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Media Asia 寰亞

Media Asia Group Holdings Limited

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

(Stock Code: 8075)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO

- (1) THE ARTISTES ENGAGEMENT FRAMEWORK AGREEMENT;**
- (2) THE MUSIC CATALOGUE LICENCE AGREEMENTS;**
- (3) THE FILM LIBRARY LICENCE AGREEMENTS; AND**
- (4) THE CONCERT CO-PRODUCTION FRAMEWORK AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

On 23 December 2011, the Company and eSun entered into the Artistes Engagement Framework Agreement pursuant to which, subject to the approval of the Independent Shareholders, whenever any member of the Group wishes to engage any Artistes, eSun shall procure the Relevant eSun Associate, and the Company shall procure the Relevant Group Member to negotiate in good faith and on an arm's length basis and in accordance with normal custom for artiste engagement in Hong Kong the terms and provisions of an Artistes Engagement Subject Agreement, provided always that such terms and provisions shall be (and any Artistes Engagement Subject Agreement thus negotiated shall state that they are to be applied and interpreted in a manner that is) consistent with the terms and provisions of the Artistes Engagement Framework Agreement. The term of the Artistes Engagement Framework Agreement shall commence on the date of the Artistes Engagement Framework Agreement and shall continue until 31 July 2014, subject to renewal provided that the requirements under the GEM Listing Rules in relation to continuing connected transactions are strictly complied with.

On 23 December 2011, the Company (as licensee), entered into the Capital Artists Music Catalogue Licence Agreement, the East Asia Music Catalogue Licence Agreement and the Fortunate Sound Music Catalogue Licence Agreement with Capital Artists, East Asia and Fortunate Sound (all as licensors) and eSun (as the designated representative of the licensors), respectively. The Music Catalogue Licence Agreements are conditional upon (i) Independent Shareholders' approval; and (ii) the Company having issued a certificate to the relevant licensors that its relevant controlled entity has obtained all relevant regulatory approvals in the PRC necessary for the operation of its intended business described in each of the Music Catalogue Licence Agreements. Pursuant to the Music Catalogue Licence Agreements, the respective licensors have conditionally agreed, from the date the Music Catalogue Licence Agreements become unconditional, to grant to the Company an exclusive, non-transferable and irrevocable licence of certain music works and karaoke music videos in the PRC and Macau. The term of the Music Catalogue Licence Agreements shall commence on the date of the Music Catalogue Licence Agreements and, unless earlier terminated in accordance with the provisions thereof, shall continue until 31 July 2014. All of the Music Catalogue Licence Agreements contain the same principal terms (except for (i) the counterparty; and (ii) the underlying works and videos of the licence).

On 23 December 2011, the Company (as licensee), entered into the Media Asia Distribution (BVI) Film Library Licence Agreement and the Media Asia Distribution (HK) Film Library Licence Agreement with Media Asia Distribution (BVI) and Media Asia Distribution (HK) (both as licensors), and eSun (as the designated representative of the licensors) respectively. The Film Library Licence Agreements are subject to the approval of the Independent Shareholders. Pursuant to the Film Library Licence Agreements, the respective licensors have conditionally agreed that, subject to any third party rights in certain withheld films which are subject to existing licenses, from the date on which the Film Library Licence Agreements become unconditional, the Company will be the exclusive licensee in the PRC (for some films) and Macau (for the other films) of any rights owned by, acquired by or exclusively licensed to the licensors after such date and the Company shall have the exclusive right to exploit such rights in the PRC (for some films) and Macau (for the other films). The term of the Film Library Licence Agreements shall commence on the date of the Film Library Licence Agreements and, unless earlier terminated in accordance with the provisions thereof, shall continue until 31 July 2014. It was agreed that on the expiry date of the withheld films' existing licenses, the licensors will grant to the Company under the Film Library Licence Agreements a licence of such withheld films on the same terms as the other films currently in the Film Library Licence Agreements. All of the Film Library Licence Agreements contain the same principal terms (except for (i) the counterparty; and (ii) the underlying films of the licence).

On 23 December 2011, the Company and eSun entered into the Concert Co-production Framework Agreement pursuant to which, subject to the approval of the Independent Shareholders, in the event that (i) any member of the eSun Associated Group wishes to jointly invest and participate in the production of any concert in the PRC or Macau, of which any member of the Group is the general manager or promoter; or (ii) any member of the Group wishes to jointly invest and participate in the production of any concert in Hong Kong or overseas (excluding the PRC and Macau), of which any member of the eSun Associated Group is a general manager or promoter, eSun undertakes to procure the relevant member of the eSun Associated Group, and the Company undertakes to procure the relevant member of the Group, to negotiate in good faith and, if thought fit, enter into the Concert Co-production Subject Agreements which would set out the details and further terms and conditions for the co-production of concerts contemplated thereunder. The term of the Concert Co-production Framework Agreement shall commence on the date of the Concert Co-production Framework Agreement and shall continue until 31 July 2014, subject to renewal provided that the requirements under the GEM Listing Rules in relation to continuing connected transactions are strictly complied with.

GEM LISTING RULES IMPLICATIONS

As eSun is a controlling shareholder of the Company indirectly holding approximately 51.09% of the existing issued share capital of the Company through one of its wholly-owned subsidiaries (i.e. Perfect Sky), eSun and its associates are connected persons of the Company under the GEM Listing Rules.

Since each of Capital Artists, East Asia, Fortunate Sound, Media Asia Distribution (BVI) and Media Asia Distribution (HK) is a subsidiary of eSun, each of them is a connected person of the Company under the GEM Listing Rules.

As such, the transactions contemplated under (i) the Artistes Engagement Framework Agreement, (ii) each of the Music Catalogue Licence Agreements; (iii) each of the Film Library Licence Agreements; and (iv) the Concert Co-production Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Since at least one of the applicable Percentage Ratios with reference to the proposed Annual Cap of each of the Continuing Connected Transactions exceeds 5%, each of the Continuing Connected Transactions is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rules 20.35 and 20.37 of the GEM Listing Rules.

A SGM will be convened to obtain the Independent Shareholders' approval of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement, the transactions contemplated thereunder and the respective proposed Annual Caps. Perfect Sky will abstain from voting on the resolutions to be proposed at the SGM.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement and the respective proposed Annual Caps. An Independent Financial Adviser will be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among others, (i) further details of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement; (ii) the respective advices of the Independent Financial Adviser and the Independent Board Committee; and (iii) the notice of the SGM, is expected to be despatched to the Shareholders on or before 18 January 2012 in accordance with the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

The details of each of the Continuing Connected Transactions are set out below:

(a) Artistes Engagement Framework Agreement

The principal terms of the Artistes Engagement Framework Agreement are summarised below:

Date: 23 December 2011

Parties: (a) The Company; and
(b) eSun

Condition precedent: The Artistes Engagement Framework Agreement shall be conditional upon the passing of a resolution by the Independent Shareholders at the SGM approving the terms and provisions of the Artistes Engagement Framework Agreement and the matters and transactions contemplated thereunder.

In the event that the condition shall not have been fulfilled prior to 31 March 2012 (or such other date as may be agreed by the parties in writing), the Artistes Engagement Framework Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach.

Term: The term of the Artistes Engagement Framework Agreement shall commence on the date of the Artistes Engagement Framework Agreement and shall continue until 31 July 2014, which may be renewed by the parties before its termination provided that the requirements under the GEM Listing Rules in relation to continuing connected transactions are strictly complied with.

Engagement services and Artistes Engagement Subject Agreement: The Company envisions, in the course of its business, engaging Artistes for its business projects including without limitation, film production, concert events production and performances, events management, advertising and publicity, public relations, new media and generally any and all entertainment businesses subject to the terms and conditions of the Artistes Engagement Framework Agreement and the Artistes Engagement Subject Agreements.

Whenever any Relevant Group Member (as defined below) wishes to engage any Artiste, eSun shall procure the Relevant eSun Associate (as defined below), and the Company shall procure the Relevant Group Member, to negotiate in good faith and on an arm's length basis and in accordance with normal custom for artiste engagement in Hong Kong the terms and provisions of an Artistes Engagement Subject Agreement, provided always that such terms and provisions shall be (and any Artistes Engagement Subject Agreement thus negotiated shall state that they are to be applied and interpreted in a manner that is) consistent with the terms and provisions of the Artistes Engagement Framework Agreement.

Upon completion of the negotiation of such Artistes Engagement Subject Agreement, eSun shall procure the Relevant eSun Associate to exercise its reasonable endeavours to seek the approval of such Artiste for the Relevant eSun Associate to enter into the Artistes Engagement Subject Agreement. Notwithstanding the foregoing, the parties acknowledge that, when a Relevant eSun Associate negotiates any Artistes Engagement Subject Agreement with the Relevant Group Member, it does so as the manager and/or agent of the Artiste, and shall always act upon the instructions, wishes and the best interests of such Artiste. Subject to the foregoing, eSun shall ensure that the Relevant eSun Associate shall offer to the Relevant Group Member terms and conditions, on which such services are to be provided to the Relevant Group Member by any such Artiste and/or any Relevant eSun Associate, which are no less favourable than those offered to any independent third party.

The parties shall procure that each Artistes Engagement Subject Agreement shall comply with the following rules:

- (a) the term of such Artistes Engagement Subject Agreement shall not exceed the term of the Artistes Engagement Framework Agreement or the term as extended pursuant to its terms; and
- (b) the annual aggregate amount of the consideration to be paid under any and all Artistes Engagement Subject Agreements shall not exceed the relevant Annual Cap.

The parties acknowledge that certain members of the Group on the one hand and certain members of the eSun Associated Group on the other hand have entered into various individual engagement agreements for the engagement of certain Artistes for certain projects prior to the date of the Artistes Engagement Subject Agreement. Such agreements shall constitute Artistes Engagement Subject Agreements and shall be bound by the terms and conditions of the Artistes Engagement Framework Agreement.

The provision of the engagement services of the eSun Associated Group under the Artistes Engagement Framework Agreement and any of the Artistes Engagement Subject Agreements is on a non-exclusive basis. The members of the eSun Associated Group may provide engagement services to its member(s) or other independent third parties.

The term “**Relevant Group Member**” means the relevant member of the Group that is appointed by the Company to negotiate and enter into any Artistes Engagement Subject Agreement from time to time.

The term “**Relevant eSun Associate**” means the relevant member of the eSun Associated Group that is authorised to represent and negotiate any Artistes Engagement Subject Agreement on behalf of a particular Artiste from time to time.

The term “**Artistes Engagement Subject Agreement(s)**” means (i) various individual engagement agreements for the engagement of certain Artistes entered into between certain members of the Group and certain members of the eSun Associated Group prior to the date of the Artistes Engagement Framework Agreement and (ii) any agreement to be entered into during the subsistence of the Artistes Engagement Framework Agreement between, among others, on the one hand any member of the eSun Associated Group and on the other hand any member of the Group concerning the engagement of any Artistes whether or not such engagement involves the payment of any financial consideration or other benefits between the parties to such agreement.

Consideration:

Consideration (i.e. any payments made by any member of the Group under any Artistes Engagement Subject Agreement to any member of the eSun Associated Group, whether for the benefit of the Artistes or for the benefit of the member of the eSun Associated Group) for the services to be provided by any member of the eSun Associated Group or the Artistes shall constitute a consideration under the Artistes Engagement Framework Agreement.

Such consideration shall be set out in the relevant Artistes Engagement Subject Agreements.

Maximum consideration:

Notwithstanding any provisions in the Artistes Engagement Subject Agreement(s) to the contrary, the annual aggregate amount of consideration to be paid under all of the Artistes Engagement Subject Agreements shall be subject to the relevant Annual Caps.

In the event that for any financial year during the term of the Artistes Engagement Framework Agreement, the annual aggregate amount of the consideration to be paid under the Artistes Engagement Subject Agreement(s) will exceed the relevant Annual Cap, then (a) the Company shall take immediate appropriate steps or actions to comply with the relevant requirements under the GEM Listing Rules to enable the relevant member(s) of the Group to effect the payment of the relevant excess amount to the relevant member(s) of the eSun Associated Group; and (b) the relevant member of the Group shall remain liable for the excess amount but may delay payment of the excess amount until the Company shall have fully complied with the requirements of the GEM Listing Rules.

(b) Music Catalogue Licence Agreements

On 23 December 2011, the Company (as licensee), entered into the Capital Artists Music Catalogue Licence Agreement, the East Asia Music Catalogue Licence Agreement and the Fortunate Sound Music Catalogue Licence Agreement with Capital Artists, East Asia and Fortunate Sound (all as licensors), and eSun (as designated representative of the licensors) respectively. The Music Catalogue Licence Agreements are conditional upon (i) Independent Shareholders' approval; and (ii) the Company having issued a certificate to the relevant licensors that its relevant controlled entity has obtained all relevant regulatory approvals in the PRC necessary for the operation of its intended business described in each of the Music Catalogue Licence Agreements. Pursuant to the Music Catalogue Licence Agreements, the respective licensors have conditionally agreed, from the date on which the Music Catalogue Licence Agreements become unconditional, to grant to the Company an exclusive, non-transferable and irrevocable licence, with right to sublicense as set out below, of certain music works and karaoke music videos in the PRC and Macau. The term of the Music Catalogue Licence Agreements shall commence from the date thereof and, unless earlier terminated in accordance with the provision thereof, shall continue until 31 July 2014. All of the Music Catalogue Licence Agreements contain the same principal terms (except for (i) the counterparty; and (ii) the underlying works and videos of the licence).

(i) Capital Artists Music Catalogue Licence Agreement

- Date:** 23 December 2011
- Parties:**
- (a) Licensor: Capital Artists;
 - (b) Licensee: The Company; and
 - (c) Designated representative of the licensor: eSun

(ii) East Asia Music Catalogue Licence Agreement

- Date:** 23 December 2011
- Parties:**
- (a) Licensor: East Asia;
 - (b) Licensee: The Company; and
 - (c) Designated representative of the licensor: eSun

(iii) Fortunate Sound Music Catalogue Licence Agreement

- Date:** 23 December 2011
- Parties:**
- (a) Licensor: Fortunate Sound;
 - (b) Licensee: The Company; and
 - (c) Designated representative of the licensor: eSun

The principal terms of the Music Catalogue Licence Agreements are summarised below:

Conditions precedent: The licence of the subject matter under each of the Music Catalogue Licence Agreements shall be conditional upon (i) the passing of a resolution by the Independent Shareholders at the SGM approving the terms of each of the Music Catalogue Licence Agreements and the matters and transactions contemplated thereunder; and (ii) the Company having issued a certificate to the relevant licensors that its relevant controlled entity has obtained all relevant regulatory approvals in the PRC necessary for the operation of its intended business described in each of the Music Catalogue Licence Agreements (together with any evidence that the relevant licensor may reasonably require).

In the event that such conditions shall not have been fulfilled prior to 31 March 2012 (or such other date as may be agreed by the parties in writing), then each of the Music Catalogue Licence Agreements shall cease to be of any effect save in respect of claims arising out of any antecedent breach.

Term: Each of the Music Catalogue Licence Agreements shall commence on the date of the relevant Music Catalogue Licence Agreement and, unless earlier terminated in accordance with its terms, shall continue until 31 July 2014.

Territory: The PRC and Macau.

Subject matter:

The subject of the licences includes (i) the right to reproduce and manufacture the relevant music works in the configuration of a CD or DVD format; (ii) the right to issue to the public, sell, advertise, market and exploit the relevant music works in the configuration of a CD or DVD format under the title of the relevant music works; (iii) the right to rent, lend and show copies of the relevant music works to the public; (iv) the right to reproduce the relevant music works onto a secure computer server of the Company in the specified territories under the Music Catalogue Licence Agreements and the right to exploit such music works via the transmission, distribution, dissemination or making available of such music works by any means; (v) the right to use all materials and information related to the relevant music works provided by or on behalf of the licensor for the Company's use in connection with the distribution of the relevant music works; (vi) the right to reproduce and manufacture the karaoke music videos; (vii) the right to issue, rent, lend and show copies of the karaoke music videos to the public; and (viii) the right to use all materials and information related to the karaoke music videos provided by or on behalf of the licensor for the Company's use in connection with the distribution of the karaoke music videos.

Royalties:

The licensors appoint eSun as their agent for the purposes of collecting and distributing monies paid and payable in respect of the exploitation of the rights granted to the Company under the licence in accordance with the provisions of the Music Catalogue Licence Agreements, and eSun accepts the appointment. The Company shall pay to eSun as the designated representative of the licensors seventy (70)% of all Music Net Receipts earned by the Company in respect of any exploitation of the rights by the Company of any or all of the rights granted to it under the licence as royalties.

The Company shall pay the aforesaid royalties to eSun, as the designated representative of the licensors:

- (a) on a quarterly basis during the licence year (i.e. a period of twelve (12) months commencing on the date the Music Catalogue Licence Agreements become unconditional); and
- (b) in accordance with the licensors' or eSun's instructions from time to time.

eSun, as the designated representative of the licensors shall, in its sole discretion, determine the amounts owed to the licensors pursuant to the Music Catalogue Licence Agreements and pay such amount to the licensors in a manner and in a frequency to be agreed between the licensors and eSun.

Minimum guarantee:

Unless the royalties collectively paid to eSun, as the designated representative of the licensors, during the term of the Music Catalogue Licence Agreements pursuant to all the Music Catalogue Licence Agreements are at the end thereof, in the aggregate, equal to or greater than the minimum guarantee as set out below, then eSun shall within thirty (30) days after the end of the term of the Music Catalogue Licence Agreements:

- (a) determine the difference between the amounts actually paid to it pursuant to the Music Catalogue Licence Agreements and the minimum guarantee (the “**Music Minimum Shortfall**”);
- (b) in its sole discretion, determine what percentage of the Music Minimum Shortfall is attributable and payable to each licensor by the Company (the “**Music Shortfall Amount**”); and
- (c) inform the Company of the Music Shortfall Amount and direct the Company to make such payment;

and the Company will make the payment of the Music Shortfall Amount to the relevant licensor as directed by eSun.

The aggregate minimum guarantee under the Music Catalogue Licence Agreements is HK\$3 million.

The aggregate minimum guarantee is determined based on an arm’s length negotiations between the Company and the licensors.

Right to sublicense:

For the purpose of exploiting the rights in the music works and karaoke music videos in the above territories, the Company may grant a single sublicense on an exclusive licensee basis to any person (including any body corporate), provided always that the Company will remain responsible to the licensor for all the acts, omissions and neglects of a sublicensee (“**Music Catalogue Sublicensee**”). The licensor permits the Company to permit the Music Catalogue Sublicensee to grant a further sublicense of all or any part of the Music Catalogue Sublicensee’s rights to one or more third parties (“**Music Catalogue Subsublicensee**”), provided always that the Company shall procure that the Music Catalogue Sublicensee remains responsible to the Company for all the acts, omissions and neglects of such a Music Catalogue Subsublicensee. The Company shall not, and must procure that its Music Catalogue Sublicensee and Music Catalogue Subsublicensee(s) shall not, deal with the licence other than expressly permitted in the relevant Music Catalogue Licence Agreement.

The Company must, and must procure that all of the Music Catalogue Sublicensee and the Music Catalogue Subsublicensee(s), strictly comply with all applicable laws, regulations, rules, policies and codes of conduct in exercising its rights in the licence under the relevant Music Catalogue Licence Agreement.

Intellectual property rights:

The Company acknowledges the licensor’s ownership of, and/or rights to license, the relevant music works and the relevant karaoke music videos and acknowledges that the Company’s use of the relevant music works and the relevant karaoke music videos shall not give the Company any right, title or interest in or to the relevant music works or the relevant karaoke music videos, except for the right to use the relevant music works or the relevant karaoke music videos as expressly permitted under the relevant Music Catalogue Licence Agreement.

Representation and warranties:

The relevant licensor represents and warrants under the Music Catalogue Licence Agreements that: (i) it owns or has the right to grant the relevant music works licences and the relevant karaoke music videos licences; (ii) save and except for the music works licence and the karaoke music videos licence granted therein, it has not licensed, assigned, conveyed, sold, transferred or encumbered, and it will not license, assign, convey, sell, transfer or encumber, any interest in or to the music works or the karaoke music videos in the relevant territory for whatsoever purposes; (iii) it shall not do any act or omit to do any act or cause to do or to omit to do any act that will jeopardise the full enjoyment and exploitation of the rights and interest granted to the Company under the relevant Music Catalogue Licence Agreement; and (iv) the use of the relevant music works and the relevant karaoke music videos in accordance with the relevant music works licences and the relevant karaoke music videos licences does not, to the best of the licensor's knowledge and belief at the time of granting the licence, infringe the intellectual property rights of any third party.

The Company irrevocably and unconditionally undertakes to the licensors that its controlled entities (which is required to obtain all relevant regulatory approvals in the PRC for the operation of its intended business in relation to the use of the music works and the karaoke music videos) will before the date on which the relevant Music Catalogue Licence Agreement becomes unconditional grant a sub-licence in relation to the music works and the karaoke music videos at no cost to a subsidiary of eSun designated by eSun to enable it to honour its obligations under any pre-existing third party contracts or licences in relation to the music works and the karaoke music videos.

Indemnity:

The Company shall indemnify the relevant licensor from and against any and all losses, liability, damages, awards, settlement, judgements fees, costs or expenses (including all reasonable legal costs) that arises out of or relates to any claim in connection with the relevant Music Catalogue Licence Agreement, including but not limited to: (a) any claim that the Company's use of the music works or the karaoke music videos, other than as expressly authorised by the relevant Music Catalogue Licence Agreement, infringes the rights of a third party; and (b) any claim for breach of the undertakings by the Company as set out above.

The relevant licensor shall indemnify the Company from and against any and all losses, liability, damages, awards, settlement, judgements fees, costs or expenses (including all reasonable legal costs) that arises out of or relates to any claim in connection with the relevant Music Catalogue Licence Agreement, including but not limited to any claim that the Company's use of the music works or the karaoke music videos as expressly authorised by the relevant Music Catalogue Licence Agreement, infringes the rights of a third party.

Termination:

The relevant licensor and the Company may terminate the relevant Music Catalogue Licence Agreement immediately at any time by written notice to the other party if the other party:

- (i) commits a breach of the relevant Music Catalogue Licence Agreement which is not remediable, or if remediable, the other party fails to remedy the breach within thirty (30) days of receiving a written notice requiring it to do so from the relevant licensor or the Company (as the case may be); or
- (ii) is insolvent.

The relevant licensor may also terminate the relevant Music Catalogue Licence Agreement at any time by written notice to the Company if the relevant licensor is aware that the Company is in breach of the other Music Catalogue Licence Agreements and such breach is not remediable, or if the breach is remediable that the Company has failed to remedy the breach within thirty (30) days of receiving a written notice requiring it to do so.

(c) Film Library Licence Agreements

On 23 December 2011, the Company (as licensee) entered into the Media Asia Distribution (BVI) Film Library Licence Agreement and the Media Asia Distribution (HK) Film Library Licence Agreement with Media Asia Distribution (BVI) and Media Asia Distribution (HK) (both as licensors), and eSun (as designated representative of the licensors) respectively. Pursuant to the Film Library Licence Agreements, the respective licensors have conditionally agreed that, subject to any third party rights in certain withheld films which are subject to existing licenses, from the date on which the Film Library Licence Agreements become unconditional, the Company will be the exclusive licensee in the PRC (for some films) and Macau (for the other films) of any rights owned by, acquired by or exclusively licensed to Media Asia Distribution (BVI) and Media Asia Distribution (HK) after such date and the Company shall have the exclusive right to exploit such rights in the PRC (for some films) and Macau (for the other films).

The term of the Film Library Licence Agreements shall commence on the date of the Film Library Licence Agreements and, unless earlier terminated in accordance with the provision thereof, shall continue until 31 July 2014. All of the Film Library Licence Agreements contain the same principal terms (except for (i) the counterparty; and (ii) the underlying films of the licence).

(i) Media Asia Distribution (BVI) Film Library Licence Agreement

- Date:** 23 December 2011
- Parties:**
- (a) Licensor: Media Asia Distribution (BVI);
 - (b) Licensee: The Company; and
 - (c) Designated representative of the licensor: eSun

(ii) Media Asia Distribution (HK) Film Library Licence Agreement

- Date:** 23 December 2011
- Parties:**
- (a) Licensor: Media Asia Distribution (HK);
 - (b) Licensee: The Company; and
 - (c) Designated representative of the licensor: eSun

The principal terms of the Film Library Licence Agreements are summarised below:

Condition precedent: The licence of the subject matter under each of the Film Library Licence Agreements shall be conditional upon the passing of a resolution by the Independent Shareholders at the SGM approving the terms of each of the Film Library Licence Agreements and the matters and transactions contemplated thereunder.

In the event that such condition shall not have been fulfilled prior to 31 March 2012 (or such other date as may be agreed by the parties in writing), then each of the Film Library Licence Agreements shall cease to be of any effect save in respect of claims arising out of any antecedent breach.

Term: Each of the Film Library Licence Agreements shall commence on the date thereof and, unless earlier terminated in accordance with the provisions of the relevant Film Library Licence Agreement, shall continue until 31 July 2014.

Territories: The PRC for certain films and Macau for the other films.

Subject matter: The subject of the licence includes (i) the right to perform, display or show the relevant films in public whether by exhibition or by all other methods now known or invented in the future; (ii) the right to exploit any such films on videocassette, DVD or any other audio-visual devices or other storage media of whatsoever nature now known or invented in the future; (iii) the right to rent or lend such films to the public; (iv) the right to make available or communicate the films to the public; (v) the right to use, encode, digitalise, store, archive, reproduce, perform, broadcast, transmit or otherwise exploit the films whether offered on a free, subscription, fee-per-exhibition or any other basis; (vi) the right to use, encode, digitalise, store, archive, reproduce, perform, broadcast, transmit or otherwise exploit the films by all forms of so called "video on demand" service; (vii) the right to make available, distribute, display or otherwise exploit the films by means of a mobile technology service; and (viii) the right to exercise all ancillary or associated rights customarily comprised in grants of audio-visual rights.

Right to withheld films: On the expiry date of the withheld films' existing licenses, the licensors will grant to the Company under the Film Library Licence Agreements a licence of such withheld films on the same terms as the other films currently in the Film Library Licence Agreements.

Royalties:

The licensors appoint eSun as their agent for the purposes of collecting and distributing monies paid and payable in respect of the exploitation of the rights granted to the Company under the licence in accordance with the Film Library Licence Agreements, and eSun accepts the appointment. The Company shall pay to eSun as the designated representative of the licensors eighty five (85)% of all Film Net Receipts earned by the Company in respect of any exploitation of the rights by the Company of any or all of the rights granted to it under the licence as royalties.

The Company shall pay the aforesaid royalties to eSun, as the designated representative of the licensors:

- (a) on a quarterly basis during the licence year (i.e. a period of twelve (12) months commencing on the date the Film Library Licence Agreements become unconditional); and
- (b) in accordance with the licensors' or eSun's instructions from time to time.

eSun, as the designated representative of the licensors shall, in its sole discretion, determine the amounts owed to the licensors pursuant to the Film Library Licence Agreements and pay such amount to the licensors in a manner and in a frequency to be agreed between the licensors and eSun.

Minimum guarantee:

Unless the royalties collectively paid to eSun, as the designated representative of the licensors, during the term of the Film Library Licence Agreements pursuant to all the Film Library Licence Agreements are at the end thereof, in the aggregate, equal to or greater than the minimum guarantee as set out below, then eSun shall within thirty (30) days after the end of the term of the Film Library Licence Agreements:

- (a) determine the difference between the amounts actually paid to it pursuant to the Film Library Licence Agreements and the minimum guarantee (the "**Film Minimum Shortfall**");
- (b) in its sole discretion, determine what percentage of the Film Minimum Shortfall is attributable and payable to each licensor by the Company (the "**Film Shortfall Amount**"); and
- (c) inform the Company of the Film Shortfall Amount and direct the Company to make such payment;

and the Company will make the payment of the Film Shortfall Amount to the relevant licensor as directed by eSun.

The aggregate minimum guarantee under the Film Library Licence Agreements is HK\$9 million.

The aggregate minimum guarantee is determined based on arm's length negotiations between the Company and eSun.

Right to sublicense:

For the purpose of exploiting the rights in the films in the PRC and Macau, the Company may grant a single sublicense on an exclusive licensee basis to any person (including any body corporate), provided always that the Company will remain responsible to the licensor for all the acts, omissions and neglects of a sublicensee (“**Film Library Sublicensee**”). The licensor permits the Company to permit the Film Library Sublicensee to grant a further sublicense of all or any part of the Film Library Sublicensee's rights to one or more third parties (“**Film Library Subsublicensee(s)**”), provided always that the Company shall procure that the Film Library Sublicensee remains responsible to the Company for all the acts, omissions and neglects of such a Film Library Subsublicensee. The Company shall not, and must procure that its Film Library Sublicensee and Film Library Subsublicensee(s) shall not, deal with the licence other than expressly permitted in the relevant Film Library Licence Agreement.

The Company must, and must procure that all of the Film Library Sublicensee and the Film Library Subsublicensee(s), comply with all applicable laws, regulations, policies and codes of conduct in exercising its rights in the licence under the relevant Film Library Licence Agreement.

Intellectual property rights:

The Company acknowledges the licensor's ownership of, and/or rights to license, the relevant films and acknowledges that the Company's use of the relevant films shall not give the Company any right, title or interest in or to the same, except for the right to use the same as expressly permitted under the relevant Film Library Licence Agreement. The Company acknowledges and agrees that the licence does not include a licence to create any new works.

Representations and warranties:

The relevant licensor represents to and warrants to and undertakes with the Company that during the term of the Film Library Licence Agreements that: (i) it owns or has the right to grant the relevant licences; (ii) save and except for the licence granted in the Film Library Licence Agreements, it has not licensed, assigned, conveyed, sold, transferred or encumbered, and it will not license, assign, convey, sell, transfer or encumber, any interest in or to such films in the PRC and Macau for whatsoever purposes; (iii) it shall not do any act or omit to do any act or cause to do or to omit to do any act that will jeopardise the full enjoyment and exploitation of the rights and interest granted to the Company under the relevant Film Library Licence Agreement; and (iv) the use of the relevant films in accordance with the relevant licences does not, to the best of the licensor's knowledge and belief at the time of granting the licence, infringe the intellectual property rights of any third party.

Indemnity:

The Company shall indemnify the licensor(s) from and against any and all losses, liability, damages, awards, settlement, judgements fees, costs or expenses (including all reasonable legal costs) that arises out of or relates to any claim that the Company's use of the films, other than as expressly authorised by the relevant Film Library Licence Agreement, infringes the rights of a third party.

The relevant licensor shall indemnify the Company from and against any and all losses, liability, damages, awards, settlement, judgements fees, costs or expenses (including all reasonable legal costs) that arises out of or relates to any claim in connection with the relevant Film Library Licence Agreement, including but not limited to any claim that the Company's use of the films as expressly authorised by the relevant Film Library Licence Agreement infringes the rights of a third party.

Termination:

The relevant licensor and the Company may terminate the relevant Film Library Licence Agreement immediately at any time by written notice to the other party if the other party:

- (i) commits a breach of the relevant Film Library Licence Agreement which is not remediable, or if remediable, the other party fails to remedy the breach within thirty (30) days of receiving a written notice requiring it to do so from the relevant licensor or the Company (as the case may be); or
- (ii) is insolvent.

The relevant licensor may also terminate the relevant Film Library Licence Agreement at any time by written notice to the Company if the relevant licensor is aware that the Company is in breach of another Film Library Licence Agreement and such breach is not remediable, or if the breach is remediable that the Company has failed to remedy the breach within thirty (30) days of receiving a written notice requiring it to do so.

(d) Concert Co-Production Framework Agreement

The principal terms of the Concert Co-production Framework Agreement are summarised below:

Date: 23 December 2011

Parties: (a) The Company; and
(b) eSun

Condition precedent: The Concert Co-production Framework Agreement shall be conditional upon the passing of a resolution by the Independent Shareholders at the SGM approving the terms and provisions of the Concert Co-Production Framework Agreement and the matters and transactions contemplated thereunder.

In the event that the condition shall not have been fulfilled prior to 31 March 2012 (or such other date as may be agreed by the parties in writing), the Concert Co-Production Framework Agreement shall cease to be of any effect save in respect of claims arising out of any antecedent breach.

Term:

The term of the Concert Co-production Framework Agreement shall commence on the date of the Concert Co-production Framework Agreement and shall continue until 31 July 2014, which may be renewed by the parties before its termination provided that the requirements under the GEM Listing Rules in relation to continuing connected transactions are strictly complied with.

Co-production of concerts:

In the event that (i) any member of the eSun Associated Group wishes to jointly invest and participate in the production of any concert in the PRC and Macau of which any member of the Group is the general manager or promoter; or (ii) any member of the Group wishes to jointly invest and participate in the production of any concert in Hong Kong and overseas (excluding the PRC and Macau), of which any member of the eSun Associated Group is a general manager or promoter, eSun undertakes to procure the relevant member of the eSun Associated Group, and the Company undertakes to procure the relevant member of the Group, to negotiate in good faith and, if thought fit, enter into the Concert Co-production Subject Agreements which would set out the details and further terms and conditions for the co-production of concerts contemplated thereunder, including the budget, amount and the share of the Working Capital, profit/loss sharing arrangement and ownership of intellectual property rights, in all cases subject to and in compliance with the applicable provisions of the Listing Rules and the GEM Listing Rules.

The term “**Concert Co-production Subject Agreement(s)**” means any agreement to be entered into during the subsistence of the Concert Co-production Framework Agreement between, among others, on the one hand any member of the eSun Associated Group and on the other hand any member of the Group concerning the co-production of concerts.

Each Concert Co-production Subject Agreement shall be negotiated on a case-by-case and an arm’s length basis and on normal commercial terms and the term of each Concert Co-production Subject Agreement shall not exceed the term of the Concert Co-production Framework Agreement (or the term as extended pursuant thereto).

Consideration:

The consideration (i.e. the total capital amount to be invested by the Company pursuant to each Concert Co-production Subject Agreement (including but not limited to the Working Capital) and the amount of the guarantee or indemnity to be provided by the relevant member of the Group) in connection with the relevant concert shall be set out in the relevant Concert Co-production Subject Agreement and must be fair and reasonable.

Maximum consideration:

Notwithstanding any provisions in the Concert Co-production Subject Agreement(s) to the contrary, the annual aggregate amount of the consideration to be paid by the relevant member of the Group under all of the Concert Co-Production Subject Agreements shall be subject to the relevant aggregate Annual Caps.

In the event that for any financial year during the term of the Concert Co-production Framework Agreement, the annual aggregate amount of the consideration to be paid under the Concert Co-production Subject Agreement(s) will exceed the relevant Annual Cap, then (a) the Company shall take immediate appropriate steps or actions to comply with the relevant requirements under the GEM Listing Rules to enable the relevant member(s) of the Group to effect the payment of the relevant excess amount to the relevant member(s) of the eSun Associated Group or any third party (as the case may be); and (b) the relevant member of the Group shall remain liable for the excess amount but may delay payment of the excess amount until the Company shall have fully complied with the requirements of the GEM Listing Rules.

ANNUAL CAPS

The transaction amount under the Artistes Engagement Framework Agreement, the Music Catalogue Licence Agreements, the Film Library Licence Agreements and the Concert Co-production Framework Agreement in each of the three financial years ending 31 July 2014 shall not exceed the following proposed Annual Caps:

	Annual Cap for year ending 31 July 2012	Annual Cap for year ending 31 July 2013	Annual Cap for year ending 31 July 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Artistes Engagement Framework Agreement	13,690	19,550	12,350
Music Catalogue Licence Agreements	2,030	3,290	6,440
Film Library Licence Agreements	34,544	4,487	1,955
Concert Co-production Framework Agreement	14,600	43,134	73,860

The Continuing Connected Transactions are new arrangements and there is no comparable historical transaction record between the Group and the counterparties. The above proposed Annual Caps are determined with reference to the following:

- (i) as regards the Artistes Engagement Framework Agreement: the projected engagement of the Artistes by the Group in accordance with the Group's business plan and the anticipated fees charged for those Artiste services based on industry and market norms;
- (ii) as regards the Music Catalogue Licence Agreements: the projected revenue stream that could be generated by the Group in the exploitation of the relevant music works and karaoke music videos licensed thereunder and the rate of royalties stipulated in the Music Catalogue Licence Agreements;
- (iii) as regards the Film Library Licence Agreements: the projected revenue stream that could be generated by the Group in the exploitation of the relevant films and the withheld films licensed thereunder and the rate of royalties stipulated in the Film Library Licence Agreements; and
- (iv) as regards the Concert Co-production Framework Agreement: the anticipated concert projects taking into account the estimated production costs and the Group's anticipated share of the total investment in such projects.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider that each of the four types of Continuing Connected Transactions set out above to be in the best interests of the Company and the Shareholders as a whole for the following reasons:

- (a) The Directors believe that the Group has the appropriate platform to fully exploit and capture the potential financial benefits of the underlying assets in the Film Library Licence Agreements and the Music Catalogue Licence Agreements. Furthermore, as the Company will be building up its own film and music libraries respectively over time, it is more efficient and financially more lucrative to licence/sublicence/sell the broadcasting rights to the newly developed films or music to the potential film or music customers together with the films and music in the Film Library Licence Agreements and the Music Catalogue Licence Agreements. The bundling of new and old films and music respectively in a transaction enables the Group to capture a wider customer base as well as being able to charge a better fee for the transaction being contemplated.
- (b) As the Company is in the business of making films, music, live performance, advertising and other commercial engagements with primary focus in the PRC and Macau markets, it is important for the Company to have the widest possible choice of Artistes at its disposal when planning events. Recognising that eSun's artiste management companies own the management right to a large number of popular Artistes, it would be beneficial to the Company if it could have access to this pool of Artistes for the events under consideration.
- (c) The Company regularly organises concerts in the PRC and Macau. It is common market practice for concert organisers to seek other concert promoters to take up a share of a concert organised by the Company. Although there is a stated general intention for eSun and the Company to delineate their respective entertainment businesses geographically, the Directors believe that it would be beneficial to the Company if it were able to offer a portion of any concerts it organises in the PRC/Macau to parties it wishes to invite as partners including eSun. Conversely, the Company would also want to reserve its rights to co-invest in concerts organised by eSun in Hong Kong and overseas. The Concert Co-Production Framework Agreement envisages that eSun and the Company will have to negotiate in good faith on a case by case basis the terms and conditions of each project and there is no obligatory commitment for the Group or the eSun Associated Group to invest in the other's concerts.

The Directors (excluding (i) the independent non-executive Directors who have been appointed members of the Independent Board Committee to advise the Independent Shareholders in respect of the Artistes Engagement Framework Agreement, the Music Catalogue Licence Agreements, the Film Library Licence Agreements, and the Concert Co-production Framework Agreement and the respective proposed Annual Caps, who will provide their views after considering the opinion of the Independent Financial Adviser; and (ii) Dr. Lam Kin Ngok, Peter and Mr. Lui Siu Tsuen, Richard who are also directors of eSun and abstained from voting on the relevant resolutions considered and approved by the Board) are of the view that the Continuing Connected Transactions are on normal commercial terms, and the terms of the Artistes Engagement Framework Agreement, each of

the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement, including their respective proposed Annual Caps, are fair and reasonable and in the interest of the Shareholders as a whole.

INFORMATION OF THE GROUP AND OTHER PARTIES

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; cinema investment and operation; provision of consultancy services in planning and management of cultural, entertainment and live performance projects; provision of contents to new media; and operation of new media and related business primarily in the PRC and Macau.

eSun is an investment holding company and the principal activities of the eSun Associated Group include the development and operation of and investment in media, entertainment, music production and distribution, investment in and production and distribution of film and video format products, the provision of advertising agency services and the sale of cosmetic products.

The principal activities of Capital Artists include the licensing of its music library and the production and sales of music records, discs and videos.

The principal activities of East Asia include music production and distribution, and provision of artiste management services.

The principal activities of Fortunate Sound include music production and distribution.

The principal activities of Media Asia Distribution (BVI) include film distribution, licensing of film rights and film investment.

The principal activities of Media Asia Distribution (HK) include film distribution and film library management.

GEM LISTING RULES IMPLICATIONS

As eSun is a controlling shareholder of the Company indirectly holding approximately 51.09% of the existing issued share capital of the Company through one of its wholly-owned subsidiaries (i.e. Perfect Sky), eSun and its associates are connected persons of the Company under the GEM Listing Rules.

Since each of Capital Artists, East Asia, Fortunate Sound, Media Asia Distribution (BVI) and Media Asia Distribution (HK) is a subsidiary of eSun, each of them is a connected person of the Company under the GEM Listing Rules.

As such, the transactions under (i) the Artistes Engagement Framework Agreement; (ii) each of the Music Catalogue Licence Agreements; (iii) each of the Film Library Licence Agreements; and (iv) the Concert Co-production Framework Agreement constitute continuing connected transactions of the Company under the GEM Listing Rules.

Since at least one of the applicable Percentage Ratios with reference to the proposed Annual Cap of each of the Continuing Connected Transactions exceeds 5%, each of the Continuing Connected Transactions is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Rules 20.35 and 20.37 of the GEM Listing Rules.

A SGM will be convened to obtain the Independent Shareholders' approval for the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement, the transactions contemplated thereunder and the respective proposed Annual Caps. Perfect Sky will abstain from voting on the resolutions to be proposed at the SGM.

An Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements, and the Concert Co-production Framework Agreement and the respective proposed Annual Caps. An Independent Financial Adviser will be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among others, (i) further details of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements and the Concert Co-production Framework Agreement; (ii) the respective advices of the Independent Financial Adviser and the Independent Board Committee; and (iii) the notice of the SGM, is expected to be despatched to the Shareholders on or before 18 January 2012 in accordance with the GEM Listing Rules.

DEFINITIONS

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

“Annual Cap(s)”	the maximum annual amount of each of the Continuing Connected Transactions to be transacted for each of the three financial years of the Company ending 31 July 2014;
“Artistes”	the artistes who are managed by or otherwise represented (or to be managed or otherwise represented) by the eSun Associated Group;
“Artistes Engagement Framework Agreement”	the artistes engagement framework agreement dated 23 December 2011 and entered into between the Company and eSun in respect of the engagement of the Artistes for the Company's business projects in the course of the Company's business;
“Artistes Engagement Subject Agreement(s)”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (a) Artistes Engagement Framework Agreement” of this announcement;

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Capital Artists”	Capital Artists Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of eSun;
“Capital Artists Music Catalogue Licence Agreement”	the Music Catalogue Licence Agreement dated 23 December 2011 and entered into between Capital Artists, the Company and eSun in respect of the grant of licence by Capital Artists to the Company to certain music works and karaoke music videos in the PRC and Macau;
“CD”	compact disc;
“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 shares of which are listed and traded on the GEM (Stock Code: 8075);
“Concert Co-production Framework Agreement”	the concert co-production framework agreement dated 23 December 2011 and entered into between the Company and eSun in respect of the co-production of concerts;
“Concert Co-production Subject Agreement(s)”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (d) Concert Co-production Framework Agreement” of this announcement;
“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;
“Continuing Connected Transactions”	each of the continuing connected transactions contemplated under (i) the Artistes Engagement Framework Agreement; (ii) the Music Catalogue Licence Agreements; (iii) the Film Library Licence Agreements; and (iv) the Concert Co-production Framework Agreement for the three financial years of the Company ending 31 July 2014, collectively, the “Continuing Connected Transactions”;
“controlled entity(ies)”	in respect of any party, an entity which is regarded as a controlled entity of that party according to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Directors”	the directors of the Company;
“DVD”	digital video disc or digital versatile disc;
“East Asia”	East Asia Music (Holdings) Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of eSun;
“East Asia Music Catalogue Licence Agreement”	the Music Catalogue Licence Agreement dated 23 December 2011 and entered into between East Asia, the Company and eSun in respect of the grant of licence by East Asia to the Company to certain music works and karaoke music videos in the PRC and Macau;
“eSun”	eSun Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571);
“eSun Associated Group”	eSun and/or any of its associates (excluding any member of the Group) from time to time;
“Film Gross Receipts”	the sums actually received by the Company from the exploitation of any or all of the rights granted to it under the licence under the relevant Film Library Licence Agreement, provided that any amount which cannot be remitted to the Company as part of the Film Gross Receipts for any reason will only be included when actually collected by the Company (less any costs, discounts or expenses incurred in obtaining a remittance);
“Film Library Licence Agreements”	(i) the Media Asia Distribution (BVI) Film Library Licence Agreement and (ii) the Media Asia Distribution (HK) Film Library Licence Agreement; each a “Film Library Licence Agreement”;
“Film Library Sublicensee”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (c) Film Library Licence Agreements” of this announcement;
“Film Library Subsublicensee(s)”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (c) Film Library Licence Agreements” of this announcement;
“Film Minimum Shortfall”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (c) Film Library Licence Agreements” of this announcement;

“Film Net Receipts”	<p>the Film Gross Receipts less:</p> <p>(i) the costs and disbursements actually incurred by the Company from the exploitation of any or all of the rights granted to it under the licence under the relevant Film Library Licence Agreement. For the avoidance of doubt, such deductible costs shall not include any costs of taking any proceedings or taking any action pursuant to the relevant Film Library Licence Agreement to enforce the rights in the films; and</p> <p>(ii) all taxes, costs and expenses incurred by the Company in connection with the Film Gross Receipts or for the transmission of payments to the Company in the PRC and Macau which are attributable to the relevant film licence;</p>
“Film Shortfall Amount”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (c) Film Library Licence Agreements” of this announcement;
“Fortunate Sound”	Fortunate Sound Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of eSun;
“Fortunate Sound Music Catalogue Licence Agreement”	the Music Catalogue Licence Agreement dated 23 December 2011 and entered into between Fortunate Sound, the Company and eSun in respect of the grant of licence by Fortunate Sound to the Company to certain music works and karaoke music videos in the PRC and Macau;
“GEM”	Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“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 PRC;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors formed to make recommendation to the Independent Shareholders in respect of the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements, and the Concert Co-production Framework Agreement and the transactions contemplated thereunder and the respective proposed Annual Caps;

“Independent Financial Adviser”	an independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements, and the Concert Co-production Framework Agreement and the transactions contemplated thereunder and the respective proposed Annual Caps;
“Independent Shareholders”	all Shareholders other than Perfect Sky;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Macau”	the Macau Special Administrative Region of the PRC;
“Media Asia Distribution (BVI)”	Media Asia Distribution Ltd., a company established under the laws of the BVI and a wholly-owned subsidiary of eSun;
“Media Asia Distribution (BVI) Film Library Licence Agreement”	the Film Library Licence Agreement dated 23 December 2011 and entered into between Media Asia Distribution (BVI), the Company and eSun in respect of the grant of licence by Media Asia Distribution (BVI) to the Company to certain films;
“Media Asia Distribution (HK)”	Media Asia Distribution (HK) Limited, a company established under the laws of Hong Kong and a wholly-owned subsidiary of eSun;
“Media Asia Distribution (HK) Film Library Licence Agreement”	the Film Library Licence Agreement dated 23 December 2011 and entered into between Media Asia Distribution (HK), the Company and eSun in respect of the grant of licence by Media Asia Distribution (HK) to the Company to certain films;
“Music Catalogue Licence Agreements”	(i) the Capital Artists Music Catalogue Licence Agreement; (ii) the East Asia Music Catalogue Licence Agreement and (iii) the Fortunate Sound Music Catalogue Licence Agreement; each a “Music Catalogue Licence Agreement”;
“Music Catalogue Sublicensee”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (b) Music Catalogue Licence Agreements” of this announcement;
“Music Catalogue Subsublicensee(s)”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (b) Music Catalogue Licence Agreements” of this announcement;

“Music Gross Receipts”	the sums actually received by the Company from the exploitation of any or all of the rights granted to it under the music works licence and karaoke music videos licence under the relevant Music Catalogue Licence Agreement, provided that any amount which cannot be remitted to the Company as part of the Music Gross Receipts for any reason will only be included when actually collected by the Company (less any costs, discounts or expenses incurred in obtaining a remittance);
“Music Minimum Shortfall”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (b) Music Catalogue Licence Agreements” of this announcement;
“Music Net Receipts”	the Music Gross Receipts less: <ul style="list-style-type: none"> (i) the costs and disbursements actually incurred by the Company from the exploitation of any or all of the rights granted to it under the music works licence and the karaoke music videos licence under the relevant Music Catalogue Licence Agreement and which are attributable to the relevant music works licence and karaoke music videos licence; and (ii) all taxes, costs and expenses incurred by the Company in connection with the Music Gross Receipts or for the transmission of payments to the Company in the PRC and Macau and which are attributable to the relevant music works licence and karaoke music videos licence;
“Music Shortfall Amount”	has the meaning ascribed to it under the section headed “Continuing Connected Transactions — (b) Music Catalogue Licence Agreements” of this announcement;
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 19.07 of the GEM Listing Rules to be applied for determining the classification of a transaction;
“Perfect Sky”	Perfect Sky Holdings Limited, a company established under the laws of the BVI and a wholly-owned subsidiary of eSun, directly holding approximately 51.09% of the existing issued share capital of the Company;
“PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this announcement;

“SGM”	a special general meeting of the Company to be convened and held to consider, and if thought fit, approve the Artistes Engagement Framework Agreement, each of the Music Catalogue Licence Agreements, each of the Film Library Licence Agreements, and the Concert Co-production Framework Agreement, and the transactions contemplated thereunder and the respective proposed Annual Caps;
“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;
“Working Capital”	includes royalties charges, preparation and entertainment, promotion and advertisement, artiste fee, production and stage expenses, operation expenses for stage set-up, lighting, audio-visual equipment, ticketing expenses, credit card commission, audience riser and all other necessary costs and expenses in connection with the applicable concert as described in greater detail in the budget to any such concert applicable; and
“%”	per cent.

By Order of the Board of
Media Asia Group Holdings Limited
Tang Jun
Executive Director and Chief Executive Officer

Hong Kong, 23 December 2011

As at the date of this announcement, the Board comprises eight executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Yu Feng, Mr. Choi Chiu Fai, Stanley, Mr. Tang Jun (Chief Executive Officer), Mr. Lui Siu Tsuen, Richard, Mr. Chan Chi Kwong, Ms. Etsuko Hoshiyama and Mr. Chan Chi Ming, Alvin; 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.maghl.com>.