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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 RENEWAL OF THE FILM LIBRARY LICENCE AGREEMENTS

Reference is made to the announcements of the Company dated 31 July 2014 and 15 March 2017 in relation to the Film Library Licence Agreements which will expire on 31 July 2017. On 28 July 2017, the Company, eSun and each of MAD(BVI) and MAD(HK) entered into the Supplemental Agreements to renew and supplement the Film Library Licence Agreements for a period of three years from 1 August 2017 to 31 July 2020 with similar terms.

As at the date of this announcement, eSun is the controlling shareholder of the Company indirectly holding approximately 67.56% of the issued share capital of the Company and therefore a connected person of the Company. Each of MAD(BVI) and MAD(HK) is a wholly-owned subsidiary of eSun and therefore is a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Film Library Licence Agreements (as supplemented) constitute continuing connected transactions of the Company under the GEM Listing Rules.

As all applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the annual cap set for the Continuing Connected Transactions are less than 5%, the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements and are exempt from approval by independent shareholders under Rule 20.74(2) of the GEM Listing Rules.

Reference is made to the announcements of the Company dated 31 July 2014 and 15 March 2017 in relation to the Film Library Licence Agreements which will expire on 31 July 2017. The parties of the Film Library Licence Agreements expected that transactions of similar nature will continue from time to time and therefore entered into the Supplemental Agreements to renew and supplement the Film Library Licence Agreements for a period of three years from 1 August 2017 to 31 July 2020 with similar terms.

RENEWAL OF THE FILM LIBRARY LICENCE AGREEMENTS

The MAD(BVI) Supplemental Agreement was entered into among MAD(BVI), the Company and eSun on 28 July 2017 to renew and supplement the MAD(BVI) Film Library Licence Agreement. The MAD(HK) Supplemental Agreement was entered into among MAD(HK), the Company and eSun on 28 July 2017 to renew and supplement the MAD(HK) Film Library Licence Agreement. Except for the counterparties, the underlying assets and the territories, each of the Film Library Licence Agreements (as supplemented) contains the same principal terms which are summarised as follows:

- Term: renewed for three years from 1 August 2017 to 31 July 2020
- Licensed rights: subject to any third party rights in certain Films which were subsisting at the commencement of the Film Library Licence Agreement, the Company is granted with the exclusive right to exploit in the territory specified of any rights owned by, acquired by or exclusively licensed to the Licensor in any film, which includes:
- (a) the right to perform, display or show the Films in public whether by exhibition or other methods;
 - (b) the right to exploit the Films on videocassette, digital video disc, blu-ray disc or any other audio-visual devices or other storage media of whatsoever nature except in Hong Kong and Macau;
 - (c) the right to rent or lend the Films to the public including distribution in the form of digital video disc, blu-ray disc or any other audio-visual devices or other storage media of whatsoever nature except in Hong Kong and Macau;
 - (d) the right to make available or communicate the Films to the public;
 - (e) the right to use, encode, digitalise, store, archive, reproduce, perform, broadcast, transmit, include in a cable programme service and otherwise exploit the Films in the form of a film or films primarily intended for initial television exhibition;
 - (f) the right to use, encode, digitalise, store, archive, reproduce, perform, broadcast, transmit and otherwise exploit the Films by all forms of so-called “video-on-demand” service;
 - (g) the right to make available, distribute, display or otherwise exploit the Films including promotional extracts by means of mobile technology service;
 - (h) the right to exercise all ancillary or associated rights customarily comprised in grants of audio-visual rights; and
 - (i) the right to enter into any sublicences which expire on a date that is after the expiry of the Film Library Licence Agreement (as supplemented).
- Right to sublicense: the Company may grant a single sublicense on an exclusive basis to any person provided that the Company will remain responsible to the Licensor for all the acts, omissions and neglects of the sublicensee. The Company may permit the sublicensee to grant a further sublicense to one or more subsublicensee(s)

provided that the Company shall procure that the sublicensee remains responsible to the Company for all the acts, omissions and neglects of such sublicensee(s).

Designated representative: the Licensor appoints eSun as its agent for the purpose of collecting and distributing monies paid and payable in respect of the exploitation of the rights granted under the Film Library Licence Agreement (as supplemented).

Royalties: the Company shall pay to eSun 100% of the net receipts as royalties on a quarterly basis. The net receipts are determined by deducting from the Gross Receipts:

- (a) 15% of the Gross Receipts, being the commission retained by the Company for its services of exploiting the rights licensed under the Film Library Licence Agreement (as supplemented);
- (b) costs and disbursements actually incurred by the Company for the exploitation of any or all rights granted to it; and
- (c) all taxes, costs and expenses incurred by the Company in connection with the Gross Receipts or for the transmission of payments.

ANNUAL CAP

The annual cap for the Continuing Connected Transactions in each of the three financial years ending 31 July 2018, 2019 and 2020 is HK\$21,000,000 and is determined with reference to:

- (a) the historical transaction amounts;
- (b) the projected revenue stream that could be generated by the Group in the exploitation of the relevant films licensed under the Film Library Licence Agreements (as supplemented); and
- (c) the rate of royalties stipulated in the Film Library Licence Agreements (as supplemented).

The historical transaction amounts in respect of the Continuing Connected Transactions for the two financial years ended 31 July 2015 and 2016 were HK\$12,946,000 and HK\$6,463,000 respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

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. Furthermore, as the Company has been building up its own film library over time, it is more efficient and financially more lucrative to license, sublicense or sell the broadcasting rights of its newly developed films to the potential customers together with the films in the Film Library Licence Agreements. The bundling of new and old films in a transaction enables the Group to capture a wider customers base as well as to charge a better fee for the transaction being contemplated.

The Directors (including independent non-executive Directors) consider that the Continuing Connected Transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Dr. Lam Kin Ngok, Peter, who is the ultimate controlling shareholder of eSun, may be regarded as having material interests in the Continuing Connected Transactions and therefore has abstained from voting at the meeting of the Board convened for the purpose of approving the Supplemental Agreements.

INFORMATION OF THE GROUP AND THE CONNECTED PERSONS

The Company is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability. The principal activity of the Company is investment holding. The principal activities of the Group include film production and distribution; organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of culture, entertainment and live performance projects.

MAD(BVI) is principally engaged in film distribution, licensing of film rights and film investment and MAD(HK) is principally engaged in film distribution and film library management, both of them are wholly-owned subsidiaries of eSun.

eSun is an exempted company incorporated in Bermuda with limited liability. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programs, films and video format products, cinema operation, the sale of cosmetic products, property development for sale and property investment for rental purposes as well as the development and operation of and investment in cultural, leisure, entertainment and related facilities.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, eSun is the controlling shareholder of the Company indirectly holding approximately 67.56% of the issued share capital of the Company and therefore a connected person of the Company. Each of MAD(BVI) and MAD(HK) is a wholly-owned subsidiary of eSun and therefore is a connected person of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the Film Library Licence Agreements (as supplemented) constitute continuing connected transactions of the Company under the GEM Listing Rules.

As all applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the annual cap set for the Continuing Connected Transactions are less than 5%, the Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements and are exempt from approval by independent shareholders under Rule 20.74(2) of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board” the board of Directors

“Company”	Media Asia Group Holdings Limited, an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed and traded on the GEM (Stock Code: 8075)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the Film Library Licence Agreements (as supplemented)
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“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) and the controlling shareholder of the Company
“Film Library Licence Agreements”	(a) the MAD(BVI) Film Library Licence Agreement; and (b) the MAD(HK) Film Library Licence Agreement, each a “Film Library Licence Agreement”
“Films”	the films listed in the schedule(s) of the relevant Film Library Licence Agreement (as supplemented) of which the relevant Licensor is the sole legal and beneficial owner and / or has the right to license
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Gross Receipts”	the sums actually received by the Company from the exploitation of any or all of the rights granted to it pursuant to the relevant Film Library Licence Agreement (as supplemented)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Licensors”	(a) MAD(BVI); and (b) MAD(HK), each a “Licensor”
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“MAD(BVI)”	Media Asia Distribution Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of eSun
“MAD(BVI) Film Library Licence Agreement”	the licence agreement dated 31 July 2014 entered into among MAD(BVI), the Company and eSun in respect of grant of licence to exploit certain films by MAD(BVI) to the Company

“MAD(BVI) Supplemental Agreement”	the supplemental agreement dated 28 July 2017 entered into among MAD(BVI), the Company and eSun to renew and supplement the MAD(BVI) Film Library Licence Agreement
“MAD(HK)”	Media Asia Distribution (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of eSun
“MAD(HK) Film Library Licence Agreement”	the licence agreement dated 31 July 2014 entered into among MAD(HK), the Company and eSun in respect of grant of licence to exploit certain films by MAD(HK) to the Company
“MAD(HK) Supplemental Agreement”	the supplemental agreement dated 28 July 2017 entered into among MAD(HK), the Company and eSun to renew and supplement the MAD(HK) Film Library Licence Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Agreements”	the MAD(BVI) Supplemental Agreement and the MAD(HK) Supplemental Agreement
“%”	per cent.

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

Hong Kong, 28 July 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Mr. Chan Chi Kwong, Mr. Lui Siu Tsuen, Richard and Mr. Yip Chai Tuck; and three independent non-executive Directors, namely Mr. Chan Chi Yuen, Mr. Ng Chi Ho, Dennis and Mr. Zhang Xi.

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 www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.mediaasia.com.