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Media Asia Group Holdings Limited

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 10 January 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has agreed to place, through the Placing Agent, on a best effort basis, a maximum of 132,250,000 Shares at the Placing Price of HK\$0.607 per Placing Share. Subject to the fulfilment of all Placing Conditions, the Placing Shares will be allotted and issued under the General Mandate.

The maximum number of 132,250,000 Placing Shares represents (i) approximately 19.76% of the total number of issued Shares as at the date of this announcement; (ii) approximately 14.09% of the total number of issued Shares as enlarged by the issue of all the Placing Shares and the Intended Conversion Shares, assuming the Placing Shares and the Intended Conversion Shares are issued in full and no further new Shares will be issued before the Placing Completion; and (iii) approximately 6.59% of the total number of issued Shares as enlarged by the issue of Placing Shares and Intended Conversion Shares, assuming the Placing Shares are placed in full and the outstanding Convertible Notes are converted in full and no further new Shares will be issued before the Placing Completion.

The gross proceeds from the issue of the Placing Shares will be approximately HK\$80,275,750. The Company will bear all costs and expenses of approximately HK\$542,111 in connection with the Placing. The net proceeds of approximately HK\$79,733,639 from the Placing are intended to be applied for general working capital of the Company.

Shareholders and potential investors should note that the Placing is subject to all Placing Conditions being fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date: 10 January 2014 (after trading hours)

Parties: (a) the Company; and
(b) the Placing Agent.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placees: The Placing Shares will be placed to the following Placees which are independent professional and/or corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties:

- (1) Fubon Financial Holding Venture Capital Corp., a subsidiary of Fubon Financial Holding Co., Ltd (listed on the Taiwan Stock Exchange), it has major investment in biotech creative media and public infrastructures, as to 66,125,000 Placing Shares;
- (2) Kbro Media Co., Ltd. a subsidiary of Kbro Co., Ltd (A Multiple System Operator/MSO in Taiwan), its main business are production, distribution and investment in Chinese movies and TV dramas, as to 66,125,000 Placing Shares.

As advised by the Placing Agent, Fubon Financial Holding Venture Capital Corp. holds an equity interest of 14.5% in Kbro Media Co., Ltd.. Thus, the shareholding of Fubon Financial Holding Venture Capital Corp. and Kbro Media Co., Ltd. in the Company may be aggregated, and if exceeds 10% of the then issued share capital of the Company after the Placing Completion, Shares held by them may not be regarded as being in public hands.

Placing Price: HK\$0.607 per Placing Share

The Placing Price of HK\$0.607 represents:

- (i) a discount of approximately 13.29% to the closing price of HK\$0.700 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 9.94% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately preceding the Last Trading Day of HK\$0.674 per Share; and
- (iii) a discount of approximately 8.72% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately preceding the Last Trading Day of HK\$0.665 per Share.

After deducting the costs, fees and expenses in relation to the Placing, the net issue price of the Placing Shares shall be approximately HK\$0.603.

Number of Placing Shares: A maximum of 132,250,000 Placing Shares will be issued to the Placees subject to the terms and conditions in the Placing Agreement.

The maximum number of 132,250,000 Placing Shares represents

- (i) approximately 19.76% of the total number of issued Shares as at the date of this announcement;
- (ii) approximately 14.09% of the total number of issued Shares as enlarged by the issue of all the Placing Shares and the Intended Conversion Shares, assuming the Placing Shares and the Intended Conversion Shares are issued in full and no further new Shares will be issued before the Placing Completion; and
- (iii) approximately 6.59% of the total number of issued Shares as enlarged by the issue of Placing Shares and Intended Conversion Shares, assuming the Placing Shares are placed in full and the outstanding Convertible Notes are converted in full and no further new Shares will be issued before the Placing Completion.

Placing Commission: The Placing Agent will receive a placing commission which shall be the aggregate of (i) an amount equivalent to 0.25% of the aggregate Placing Price of the Placing Shares finally placed to and subscribed by the Placee(s), and (ii) an amount of HK\$150,000 provided that all of the Placing Shares are finally and successfully placed to and subscribed by the Placees being placed, which was arrived at after arm's length negotiations between the Company and the Placing Agent.

Conditions precedent to the Placing: Completion of the Placing is conditional upon the fulfilment of the following Placing Conditions:

- (1) the Placee(s) being identified and procured by the Placing Agent on a best effort basis;
- (2) the Listing Committee of the Stock Exchange granting or agreeing to grant a listing of, and permission to deal in, the Placing Shares;
- (3) the allotment, issue and subscription of the Placing Shares not being prohibited by any statute, order, rule, regulation, ruling, directive or request promulgated or issued after the date of the Placing Agreement by any legislative, executive or regulatory body or authority (including the Stock Exchange and the SFC) which is applicable to the Company; and
- (4) all other necessary consents and approvals as may be required in respect of the Placing and the transactions contemplated under the Placing Agreement having been obtained, including but not limited to consents and approvals from the shareholders of the Company and the regulatory authorities (if any).

The Company shall use its best endeavours to procure the fulfilment of the Placing Conditions (2) to (4) above. In the event that any of the Placing Conditions are not fulfilled on the Long Stop Date, the Placing Agreement shall be terminated and all rights, obligations and liabilities of the Company, the Placing Agent and the Placees (if any) in respect of the Placing shall cease and determine and neither of them shall have any claim against the others in respect of the Placing save for any antecedent breach of the Placing Agreement.

General Mandate:

Subject to the fulfilment of all Placing Conditions, the Placing Shares will be allotted and issued under the General Mandate. The General Mandate was granted to the Directors pursuant to an ordinary resolution of the shareholders of the Company passed at the annual general meeting of the Company on 22 November 2013 to issue, allot and otherwise deal with such number of Old Shares which shall not exceed 20% of the aggregate nominal amount of the then issued share capital of the Company. The General Mandate has not been utilised and no Old Shares or new Shares have been allotted and issued or dealt with by the Company under the General Mandate from the conclusion of the annual general meeting of the Company on 22 November 2013 to the entering into of the Placing Agreement.

As the Placing Shares are to be allotted and issued under the General Mandate, the Placing is not subject to the Shareholders' approval.

Placing Completion:

Subject to the fulfilment of all Placing Conditions, Placing Completion shall take place at 5:00 p.m. (Hong Kong time) on the Closing Date.

RANKING OF PLACING SHARES

Upon issue, the Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

BASIS FOR DETERMINATION OF THE PLACING PRICE

The Placing Price was determined after arm's length negotiations between the Company on the one part and the Placing Agent on the other part with reference to the Company's recent share price performance and the current market conditions. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable, so far as the Company and the Shareholders are concerned, and the Placing is in the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFIT OF THE PLACING AND USE OF PROCEEDS

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

The gross proceeds from the issue of the Placing Shares will be approximately HK\$80,275,750. The Company will bear all costs and expenses of approximately HK\$542,111 in connection with the Placing. The net proceeds of approximately HK\$79,733,639 from the Placing are intended to be applied for general working capital of the Company. The Directors consider that as a result of the Placing, the Company can broaden its Shareholders' base and strengthen the Company's financial position. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY WITHIN 12 MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

There had been no fund raising activities carried out by the Company during the past twelve months immediately preceding the date of this announcement.

INTENDED CONVERSION OF FIRST CONVERTIBLE NOTES BY PERFECT SKY

As disclosed in the Convertible Notes Announcement, the Company issued the First Completion Convertible Notes and Second Completion Convertible Notes on 9 June 2011 and 9 June 2012 respectively. The aggregate principal amount of the First Completion Convertible Notes and Second Completion Convertible Notes is HK\$596,260,579.

As at the date of this announcement:—

- (1) the aggregate outstanding principal amount of the First Completion Convertible Notes and the Second Completion Convertible Notes is HK\$565,965,366. The said principal amount is convertible into a maximum of 1,206,238,308 Conversion Shares.
- (2) Perfect Sky, a wholly-owned subsidiary of eSun, owned in aggregate:
 - (i) 341,896,275 Shares, representing approximately 51.09% of the issued share capital of the Company;
 - (ii) part of the outstanding First Completion Convertible Notes in an aggregate principal amount of HK\$136,120,000, which is convertible into a maximum of 425,375,000 Conversion Shares; and
 - (iii) part of the Second Completion Convertible Notes in an aggregate principal amount of HK\$153,175,000, which is convertible into a maximum of 275,000,000 Conversion Shares.

Pursuant to the Amended Standing Conversion Notice, in the event that, among others, new Shares or share capital are/is issued by the Company other than on a pro rata basis under any general mandate granted or to be granted by the Shareholders, Perfect Sky will elect to convert such principal amount of the outstanding Convertible Notes in the integral multiples of HK\$1,000,000 into Conversion Shares such that its shareholding interest in the total issued share capital of the Company will not be less than 50.94%.

Assuming the maximum number of the Placing Shares (i.e. 132,250,000) will be allotted and issued by the Company and that no outstanding Convertible Notes will be converted and no further new Shares will be issued before the Placing Completion, the total number of the issued Shares will increase to 801,428,882. Accordingly, the shareholding interest of Perfect Sky in the Company would be diluted from approximately 51.09% to approximately 42.66% upon the Placing Completion.

Given the Placing involves the issue of new Shares on a non pro-rata basis, Perfect Sky will pursuant to the Amended Standing Conversion Notice elect to convert the First Completion Convertible Notes in an aggregate principal amount of not more than HK\$44,000,000 into 137,500,000 Intended Conversion Shares, assuming no event which will lead to the election of conversion by Perfect Sky as specified under the Amended Standing Conversion Notice occurs.

The Company has agreed pursuant to the Amended Standing Conversion Notice that the Intended Conversion Shares shall be issued by the Company to Perfect Sky simultaneously upon the allotment and issue of the Placing Shares.

Given the shareholding interest of Perfect Sky in the Company will be over 50% of the enlarged issued share capital of the Company immediately after the Placing Completion, the Company shall remain as a subsidiary of eSun immediately after the Placing Completion.

The Company will issue to Perfect Sky the relevant Intended Conversion Shares under the specific mandate obtained at the special general meeting of the Company held on 12 May 2011.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the changes to the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Intended Conversion and the Placing Completion, assuming no further Shares are issued between the date of this announcement and the Placing Completion; and (iii) immediately after the completion of the Intended Conversion and the Placing Completion, assuming all the outstanding Convertible Notes (including such part relating to the Intended Conversion) are converted in full and no further Shares are issued between the date of this announcement and the Placing Completion:

Shareholder	As at the date of this announcement		Immediately after the completion of Intended Conversion and Placing Completion (assuming no further Shares are issued between the date of this announcement and the Placing Completion)		Immediately after the completion of Intended Conversion and Placing Completion (assuming the outstanding Convertible Notes are converted in full)	
	No. of Shares	Approximate % of shareholding	No. of Shares	Approximate % of shareholding	No. of Shares	Approximate % of shareholding
Perfect Sky	341,896,275	51.09	479,396,275	51.06	1,042,271,275	51.91
Sun Great	387,500	0.06	387,500	0.04	21,887,500	1.09
Next Gen	28,804,931	4.30	28,804,931	3.07	353,139,920	17.59
Memestar	4,612,228	0.69	4,612,228	0.49	62,836,623	3.13
On Chance	—	—	—	—	53,859,963	2.68
Grace Promise	—	—	—	—	24,604,644	1.23
Perfect Sky and parties acting in concert with it	375,700,934	56.14	513,200,934	54.66	1,558,599,925	77.63
The Placees	—	—	132,250,000	14.09	132,250,000	6.59
Directors (Note 1)	115,000	0.02	115,000	0.01	115,000	0.01
Other public Shareholders	293,362,948	43.84	293,362,948	31.24	316,702,265	15.77
Total	669,178,882	100	938,928,882	100	2,007,667,190	100
Total public Shareholders	298,362,676	44.59	298,362,676	31.78	587,536,351	29.26

Note:

1. This represents the aggregate shareholding of the Directors other than Dr. Lam Kin Ngok, Peter and Mr. Yu Feng, whose individual shareholding/deemed shareholding is the same as that shown against the names of Perfect Sky and Next Gen respectively.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to all Placing Conditions being fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following respective meanings:

“acting in concert”	has the meaning ascribed thereto in the Codes on Takeovers and Mergers and Share Repurchases
“Amended Standing Conversion Notice”	the standing conversion notice dated 27 August 2011 from Perfect Sky to the Company in relation to the First Convertible Notes as amended by the amended standing conversion notice dated 28 June 2013 from Perfect Sky to the Company in relation to the Convertible Notes
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which licensed banks in Hong Kong are generally open to conduct business, other than (i) a Saturday; (ii) a Sunday; (iii) any public holiday; and (iv) a day on which a black rainstorm warning signal or a tropical cyclone warning no. 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays
“Capital Reorganisation”	the reorganisation of the share capital of the Company as defined and detailed in the Company’s circular dated 13 December 2013, which has become effective on 9 January 2014
“Closing Date”	the 2nd Business Day immediately after the day of fulfilment of the Placing Conditions in full or such later date as may be agreed between the Company and the Placing Agent in writing and in any event shall not be later than 7 Business Days following the satisfaction of all Placing Conditions
“Company”	Media Asia Group Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda as an exempted company with limited liability, the issued shares of which are listed and traded on the GEM (Stock Code: 8075)

“connected person(s)”	has the meaning ascribed to it in Rule 1.01 of the GEM Listing Rules and as extended by Rule 20.11 of the GEM Listing Rules
“Conversion Share(s)”	any Share(s) to be issued by the Company as a result of the conversion of the Convertible Notes
“Convertible Notes Announcement”	the joint announcement of Perfect Sky, eSun and the Company dated 31 March 2011 in relation to, among others, the issue of the Convertible Notes by the Company
“Convertible Notes”	the First Completion Convertible Notes and the Second Completion Convertible Notes
“Directors”	the directors of the Company
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571)
“First Completion Convertible Notes”	3-year zero coupon convertible notes of the Company due 8 June 2014. Part of the First Completion Convertible Notes in an outstanding principal amount of HK\$143,000,000 carries the conversion right entitling the relevant holders to subscribe for a total of 446,875,000 Shares at a conversion price of HK\$0.32 per Share (as adjusted). Part of the First Completion Convertible Notes in an outstanding principal amount of HK\$198,091,427 carries the conversion right entitling the relevant holders to subscribe for a total of 355,639,905 Shares at a conversion price of HK\$0.557 per Share (as adjusted)
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors by the then shareholders of the Company pursuant to an ordinary resolution of the shareholders passed at the annual general meeting of the Company held on 22 November 2013 to issue, allot and otherwise deal with such number of Old Shares, which shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution
“Grace Promise”	Grace Promise Limited, a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company and/or its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	independent third party(ies) who is/are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of and not connected with (i) the Company and (ii) the connected persons of the Company
“Intended Conversion”	the partial conversion of the First Completion Convertible Notes, pursuant to the terms of the Amended Standing Conversion Notice, by Perfect Sky in an aggregate principal amount of HK\$44,000,000 into 137,500,000 Shares
“Intended Conversion Shares”	any Conversion Share(s) to be issued by the Company as a result of the Intended Conversion
“Last Trading Day”	10 January 2014, being the date of the Placing Agreement
“Long Stop Date”	the 30th day from the date of the Placing Agreement or such later date as may be agreed between the Company and the Placing Agent
“Memestar”	Memestar Limited, a company incorporated in the British Virgin Islands with limited liability
“Next Gen”	Next Gen Entertainment Limited, a company incorporated in the British Virgin Islands with limited liability
“Old Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Capital Reorganisation
“On Chance”	On Chance Inc., a company incorporated in the British Virgin Islands with limited liability
“Perfect Sky”	Perfect Sky Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of eSun and a holder of the Convertible Notes
“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of a maximum of 132,250,000 Shares by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Celestial Capital Limited, a licensed corporation to carry on regulated activities in type 1 regulated activity (dealing in securities) and type 6 (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 10 January 2014 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Completion”	completion of Placing on the Closing Date

“Placing Conditions”	the conditions precedent to the completion of Placing under the Placing Agreement
“Placing Price”	HK\$0.607 per Placing Share
“Placing Shares”	a maximum of 132,250,000 Shares to be issued to the Placees pursuant to the Placing Agreement
“Second Completion Convertible Notes”	3-year zero coupon convertible notes of the Company due 8 June 2015 in an outstanding principal amount of HK\$224,873,937 carries the conversion right entitling the relevant holders to subscribe for a total of 403,723,403 Shares at a conversion price of HK\$0.557 per Share (as adjusted)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of shares of a par value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Sun Great”	Sun Great Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a holder of the First Completion Convertible Notes
“%”	per cent

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

Hong Kong, 10 January 2014

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.mediaasia.com>.