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Media Asia Group Holdings Limited

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

CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

CAPITAL REORGANISATION

The Directors propose to put forward to the Shareholders the proposal for the Capital Reorganisation which will involve:

- (i) the Share Consolidation, whereby every twenty (20) issued Shares of HK\$0.01 each in the existing share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.20;
- (ii) the Capital Reduction, whereby the paid-up capital of the Consolidated Shares will be cancelled to the extent of HK\$0.19 per Consolidated Share so as to form a New Share of HK\$0.01 and any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation be eliminated in order to round down the total number of Consolidated Shares to a whole number;
- (iii) the Share Premium Reduction, whereby the entire sum standing to the credit of the Company's share premium account will be cancelled; and
- (iv) the Transfer, whereby the entire amount of the credit arising from the Capital Reduction and Share Premium Reduction will be transferred to the contributed surplus account of the Company and to apply part of the amount standing to the contributed surplus account to set off against the accumulated losses.

The Capital Reorganisation will reduce the total number of Shares currently in issue and is expected to bring about a corresponding upward adjustment in the trading price of the New Shares on the GEM, which will reduce the overall transaction costs for dealings in the New Shares. The Capital Reorganisation will allow the Company to eliminate the accumulated loss and the Company may as and when it considers appropriate apply the surplus in the contributed surplus account of the Company for declaration of dividends to the Shareholders.

CHANGE IN BOARD LOT SIZE

The Shares are currently trading in board lot size of 2,000 Shares. The Board proposes to change the board lot size of the New Shares for trading on the Stock Exchange to 4,000 New Shares upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.055 per Share as quoted on the Stock Exchange as at the date of this announcement, the estimated market value per board lot of the New Shares will be HK\$4,400 assuming the Capital Reorganisation becomes effective.

GENERAL

The Capital Reorganisation is conditional upon, among other things, the approval of the Capital Reorganisation by the Shareholders at the SGM by way of poll. As none of the Shareholders or their associates (as defined in the GEM Listing Rules) would have any material interest in the Capital Reorganisation which is different from that of the other Shareholders, no Shareholder would be required to abstain from voting at the SGM.

A circular containing, among other things, details of the Capital Reorganisation, the Change in Board Lot Size and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

WARNING

Shareholders and potential investors should be aware and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CAPITAL REORGANISATION

The Directors propose to put forward to the Shareholders the proposal for the Capital Reorganisation which will involve:

- (i) the Share Consolidation, whereby every twenty (20) issued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.20;
- (ii) the Capital Reduction, whereby the paid-up capital of the Consolidated Shares will be cancelled to the extent of HK\$0.19 per Consolidated Share so as to form a New Share of HK\$0.01 and any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation be eliminated in order to round down the total number of Consolidated Shares to a whole number ;
- (iii) the Share Premium Reduction, whereby the entire sum standing to the credit of the Company's share premium account will be cancelled; and
- (iv) the Transfer, whereby the entire amount of the credit arising from the Capital Reduction and the Share Premium Reduction will be transferred to the contributed surplus account of the Company and to apply part of the amount standing to the contributed surplus account to set off against the accumulated losses.

Conditions

The Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (ii) compliance with the relevant procedures and requirements under the Companies Act to effect the Capital Reduction;
- (iii) the Stock Exchange granting the listing of, and permission to deal in, the New Shares; and
- (iv) the obtaining of all necessary approvals from the regulated authorities or otherwise as may be required in respect of the Capital Reorganisation.

Assuming all of the conditions above are fulfilled, it is expected that the Capital Reorganisation will become effective on the business day immediately following the date of passing of the special resolution approving the Capital Reorganisation at the SGM.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be in issue upon the Capital Reorganisation becoming effective. The New Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid.

Effects of the Capital Reorganisation

As at the date of this announcement, the authorised share capital of the Company is HK\$600,000,000 divided into 60,000,000,000 Shares of HK\$0.01 each of which 13,383,577,647 Shares are issued and credited as fully paid. Upon the Capital Reorganisation becoming effective and assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation, the issued share capital of the Company will become HK\$6,691,788.82 divided into 669,178,882 New Shares of HK\$0.01 each but the authorised share capital of the Company will remain unchanged.

Based on (i) the credit amount of approximately HK\$127,143,987 arising from the Capital Reduction and (ii) the share premium account of the Company amounted to HK\$395,249,000 based on the audited financial statements of the Company for the year ended 31 July 2013, a total credit amount of approximately HK\$522.4 million will arise as a result of the Capital Reduction and the Share Premium Reduction and will be credited to the contributed surplus account of the Company. The Company will then apply part of the amount standing to the contributed surplus account of the Company to set off against the accumulated loss of the Company (i.e. HK\$471,677,000 as at 31 July 2013). The balance of approximately HK\$50.7 million arising from the Capital Reorganisation and the Share Premium Reduction will remain standing to the credit of the contributed surplus account of the Company.

The New Shares will rank pari passu in all respects with each other.

Any fractional New Shares to which an individual Shareholder is entitled will not be issued to the Shareholders but will be aggregated, sold and retained for the benefit of the Company.

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operation, management or financial position of the Group or the interests of the Company and the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled.

Reasons for the Capital Reorganisation

The Capital Reorganisation will reduce the total number of the Shares currently in issue and is expected to bring about a corresponding upward adjustment in the trading price of the New Shares on the GEM, which will reduce the overall transaction costs for dealings in the New Shares. In addition, based on the audited financial statements of the Company for the year ended 31 July 2013, the Company had accumulated loss of approximately HK\$471,677,000. The Capital Reorganisation will allow the Company to eliminate the accumulated loss and the Company may as and when it considers appropriate apply the surplus of approximately HK\$95.2 million in the contributed surplus account of the Company for declaration of dividends to the Shareholders.

The Directors are of the view that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CHANGE IN BOARD LOT SIZE

The Shares are currently trading in board lot size of 2,000 Shares. In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size of the New Shares for trading on the Stock Exchange to 4,000 New Shares upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.055 per Share as quoted on the Stock Exchange as at the date of this announcement, the estimated market value per board lot of the New Shares will be HK\$4,400 assuming the Capital Reorganisation becomes effective.

OTHER ARRANGEMENTS

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company will procure a designated broker to arrange for the matching of the sales and purchases of odd lots of the New Shares. Details of the odd lot arrangements will be provided in the circular in connection with the Capital Reorganisation to be despatched by the Company to the Shareholders.

Fractional entitlements

Fractional New Shares to which an individual Shareholder is entitled will not be issued by the Company. Any such fractional entitlements to the New Shares will be aggregated, sold and retained for the benefit of the Company.

CCASS eligibility

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS in the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of certificates for the New Shares and trading arrangements

Subject to the Capital Reorganisation becoming effective, the Shareholders may, during the period to be specified in a further announcement to be made by the Company, submit their existing certificates for the Shares (in pink colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in exchange for new certificates for the New Shares at the expense of the Company. Thereafter, share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each certificate for the New Shares issued or each share certificate for the Shares submitted for cancellation, whichever the number of certificates involved is higher.

Certificates for the Shares will continue to be good evidence of legal title on the basis of every twenty (20) Shares for one (1) New Share and may be exchanged for certificates of the New Shares at any time. Nevertheless, they will not be acceptable for trading, settlement and registration purpose after the Capital Reorganisation becomes effective (except in a temporary counter after the commencement of dealings in the New Shares until parallel trading ends as detailed in the section headed "Expected timetable" below).

Outstanding First Completion Convertible Notes and Second Completion Convertible Notes

The Capital Reorganisation may cause adjustments to the exercise price and/or the aggregate number of Consolidated Shares which may fall to be issued upon exercise of the First Completion Convertible Notes and Second Completion Convertible Notes. The Company shall determine the necessary adjustment(s) in accordance with the terms and conditions of the First Completion Convertible Notes and Second Completion Convertible Notes and inform the holders thereof accordingly if the Capital Reorganisation becomes effective.

Save for the above, the Company has no outstanding warrants or other securities convertible into or giving rights to subscribe for the Shares as at the date of this announcement.

CAPITAL STRUCTURE

The effect of the Capital Reorganisation on the share capital of the Company (assuming no further Shares will be issued or repurchased between the date of this announcement and the effective date of the Capital Reorganisation) is summarised as follows:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value per share	HK\$0.01 per Share	HK\$0.01 per New Share
Number of authorised shares	60,000,000,000 Shares	60,000,000,000 New Shares
Authorised share capital	HK\$600,000,000	HK\$600,000,000
Number of shares in issue	13,383,577,647 Shares	669,178,882 New Shares
Issued and fully paid-up capital	HK\$133,835,776.47	HK\$6,691,788.82

EXPECTED TIMETABLE

The indicative timetable for the Capital Reorganisation and the Change in Board Lot Size is set out below:

Despatch of circular and proxy form for the SGM	Friday, 13 December 2013
Latest time for lodging form of proxy for the SGM (not less than 48 hours prior to time of SGM)	10:00 a.m. on Monday, 6 January 2014
Expected date and time of SGM	10:00 a.m. on Wednesday, 8 January 2014
Announcement of the result of SGM	Wednesday, 8 January 2014
Effective date of the Capital Reorganisation	Thursday, 9 January 2014
Commencement of dealings in New Shares	9:00 a.m. on Thursday, 9 January 2014
Original counter for trading in the Shares in board lot of 2,000 Shares (in the form of existing share certificate) temporarily closes	9:00 a.m. on Thursday, 9 January 2014
Temporary counter for trading in the New Shares in board lot of 100 New Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 9 January 2014
Free exchange of existing certificates for the Shares for new certificates for the New Shares	9:00 a.m. on Thursday, 9 January 2014

Original counter for trading in the New Shares
in board lot size of 4,000 New Shares
(in the form of new certificates
for the New Shares) re-opens 9:00 a.m. on Thursday, 23 January 2014

Parallel trading in the New Shares
in the form of new certificates for the
New Shares and existing certificates
for the Shares commences 9:00 a.m. on Thursday, 23 January 2014

Designated broker starts to stand in the market
to provide matching services for odd lots
of the New Shares Thursday, 23 January 2014

Parallel trading in the New Shares in the form
of new certificates for the New Shares and
existing certificates for the Shares ends 4:00 p.m. on Friday, 14 February 2014

Temporary counter for trading in the
New Shares in board lot of 100 New Shares
(in the form of existing share certificates) closes 4:00 p.m. on Friday, 14 February 2014

Designated broker ceases to stand in the market
to provide matching services for odd lots
of the New Shares Friday, 14 February 2014

Last day of free exchange of existing certificates
for the Shares for new certificates for the New Shares Tuesday, 18 February 2014

All the times and dates above refer to Hong Kong local times and dates. Any changes to the above expected timetable will be published or notified to the Shareholders as and when appropriate.

GENERAL

The Capital Reorganisation is conditional upon, among other things, the approval of a special resolution passed by the Shareholders on a vote taken by way of poll at the SGM. As none of the Shareholders or their associates (as defined in the GEM Listing Rules) would have any material interest in the Capital Reorganisation which is different from that of other Shareholders, no Shareholder would be required to abstain from voting at the SGM.

A circular containing, amongst other things, details of the Capital Reorganisation, the Change in Board Lot Size and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

WARNING

Shareholders and potential investors should be aware and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent and therefore may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

TERMS AND DEFINITIONS

“Board”	the board of the Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby the par value of each Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 by cancelling HK\$0.19 of the paid-up capital on each Consolidated Share and elimination of any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving (i) the Share Consolidation; (ii) the Capital Reduction; (iii) the Share Premium Reduction; and (iv) the Transfer
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares to 4,000 New Shares after the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, modified or supplemented from time to time
“Company”	Media Asia Group Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed and traded on GEM (Stock code: 8075)
“Consolidated Share(s)”	issued share(s) of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction
“Director(s)”	the director(s) of the Company

“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 8,937,500,000 Shares at a conversion price of HK\$0.016 per Share. Part of the First Completion Convertible Notes in an outstanding principal amount of HK\$198,091,429 carries the conversion right entitling the relevant holders to subscribe for a total of 7,112,798,157 Shares at a conversion price of HK\$0.02785 per Share
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“New Share(s)”	ordinary share(s) of the HK\$0.01 each in the share capital of the Company upon the Capital Reorganisation becoming effective
“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 8,074,468,085 Shares at a conversion price of HK\$0.02785 per Share
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company before the Capital Reorganisation becoming effective
“Share Consolidation”	the proposed consolidation of every twenty (20) issued Shares into one (1) Consolidated Share of par value of HK\$0.20
“Share Premium Reduction”	the proposed cancellation of the share premium account of the Company
“Shareholder(s)”	holder(s) of the Share(s) or the New Share(s), as the case may be

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Transfer”

the transfer of the entire amount of the credit arising from the Capital Reduction and Share Premium Reduction to the contributed surplus account of the Company

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board

Media Asia Group Holdings Limited

Lui Siu Tsuen, Richard

Executive Director

Hong Kong, 2 December 2013

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>.