash flow method as at 31 January 2021 and 31 July 2020. The Group did not have any financial liabilities measured at fair value as at 31 January 2021 and 31 July 2020. During the period ended 31 January 2021 and year ended 31 July 2020, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets.

## 16. RELATED PARTY TRANSACTIONS

(a) *Compensation of key management personnel of the Group*

	<b>Six months ended</b>	
	<b>31 January</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>4,971</b>	5,937
Post-employment benefits	<b>27</b>	26
	<b>4,998</b>	5,963

# NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2021

## 16. RELATED PARTY TRANSACTIONS *(continued)*

### *(b) Transactions with related parties*

	Notes	Six months ended 31 January	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Fellow subsidiaries:			
Rental expenses and building management fee	(i)	328	323
Film distribution commission income	(ii)	3,148	2,638
Music distribution commission income	(ii)	4,057	3,657
Sharing of corporate salaries on a cost basis allocated from		3,070	3,733
Sharing of administrative expenses on a cost basis allocated from		533	345
Sharing of corporate salaries on a cost basis allocated to		2,591	3,322
Sharing of administrative expenses on a cost basis allocated to		494	963
Rental income	(ii)	332	–
Interest expenses	(iii)	–	5,673
Intermediate holding company:			
Interest expenses	(iv)	6,032	3,044
Related party:			
Production fee*	(ii)	400	770

\* The company is a joint venture of the Group.

Notes:

(i) The rental expenses and building management fee were charged with reference to market rates.

The Group leased properties from fellow subsidiaries for office use. The monthly lease payables were charged with reference to market rates. Right-of-use assets of HK\$2,143,000 (unaudited) (31 July 2020: HK\$5,915,000 (audited)) and lease liabilities of HK\$6,501,000 (unaudited) (31 July 2020: HK\$6,074,000 (audited)) in respect to the leases were recognised in condensed consolidated statement of financial position as at 31 January 2021. During the six months ended 31 January 2021, depreciation of right-of-use assets of HK\$107,000 (unaudited) (Six months ended 31 January 2020: HK\$1,802,000 (unaudited)) and finance costs on lease liabilities of HK\$153,000 (unaudited) (Six months ended 31 January 2020: HK\$235,000 (unaudited)) were charged to condensed consolidated income statement.

(ii) The film distribution commission income, music distribution commission income, production fee and rental income were charged in accordance with contractual terms with the respective parties.

(iii) During the six months ended 31 January 2020, the interest expenses were charged at the 3-month HIBOR plus 3.3% per annum on a loan from a fellow subsidiary.

(iv) The interest expenses were charged in accordance with contractual terms with an intermediate holding company, details of which are set out in note 13 to the condensed consolidated interim financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the six months ended 31 January 2021 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$47,023,000, representing a decrease of approximately 70% from approximately HK\$156,025,000 for the corresponding six months in 2020 (the “**Corresponding Period**”), mainly due to the decrease in revenue from the Group’s film and entertainment event businesses.

Cost of sales decreased to approximately HK\$40,513,000 for the Current Period from approximately HK\$93,757,000 for the Corresponding Period. The Group’s marketing expenses decreased to approximately HK\$7,468,000 for the Current Period from approximately HK\$24,193,000 for the Corresponding Period. The decrease in above-mentioned expenses was due to decrease in the number of films released and events held during the Current Period. Administrative expenses decreased to approximately HK\$57,520,000 for the Current Period from approximately HK\$74,337,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains increased to approximately HK\$36,686,000 for the Current Period from approximately HK\$1,518,000 for the Corresponding Period. Other operating gains mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs was approximately HK\$6,392,000 for the Current Period compared to approximately HK\$9,364,000 for the Corresponding Period. Finance costs mainly represented the interest expenses arising from the loans from an intermediate holding company.

Loss attributable to owners of the Company for the Current Period decreased to approximately HK\$19,163,000 from approximately HK\$41,848,000 for the Corresponding Period. Basic loss per share decreased to approximately HK4.58 cents from approximately HK19.59 cents for the Corresponding Period as restated, after the Share Consolidation.

As at 31 January 2021, the Group’s equity attributable to owners of the Company amounted to approximately HK\$437,003,000 (31 July 2020: approximately HK\$40,237,000) and the net asset value per share attributable to the owners of the Company was approximately HK15.1 cents (31 July 2020: approximately HK18.8 cents as restated, after the Share Consolidation).

## BUSINESS REVIEW

### *Media and Entertainment Segment*

#### *Events Management*

During the Current Period, the Group organised and invested in 1 (2020: 39) show(s). The total revenue from event management amounted to approximately HK\$489,000.

#### *Music*

During the Current Period, the Group released 5 (2020: 6) albums, including titles by Sammi Cheng, Andy Leung, Chan Kin On, Jay Fung and Nowhere Boys. Turnover from music publishing and recording was approximately HK\$16,235,000.

#### *Artiste Management*

During the Current Period, the Group recorded a turnover of approximately HK\$1,892,000 from artiste management. The Group currently has 25 artistes under its management.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW** *(continued)*

### *Film and TV Program Segment*

#### *Film Production and Distribution*

During the Current Period, 2 films produced/invested by the Group was theatrically released, namely “I’m Livin’ It” and “The Calling Of A Bus Driver”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$28,407,000.

#### *TV Program Production and Distribution*

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

### *Recapitalisation Proposal and Potential Acquisition*

References were made to (i) the joint announcements of the Company, eSun, LSD and LSG dated 6 November 2020, 12 January 2021 and 18 January 2021; (ii) the joint announcements of the Company and eSun dated 10 December 2020 and 11 January 2021; (iii) the announcement of the Company dated 18 December 2020; (iv) the Circular; and (v) the prospectus of the Company and eSun dated 4 January 2021 in relation to, among other things, the Recapitalisation Proposal and the Potential Acquisition and details of which are as follows (capitalised terms used herein shall have the same meanings as those defined in the Circular):

#### *(a) Share Consolidation, the Change in Board Lot Size and the Increase in Authorised Share Capital*

As all the conditions to the Share Consolidation have been fulfilled, the completion of the Share Consolidation, the Change in Board Lot Size (i.e. from 4,000 shares of HK\$0.01 each to 12,000 shares of HK\$0.1 each) and the Increase in Authorised Share Capital took place on 22 December 2020.

#### *(b) Potential Acquisition*

On 12 January 2021, the Company terminated negotiations on the Potential Acquisition in accordance with the Acquisition Term Sheet, and neither the Company nor VS Media shall have any liability or further obligation to the other parties. Nevertheless, as the management of the Company remains keen to expand the content production business of the Group and, in particular content related to social media e-commerce, the Company is exploring alternative ways to collaborate with VS Media, including but not limited to a joint venture. The Company will keep its shareholders and investors informed by way of announcement(s) in compliance with the requirements of the GEM Listing Rules as and when appropriate.

#### *(c) Open Offer*

On 12 January 2021, the Company and Get Nice (as the Underwriter) mutually agreed to terminate the Underwriting Agreement with immediate effect and entered into a deed of termination in that relation, whereupon the respective parties’ obligations have ceased and determined and neither party shall have any claim against the other in respect of the Underwriting Agreement (save for any antecedent breaches thereof). Accordingly, the Open Offer and the Irrevocable Undertaking did not proceed.

#### *(d) Loan Capitalisation, the Clawback Offer and the Placing*

As all the conditions to the Loan Capitalisation Agreement, the Clawback Offer and the Placing Agreement have been fulfilled, the completion of the Loan Capitalisation, the Clawback Offer by eSun and the Placing of Capitalisation Shares took place on 18 January 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

The outbreak of novel coronavirus further weakens the entertainment consumption of the PRC and local markets. To rise the challenge we will focus on producing high quality projects with proven track record as well as commercial viability and tightening the cost control procedure. As the consumption of online content has substantially increased in areas of streaming platforms and e-commerce as a result of pandemic lockdown measures and social distancing policies, we believe there are opportunities in online e-commerce and influencer market which the Group has been directing its resources towards development of related businesses.

The Group continues to invest in original production of quality films with Chinese themes. Our current production pipeline include “Septet: the Story of Hong Kong”, an omnibus film produced by seven Hong Kong film masters including Johnnie To, Tsui Hark, Ann Hui, Patrick Tam, Sammo Hung, Yuen Woo-Ping and the memorable Ringo Lam, and “Tales from the Occult”, a psychological thriller made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan.

A 52 episode romance drama series “New Horizon” starring Zheng Kai and Chen Chiao-en, is in the post-production stage. Projects under production include “Modern Dynasty”, a 30 episode modern-day drama series tailor-made for Alibaba’s Youku platforms. The Group is in discussion with various Chinese portals and video web sites for new project development in TV drama production.

The exclusive distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continue to provide stable income contribution to the Group. Recently, the Group has set up a joint venture with One Cool Group namely “Cool Style Talent Management Limited” to expand our artiste management business. Famous model and actress Angelababy Yeung Wing and famed film director Stephen Fung Tak Lun are also the shareholders of Cool Style. We will keep looking for new talent in Greater China and further cooperation with Asian artistes with an aim to build up a strong artiste roster for the Group.

Several concerts of the Group were postponed last year due to the health concerns. The Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Eman Lam.

Looking forward, we believe that the Group’s integrated media platform comprising movies, TV programs, music, new media, artiste management and live entertainment put us in a strong position to capture the opportunities of China entertainment market by a balanced and synergistic approach and we will continue to explore cooperation and investment opportunities to enrich our portfolio, broaden our income stream and maximise value for our shareholders.



# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND FINANCIAL RESOURCES

The Group's major cash payments are for settlement of trade and other payables and operating expenses. The Group financed its operations with internal resources.

As at 31 January 2021, cash and cash equivalents decreased to approximately HK\$266,778,000 (31 July 2020: approximately HK\$317,692,000). The balances were approximately 20% in Hong Kong dollars, 74% in Renminbi and 6% in United States dollars and Korean won currencies. The Renminbi denominated balances were placed with licensed banks in the PRC and Hong Kong. The conversion of the Renminbi balances placed within the PRC into foreign currencies and the remittance of such foreign currencies balances, are subject to the rules and regulation of foreign exchange control promulgated by the PRC government. Save for the aforesaid, as at 31 January 2021, the Group did not have any bank loans, overdrafts or any other borrowing. No interests have been capitalised during the six months ended 31 January 2021.

As at 31 January 2021, the Group had no borrowings. As at 31 July 2020, the gearing ratio of the Group, being the total borrowings to the shareholders' equity attributable to the owners of the Company, was approximately 870%.

## EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's exposure to foreign currencies mainly arises from trade receipts from overseas customers and its investment in foreign subsidiaries which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and uses suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Current Period. As at 31 January 2021, the Group has no outstanding foreign currency hedge contract (as at 31 July 2020: Nil).

## CHARGE ON GROUP ASSETS

At 31 January 2021, the Group did not have any charge on its assets.

## CAPITAL STRUCTURE

At 31 January 2021, the Group's equity attributable to owners of the Company increased by approximately 986% to approximately HK\$437,003,000 (31 July 2020: approximately HK\$40,237,000). Total assets amounted to approximately HK\$975,716,000 (31 July 2020: approximately HK\$879,337,000) which included current assets amounting to approximately HK\$911,845,000 (31 July 2020: approximately HK\$817,782,000). Current liabilities were approximately HK\$551,384,000 (31 July 2020: approximately HK\$498,974,000). Net assets value per share attributable to the owners of the Company as at 31 January 2021, was approximately HK15.1 cents (31 July 2020: approximately HK18.8 cents as restated, after the Share Consolidation). Current ratio was approximately 1.7 (31 July 2020: approximately 1.6).

## ACQUISITION/DISPOSAL AND SIGNIFICANT INVESTMENTS

The Group did not make any material acquisition or disposal of subsidiaries during the Current Period.

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities at 31 January 2021.

## EMPLOYEE INFORMATION

At 31 January 2021, the Group had 138 (2020: 157) full-time employees. Staff costs amounted to approximately HK\$39,255,000 for the Current Period (2020: approximately HK\$49,840,000). The Group's remuneration policy remained the same as detailed in the Company's annual report for the year ended 31 July 2020.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules throughout the six months ended 31 January 2021 save for the following deviation:

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

Due to other pre-arranged business commitments, Dr. Lam Kin Ngok, Peter (“**Dr. Lam**”), the chairman of the Board, had not attended the annual general meeting of the Company held on 18 December 2020. However, Mr. Lui Siu Tsuen, Richard (“**Mr. Lui**”), an executive Director present at that meeting, took the chair pursuant to bye-law 63 of the bye-laws of the Company to ensure effective communication with the shareholders of the Company (the “**Shareholders**”) thereat.

### *Board*

The Board oversees the overall management of the businesses and affairs of the Company. The Board’s primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders.

The Board has established specific committees with written terms of reference to assist it in the efficient implementation of its functions, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Executive Committee. The Company has also established a Management Committee comprising of the executive Directors and certain key department heads. Specific responsibilities have been delegated to the above committees.

The day-to-day management of the Company’s businesses has been vested with the management, the Management Committee and the Executive Committee whilst the Board focuses its attention on matters affecting the Company’s long-term objectives and plans for achieving these objectives, the overall business and commercial strategy of the Group as well as overall policies and guidelines. Since a new reporting requirement under the GEM Listing Rules for the Board to have a clear mechanism to oversee the environmental, social and governance (“**ESG**”) management became effective for the financial year 2020-2021, the Board has delegated the ESG management to the Executive Committee during the reporting period in order to focusing on matters affecting the overall business strategy, and to review and monitor the Group’s ESG management progress.

Decisions relating to any acquisition or disposal of businesses, investments, or transactions or commitments of any kind where the actual or potential liability or value exceeds the threshold for discloseable transactions (as defined in the GEM Listing Rules from time to time) for the Company are reserved for the Board. Decisions regarding matters set out in the terms of reference of the Executive Committee are delegated to the Executive Committee and those not specifically reserved for the Board, including overseeing and monitoring the development and progress of individual projects and reviewing and approving high budget items, are entrusted to the management and the Management Committee.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE *(continued)*

### *Board (continued)*

The Board currently comprises seven members, of whom four are executive Directors and three are independent non-executive Directors. The current composition of the Board is characterised by diversity, whether considered in terms of nationality, professional background and skills.

The Board meets at least four times a year with meeting dates scheduled prior to the beginning of the year. Additional board meetings will be held when warranted. Directors also participate in consideration and approval of matters of the Company by way of written resolutions circulated to Directors together with supporting explanatory materials as and when required.

All Directors have been provided, on a monthly basis, with the Group's management information updates, giving a balanced and understandable assessment of the Group's performance, position, recent developments and prospects in sufficient detail to keep them abreast of the Group's affairs and facilitate them to discharge their duties under the relevant requirements of the GEM Listing Rules.

### *Chairman and Chief Executive*

The CG Code provides that the roles of chairman and chief executive should be separated and not be performed by the same individual.

Dr. Lam is the chairman of the Board throughout the six months ended 31 January 2021 and up to the date of this report. The office of chief executive officer of the Company remains vacant since 15 September 2012. During the six months ended 31 January 2021, the responsibilities of the chief executive officer were shared amongst other executive Directors. The division of responsibilities between the chairman and the chief executive officer is clearly established and set out in writing.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (the "**Securities Code**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all Directors who have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2021.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 January 2021, the interests and short positions of the Directors 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, Chapter 571 of the Laws of Hong Kong (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:

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES *(continued)*

#### (1) *Interests in the Company*

Name of Director	Long positions in the ordinary shares of the Company ("Shares")			Total	Approximate percentage of total issued Shares <i>(Note 1)</i>
	Number of Shares		Personal interests		
	Corporate interests	Personal interests			
Lam Kin Ngok, Peter	2,021,848,647 <i>(Note 2)</i>	–	–	2,021,848,647	69.69%

#### (2) *Interests in Associated Corporations*

##### (a) **LSG**

Name of Directors	Long positions in the ordinary shares of LSG ("LSG Shares") and underlying LSG Shares				Total	Approximate percentage of total issued LSG Shares <i>(Note 3)</i>
	Number of LSG Shares		Number of underlying LSG Shares			
	Corporate interests	Personal interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	114,741,416 <i>(Note 4)</i>	48,802,906	333,333 <i>(Note 5)</i>	–	163,877,655	41.74%
Lui Siu Tsuen, Richard	–	185,600	–	–	185,600	0.05%

##### (b) **LSD**

Name of Directors	Long positions in the ordinary shares of LSD ("LSD Shares") and underlying LSD Shares				Total	Approximate percentage of total issued LSD Shares <i>(Note 6)</i>
	Number of LSD Shares		Number of underlying LSD Shares			
	Corporate interests	Personal interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	343,593,021 <i>(Note 7)</i>	433,737	417,308 <i>(Note 8)</i>	–	344,444,066	56.27%
Lui Siu Tsuen, Richard	–	–	104,000 <i>(Note 9)</i>	–	104,000	0.02%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES (continued)

#### (2) Interests in Associated Corporations (continued)

##### (c) eSun

Name of Director	Long positions in the ordinary shares of eSun ("eSun Shares") and underlying eSun Shares				
	Number of eSun Shares		Number of underlying eSun Shares	Total	Approximate percentage of total issued eSun Shares (Note 10)
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	1,113,260,072 (Note 11)	2,794,443	–	1,116,054,515	74.81%

##### (d) Lai Fung Holdings Limited ("Lai Fung")

Name of Director	Long positions in the ordinary shares of Lai Fung ("Lai Fung Shares") and underlying Lai Fung Shares				
	Number of Lai Fung Shares		Number of underlying Lai Fung Shares	Total	Approximate percentage of total issued Lai Fung Shares (Note 12)
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	180,618,266 (Note 13)	–	321,918 (Note 14)	180,940,184	54.66%

Notes:

- The total number of issued Shares as at 31 January 2021 (that is, 2,901,105,682 Shares) has been used for the calculation of the approximate percentage.
- The Shares were owned by Perfect Sky.

As at 31 January 2021, eSun was indirectly owned as to approximately 74.62% by LSD. LSD was approximately 56.13% directly and indirectly owned by LSG. LSG was approximately 12.43% (excluding share option) owned by Dr. Lam and approximately 29.23% owned by Wisdoman Limited ("**Wisdoman**") which was in turn 100% beneficially owned by Dr. Lam. Therefore, Dr. Lam was deemed to be interested in the Shares owned indirectly by eSun as shown in the section headed "Substantial Shareholders' Interests in Securities" below pursuant to Part XV of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes: *(continued)*

3. *The total number of issued LSG Shares as at 31 January 2021 (that is, 392,610,623 LSG Shares) has been used for the calculation of the approximate percentage.*
4. *By virtue of his interests in Wisdoman as described in Note 2 above, Dr. Lam was deemed to be interested in such LSG Shares owned directly by Wisdoman.*
5. *On 19 June 2017, Dr. Lam was granted a share option by LSG to subscribe (after the adjustment for the share consolidation effective on 15 August 2017 of LSG) for 333,333 LSG Shares at the exercise price of HK\$15 per LSG Share with the exercise period from 19 June 2017 to 18 June 2027.*
6. *The total number of issued LSD Shares as at 31 January 2021 (that is, 612,089,025 LSD Shares) has been used for the calculation of the approximate percentage.*
7. *By virtue of his deemed controlling shareholding interests in LSG as described in Note 2 above, Dr. Lam was deemed to be interested in such LSD Shares owned directly and indirectly by LSG.*
8. *On 18 January 2013, Dr. Lam was granted a share option by LSD to subscribe (after the adjustments for the rights issue effective on 17 February 2016 and share consolidation effective on 15 August 2017 of LSD) for 417,308 LSD Shares at the exercise price of HK\$16.1 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.*
9. *On 18 January 2013, Mr. Lui was granted a share option by LSD to subscribe (after the adjustments for the rights issue effective on 17 February 2016 and share consolidation effective on 15 August 2017 of LSD) for 104,000 LSD Shares at the exercise price of HK\$16.1 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.*
10. *The total number of issued eSun Shares as at 31 January 2021 (that is, 1,491,854,598 eSun Shares) has been used for the calculation of the approximate percentage.*
11. *By virtue of his deemed controlling shareholding interests in LSD as described in Note 2 above, Dr. Lam was deemed to be interested in such eSun Shares owned indirectly by LSD.*
12. *The total number of issued Lai Fung Shares as at 31 January 2021 (that is, 331,033,443 Lai Fung Shares) has been used for the calculation of the approximate percentage.*
13. *By virtue of his deemed controlling shareholding interests in LSD as described in Note 2 above, Dr. Lam was deemed to be interested in 17,510 and 180,600,756 Lai Fung Shares held by Transtrend Holdings Limited and Holy Unicorn Limited (both being wholly-owned subsidiaries of LSD), respectively.*
14. *On 18 January 2013, Dr. Lam was granted a share option by Lai Fung to subscribe (after the adjustment for the share consolidation effective on 15 August 2017 of Lai Fung) for 321,918 Lai Fung Shares at the exercise price of HK\$11.4 per Lai Fung Share with the exercise period from 18 January 2013 to 17 January 2023.*

Save as disclosed above, as at 31 January 2021, none of the Directors had, or was deemed to have, 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 January 2021, the interests and short positions of the persons, other than the Directors, in the Shares and 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	Approximate percentage of total issued Shares <i>(Note 1)</i>
Lai Sun Garment (International) Limited	Interest of controlled corporations	2,021,848,647 <i>(Note 2)</i>	69.69%
Lai Sun Development Company Limited	Interest of controlled corporations	2,021,848,647 <i>(Note 2)</i>	69.69%
eSun Holdings Limited	Interest of controlled corporation	2,021,848,647 <i>(Note 2)</i>	69.69%

Notes:

1. The total number of issued Shares as at 31 January 2021 (that is, 2,901,105,682 Shares) has been used for the calculation of the approximate percentage.
2. LSG, LSD and eSun were deemed to be interested in the same 2,021,848,647 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. Based on the disclosure of interests notices received by the Company, Hung Hon Man, Honeylink Agents Limited, Get Nice Holdings Limited, Get Nice Financial Group Limited, Get Nice Incorporated and Get Nice (the underwriter to the Open Offer) ceased to be interested in the same 404,886,665 Shares (approximately 10.46% of the issued Shares as enlarged by the Recapitalisation Proposal) held by Get Nice, due to the execution of a deed of termination by the Company and Get Nice on 12 January 2021 to terminate the Underwriting Agreement dated 6 November 2020 and the Open Offer did not proceed.

Save as disclosed above, as at 31 January 2021, 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

On 18 December 2012, the Company adopted a share option scheme (the “**Share Option Scheme**”) which will remain in force for 10 years commencing from the adoption date. The purpose of the Share Option Scheme is to recognise the contribution or future contribution of the eligible participants 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 its affiliated companies. Eligible participants include any employee, director, officer or consultant of the Group and its 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.

In compliance with Chapter 23 of the GEM Listing Rules, the Shareholders resolved at the annual general meeting of the Company held on 11 December 2015 to refresh the scheme limit under the Share Option Scheme, allowing the Company to grant options to subscribe for up to a total of 213,605,682 shares (before the Share Consolidation), representing 10% of the number of the total issued shares as at the date of passing the relevant resolution. The refreshment of the scheme limit was also approved by the shareholders of eSun at its annual general meeting of eSun held on 11 December 2015 pursuant to the requirements of Rule 17.01(4) of the Rules Governing the Listing of Securities on the Stock Exchange and Rule 23.01(4) of the GEM Listing Rules.

No share options have been granted under the Share Option Scheme since its adoption. As a result of the Share Consolidation becoming effective on 22 December 2020 and the completion of the Loan Capitalisation on 18 January 2021, the total issued shares of the Company became 2,901,105,682 Shares. As at the date of this report, the Company may grant options under the Share Option Scheme to subscribe for a maximum of 21,360,568 Shares (after adjustment for the Share Consolidation), representing approximately 0.74% of the number of the total issued Shares as at 31 January 2021 (i.e. 2,901,105,682 Shares).

### 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 as well as Mr. Chan Chi Kwong, Mr. Lui and Mr. Yip Chai Tuck (collectively, the “**Interested Directors**”) are considered to have interests in businesses which compete or may compete with the businesses of the Group pursuant to the GEM Listing Rules.

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

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

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



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 17.50A of the GEM Listing Rules, changes in the Directors' information since the disclosure made in the Company's annual report 2019-2020 are set out as follows:

- (1) Mr. Poon Kwok Hing, Albert ("**Mr. Poon**"), an Independent Non-executive Director, resigned as an independent non-executive director of Master Glory Group Limited (in liquidation and the listing of its shares on the Main Board of the Stock Exchange was cancelled on 8 February 2021) with effect from 9 December 2020.
- (2) Mr. Lui, an executive Director, ceased to be the convenor of Multi-media and Culture Committee of The Chinese Manufacturers' Association of Hong Kong with effect from 1 January 2021.
- (3) Dr. Lam, the chairman of the Board and an executive Director, (a) has been re-appointed as a board member of West Kowloon Cultural District Foundation Limited for a term of three years with effect from 16 November 2020; and (b) was appointed the chairman of the board of directors of LSG with effect from 26 January 2021.
- (4) Directors' remuneration for the six months ended 31 January 2021 and 2020 are as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
<b>Six months ended 31 January 2021</b>				
<i>Executive Directors</i>				
Lam Kin Ngok, Peter	90	-	-	90
Chan Chi Kwong	90	1,856	9	1,955
Lui Siu Tsuen, Richard	90	-	-	90
Yip Chai Tuck	90	585	9	684
	<b>360</b>	<b>2,441</b>	<b>18</b>	<b>2,819</b>
<i>Independent Non-executive Directors</i>				
Au Hoi Fung (appointed on 9 July 2020)	90	-	-	90
Ng Chi Ho, Dennis	90	-	-	90
Poon Kwok Hing, Albert (appointed on 24 April 2020)	90	-	-	90
	<b>270</b>	<b>-</b>	<b>-</b>	<b>270</b>
<b>Total</b>	<b>630</b>	<b>2,441</b>	<b>18</b>	<b>3,089</b>

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### UPDATE ON DIRECTORS' INFORMATION *(continued)*

(4) Directors' remuneration for the six months ended 31 January 2021 and 2020 are as follows: *(continued)*

	Fees HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2020				
<i>Executive Directors</i>				
Lam Kin Ngok, Peter	90	–	–	90
Chan Chi Kwong	90	2,020	8	2,118
Lui Siu Tsuen, Richard	90	–	–	90
Yip Chai Tuck	90	663	9	762
	<u>360</u>	<u>2,683</u>	<u>17</u>	<u>3,060</u>
<i>Independent Non-executive Directors</i>				
Chan Chi Yuen (resigned on 19 March 2020)	90	–	–	90
Ng Chi Ho, Dennis	90	–	–	90
Zhang Xi (resigned on 28 April 2020)	90	–	–	90
	<u>270</u>	<u>–</u>	<u>–</u>	<u>270</u>
Total	<u>630</u>	<u>2,683</u>	<u>17</u>	<u>3,330</u>

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities during the six months ended 31 January 2021.

### REVIEW OF INTERIM REPORT

The audit committee of the Company (the "**Audit Committee**") currently comprises three Independent Non-executive Directors, namely Mr. Ng Chi Ho, Dennis (Chairman), Mr. Au Hoi Fung and Mr. Poon. The Audit Committee has reviewed the interim report (containing the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2021.

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

Hong Kong, 15 March 2021