



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 2022

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

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

INDEPENDENT AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

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

INVESTOR RELATIONS

Tel: (852) 2370 5825
Fax: (852) 2743 8459
Email: 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 six months ended 31 January 2022 together with the comparative unaudited figures for the corresponding periods in 2021 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months ended 31 January		Six months ended 31 January	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
TURNOVER	4	125,088	25,053	145,301	47,023
Cost of sales		(95,157)	(20,341)	(103,148)	(40,513)
Gross profit		29,931	4,712	42,153	6,510
Other income		877	2,434	3,347	6,327
Marketing expenses		(4,378)	(4,386)	(5,122)	(7,468)
Administrative expenses		(32,487)	(31,958)	(59,699)	(57,520)
Other operating gains	5	2,542	16,630	4,923	36,686
Other operating expenses		(1,501)	83	(2,774)	(1,390)
LOSS FROM OPERATING ACTIVITIES		(5,016)	(12,485)	(17,172)	(16,855)
Finance costs	6	(122)	(3,259)	(208)	(6,392)
Share of profits and losses of joint ventures		(314)	2,785	(345)	2,342
LOSS BEFORE TAX	7	(5,452)	(12,959)	(17,725)	(20,905)
Income tax expense	8	(1,472)	(248)	(1,498)	(357)
LOSS FOR THE PERIOD		(6,924)	(13,207)	(19,223)	(21,262)
Attributable to:					
Owners of the Company		(12,338)	(12,241)	(23,510)	(19,163)
Non-controlling interests		5,414	(966)	4,287	(2,099)
		(6,924)	(13,207)	(19,223)	(21,262)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9				
Basic and diluted (HK cents)		(0.41)	(1.97)	(0.79)	(4.58)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 31 January		Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
LOSS FOR THE PERIOD	(6,924)	(13,207)	(19,223)	(21,262)
OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT IN SUBSEQUENT PERIODS				
Exchange differences on translation of foreign operations	405	(3,842)	964	(10,041)
Release of foreign currency translation reserve upon dissolution of a subsidiary/ deregistration of subsidiaries	-	(211)	(176)	(183)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	405	(4,053)	788	(10,224)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(6,519)	(17,260)	(18,435)	(31,486)
Attributable to:				
Owners of the Company	(12,121)	(16,375)	(23,025)	(29,500)
Non-controlling interests	5,602	(885)	4,590	(1,986)
	(6,519)	(17,260)	(18,435)	(31,486)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		300	–
Film and TV program products		17,496	15,420
Film and TV program rights		–	–
Other intangible assets		315	–
Investments in joint ventures		10,393	15,823
Investment in an associate		–	–
Prepayments, deposits and other receivables		32,971	25,562
Right-of-use assets		9,319	–
Total non-current assets		70,794	56,805
CURRENT ASSETS			
Films and TV programs under production and film investments		337,442	235,844
Trade receivables	11	51,379	60,522
Prepayments, deposits and other receivables		134,897	126,303
Other financial assets		4,651	4,571
Cash and cash equivalents		136,984	295,564
Total current assets		665,353	722,804
CURRENT LIABILITIES			
Trade payables	12	1,320	4,095
Accruals and other payables		185,244	269,695
Deposits received		99,381	167,102
Lease liabilities		7,827	7,497
Tax payable		9,087	9,087
Total current liabilities		302,859	457,476
NET CURRENT ASSETS		362,494	265,328
TOTAL ASSETS LESS CURRENT LIABILITIES		433,288	322,133
NON-CURRENT LIABILITIES			
Loan from an intermediate holding company	13	77,000	–
Lease liabilities		6,713	2,160
Total non-current liabilities		83,713	2,160
Net assets		349,575	319,973
EQUITY			
Equity attributable to owners of the Company			
Issued capital	14	298,631	294,570
Reserves		61,384	40,433
Non-controlling interests		360,015 (10,440)	335,003 (15,030)
Total equity		349,575	319,973

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 January 2022

	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 2021 (audited)	294,570	837,756	95,191	(19,088)	(873,426)	335,003	(15,030)	319,973
Loss for the period	-	-	-	-	(23,510)	(23,510)	4,287	(19,223)
Other comprehensive income/(loss) for the period:								
Exchange differences on translation of foreign operations	-	-	-	661	-	661	303	964
Release of foreign currency translation reserve upon dissolution of a subsidiary	-	-	-	(176)	-	(176)	-	(176)
Total comprehensive income/(loss) for the period	-	-	-	485	(23,510)	(23,025)	4,590	(18,435)
Placing of shares (note 14(c))	4,061	44,674	-	-	-	48,735	-	48,735
Transaction costs of placing of shares (note 14(c))	-	(698)	-	-	-	(698)	-	(698)
At 31 January 2022 (unaudited)	298,631	881,732	95,191	(18,603)	(896,936)	360,015	(10,440)	349,575
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 deregistration 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(a)(iii))	268,750	161,250	-	-	-	430,000	-	430,000
Transaction costs of loan capitalisation	-	(3,734)	-	-	-	(3,734)	-	(3,734)
At 31 January 2021 (unaudited)	290,111	791,177	95,191	(18,312)	(721,164)	437,003	(17,217)	419,786

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 January 2022

	Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Net cash flows used in operating activities	(284,130)	(139,931)
Cash flows from investing activities		
Dividend received from joint ventures	–	6,775
Repayment from/(advance to) joint ventures	4,744	(2,155)
Other investing cash flows	8	(239)
Net cash flows from investing activities	4,752	4,381
Cash flows from financing activities		
Proceeds from placing of shares	48,735	–
Transaction costs for placing of shares	(698)	–
Loan from an intermediate holding company	77,000	80,000
Interest paid to an intermediate holding company	–	(6,063)
Principal portion of lease payments	(4,902)	(5,316)
Interest paid on lease liabilities	(201)	(360)
Net cash flows from financing activities	119,934	68,261
Net decrease in cash and cash equivalents	(159,444)	(67,289)
Cash and cash equivalents at beginning of period	295,564	317,692
Effect of foreign exchange rates changes	864	16,375
Cash and cash equivalents at end of period	136,984	266,778

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

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 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.

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 2021. These unaudited condensed consolidated results should be read in conjunction with the Company's annual report for the year ended 31 July 2021.

In addition, the Group has adopted 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 2022

4. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover during the three months and six months ended 31 January 2022 is as follows:

	Three months ended 31 January		Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from contracts with customers				
Entertainment event income	3,191	39	7,898	489
Album sales, licence income and distribution commission income from music publishing and licensing	10,505	7,827	19,444	16,235
Artiste management fee income	2,793	865	5,281	1,892
Distribution commission income, licence income from and sales of film and TV program products and film and TV program rights	108,599	16,322	112,678	28,407
	125,088	25,053	145,301	47,023

Disaggregated revenue information

For the six months ended 31 January 2022

	Media and entertainment (Unaudited) HK\$'000	Film and TV program (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Timing of revenue recognition			
At a point in time	27,426	112,678	140,104
Over time	5,197	–	5,197
Total revenue from contracts with customers	32,623	112,678	145,301
Geographical markets			
Hong Kong	26,560	8,733	35,293
Mainland China	4,687	99,320	104,007
Others	1,376	4,625	6,001
Total revenue from contracts with customers	32,623	112,678	145,301

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

4. TURNOVER AND SEGMENT INFORMATION *(continued)*

Disaggregated revenue information (continued)

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
Timing of revenue recognition			
At a point in time	9,614	28,407	38,021
Over time	9,002	–	9,002
Total revenue from contracts with customers	18,616	28,407	47,023
Geographical markets			
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	18,616	28,407	47,023

Segment revenue/results:

	Media and entertainment Six months ended 31 January		Film and TV program Six months ended 31 January		Corporate Six months ended 31 January		Consolidated Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Sales to external customers	32,623	18,616	112,678	28,407	–	–	145,301	47,023
Other income	1,866	803	654	1,641	827	3,883	3,347	6,327
Segment profit/(loss)	(11,856)	(9,179)	10,998	9,874	(16,490)	(17,733)	(17,348)	(17,038)
Gain on dissolution of a subsidiary/deregistration of subsidiaries	–	102	176	81	–	–	176	183
Finance costs							(208)	(6,392)
Share of profits and losses of joint ventures	92	2,805	(437)	(463)	–	–	(345)	2,342
Loss before tax							(17,725)	(20,905)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

4. TURNOVER AND SEGMENT INFORMATION *(continued)*

Segment assets/liabilities:

	Media and entertainment		Film and TV program		Corporate		Consolidated	
	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Segment assets	134,403	210,975	579,425	456,515	11,926	96,296	725,754	763,786
Investments in joint ventures	9,773	14,766	620	1,057	-	-	10,393	15,823
Investment in an associate	-	-	-	-	-	-	-	-
Total assets							736,147	779,609
Segment liabilities	60,140	122,025	234,298	320,905	6,047	7,619	300,485	450,549
Unallocated liabilities							86,087	9,087
Total liabilities							386,572	459,636

5. OTHER OPERATING GAINS

	Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Foreign exchange gains, net	957	35,977
Fair value change from film investments	2,363	-
Others	1,603	709
	4,923	36,686

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest on:		
– Loans from an intermediate holding company	7	6,032
– Lease liabilities	201	360
	208	6,392

7. LOSS BEFORE TAX

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

	Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	20	289
Depreciation of right-of-use assets	729	396
Amortisation of other intangible assets	56	–
Amortisation of film and TV program products [#]	168	26,208
Impairment of amounts due from joint ventures ^{##}	675	1,001
Reversal of impairment of advances and other receivables [*]	(20)	(25)
Share of net loss from entertainment events organised by the Group to co-investors [*]	(555)	–
Fair value change from entertainment events organised by co-investors [*]	(115)	(221)
Fair value change from film investments [*]	(2,363)	–
Foreign exchange gains, net [*]	(957)	(35,977)
Gain on dissolution of a subsidiary/deregistration of subsidiaries [*]	(176)	(183)

[#] This item is included in “Cost of sales” in the condensed consolidated income statement.

^{##} This item is included in “Other operating expenses” in the condensed consolidated income statement.

^{*} These items are included in “Other operating gains” in the condensed consolidated income statement.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

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 2022 (six months ended 31 January 2021: 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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Provision for tax for the period		
Current – Hong Kong		
Underprovision in prior years	-	6
Current – Elsewhere		
Charge for the period	1,498	370
Overprovision in prior years	-	(19)
Total tax expense for the period	1,498	357

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	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Loss				
Loss attributable to owners of the Company used in the basic loss per share calculation	(12,338)	(12,241)	(23,510)	(19,163)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(continued)

	Number of shares			
	Three months ended 31 January		Six months ended 31 January	
	2022 (Unaudited) '000	2021 (Unaudited) '000	2022 (Unaudited) '000	2021 (Unaudited) '000
Shares				
Weighted average number of ordinary shares in issue used in the basic loss per share calculation	2,986,314	622,573	2,986,314	418,089
Loss per share				
Basic and diluted (HK cents)	(0.41)	(1.97)	(0.79)	(4.58)

The weighted average number of ordinary shares in issue used in basic and diluted loss per share calculation for the three months and six months ended 31 January 2021 has been adjusted to reflect the effect of Share Consolidation as set out in note 14(a) to the condensed consolidated interim financial statements.

The Group had no potential dilutive ordinary shares in issue during three months and six months ended 31 January 2022 (three months and six months ended 31 January 2021: Nil).

10. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 31 January 2022 (six months ended 31 January 2021: Nil).

11. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit and payment in advance is normally required for licence 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 2022

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:

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Neither past due nor impaired	36,439	38,736
1 to 90 days past due	6,394	14,371
Over 90 days past due	2,059	1,039
	44,892	54,146
Unbilled	6,487	6,376
	51,379	60,522

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 follow:

	31 January 2022 (Unaudited) HK\$'000	31 July 2021 (Audited) HK\$'000
Less than 30 days	1,255	4,029
31 to 60 days	–	2
Over 90 days	65	64
	1,320	4,095

13. LOAN FROM AN INTERMEDIATE HOLDING COMPANY

On 28 January 2022, the Company and eSun Holdings Limited (“eSun”), an intermediate holding company of the Company, entered into a loan agreement for a term loan facility with a principal amount up to HK\$200 million. As at 31 January 2022, loan from eSun amounted to HK\$77,000,000 (31 July 2021: Nil). The balance is unsecured, interest-bearing at 3-month Hong Kong Interbank Offered Rates plus 2.8% per annum and repayable on 27 January 2025.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

14. SHARE CAPITAL

	31 January 2022		31 July 2021	
	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\$0.10 each	10,000,000	1,000,000	10,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	2,986,314	298,631	2,945,702	294,570

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

	Notes	31 January 2022		31 July 2021	
		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		2,945,702	294,570	2,136,056	21,361
Share consolidation	(a)(i)	-	-	(1,922,450)	-
Loan capitalisation	(a)(ii)	-	-	2,687,500	268,750
Issuance of fee shares	(b)	-	-	1,875	187
Placing of shares	(c)	40,612	4,061	42,721	4,272
Balance at the end of the period/year		2,986,314	298,631	2,945,702	294,570

Notes:

- (a) Pursuant to the ordinary resolutions passed at the special general meeting of the Company on 18 December 2020 (the “**2020 SGM**”), the recapitalisation proposal involved, among other things, (i) the Share Consolidation (as defined below) which became effective on 22 December 2020 and (ii) the Loan Capitalisation (as defined below) (completed on 18 January 2021). The recapitalisation proposal involved:
- (i) the consolidation of every ten issued and unissued shares of HK\$0.01 each into one consolidated share (the “**Consolidated Share(s)**”) of HK\$0.10 each (the “**Share Consolidation**”). As a result of the Share Consolidation, 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\$0.10 each;

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

14. SHARE CAPITAL (continued)

Notes: (continued)

(a) (continued)

- (ii) the capitalisation of the outstanding principal amount of HK\$430,000,000 under the shareholder's loans from eSun (the "**eSun Shareholder's Loans**") into 2,687,500,000 new Consolidated Shares (the "**Capitalisation Shares**") (the "**Loan Capitalisation**"), of which the Company 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 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 (a direct 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 derecognised and, share capital of HK\$268,750,000 and share premium of HK\$161,250,000 were recognised.

On 18 January 2021, the issued share capital of the Company was increased to HK\$290,110,568.20 divided into 2,901,105,682 ordinary shares of HK\$0.10 each. Further details of which are set out in the Company's circular dated 30 November 2020; the joint announcements of the Company, eSun, Lai Sun Development Company Limited and LSG dated 6 November 2020, 12 January 2021 and 18 January 2021; and the joint announcements of the Company and eSun dated 10 December 2020 and 11 January 2021.

- (b) Pursuant to an ordinary resolution passed at the 2020 SGM on 17 March 2021, the Company issued 1,875,000 fee shares to Anglo Chinese Corporate Finance, Limited ("**Anglo Chinese**"), the financial adviser of the Company in relation to the recapitalisation proposal, in settlement of the advisory fee of HK\$300,000 at the election of Anglo Chinese.
- (c) On 4 June 2021, the Company as the issuer and THL G Limited (the "**Subscriber**", a direct wholly-owned subsidiary of Tencent Holdings Limited, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 700)) as the subscriber entered into the share subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 83,333,333 new shares of HK\$0.10 each in the share capital of the Company (the "**Subscription Shares**") at the subscription price of HK\$1.20 per Subscription Share (the "**Subscription**"). The Subscription Shares would be issued in two tranches of which 42,721,136 new shares ("**Tranche A Subscription Shares**") would be issued under the general mandate granted to the directors of the Company to issue up to 20% of the total number of shares in issue on 18 December 2020, by an ordinary resolution passed at the annual general meeting of the Company held on 18 December 2020 (the "**General Mandate**"), and 40,612,197 new shares ("**Tranche B Subscription Shares**") would be issued under the specific mandate granted to the directors of the Company to issue 40,612,197 new shares by an ordinary resolution passed at the special general meeting held on 16 July 2021 (the "**Specific Mandate**"). On 28 June 2021, the Company issued 42,721,136 new shares (i.e. Tranche A Subscription Shares) under the General Mandate to the Subscriber. The gross proceeds from the Tranche A Subscription Shares amounted to approximately HK\$51,265,000 and the related issue expense were approximately HK\$734,000.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

14. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(c) *(continued)*

On 3 August 2021, the Company issued 40,612,197 new shares (i.e. Tranche B Subscription Shares) under the Specific Mandate to the Subscriber. The gross proceeds from the Tranche B Subscription Shares amounted to approximately HK\$48,735,000 and the related issue expense was approximately HK\$698,000.

15. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 January 2022, the Group had financial assets at fair value through profit or loss of HK\$85,114,000 (unaudited) (31 July 2021: HK\$53,992,000 (audited)) which included (i) other financial assets of HK\$4,651,000 (unaudited) (31 July 2021: HK\$4,571,000 (audited)) representing investments in preference shares and debt instruments, (ii) film investments of HK\$75,174,000 (unaudited) (31 July 2021: HK\$43,734,000 (audited)), and (iii) other assets of HK\$5,289,000 (unaudited) (31 July 2021: HK\$5,687,000 (audited)) representing 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 2022 and 31 July 2021. The Group did not have any financial liabilities measured at fair value as at 31 January 2022 and 31 July 2021. During the period ended 31 January 2022 and year ended 31 July 2021, 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*

	Six months ended 31 January	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Short-term employee benefits	5,396	4,971
Post-employment benefits	26	27
	5,422	4,998

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 January 2022

16. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

	Notes	Six months ended 31 January	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Fellow subsidiaries:			
Rental expenses and building management fee	(i)	73	328
Film distribution commission income	(ii)	1,362	3,148
Music distribution commission income	(ii)	3,665	4,057
Sharing of corporate salaries on a cost basis allocated from		3,597	3,070
Sharing of administrative expenses on a cost basis allocated from		101	533
Sharing of corporate salaries on a cost basis allocated to		5,217	2,591
Sharing of administrative expenses on a cost basis allocated to		357	494
Rental income	(ii)	270	332
Licence income from TV program product	(ii)	1,219	–
Intermediate holding company:			
Interest expenses	(iii)	7	6,032
Related company:			
Production fee*	(ii)	570	400

* The company is a joint venture of the Group.

Notes:

- (i) The Group leased certain properties from fellow subsidiaries for office use. The rental expenses and building management fee were charged with reference to market rates.
- (ii) The film distribution commission income, music distribution commission income, rental income, licence income from TV program product and production fee were charged in accordance with contractual terms with the respective parties.
- (iii) 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 2022 (the “**Current Period**”), the Group recorded a turnover of approximately HK\$145,301,000, representing an increase of approximately 209% from approximately HK\$47,023,000 for the corresponding six months in 2021 (the “**Corresponding Period**”), mainly due to the increase in revenue from the Group’s TV program business.

Cost of sales increased to approximately HK\$103,148,000 for the Current Period from approximately HK\$40,513,000 for the Corresponding Period. The increase in cost of sales was due to the recent release of TV program product during the Current Period. The Group’s marketing expenses decreased to approximately HK\$5,122,000 for the Current Period from approximately HK\$7,468,000 for the Corresponding Period. Administrative expenses increased to approximately HK\$59,699,000 for the Current Period from approximately HK\$57,520,000 for the Corresponding Period. These expenses are under strict control by the Company’s management. Other operating gains decreased to approximately HK\$4,923,000 for the Current Period from approximately HK\$36,686,000 for the Corresponding Period. Other operating gains for the Corresponding Period mainly included exchange gain arising from the appreciation in Renminbi.

Finance costs were approximately HK\$208,000 for the Current Period compared to approximately HK\$6,392,000 for the Corresponding Period. The decrease in interest expenses was mainly due to the capitalisation of loans from an intermediate holding company completed on 18 January 2021.

Loss attributable to owners of the Company for the Current Period increased to approximately HK\$23,510,000 from approximately HK\$19,163,000 for the Corresponding Period. Basic loss per share decreased to approximately HK0.79 cents for the Current Period from approximately HK4.58 cents for the Corresponding Period. The weighted average number of ordinary shares in issue used in the basic loss per share calculation for the Corresponding Period has been adjusted to reflect the effect of share consolidation, which came into effect on 22 December 2020.

As at 31 January 2022, the Group’s equity attributable to owners of the Company amounted to approximately HK\$360,015,000 (31 July 2021: approximately HK\$335,003,000) and the net asset value per share attributable to the owners of the Company was approximately HK12.1 cents (31 July 2021: approximately HK11.4 cents).

BUSINESS REVIEW

Media and Entertainment Segment

Events Management

During the Current Period, the Group organised and invested in 8 (2021: 1) show(s) by popular local renowned artistes, including Sammi Cheng, C AllStar, Joyce Cheng, Jay Fung and Eman Lam. The total revenue from these concerts amounted to approximately HK\$7,898,000.

Music

During the Current Period, the Group released 6 (2021: 5) albums, including titles by Sammi Cheng, Ivana Wong, C AllStar, Joyce Cheng and Jay Fung. Turnover from music publishing and recording was approximately HK\$19,444,000.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(continued)*

Media and Entertainment Segment (continued)

Artiste Management

During the Current Period, the Group recorded a turnover of approximately HK\$5,281,000 from artiste management. The Group currently has 25 artistes under its management.

Film and TV Program Segment

Film Production and Distribution

During the Current Period, 2 films produced/invested by the Group was theatrically released, namely “American Girl” and “Fireflies in the Sun”. Turnover from the licence fee income and distribution commission income of films was approximately HK\$3,456,000.

TV Program Production and Distribution

During the Current Period, turnover from TV program licence fee, distribution commission and sale of TV program products was approximately HK\$109,222,000 recorded by the Group.

PROSPECTS

The entertainment consumption of the PRC markets started to recover amid the novel coronavirus epidemic. However, the recent outbreak of Omicron COVID-19 variant in Hong Kong posed a challenge to the local entertainment market. The Group will continue to produce high quality and commercially viable products to rise the challenge, and has also been directing its resources towards development of online content for streaming platforms and e-commerce to capture the related market opportunities.

“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, will be scheduled for theatrical release in later stage.

The Group will continue to invest in original production of quality films with Chinese themes. Our current production pipeline include “Twilight of the Warriors: Walled In”, an action film directed by Cheng Poi-Shui, featuring Louis Koo, Sammo Hung, Richie Jen and Raymond Lam and “Tales from the Occult” series, three psychological thriller each made up of three short stories produced by John Chong and Mathew Tang, and directed by Wesley Hoi, Fung Chih Chiang and Fruit Chan (Tales from the Occult I), Frank Hui, Daniel Chan and Doris Wong (Tales from the Occult II), and Li Chi Ngai, Peter Lee and Pater Wong (Tales from the Occult III).

The drama series “Modern Dynasty” started broadcasting in Alibaba’s Youku and TVB since January this year and have generated satisfactory viewership for the two platforms. “Twin Shadows”, a 24-episode modern-day drama series featuring Bosco Wong and Chrissie Chau, is under production. The Group is in discussion with various Chinese portals and video websites for new project development in TV drama production.

Congratulations to Joyce Cheng who just won the best female singer award and was voted the favorite female singer in Ultimate Song Chart Awards Presentation 2021. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS *(continued)*

The distribution licence of our music products with Tencent Music Entertainment (Shenzhen) Co., Ltd and Warner Music continues to provide stable income contribution to the Group. The Group will continue to work with prominent local and Asian artistes for concert promotion and upcoming events including concerts of Jay Fung, Yoga Lin and Tsai Chin are to be held in later stage in the hope of recovery of the pandemic situation.

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 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.

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 and loan from an intermediate holding company. At 31 January 2022, the Group has unsecured and interest-bearing loan from an intermediate holding company with an outstanding principal amount of HK\$77,000,000 (as at 31 July 2021: Nil).

As at 31 January 2022, cash and cash equivalents decreased to approximately HK\$136,984,000 (31 July 2021: approximately HK\$295,564,000). The balances were approximately 27% in Hong Kong dollars, 59% in Renminbi and 14% 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 2022, the Group did not have any bank loans, overdrafts or any other borrowing (as at 31 July 2021: Nil). No interests have been capitalised during the six months ended 31 January 2022 (six months ended 31 January 2021: Nil).

As at 31 January 2022, the gearing ratio of the Group, being the total borrowings to the shareholders' equity attributable to the owners of the Company, was approximately 21%. As at 31 July 2021, the Group had no borrowings.

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 2022, the Group has no outstanding foreign currency hedge contract (as at 31 July 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON GROUP ASSETS

At 31 January 2022, the Group did not have any charge on its assets (as at 31 July 2021: Nil).

CAPITAL STRUCTURE

At 31 January 2022, the Group's equity attributable to owners of the Company increased by approximately 7% to approximately HK\$360,015,000 (31 July 2021: approximately HK\$335,003,000). Total assets amounted to approximately HK\$736,147,000 (31 July 2021: approximately HK\$779,609,000) which included current assets amounting to approximately HK\$665,353,000 (31 July 2021: approximately HK\$722,804,000). Current liabilities were approximately HK\$302,859,000 (31 July 2021: approximately HK\$457,476,000). Net assets value per share attributable to the owners of the Company as at 31 January 2022, was approximately HK12.1 cents (31 July 2021: approximately HK11.4 cents). Current ratio was approximately 2.2 (31 July 2021: 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 as at 31 January 2022 (as at 31 July 2021: Nil).

EMPLOYEE INFORMATION

At 31 January 2022, the Group had 145 (2021: 138) full-time employees. Staff costs amounted to approximately HK\$44,776,000 for the Current Period (2021: approximately HK\$39,255,000). The Group's remuneration policy remained the same as detailed in the Company's annual report for the year ended 31 July 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix 15 to the GEM Listing Rules throughout the six months ended 31 January 2022 save for the following deviation:

Under code provision F.2.2, 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 17 December 2021. 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 an 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.

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. The Board has also delegated the environmental, social and governance (“**ESG**”) management to the Executive Committee in order to focusing on matters affecting the overall business strategy, and to review and monitor the Group’s ESG management progress.

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 Officer

The CG Code provides that the roles of chairman and chief executive officer 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 2022 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 2022, 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 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 31 January 2022, 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 Stock Exchange and the Company pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

(1) Interests in the Company

Name of Director	Long positions in the ordinary shares of the Company (“Shares”)			Approximate percentage of total issued Shares (Note 1)
	Number of Shares		Total	
	Corporate interests	Personal interests		
Lam Kin Ngok, Peter	2,021,848,647 (Note 2)	–	2,021,848,647	67.70%

(2) Interests in the Associated Corporations

(a) Lai Sun Garment (International) Limited (“LSG”)

Name of Directors	Long positions in the ordinary shares of LSG (“LSG Shares”) and underlying LSG Shares				Approximate percentage of total issued LSG Shares (Note 3)
	Number of LSG Shares		Number of underlying LSG Shares	Total	
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	172,112,124 (Note 4)	74,807,359 (Note 5)	1,737,333 (Note 6)	248,656,816	42.22%
Lui Siu Tsuen, Richard	–	93,400 (Note 7)	–	93,400	0.02%

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(2) *Interests in the Associated Corporations (continued)*

(b) *Lai Sun Development Company Limited ("LSD")*

Long positions in the ordinary shares of LSD ("LSD Shares") and underlying LSD Shares					
Name of Directors	Number of LSD Shares		Number of underlying LSD Shares	Total	Approximate percentage of total issued LSD Shares <i>(Note 8)</i>
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	515,389,531 <i>(Note 9)</i>	650,605 <i>(Note 10)</i>	486,452 <i>(Note 11)</i>	516,526,588	53.31%
Lui Siu Tsuen, Richard	–	–	121,232 <i>(Note 12)</i>	121,232	0.01%

Long positions in the 5% Guaranteed Medium Term Note due 2026 issued by Lai Sun MTN Limited ("LSMTN"), a wholly-owned subsidiary of LSD

Name of Director	Capacity	Principal amount
Lam Kin Ngok, Peter	Beneficial owner	USD10,000,000 <i>(Note 13)</i>

(c) *eSun Holdings Limited ("eSun")*

Long positions in the ordinary shares of eSun ("eSun Shares") and underlying eSun Shares					
Name of Director	Number of eSun Shares		Number of underlying eSun Shares	Total	Approximate percentage of total issued eSun Shares <i>(Note 14)</i>
	Corporate interests	Personal interests	Personal interests		
Lam Kin Ngok, Peter	1,113,260,072 <i>(Note 15)</i>	2,794,443	–	1,116,054,515	74.81%

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

(2) *Interests in the Associated Corporations (continued)*

(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				Approximate percentage of total issued Lai Fung Shares <i>(Note 16)</i>
	Number of Lai Fung Shares		Number of underlying Lai Fung Shares		
	Corporate interests	Personal interests	Personal interests	Total	
Lam Kin Ngok, Peter	182,318,266 <i>(Note 17)</i>	–	321,918 <i>(Note 18)</i>	182,640,184	55.17%

Notes:

- The total number of issued Shares as at 31 January 2022 (that is, 2,986,314,015 Shares) has been used for the calculation of the approximate percentage.
- The Shares were owned by Perfect Sky Holdings Limited ("**Perfect Sky**"), a wholly-owned subsidiary of eSun.

As at 31 January 2022, eSun was indirectly owned as to approximately 74.62% by LSD. LSD was approximately 53.19% directly and indirectly owned by LSG. LSG was approximately 12.70% (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.

- The total number of issued LSG Shares as at 31 January 2022 (that is, 588,915,934 LSG Shares) has been used for the calculation of the approximate percentage.
- 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.

Following the completion of the rights issue of LSG on the basis of one LSG rights share (the "**LSG Rights Share**") for every two existing LSG Shares on 2 August 2021 (the "**LSG Rights Issue**"), 57,370,708 LSG Rights Shares were allotted and issued by LSG, increasing Dr. Lam's deemed controlling shareholding interests in LSG from 114,741,416 LSG Shares to 172,112,124 LSG Shares.

- On 2 August 2021, 24,401,453 LSG Rights Shares were allotted and issued by LSG, increasing Dr. Lam's personal interests in LSG from 49,605,906 LSG Shares to 74,007,359 LSG Shares.

On 4 August 2021, Dr. Lam has completed the purchase of 550,000 LSG Shares, increasing his personal interests in LSG from 74,007,359 LSG Shares to 74,557,359 LSG Shares.

On 12 January 2022, Dr. Lam has completed the purchase of 250,000 LSG Shares, increasing his personal interests in LSG from 74,557,359 LSG Shares to 74,807,359 LSG Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes: *(continued)*

6. 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 underlying LSG Shares at the exercise price of HK\$15 per LSG Share with the exercise period from 19 June 2017 to 18 June 2027.

Following the completion of the LSG Rights Issue, the above share option granted has been adjusted to 425,033 underlying LSG Shares at the exercise price of HK\$11.763 per LSG Share.

On 25 January 2022, Dr. Lam was granted a share option by LSG to subscribe for 1,312,300 underlying LSG Shares at the exercise price of HK\$3.874 per LSG Share with the exercise period from 25 January 2022 to 24 January 2032.

7. On 2 August 2021, 92,800 LSG Rights Shares were allotted and issued by LSG, increasing Mr. Lui's personal interests in LSG from 600 LSG Shares to 93,400 LSG Shares.
8. The total number of issued LSD Shares as at 31 January 2022 (that is, 968,885,887 LSD Shares) has been used for the calculation of the approximate percentage.
9. 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.

Following the completion of the rights issue of LSD on the basis of one LSD rights share (the "**LSD Rights Share**") for every two existing LSD Shares on 6 October 2021 (the "**LSD Rights Issue**"), 171,796,510 LSD Rights Shares were allotted and issued by LSD, increasing Dr. Lam's deemed controlling shareholding interests in LSD from 343,593,021 LSD Shares to 515,389,531 LSD Shares.

10. On 6 October 2021, 216,868 LSD Rights Shares were allotted and issued by LSD, increasing Dr. Lam's personal interests in LSD from 433,737 LSD Shares to 650,605 LSD Shares.
11. 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 underlying LSD Shares at the exercise price of HK\$16.10 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.

Following the completion of the LSD Rights Issue, the above share option granted has been adjusted to 486,452 underlying LSD Shares at the exercise price of HK\$13.811 per LSD Share.

12. 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 underlying LSD Shares at the exercise price of HK\$16.10 per LSD Share with the exercise period from 18 January 2013 to 17 January 2023.

Following the completion of the LSD Rights Issue, the above share option granted has been adjusted to 121,232 underlying LSD Shares at the exercise price of HK\$13.811 per LSD Share.

13. On 28 October 2021, Dr. Lam purchased a USD10,000,000 LSMTN 5% guaranteed medium term note due 2026.
14. The total number of issued eSun Shares as at 31 January 2022 (that is, 1,491,854,598 eSun Shares) has been used for the calculation of the approximate percentage.
15. 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.
16. The total number of issued Lai Fung Shares as at 31 January 2022 (that is, 331,033,443 Lai Fung Shares) has been used for the calculation of the approximate percentage.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' INTERESTS IN SECURITIES *(continued)*

Notes: *(continued)*

17. By virtue of his deemed controlling shareholding interests in LSD as described in Note 2 above, Dr. Lam was deemed to be interested in 1,717,510 and 180,600,756 Lai Fung Shares held by Transtrend Holdings Limited and Holy Unicorn Limited (both being wholly-owned subsidiaries of LSD), respectively.
18. 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 underlying Lai Fung Shares at the exercise price of HK\$11.40 per Lai Fung Share with the exercise period from 18 January 2013 to 17 January 2023.

Save as disclosed above, as at 31 January 2022, 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 Stock Exchange and the Company pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 January 2022, the interests and short positions of the persons (other than the Directors)/corporations, 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>	67.70%
Lai Sun Development Company Limited	Interest of controlled corporations	2,021,848,647 <i>(Note 2)</i>	67.70%
eSun Holdings Limited	Interest of controlled corporation	2,021,848,647 <i>(Note 2)</i>	67.70%

Notes:

1. The total number of issued Shares as at 31 January 2022 (that is, 2,986,314,015 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.

Save as disclosed above, as at 31 January 2022, no other persons (other than the Directors)/corporations 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 the affiliated companies. Eligible participants include any employee, director, officer or consultant of the Group and the affiliated companies, and any other group or classes of participants which the Board, in its absolute discretion, considers to have contributed or will contribute, whether by way of business alliance or other business arrangement, to the development and growth of the Group.

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 becoming effective on 22 December 2020 (the “**Share Consolidation**”), representing 10% of the total number of 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 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 (a) the Share Consolidation; (b) the completion of the loan capitalisation on 18 January 2021; (c) the issue of fee shares to Anglo Chinese Corporate Finance, Limited on 17 March 2021; and (d) the issue of subscription shares to THL G Limited on 28 June and 3 August 2021 respectively, the total number of issued Shares increased to 2,986,314,015. As at the date of this report, the Company might grant options under the Share Option Scheme to subscribe for a maximum of 21,360,568 Shares (after the adjustment for the Share Consolidation), representing approximately 0.72% of the total number of issued Shares as at 31 January 2022.

INTERESTS IN COMPETING BUSINESSES

During the period under review and up to the date of this report, eSun, an intermediate holding company of the Company and four executive Directors, namely, Dr. Lam, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN COMPETING BUSINESSES *(continued)*

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.

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 for the year ended 31 July 2021 are set out as follows:

- (1) Dr. Lam, the chairman of the Board and an executive Director, has been re-appointed a non-official member of The Trade and Industry Advisory Board for a term of two years from 1 January 2022 to 31 December 2023.
- (2) Mr. Ng Chi Ho, Dennis ("**Mr. Ng**"), an Independent Non-executive Director, resigned as an independent non-executive director of Kirin Group Holdings Limited (in liquidation and trading of its shares on the Stock Exchange has been suspended) with effect from 16 December 2021.
- (3) The Group usually makes annual adjustment to basic salaries and pays discretionary bonuses in January. Directors' remuneration for the six months ended 31 January 2022 and 2021 are as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2022				
<i>Executive Directors</i>				
Lam Kin Ngok, Peter	90	-	-	90
Chan Chi Kwong	90	1,900	8	1,998
Lui Siu Tsuen, Richard	90	-	-	90
Yip Chai Tuck	90	710	9	809
	360	2,610	17	2,987
<i>Independent Non-executive Directors</i>				
Au Hoi Fung	90	-	-	90
Ng Chi Ho, Dennis	90	-	-	90
Poon Kwok Hing, Albert	90	-	-	90
	270	-	-	270
Total	630	2,610	17	3,257

CORPORATE GOVERNANCE AND OTHER INFORMATION

UPDATE ON DIRECTORS' INFORMATION *(continued)*

	Fees HK\$'000	Salaries and allowances HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
Six months ended 31 January 2021				
<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
	360	2,441	18	2,819
<i>Independent Non-executive Directors</i>				
Au Hoi Fung	90	–	–	90
Ng Chi Ho, Dennis	90	–	–	90
Poon Kwok Hing, Albert	90	–	–	90
	270	–	–	270
Total	630	2,441	18	3,089

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 2022.

REVIEW OF INTERIM REPORT

The audit committee of the Company (the “**Audit Committee**”) currently comprises three Independent Non-executive Directors, namely Mr. Ng (Chairman), Mr. Au Hoi Fung and Mr. Poon Kwok Hing, Albert. The Audit Committee has reviewed the interim report (containing the unaudited condensed consolidated financial statements) of the Company for the six months ended 31 January 2022.

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

Hong Kong, 15 March 2022

Media Asia Group Holdings Limited