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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**If you have sold or transferred** all your shares in **Media Asia Group Holdings Limited** (the “Company”), you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**This circular appears for information purposes only and does not constitute an invitation or offer to the shareholders of the Company or any other person to acquire, purchase or subscribe for shares or other securities of the Company.**

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## Media Asia Group Holdings Limited

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

(Stock Code: 8075)

**(1) SUBSCRIPTION AGREEMENT INVOLVING  
ISSUE OF SHARES UNDER SPECIFIC MANDATE;  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

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Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “DEFINITIONS” in this circular.

A notice convening the SGM to be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 July 2021 at 10:00 a.m. is set out on pages SGM-1 to SGM-5 of this circular. A form of proxy for use at the SGM is also enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

A letter from the Board is set out on pages 6 to 24 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 25 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 26 to 36 of this circular.

*This circular will remain on the “Latest Listed Company Information” page of the website of GEM at [www.hkgem.com](http://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](http://www.mediaasia.com).*

Hong Kong, 30 June 2021

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## PRECAUTIONARY MEASURES FOR THE SGM

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Considering the outbreak of the novel coronavirus (COVID-19), certain measures will be implemented at the SGM or its adjourned meeting (as the case may be) with a view to addressing the risk to attendees of infection, including the following:

- (i) all attendees will be required to undergo a body temperature check;
- (ii) all attendees will be required to complete a health declaration form (a copy of the form is enclosed with this circular), which may be used for contact tracing, if required and comply with the entry requirements of the SGM venue prior to entry to the SGM venue;
- (iii) any attendees who are subject to health quarantine prescribed by the Government of Hong Kong will not be admitted to the SGM venue;
- (iv) all attendees will be required to wear surgical face masks throughout the SGM;
- (v) each attendee will be assigned a designated seat at the time of registration to ensure social distancing;
- (vi) any person who does not comply with the measures above may be denied entry into, or be required to leave, the SGM venue; and
- (vii) no refreshments or beverages will be provided, and there will be no corporate gifts.

The Company reminds the Shareholders that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. The Company would like to remind the Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and **strongly recommends that the Shareholders appoint the chairman of the SGM as their proxy** and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19 pandemic, the Company **strongly encourages the Shareholders NOT to attend the SGM in person.**

The Company will keep the evolving COVID-19 situation and the associated legal restrictions on public gatherings under constant review and may implement additional measures, which will be announced closer to the date of the SGM.

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board, and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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**Health Declaration Form**

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## DEFINITIONS

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In this circular, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“2020 AGM”	the annual general meeting of the Company held on 18 December 2020 in which the Shareholders had approved, among other things, the General Mandate
“Affiliate(s)”	(a) in the case of a person other than a natural person, any other person that directly or indirectly Controls, is Controlled by or is under common Control with such person; and (b) in the case of a natural person, any other person that directly or indirectly is Controlled by such person or is a relative of such person
“Announcement”	the joint announcement issued by eSun and the Company dated 4 June 2021, in relation to, among other things, the (1) Subscription Agreement in relation to the issue of Shares by the Company under the General Mandate and the Specific Mandate; and (2) proposed refreshment of the General Mandate
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day, other than a Saturday, a Sunday or a public holiday, on which banks are generally open in Hong Kong and the PRC for business
“Company”	Media Asia Group Holdings Limited (寰亞傳媒集團有限公司), an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed and traded on GEM (Stock Code: 8075)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Control”	control of a given person shall mean the power or authority, whether exercised or not, to direct the business, management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at a meeting of the members or shareholders of such person or power to control the composition of a majority of the board of directors of such person and “Controlled” and “Controlling” shall be construed accordingly

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## DEFINITIONS

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“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	the Coronavirus Disease 2019
“Director(s)”	the director(s) of the Company
“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board (Stock Code: 571), and the controlling shareholder of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% of the total number of the Company’s shares of HK\$0.01 each in issue on 18 December 2020, by a resolution of the Shareholders passed at the 2020 AGM
“Governmental Authority”	any government (domestic or foreign) or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof, including any entity or enterprise owned or controlled by a government, or a public international organisation; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction including but not limited to the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), 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 Company, comprising all the independent non-executive Directors, namely Messrs. Au Hoi Fung, Ng Chi Ho, Dennis and Poon Kwok Hing, Albert, which has been established to advise the Independent Shareholders on the proposed grant of the New General Mandate

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## DEFINITIONS

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“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a licensed corporation for carrying out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the SGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) who are independent of and not connected with the Company, eSun or any of their connected persons
“Last Trading Day”	3 June 2021, being the last trading day immediately before the date of the Announcement
“Latest Practicable Date”	25 June 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“New General Mandate”	the general mandate proposed to be granted to the Directors at the SGM to allot and issue new Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the SGM
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC, and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held on 16 July 2021 at which ordinary resolutions will be proposed to consider and, if thought fit, approve (i) the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate; and (ii) the grant of the New General Mandate

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Shareholder(s)”	the duly registered holder(s) of Shares
“Specific Mandate”	the specific mandate proposed to be granted to the Directors at the SGM for the allotment and issue of the Tranche B Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	THL G Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“Subscription”	the proposed subscription by the Subscriber and/or its designated Affiliate(s) of the Subscription Shares at the Subscription Price
“Subscription Agreement”	the share subscription agreement dated 4 June 2021 and entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$1.20 per Subscription Share
“Subscription Share(s)”	an aggregate of 83,333,333 new Shares (comprising the Tranche A Subscription Shares and the Tranche B Subscription Shares) to be allotted and issued to the Subscriber and/or its designated Affiliate(s) pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and the Listing Rules
“Tranche A Closing”	the completion of the subscription of the Tranche A Subscription Shares in accordance with the Subscription Agreement
“Tranche A Subscription Shares”	42,721,136 Subscription Shares



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## DEFINITIONS

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“Tranche B Closing”	the completion of the subscription of the Tranche B Subscription Shares in accordance with the Subscription Agreement
“Tranche B Subscription Shares”	40,612,197 Subscription Shares
“%”	per cent.

*In the event of inconsistency, the English text of this circular, the accompanying form of proxy and the health declaration form shall prevail over the Chinese text.*

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## LETTER FROM THE BOARD

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### **Media Asia Group Holdings Limited**

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

**(Stock Code: 8075)**

***Executive Directors***

Dr. Lam Kin Ngok, Peter (*Chairman*)  
Mr. Chan Chi Kwong  
Mr. Lui Siu Tsuen, Richard  
Mr. Yip Chai Tuck

***Independent Non-executive Directors***

Mr. Au Hoi Fung  
Mr. Ng Chi Ho, Dennis  
Mr. Poon Kwok Hing, Albert

***Registered office***

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

***Head office and Principal place  
of business***

11th Floor  
Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon, Hong Kong

30 June 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) SUBSCRIPTION AGREEMENT INVOLVING  
ISSUE OF SHARES UNDER SPECIFIC MANDATE;  
(2) PROPOSED REFRESHMENT OF GENERAL MANDATE;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Subscription Agreement and the proposed grant of the New General Mandate.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) information on the Subscription Agreement and the Specific Mandate; (ii) information on the proposed grant of the New General Mandate; (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the proposed grant of the New General Mandate; (iv) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed grant of the New General Mandate; and (v) the notice of SGM, at which ordinary resolutions will be proposed to consider and, if thought fit, approve, (i) the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate; and (ii) the grant of the New General Mandate.

### **SUBSCRIPTION AGREEMENT INVOLVING THE ISSUE OF SHARES BY THE COMPANY**

On 4 June 2021 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 83,333,333 Subscription Shares at the Subscription Price of HK\$1.20 per Subscription Share.

#### **Subscription Agreement**

The principal terms of the Subscription Agreement are set out below:

- Date** : 4 June 2021 (after trading hours)
- Parties** : (1) the Company, as issuer; and  
(2) the Subscriber

#### **Subscription Shares**

Pursuant to the terms of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 83,333,333 Subscription Shares. The Subscription Shares will be issued in two tranches.

The Tranche A Subscription Shares represent:

- (i) approximately 1.47% of the existing total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 1.45% of the issued share capital of the Company as enlarged by the allotment and issue of the Tranche A Subscription Shares (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and Tranche A Closing).

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## LETTER FROM THE BOARD

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The Tranche B Subscription Shares represent:

- (i) approximately 1.40% of the existing total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 1.36% of the issued share capital of the Company as enlarged by the allotment and issue of the Tranche A Subscription Shares and the Tranche B Subscription Shares (assuming there will be no other changes in the total number of issued Shares between the Latest Practicable Date and Tranche B Closing).

It is expected that the Subscriber will not become a substantial shareholder of the Company as a result of the Subscription. After Tranche A Closing and Tranche B Closing, the Company will continue to be an indirect non-wholly-owned subsidiary of eSun.

### **Subscription Price**

The Subscription Price of HK\$1.20 per Share represents:

- (i) a discount of approximately 11.11% to the closing price of HK\$1.35 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 11.11% to the average closing price of approximately HK\$1.35 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iii) a discount of approximately 13.17% to the average closing price of approximately HK\$1.38 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement;
- (iv) a discount of approximately 26.80% to the closing price of HK\$1.64 as quoted on the Stock Exchange on the Latest Practicable Date;
- (v) a theoretical dilution effect (as required under Rule 10.44A of the GEM Listing Rules), of a discount of approximately 0.31%, represented by the theoretical diluted price of approximately HK\$1.346 per Share to the benchmarked price of HK\$1.35 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$1.35 per Share and the average closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day);

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## LETTER FROM THE BOARD

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- (vi) a cumulative theoretical dilution effect (as required under Rule 10.44A of the GEM Listing Rules, aggregating (i) the issue of Shares under specific mandate in relation to a loan capitalisation announced on 6 November 2020; (ii) the issue of fee Shares under specific mandate announced on 6 November 2020; and (iii) the issue of the Subscription Shares) of approximately 16.10%;
- (vii) a premium of approximately 638.30% to the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.188 per Share as at 31 July 2020 and calculated based on the audited consolidated net asset value attributable to the Shareholders of approximately HK\$40,237,000 as at 31 July 2020 (as extracted from the annual report of the Company for the year ended 31 July 2020) and the total number of issued Shares as at the Latest Practicable Date; and
- (viii) a premium of approximately 794.70% to the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.151 per Share as at 31 January 2021 and calculated based on the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$437,003,000 as at 31 January 2021 (as extracted from the interim report of the Company for the six months ended 31 January 2021) and the total number of issued Shares as at the Latest Practicable Date.

Based on the closing price per Share of HK\$1.35 on the date of the Subscription Agreement, the Subscription Shares had a market value of approximately HK\$112,499,999. The aggregate nominal value of the Subscription Shares is approximately HK\$8,333,333.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to, among other things, the prevailing market conditions, the recent market price and liquidity of the Shares, and the Group's historical and present financial position. In considering the Subscription Price, the management of the Company reviewed the following figures and rationale.

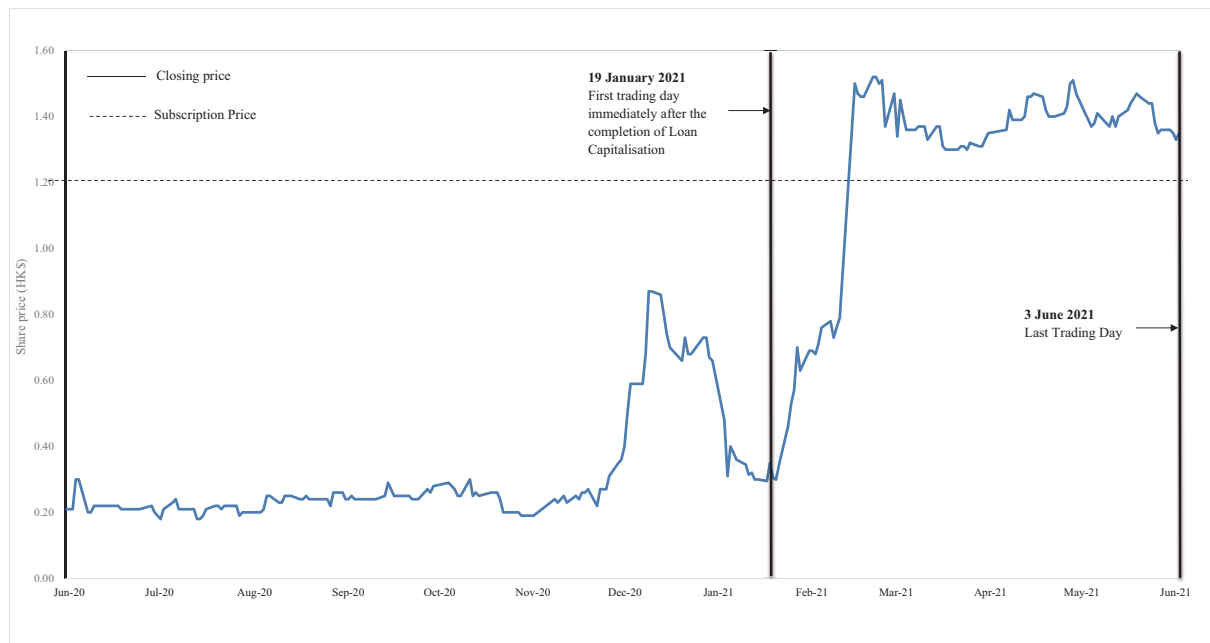
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## LETTER FROM THE BOARD

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### *Market price of the Shares under the prevailing market conditions*

The table below shows the closing prices of the Shares from June 2020 to June 2021 (up to the Last Trading Day) as quoted on the Stock Exchange.



Source: the website of the Stock Exchange

The Shares have been traded thinly and closing on the Stock Exchange in a rather volatile manner between HK\$0.18 and HK\$1.52 during the period from June 2020 to June 2021 (up to the Last Trading Day). The prolonged impact on the global economy brought by the COVID-19 pandemic has seriously affected financial markets and investment sentiments. In particular, the pandemic further weakened the entertainment consumption in Hong Kong and the PRC, with the closure of cinemas and events being postponed or cancelled in year 2020. Given that the Group's principal businesses are in media and entertainment, its businesses and financial position have been seriously affected. As at 31 October 2020, the net assets attributable to owners of the Company was approximately HK\$27,112,000.

On 6 November 2020, the Company and eSun entered into the loan capitalisation agreement, pursuant to which the Company capitalised certain shareholder's loans due to eSun in a principal amount of HK\$430 million by issuing new Shares (the "**Loan Capitalisation**"). As announced by the Company, the Loan Capitalisation was completed on 18 January 2021, and the financial position of the Group was improved as a result. As at 31 January 2021, the net assets value attributable to owners of the Company was approximately HK\$437,003,000. In February 2021, taking into account that the local epidemic wave has continued to subside, the Hong Kong government started to relax the social-distancing measures, and cinemas and places of public entertainment with live performance were allowed to re-open. There was a surge in demand for entertainment consumption due to travel restrictions, which resulted in a positive impact to the businesses of the Group. The closing price of the Shares started to increase steadily from HK\$0.35 on 19 January 2021 (the first trading day immediately after the completion of Loan Capitalisation) and reached its highest level of HK\$1.52 on 22 February 2021 and 23 February 2021 and maintained at a stable price range of around HK\$1.30 to HK\$1.50 during the period from 22 February 2021 and up to the Last Trading Day.

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## LETTER FROM THE BOARD

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### *Trading volume of the Shares*

The table below shows the average daily trading volume of the Shares and the percentage of the average daily trading volume to the public float of the Company between June 2020 and June 2021 (up to the Last Trading Day).

	<b>Average daily trading volume of the Shares</b> <i>(Note 1)</i>	<b>Percentage of average daily trading volume of the Shares to the average public float of the Company</b> <i>(Note 2)</i>
<b>2020</b>		
June	114,098	0.16%
July	150,113	0.22%
August	101,486	0.15%
September	54,366	0.08%
October	146,778	0.21%
November	404,238	0.58%
December	219,562	0.32%
<b>2021</b>		
1 January to 18 January	369,572	0.53%
19 January to 31 January	4,055,217	0.46%
February	2,823,334	0.32%
March	534,419	0.06%
April	775,403	0.09%
May	792,912	0.09%
June	120,023	0.01%
From June 2020 to June 2021 (up to the Last Trading Day)		
Median	0.19%	
Mean	0.23%	
Maximum	0.58%	
Minimum	0.01%	
From 19 January 2021 to June 2021 (up to the Last Trading Day)		
Median	0.09%	
Mean	0.17%	
Maximum	0.46%	
Minimum	0.01%	

*Notes:*

1. *Average daily trading volume is calculated by dividing the total trading volume traded for the month, or period, by the number of trading days in the respective month, or period.*
2. *The calculation is calculated by dividing the average daily trading volume for the month, or period, by the total number of issued Shares held by the public Shareholders at the end of each month, or period.*

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## LETTER FROM THE BOARD

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As seen in the table above, the median of the average daily trading volume of the Shares between June 2020 to June 2021 (up to the Last Trading Day) remained low at 0.19% of the public float of the Company. The median of the average daily trading volume to the Shares between 19 January 2021 (the first trading day immediately after the completion of Loan Capitalisation) to June 2021 (up to the Last Trading Day) even dropped to 0.09% of the public float of the Company. The public float of the Company comprised 881,132,035 Shares, representing approximately 30.35% of the total number of issued Shares as at the Latest Practicable Date. The low level of liquidity in the Shares would indicate that any sale of a large number of Shares through the market would be difficult to accomplish in a short period of time without adversely affecting the Share price.

### *Financial position of the Group*

In considering the Subscription Price, the management of the Company also considered the financial position of the Group. As the Loan Capitalisation was completed on 18 January 2021 and the net assets value (“NAV”) of the Company increased substantially from approximately HK\$27 million as at 31 October 2020 to approximately HK\$437 million as at 31 January 2021, the premium of the average price of the Shares to the NAV for the period from 19 January 2021 (the first trading day immediately after the completion of Loan Capitalisation) to June 2021 (up to the Last Trading Day) would be considered more relevant for the purpose of determination of the Subscription Price. Based on the Company’s calculations, the median premium of the average daily trading price of the Shares to NAV per Share was approximately 808.30% between 19 January 2019 (the first trading day immediately after the completion of Loan Capitalisation) and June 2021 (up to the Last Trading Day). The median premium of the average daily trading price was slightly less than the current 824.0% premium based on the Subscription Price of HK\$1.20 per Share.

In view of the above, in negotiating the Subscription Price, the Directors took reference to:

- (i) the fluctuation and increase in the recent market price of the Shares, the recovery of the pandemic situation on the media and entertainment industry in Hong Kong and the improved financial position of the Group upon completion of the Loan Capitalisation;
- (ii) the range of the market price of the Shares during the period from 19 January 2021 (the first trading day immediately after the completion of Loan Capitalisation) and up to the Last Trading Day;
- (iii) the low liquidity of the average daily trading volume of the Shares between June 2020 and June 2021 (up to the Last Trading Day); and
- (iv) the median premium of the average daily trading price between 19 January 2019 (the first trading day immediately after the completion of Loan Capitalisation) and June 2021 (up to the Last Trading Day) was slightly less than the current 824.0% premium based on the Subscription Price.



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## LETTER FROM THE BOARD

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Having taken into account the above factors, the Directors consider that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Price for the Tranche A Subscription Shares and the Tranche B Subscription Shares will be payable by the Subscriber in cash at Tranche A Closing and Tranche B Closing, respectively.

### **Ranking of Subscription Shares**

The Subscription Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

### **Conditions precedent to Tranche A Closing**

Tranche A Closing is subject to the fulfilment or waiver (as the case may be) of the following conditions:

- (i) the GEM Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Tranche A Subscription Shares, and such listing and permission to deal not being withdrawn or revoked by no later than the first day of their dealing;
- (ii) the obtaining of all necessary approvals of any relevant Governmental Authority on the part of the Company, the Subscriber or their respective Affiliates;
- (iii) the warranties, representations and/or undertakings given or made by the Company as set out in the Subscription Agreement remaining and continuing to be true, correct and complete in all material respects and not misleading as of the Tranche A Closing date;
- (iv) the Shares remaining listed on GEM at all times from the date of the Subscription Agreement, save for any temporary suspension or halt in trading not exceeding five consecutive trading days, or such longer period as the Subscriber may accept in writing;
- (v) the Company having performed and complied with all obligations, covenants, undertakings or conditions under the Subscription Agreement that are required or contemplated to be performed or complied with by it on or before the Tranche A Closing;
- (vi) no material adverse effect on the Group having occurred since the date of the Subscription Agreement; and
- (vii) the Subscriber having performed and complied with all obligations, covenants, undertakings or conditions under the Subscription Agreement that are required or contemplated to be performed or complied with by it on or before the Tranche A Closing.

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## LETTER FROM THE BOARD

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### **Tranche A Closing**

As at the Latest Practicable Date, all the conditions to Tranche A Closing have been fulfilled, and Tranche A Closing is expected to take place on or around 28 June 2021. The Company will issue further announcement(s) as and when appropriate in this relation.

### **General Mandate to issue the Tranche A Subscription Shares**

The Tranche A Subscription Shares will be allotted and issued under the General Mandate. Under the General Mandate, the Company is authorised to allot and issue up to 42,721,136 Shares (adjusted for the effect of the share consolidation which became effective on 22 December 2020).

The General Mandate is sufficient for the allotment and issue of the Tranche A Subscription Shares, and the allotment and issue of the Tranche A Subscription Shares will not be subject to the approval of the Shareholders. The GEM Listing Committee has approved the listing of, and permission to deal in, the Subscription Shares. The General Mandate will be fully utilised upon the Tranche A Closing.

### **Conditions precedent to Tranche B Closing**

Tranche B Closing is subject to the fulfilment or waiver (as the case may be) of the following conditions:

- (i) Tranche A Closing having occurred;
- (ii) the passing of the necessary resolution by the Shareholders (other than those required to abstain from voting according to the GEM Listing Rules or other applicable regulations) at a special general meeting duly convened and held for approving the allotment and issue of the Tranche B Subscription Shares;
- (iii) the GEM Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Tranche B Subscription Shares, and such listing and permission to deal not being withdrawn or revoked by no later than the first day of their dealing;
- (iv) the obtaining of all necessary approvals of any relevant Governmental Authority on the part of the Company, the Subscriber or their respective Affiliates;
- (v) the warranties, representations and/or undertakings given or made by the Company as set out in the Subscription Agreement remaining and continuing to be true, correct and complete in all material respects and not misleading as of the Tranche B Closing date;
- (vi) the Shares remaining listed on GEM at all times from the date of Tranche A Closing, save for any temporary suspension or halt in trading not exceeding five consecutive trading days, or such longer period as the Subscriber may accept in writing;

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## LETTER FROM THE BOARD

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- (vii) the Company having performed and complied with all obligations, covenants, undertakings or conditions under the Subscription Agreement that are required or contemplated to be performed or complied with by it on or before the Tranche B Closing;
- (viii) no material adverse effect on the Group having occurred since the Tranche A Closing; and
- (ix) the Subscriber having performed and complied with all obligations, covenants, undertakings or conditions under the Subscription Agreement that are required or contemplated to be performed or complied with by it on or before the Tranche B Closing.

None of the above conditions to Tranche B Closing may be waived by the Company and the Subscriber, save that those specified in paragraphs (v) to (viii) above in respect of Tranche B Closing may be waived, in whole or in part, at any time by the Subscriber by notice in writing to the Company, and the condition specified in paragraph (ix) above in respect of Tranche B Closing may be waived, in whole or in part, at any time by the Company by notice in writing to the Subscriber.

If the conditions to Tranche B Closing have not been fulfilled (or waived, as the case may be) on or before the 90th calendar day following the date of the Subscription Agreement (or such later date as the parties may agree), the Subscription Agreement shall become void and of no further force and effect, save that such termination shall not be deemed to release any party from any liability from any breach of the Subscription Agreement prior to the effective date of such termination.

### **Tranche B Closing**

Tranche B Closing will take place on the tenth Business Day after the fulfilment (or waiver, as the case may be) of the last of the conditions to Tranche B Closing under the Subscription Agreement, or such other date as the Company and the Subscriber may agree.

### **Lock-up**

Pursuant to the Subscription Agreement, for a period of three months from the Tranche A Closing date (the “**Tranche A Lock Up Period**”), the Subscriber and/or its designated Affiliate(s) will not, without the prior written consent of the Company, directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Tranche A Subscription Shares. For a period of three months from the Tranche B Closing date (the “**Tranche B Lock Up Period**”), the Subscriber and/or its designated Affiliate(s) will not, without the prior written consent of the Company, directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Tranche B Subscription Shares. The Company may give consent to the Subscriber and/or its designated Affiliate(s) for dealing in any Subscription Shares during the Tranche A Lock Up Period and/or the Tranche B Lock Up Period. Such consent will be given on a case-by-case basis at the sole and absolute discretion of the Company and on terms or conditions prescribed by the Company. However, this shall not prevent the Subscriber from, directly or indirectly, transferring any of the Subscription Shares (or any interest in any company or entity holding any of the Subscription Shares) to any Affiliate of the Subscriber during the Tranche A Lock Up Period and/or the Tranche B Lock Up Period.

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## LETTER FROM THE BOARD

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### **Specific Mandate to issue the Tranche B Subscription Shares**

The allotment and issue of the Tranche B Subscription Shares is subject to the approval of the Shareholders. The Tranche B Subscription Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Shareholders at the SGM.

### **Application for listing**

Application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Tranche B Subscription Shares.

### **Use of proceeds**

The gross proceeds from the allotment and issue of the Tranche A Subscription Shares and the Tranche B Subscription Shares are estimated to be approximately HK\$51,265,363 and HK\$48,734,636 respectively. The aggregate net proceeds from the allotment and issue of the Subscription Shares are estimated to be approximately HK\$98,500,000 (comprising net proceeds of approximately HK\$50,496,383 and HK\$48,003,617 respectively from the Tranche A Subscription Shares and the Tranche B Subscription Shares). The net price of each Subscription Share is approximately HK\$1.18.

The Group intends to utilise the net proceeds from the allotment and issue of the Subscription Shares as follows:

- (i) approximately HK\$34.5 million (constituting approximately 35% of the aggregate net proceeds) for working capital for the Group's new content digitisation initiatives, including but not limited to the further development of new platforms for the Group's media and entertainment businesses and e-commerce, which could create synergy with the Group's existing businesses; and
- (ii) approximately HK\$64.0 million (constituting approximately 65% of the aggregate net proceeds) for general working capital, including funding the existing TV and film projects of the Group and related overhead expenses, and for funding the ongoing business development of the Group.

**Completion of the Subscription Agreement is subject to the fulfilment of a number of conditions under the Subscription Agreement. The Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

The Board proposes to refresh the General Mandate for the Directors to allot and issue new Shares up to 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the SGM. Pursuant to Rule 17.42A of the GEM Listing Rules, the grant of the New General Mandate will be subject to Independent Shareholders' approval at the SGM.

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## LETTER FROM THE BOARD

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### Existing General Mandate

At the 2020 AGM, the Shareholders approved, among other things, the General Mandate which authorised the Directors to allot and issue not more than 427,211,365 new shares of the Company, being 20% of the total number of issued shares of the Company as at the date of the 2020 AGM. As set out in the joint announcement of the Company and eSun dated 6 November 2020, the circular of the Company dated 30 November 2020 and the announcement of the Company dated 18 December 2020, the Company conducted a share consolidation pursuant to which every ten issued and unissued shares of HK\$0.01 each were consolidated into one share of HK\$0.10 each, which became effective on 22 December 2020. Accordingly, the number of Shares which the Directors may allot and issue under the General Mandate was revised to 42,721,136 Shares.

As disclosed in the section headed “Subscription Agreement involving the issue of Shares by the Company – General Mandate to issue the Tranche A Subscription Shares” in this circular, the Tranche A Subscription Shares will be allotted and issued under the General Mandate. As at the Latest Practicable Date, all the conditions to Tranche A Closing have been fulfilled, and Tranche A Closing is expected to take place on or around 28 June 2021. Accordingly, upon Tranche A Closing, the Tranche A Subscription Shares will be allotted and issued under the General Mandate, which will utilise 100% of the General Mandate.

### Proposed grant of New General Mandate

The Board now proposes to refresh the General Mandate for the Directors to allot and issue new Shares up to 20% of the total number of issued Shares as at the date of passing of the relevant resolution at the SGM.

The Company has not refreshed the General Mandate since the 2020 AGM. The New General Mandate proposed will last until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum of Continuance and Bye-laws of the Company or any other applicable laws to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 2,902,980,682 Shares in issue. On the basis that (i) no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the New General Mandate to allot and issue up to 580,596,136 Shares, representing 20% of the aggregate number of issued Shares as at the Latest Practicable Date; (ii) the Tranche A Subscription Shares are allotted and issued prior to the date of the SGM, and assuming that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the New General Mandate to allot and issue up to 589,140,363 Shares, representing 20% of the aggregate number of issued Shares as at the date of the SGM.

## LETTER FROM THE BOARD

### EFFECT OF THE SUBSCRIPTION AND THE NEW GENERAL MANDATE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company (i) upon completion of the Tranche A Closing and the Tranche B Closing (assuming there are no other changes in the shareholding structure of the Company immediately after the Latest Practicable Date and up to Tranche B Closing, other than the allotment and issue of the Subscription Shares); and (ii) upon full utilisation of the New General Mandate are set out below:

Shareholders	As at the Latest Practicable Date		Upon Tranche A Closing		Upon Tranche B Closing		Upon full utilisation of the New General Mandate	
	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)
eSun (Note)	2,021,848,647	69.65	2,021,848,647	68.64	2,021,848,647	67.70	2,021,848,647	56.55
The Subscriber	4,949,366	0.17	47,670,502	1.62	88,282,699	2.96	88,282,699	2.47
Other Shareholders	876,182,669	30.18	876,182,669	29.74	876,182,669	29.34	876,182,669	24.50
Maximum number of new Shares that can be issued under the New General Mandate	—	—	—	—	—	—	589,140,363	16.48
<b>Total</b>	<b>2,902,980,682</b>	<b>100.00</b>	<b>2,945,701,818</b>	<b>100.00</b>	<b>2,986,314,015</b>	<b>100.00</b>	<b>3,575,454,378</b>	<b>100.00</b>

Note: The 2,021,848,647 Shares are held by eSun indirectly through Perfect Sky Holdings Limited, a direct wholly-owned subsidiary of eSun.

### EQUITY FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

Set out below is the fund raising activity of the Company in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds	Actual use of proceeds
6 November 2020	Issue of 2,687,500,000 new Shares at a price of HK\$0.16 per Share under specific mandate	Approximately HK\$430 million	Capitalisation of an aggregate principal amount of HK\$430 million in shareholders' loans due to eSun	Fully applied as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE TRANSACTION

#### Subscription Agreement and the Specific Mandate

Tencent is a leading provider of digital content services in the PRC.

The Subscription will provide additional working capital for the Company's new content digitisation initiatives. The Directors (including the independent non-executive Directors) have, after due and careful consideration, determined that the Subscription is an appropriate means by which the Company can increase its capital base. Based on the foregoing and taking into account the factors set out in the section headed "Subscription Agreement involving the issue of Shares by the Company – Subscription Price" in this circular, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable, on normal and commercial terms and are in the interests of the Company and the Shareholders as a whole.

#### New General Mandate

As disclosed in the section headed "Subscription Agreement involving the issue of Shares by the Company – General Mandate to issue the Tranche A Subscription Shares" in this circular, the Tranche A Subscription Shares will be allotted and issued under the General Mandate, which will utilise 100% of the General Mandate. Taking into consideration that the next annual general meeting of the Company is expected to be held in December 2021, the Board is proposing to seek the approval of Independent Shareholders at the SGM on the grant of the New General Mandate such that should funding needs arise or attractive terms for investment become available, the Board will be able to respond to the market and such investment opportunities promptly. In addition, fund raising exercises pursuant to a general mandate provides the Company with a more efficient process than other types of fund raising exercises, and enables the Company to avoid uncertainties such as not being able to obtain a specific mandate in a timely manner.

In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board believes that New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirements of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it can reduce and limit financing which will create additional interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

The Directors have considered other financing alternatives apart from equity financing such as debt financing, rights issue, open offer or internal cash resources to meet the financial requirements of the Group, and if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

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## LETTER FROM THE BOARD

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Debt financing such as bank borrowing may incur an interest burden to the Group and may be subject to lengthy due diligence processes and negotiations. The ability of the Group to obtain bank borrowing usually depends on the Group's profitability, financial position and the then prevailing market condition. In addition, debt financing not only creates additional interest paying obligations on the Group which affects its profitability but also increases its gearing ratio. The Board considers that debt financing is not desirable at this stage as the expected finance costs for such borrowing are high and additional borrowings will increase the Group's liabilities, which will result in the deterioration in the gearing position of the Group.

As for rights issue or open offer, it would require the Company to undergo a comparatively lengthy process in order to (i) identify suitable underwriter(s) and to negotiate terms agreeable to the parties; and (ii) prepare the requisite compliance and legal documentation, including but not limited to the underwriting agreement(s), announcement(s) and prospectus(es). As such, the Board is of the view that such lengthy period involved in a rights issue or an open offer may result in the Company being subject to the adverse effect of the current volatile market, and therefore increase uncertainty in being able to raise the requisite amount of funds.

Compared to the above alternatives, an issue of Shares under a general mandate involves a relatively shorter time and is simpler and more cost efficient to implement. The New General Mandate would enhance the flexibility of the Group to raise additional capital and respond to any equity fund raising opportunities promptly, and would also help the Group to secure suitable investors in a timely manner should the opportunity arise.

Should the New General Mandate be approved at the SGM and assuming that all the Subscription Shares are allotted and issued, on the basis that there are no other changes in the total number of issued Shares, upon full utilisation of the New General Mandate, the aggregate shareholding of the public Shareholders (including the Subscriber) may be diluted from approximately 32.30% upon Tranche B Closing to approximately 26.97% upon full utilisation of the New General Mandate.

Having considered that (i) the grant of the New General Mandate will empower the Directors to issue new Shares under the refreshed limit and provide the Company with the flexibility and ability to capture any appropriate capital raising or business opportunities in a timely manner, should they arise; (ii) equity financing does not create any interest paying obligations on the Group; (iii) the New General Mandate would provide the Group with more options of financing for funding needs; and (iv) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the New General Mandate, the Board (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular in relation to the proposed grant of the New General Mandate) considers that the potential dilution impact to the Shareholders is acceptable and that the grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date and save as disclosed in this circular, the Company has not entered, and has not proposed to enter, into any agreement, arrangement, understanding or undertaking, and is not in negotiation (concluded or not) in respect of new investment opportunities and/or issue of Shares utilising the New General Mandate.



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## LETTER FROM THE BOARD

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### INFORMATION ON THE COMPANY

The Company is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed and traded on GEM. The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in film production and distribution, organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

### INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated under the laws of the British Virgin Islands with limited liability. It is a direct wholly-owned subsidiary of Tencent Holdings Limited (“**Tencent**”), the issued shares of which are listed and traded on the Main Board (Stock Code: 700). Tencent and its subsidiaries are principally engaged in the business of communication and social, games, digital content, online advertising, FinTech and business services.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

### ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Messrs. Au Hoi Fung, Ng Chi Ho, Dennis and Poon Kwok Hing, Albert, to advise the Independent Shareholders in respect of the proposed grant of the New General Mandate and as to the voting action therefor.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed grant of the New General Mandate. The appointment of Red Sun Capital has been approved by the Independent Board Committee.

### GEM LISTING RULES IMPLICATIONS

#### Subscription Agreement

The Tranche A Subscription Shares will be allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Tranche A Subscription Shares is not subject to Shareholders’ approval.

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## LETTER FROM THE BOARD

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The allotment and issue of the Tranche B Subscription Shares will be subject to Shareholders' approval. The SGM will be convened and held on 16 July 2021 for the purposes of considering of, and if thought fit, approving, among other things, the Specific Mandate to issue the Tranche B Subscription Shares. To the best knowledge, information and belief of the Directors, no Shareholder is required to abstain from voting on the relevant resolution on the allotment and issue of the Tranche B Subscription Shares at the SGM.

### **New General Mandate**

As the proposed grant of the New General Mandate is to be proposed to the Shareholders prior to the next annual general meeting of the Company, pursuant to the GEM Listing Rules, this proposal is subject to the Independent Shareholders' approval by way of an ordinary resolution at the SGM. According to Rule 17.42A(1) of the GEM Listing Rules, any controlling shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed grant of the New General Mandate.

As at the Latest Practicable Date, eSun is interested in approximately 69.65% of the total number of issued Shares and is the controlling shareholder of the Company. Accordingly, eSun and its associates shall abstain from voting in favour of the resolution to approve the proposed grant of the New General Mandate. Save as disclosed in the foregoing, to the best knowledge, information and belief of the Directors, no other Shareholder is required to abstain from voting on the relevant resolution on the grant of the New General Mandate at the SGM.

### **SGM**

A notice convening the SGM to be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 July 2021 at 10:00 a.m. is set out on pages SGM-1 to SGM-5 of this circular for the purpose of considering and, if thought fit, passing the relevant resolutions approving (i) the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate by the Shareholders; and (ii) the grant of the New General Mandate by the Independent Shareholders.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit the same at the office of the Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in that event, your form of proxy will be deemed to have been revoked.

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## LETTER FROM THE BOARD

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### **Voting by way of poll**

Pursuant to Rule 17.47(4) of the GEM Listing Rules, save for resolutions which relate purely to a procedural or administrative matter to be voted by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions to be proposed at the SGM will be taken by way of poll by the Shareholders. Bye-law 66 of the Company's Bye-laws provides that on a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every Share held by that Shareholder. An explanation of the detailed procedures of conducting a poll will be provided to the Shareholders at the SGM. The Company will publish an announcement on the poll results on the respective websites of the GEM at [www.hkgem.com](http://www.hkgem.com) and the Company at [www.mediaasia.com](http://www.mediaasia.com) after the conclusion of the SGM.

### **RECOMMENDATION**

Your attention is drawn to the letter from the Independent Board Committee set out on page 25 of this circular which contains its recommendation to the Independent Shareholders in relation to the proposed grant of the New General Mandate, and the letter from the Independent Financial Adviser set out on pages 26 to 36 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular in respect of the proposed grant of the New General Mandate) consider that (i) the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate is fair and reasonable so far as the Shareholders are concerned; (ii) the proposed grant of New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate and the proposed grant of the New General Mandate are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this circular in respect of the proposed grant of the New General Mandate) recommend (i) the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Subscription Agreement and the allotment and issue of the Tranche B Subscription Shares under the Specific Mandate; and (ii) the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the grant of the New General Mandate.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

Yours faithfully,  
For and on behalf of the Board  
**Media Asia Group Holdings Limited**  
**Lam Kin Ngok, Peter**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in connection with the proposed grant of the New General Mandate for inclusion in this circular.*



### **Media Asia Group Holdings Limited**

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

**(Stock Code: 8075)**

30 June 2021

*To the Independent Shareholders*

Dear Sir or Madam,

#### **PROPOSED REFRESHMENT OF GENERAL MANDATE**

We refer to the circular of the Company dated 30 June 2021 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether (i) the proposed grant of the New General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the proposed grant of the New General Mandate is in the interests of the Company and the Shareholders as a whole.

Red Sun Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

Having taken into account the advice from Red Sun Capital (together with the principal factors and reasons considered thereunder in arriving such advice), we are of the opinion that the proposed grant of the New General Mandate is (i) fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the relevant resolution to be proposed at the SGM to approve the grant of the New General Mandate.

Yours faithfully,

For and on behalf of

**The Independent Board Committee**

**Mr. Au Hoi Fung**

**Mr. Ng Chi Ho, Dennis      Mr. Poon Kwok Hing, Albert**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

Unit 3303, 33/F, West Tower, Shun Tak Centre,  
168-200 Connaught Road Central, Hong Kong

Tel: (852) 2857 9208

Fax: (852) 2857 9100

30 June 2021

*To: The Independent Board Committee and the Independent Shareholders of  
Media Asia Group Holdings Limited*

Dear Sir or Madam,

### PROPOSED REFRESHMENT OF GENERAL MANDATE

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the proposed grant of the New General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 30 June 2021 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As the refreshment of the General Mandate is being made prior to the Company’s next annual general meeting, pursuant to Rule 17.42A of the GEM Listing Rules, the proposed grant of the New General Mandate is subject to the Independent Shareholders’ approval by way of an ordinary resolution at the SGM at which any of the controlling shareholders of the Company and their associates, or, where there are no controlling shareholders of the Company, all Directors (excluding the independent non-executive Directors) and the chief executive, if any, of the Company and their respective associates shall abstain from voting in favour of the resolution approving the proposed grant of the New General Mandate.

As at the Latest Practicable Date, eSun is interested in approximately 69.65% of the total number of issued Shares and is the controlling shareholder of the Company. Accordingly, eSun and its associates shall abstain from voting in favour of the relevant resolution to approve the proposed grant of the New General Mandate. Save as disclosed in the foregoing, to the best knowledge, information and belief of the Directors, no other Shareholder is required to abstain from voting on the relevant resolution on the grant of the New General Mandate at the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising all the independent non-executive Directors, namely Messrs. Au Hoi Fung, Ng Chi Ho, Dennis and Poon Kwok Hing, Albert, has been established to advise the Independent Shareholders as to whether the proposed grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Red Sun Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant in assessing our independence and accordingly, are qualified to give independent advice to the Independent Board Committee and the Shareholders regarding the proposed grant of the New General Mandate.

In the last two years prior to the date of the Circular, we have not acted as independent financial adviser to the independent board committee and/or independent shareholders of the Company. Other than this appointment as the Independent Financial Adviser in connection with the proposed grant the New General Mandate and apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 17.96 of the GEM Listing Rules.

### BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information and representations provided by the Directors and the Management, for which they are solely and wholly responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Directors and the Management. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed grant of the New General Mandate, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the proposed grant of the New General Mandate, we have taken the following principal factors and reasons into consideration:

#### 1. Background of the proposed grant of the New General Mandate

The Company is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed and traded on GEM. The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in film production and distribution, organisation, management and production of concerts and live performances; artiste management; production and distribution of television programs; music production and publishing; licensing of media contents; provision of consultancy services in planning and management of cultural, entertainment and live performance projects.

At the 2020 AGM, the Shareholders approved, among other things, the ordinary resolution to approve the grant of the General Mandate to the Directors to allot and issue not more than 427,211,365 new shares, being 20% of the total number of issued shares of the Company as at the date of the 2020 AGM. As set out in the joint announcement of the Company and eSun dated 6 November 2020, the circular of the Company dated 30 November 2020 and the announcement of the Company dated 18 December 2020, the Company conducted a share consolidation pursuant to which every ten issued and unissued shares of HK\$0.01 each were consolidated into one share of HK\$0.10 each, which became effective on 22 December 2020. Accordingly, the number of Shares which the Directors may allot and issue under the General Mandate was revised to 42,721,136 Shares.

Subsequent to the 2020 AGM, the Company entered into a share subscription agreement on 4 June 2021 with the Subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, an aggregate of 83,333,333 Subscription Shares at the Subscription Price of HK\$1.20 per Subscription Share, which will be allotted and issued in two tranches. Tranche A Subscription Shares, comprising of 42,721,136 Subscription Shares, shall be allotted and issued under the General Mandate and Tranche B Subscription Shares, comprising of 40,612,197 Subscription Shares, shall be allotted and issued under the Specific Mandate. The aggregate net proceeds from the allotment and issue of the Subscription Shares are estimated to be approximately HK\$98.5 million. We noted that the Company intends to apply the net proceeds for the working capital of the Group and for the future development of the Group's business.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As the Tranche A Subscription Shares will be allotted and issued under the General Mandate, the General Mandate will be fully utilised by the issuance of the Tranche A Subscription Shares. Since the date of the 2020 AGM and up to the Latest Practicable Date, the General Mandate has not been refreshed. As disclosed in the Letter from the Board, the Board believes that the proposed grant of the New General Mandate is in the best interests of the Company and the Shareholders as a whole as such would enhance the flexibility of the Group to raise additional capital and respond to any equity fundraising opportunities promptly, and would also help the Group to secure suitable investors in a timely manner should such opportunity arises.

As at the Latest Practicable Date, the Company had an aggregate of 2,902,980,682 Shares in issue. On the basis that (i) no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the New General Mandate to allot and issue up to 580,596,136 Shares, representing 20% of the aggregate number of the issued Shares as at the Latest Practicable Date; and (ii) the Tranche A Subscription Shares are allotted and issued prior to the date of the SGM, and assuming that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the New General Mandate to allot and issue up to 589,140,363 Shares, representing 20% of the aggregate number of the issued Shares as at the date of the SGM.

As set out in the Letter from the Board, the New General Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum of Continuance and Bye-laws of the Company or any other applicable laws to be held; or (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors under the New General Mandate.

### **2. Our analysis and reasons for the grant of the New General Mandate**

As disclosed in the Letter from the Board, all the conditions to Tranche A Closing have been fulfilled as at the Latest Practicable Date and Tranche A Closing is expected to take place on or around 28 June 2021. The General Mandate is therefore expected to be fully utilised upon the Tranche A Closing. The next annual general meeting of the Company is expected to be held in December 2021, which is about six months from the date of the Circular. The Board is of the view that the grant of the New General Mandate would enable it to respond promptly to attractive market and investment opportunities and/or funding needs, where required. In addition, fund raising exercises pursuant to a general mandate provides the Company with a more efficient process than other types of fund raising exercises, and enables the Company to avoid uncertainties such as not being able to obtain a specific mandate in a timely manner.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In order to provide additional flexibility to allow the Company to grasp appropriate fund raising opportunities, the Board believes that New General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future business expansion and development as well as to cater for future funding requirements of the Group. The Board considers equity financing to be an important avenue of resources to the Group since it can reduce and limit financing which will create additional interest paying obligations on the Group. In appropriate circumstances, the Group will also consider other financing methods such as debt financing or internal cash resources to fund its future business development.

In this connection, we have reviewed the third quarterly results announcement of the Group for the nine months ended 30 April 2021 (the "**Third Quarterly Results**"). As set out in the Third Quarterly Results, the Group recorded turnover of approximately HK\$78.9 million, representing a decrease of approximately 55.4% from approximately HK\$177.1 million for the corresponding nine months in 2020. As advised by the Management, the decrease in revenue of the Group was mainly attributable to the persistent impact of COVID-19 pandemic since the outbreak began in early 2020. The lockdown and social-distancing measures upended the film and entertainment industry of the Group and cinemas were forced to close while live performance events were cancelled or postponed due to public health concerns.

It is observed that the consumption of online content has substantially increased in areas of streaming platforms and e-commerce as a result of pandemic lockdown measures and social distancing policies. The Management believes that there are opportunities in online e-commerce and influencer market and the Group had been directing its resources towards the development of related businesses. In addition, given the local epidemic situation has continued to subside, the PRC as well as the Hong Kong governments have been relaxing certain social-distancing measures, and cinemas and public entertainment venues with live performance are allowed to re-open. As advised by the Management, the Group is prepared to reactivate its investment in film and TV program productions in the PRC and Hong Kong and live performance events, to seize opportunities arising from the aforesaid recovery. In this regard, we noted from the Third Quarterly Results that the Group would continue to invest in original production of quality films with Chinese themes. The Group is also in discussion with various Chinese portals and video web sites for new project development in TV drama production. Moreover, the Group is continuing to work with prominent local and Asian artistes for concert promotion. As such, we understand from the Management that the Group would continue to utilise the financial resources of the Group to expand its media and entertainment business in Hong Kong and the PRC which should benefit the Group and its Shareholders as a whole.

As the Group will from time to time seek for opportunities and the film and TV program production business of the Group is a cash intensive business which may require a substantial level of cash flow, the proposed grant of the New General Mandate enables the Company to grasp appropriate fund raising opportunities for the Group's future expansion and development as well as to cater for possible future funding requirements of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted from the Letter from the Board that the Directors have considered other financing alternatives apart from equity financing such as debt financing, rights issue, open offer or internal cash resources to meet the financial requirements of the Group, and if appropriate, taking into consideration the then financial position, capital structure and cost of funding of the Group as well as the prevailing market condition.

We understand that the Directors consider equity financing to be an important source of financing to the Group for its general working capital, settling its financing obligations, and/or financing future investments or business development since (i) the equity financing does not create any interest paying obligations to the Group compared to debt financing; (ii) allotment of Shares through subscription is a relatively less time-consuming process compared to rights issue or open offer; and (iii) the availability of a general mandate enables the Company to capture any equity fund raising opportunities promptly and would also help the Group to secure suitable investors in a timely manner should the opportunity arises.

As advised by the Directors, save for the Subscription, the Group has no concrete plan for raising funding by issuing new Shares or acquiring any investments as at the Latest Practicable Date, and there is currently no concrete proposal presented by potential investors for investment in the Shares. Nevertheless, the Board is now proposing to seek the approval of Independent Shareholders at the SGM for the grant of the New General Mandate, in addition to the reasons as disclosed above, the Directors consider that should attractive terms for investment in the Shares become available from potential investors or the Group being able to identify suitable investment, the Board will be able to respond to the market promptly because fund raising exercise or issue of Shares as consideration or part of the consideration for investment projects pursuant to a general mandate provides the Company with a more simple and less lead time process and to avoid the uncertainties in such circumstances such as not being to obtain a specific mandate in a timely manner.

In assessing the need for the proposed grant of the New General Mandate, we have also taken into account the funding needs by considering (i) the financial position of the Group; and (ii) the quarterly expenses of the Group. According to the interim report of the Company for the six months ended 31 January 2021, the Group had bank balances and cash of approximately HK\$266.8 million as at 31 January 2021, and as advised by the Management, a majority of such cash and bank balances has been allocated for the general working capital of the Group including funding the existing TV and film projects and live performance events of the Group and related overhead expenses. As mentioned in the Letter from the Board, the Group raised net proceeds of approximately HK\$98.5 million from the allotment and issue of the Subscription Shares, of which approximately HK\$34.5 million and HK\$64.0 million is intended for working capital for the Group's new content digitisation initiatives and for general working capital, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on our discussion with the Management and review of the published financial information of the Group, we noted that (i) the Group has invested significant amount in films and TV programs under production and film investments of approximately HK\$409.6 million, and prepayments, deposits and other receivables of approximately HK\$179.3 million as at 31 January 2021 and shall continue to lay down substantial amount on these on-going projects; (ii) the quarterly administrative expenses and operation expenses of not less than HK\$28 million; (iii) the potential development from the new content digitisation initiatives; and (iv) the investment opportunities encountered by the Group in the film and TV program production in Hong Kong and the PRC and live performance events. On this basis, we concur with the Directors that the Company has a need to refresh the General Mandate and raise funds from the capital market should opportunities arise.

If such opportunities arise prior to the next annual general meeting of the Company, decisions may have to be made within a limited period of time. If any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Directors will consider and may conduct an equity fund raising exercise by issuing new Shares, the proceeds of which may be used as general working capital and/or to support the Group's future business development. Announcements will be made by the Company in this relation as and when appropriate.

There has not been any other grant or refreshment of the general mandate since the 2020 AGM. All of the equity fund raising activities of the Group in the past twelve months immediately preceding the Latest Practicable Date has been disclosed in the paragraph headed "3. Fund raising activity of the Company during the past twelve months" in this letter.

We are of the view that the terms and conditions of the proposed grant of the New General Mandate is fair and reasonable, after having considered that:

- (i) the Tranche A Subscription Shares will be allotted and issued under the General Mandate and the General Mandate is expected to be fully utilised after the Tranche A Closing;
- (ii) the next annual general meeting of the Company is expected to be held after six months of the date of the Circular, which may hinder the Company to invest in any potential businesses promptly through equity financing or the terms might not be favourable to the Company as a result of lengthy negotiation with the counterparty;
- (iii) the film and TV program production business of the Group is a cash intensive business which requires a substantial level of cash flow and the continuous development of the Group in the entertainment business, particularly in the film and TV program productions and the local live performance events;
- (iv) debt financing will create interest paying obligations to the Group and may be subject to lengthy due diligence and negotiations with the subject financial institution(s) with reference to the Group's current financial position and capital structure and the prevailing market conditions at the relevant time;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) rights issue or open offer may take a longer time to complete while fund raising exercise pursuant to issuance of Shares under a general mandate provides the Company with a simpler process with less lead time than other types of fund raising exercise and avoids the uncertainties such as not being able to obtain a specific mandate in a timely manner;
- (vi) although the Company has no concrete fund raising plan, the proposed grant of the New General Mandate will provide the Company with an additional alternative and flexibility of financing to the Group and the Directors consider that it is reasonable for the Company to have the flexibility in deciding the financing methods for its future investment and/or development, including equity issuance; and
- (vii) the Company will issue announcement(s) as and when required by the GEM Listing Rules, in the event that any concrete fund raising plan arises as and when appropriate to keep the Shareholders and the public informed.

### 3. Fund raising activity of the Company during the past twelve months

In order to finance the financial obligation and/or the existing and/or new projects of the Group, during the past twelve months immediately preceding the Latest Practicable Date, the Company entered into the following equity fund raising activity:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds</b>
6 November 2020	Issue of 2,687,500,000 new Shares at a price of HK\$0.16 per Share under specific mandate	Approximately HK\$430 million	Capitalisation of an aggregate principal amount of HK\$430 million in shareholders' loans due to eSun	Fully applied as intended

Save as and except the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

With reference to our analysis as set out under section headed "2. Our analysis and reasons for the grant of the New General Mandate" in this letter above, we consider that it is beneficial for the Group to have sufficient financial resources on hand in order to seize suitable opportunities which may arise in the future in a timely manner. Besides, other financing alternatives such as debt financing or bank borrowings would create additional interest burden to the Group. As such, we consider that it is commercially sensible for the Group to maintain financial flexibility and concur with the Directors that the proposed grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Other financing alternatives

As advised by the Directors, they have also considered other financing alternatives such as debt financing and internal cash resources to fund its future business development and expansion and/or investment opportunities, depending on the Group's financial position and cost of funding as well as the prevailing market condition. We are given to understand that the Directors would exercise due and careful consideration, and consider factors, including where applicable, the Group's gearing level, financial position, interest obligations, expected cash inflow and outflow, the availability and timeliness as well as the duration of the subject debt facilities and relevant repayment profile and potential dilution effects to its Shareholders for equity financing methods, in the selection of financing method in order to maximise the benefit to the Shareholders.

The Directors also considered, and we concur, that debt financing, such as revolving banking facilities, term loans and/or other debt instruments, are commonly interest bearing, payable periodically subject to the relevant terms, which may depend on various factors considered by the subject lender, including the then prevailing market interest rates, credit profile of the borrower, whether there are any securities/collateral involved, the nature and duration of the subject debt instrument, and therefore will create additional interest burden on the Group in the form of interest payments and may be subject to lengthy due diligence as the subject financial institution(s) would typically carry out background and credit checks on the borrower as well as the Group with a view to understand its financial position, including its capital structure and indebtedness position of the Group, its operations and cashflow positions, to assess repayment capabilities of the borrower and the Group as well as negotiations with the financial institution(s) on detail terms of the debt facilities, such as type of debt facilities (revolving or term), size of the debt facilities, interest rate, duration of the debt facilities, repayment schedule, securities/collateral involved (if any) as well as guarantor for the obligations of the debt facilities (if any), given the preparation of the relevant information and the internal approval process of the financial institution(s) would take time, the timing and availability of the debt facilities are subject to uncertainties. Based on our review of the published financial information of the Group and as confirmed by the Management, the Group has no loan facilities with any banks as at the Latest Practicable Date.

Regarding the different equity financing methods, the proposed grant of the New General Mandate allows the Company to raise equity capital within the specified limits of the mandate promptly rather than through the more cost and time-consuming process of obtaining a specific mandate when such need for capital may arise in the future. In the case of alternative pro-rata equity fund raising such as rights issue and open offer, lengthy discussions with potential commercial underwriters may be required as it is typical for underwriters to consider and discuss with the Company on, among others, the Group's then financial performance and position, the size of the underwriting amount, the then capital market conditions, the structure of the subject rights issue/open offer, the subject offer price, the potential receptiveness of the Shareholders, the underwriting commission, the outcome of such discussion and negotiations are subject to uncertainties and the terms to be offered by the underwriters may or may not be acceptable to the Company. Furthermore, any prolonged negotiations with the underwriter(s) would in turn cause undue delay to the overall fund raising schedule, which may also require, where applicable, the issuance of circular, prospectus and obtain relevant shareholders' approval, that may result in the failure of financing the Group's financial obligations, business development, expansion and/or investment opportunities in a timely manner.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the aforementioned reasons, we consider that the proposed grant of the New General Mandate will provide the Company with an additional alternative of equity funding, enhance the financing flexibility of the Company to raise funds as and when required by way of issuance of new Shares, therefore the proposed grant of the New General Mandate is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### 5. Potential dilution to Independent Shareholders' shareholdings

The table below sets out the shareholding structure of the Company and the effect on the shareholding structure of the Company (i) upon completion of the Tranche A Closing and the Tranche B Closing (assuming there are no other changes in the shareholding structure of the Company immediately after the Latest Practicable Date and up to Tranche B Closing, other than the allotment and issue of the Subscription Shares); and (ii) upon full utilisation of the New General Mandate as set out below:

Shareholders	As at the Latest Practicable Date		Upon Tranche A Closing		Upon Tranche B Closing		Upon full utilisation of the New General Mandate	
	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)	No. of issued Shares	Approximate percentage (%)
eSun (Note)	2,021,848,647	69.65	2,021,848,647	68.64	2,021,848,647	67.70	2,021,848,647	56.55
The Subscriber	4,949,366	0.17	47,670,502	1.62	88,282,699	2.96	88,282,699	2.47
Other Shareholders	876,182,669	30.18	876,182,669	29.74	876,182,669	29.34	876,182,669	24.50
Maximum number of new Shares that can be issued under the New General Mandate	—	—	—	—	—	—	589,140,363	16.48
<b>Total</b>	<b>2,902,980,682</b>	<b>100.00</b>	<b>2,945,701,818</b>	<b>100.00</b>	<b>2,986,314,015</b>	<b>100.00</b>	<b>3,575,454,378</b>	<b>100.00</b>

Note: The 2,021,848,647 Shares are held by eSun indirectly through Perfect Sky Holdings Limited, a direct wholly-owned subsidiary of eSun, as at the Latest Practicable Date.

As set out in the above table, assuming that (i) the proposed grant of the New General Mandate is approved at the SGM; (ii) the Tranche A Subscription Shares and Tranche B Subscription Shares have been allotted and issued; (iii) no Shares will be repurchased and no new Shares will be issued by the Company from the Latest Practicable Date and up to the date of the SGM (both dates inclusive); and (iv) upon full utilisation of the general mandate after the proposed grant of the New General Mandate, the aggregate shareholding of the then public Shareholders (including the Subscriber) may be diluted from approximately 32.30% as at the Tranche B Closing to approximately 26.97% upon full utilisation of the general mandate after the proposed grant of the New General Mandate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Furthermore, we understand from the Management that before adopting any fund raising activities, the Directors would assess various factors including, among others, (i) the Group's gearing level and interest obligation; (ii) the Group's financial performance as well as financial position; (iii) the expected cash inflow and outflow from its operations and other needs at the relevant time; (iv) the availability and timeliness of the subject financing methods; (v) the duration of the debt facilities and repayment profile of the debt financing methods; and (vi) the potential dilution effects to its Shareholders for equity financing methods.

Taking into account that the proposed grant of the New General Mandate (i) would provide an alternative to increase the amount of capital which may be raised thereunder; (ii) would provide more options of financing to the Group for funding needs but not an obligation for the Group to utilise the New General Mandate; (iii) would not prevent the Group from adopting other debt or equity fund raising alternatives at the relevant time; (iv) the factors to be considered by the Directors prior to further fund raising activities; and (v) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the general mandate after the proposed grant of the New General Mandate, we consider that such potential dilution to the shareholdings of the existing public Shareholders is acceptable.

### RECOMMENDATIONS

Having taken into account the principal factors discussed above, we are of the view that the proposed grant of the New General Mandate is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the SGM to approve the proposed grant of the New General Mandate.

Yours faithfully,  
For and on behalf of  
**Red Sun Capital Limited**  
**Lewis Lai**  
*Managing Director*

*Mr. Lewis Lai is a licensed person registered with the Securities and Futures Commission and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 14 years of experience in the corporate finance industry.*



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## NOTICE OF SGM

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### Media Asia Group Holdings Limited

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

**(Stock Code: 8075)**

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of the members (the “**Members**”) of Media Asia Group Holdings Limited (the “**Company**”) will be held at Grand Ballroom 5, Level B, Hong Kong Ocean Park Marriott Hotel, 180 Wong Chuk Hang Road, Aberdeen, Hong Kong on Friday, 16 July 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions each as an ordinary resolution of the Company. The capitalised terms defined in the circular dated 30 June 2021 issued by the Company (the “**Circular**”) of which this notice forms part shall have the same meanings when used herein unless otherwise specified:

#### ORDINARY RESOLUTIONS

1. “**THAT**:

- (a) the share subscription agreement dated 4 June 2021 (a copy of which is produced to the meeting marked “A” and initialled by the chairman of the meeting for the purpose of identification) entered into between the Company as issuer and THL G Limited as subscriber (the “**Subscription Agreement**”) in respect of, among other things, the subscription of an aggregate of 83,333,333 new shares of the Company (the “**Shares**”) at a subscription price of HK\$1.20 each, to be allotted and issued in two tranches (the first tranche comprising 42,721,136 new Shares which have been allotted and issued under the general mandate granted to the directors of the Company (the “**Directors**”) at the annual general meeting of the Company on 18 December 2020, and the second tranche comprising 40,612,197 new shares (the “**Tranche B Subscription Shares**”) to be allotted and issued pursuant to a specific mandate to be sought from the Members), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified in all respects;
- (b) the Directors be and are hereby granted a specific mandate to allot and issue the Tranche B Subscription Shares in accordance with the terms of the Subscription Agreement; and

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## NOTICE OF SGM

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- (c) any one or more Directors be and are hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents, instruments and agreements (whether under common seal of the Company or not) and to take all steps and to do all such acts or things deemed by the Director(s) to be incidental to, ancillary to or in connection with the matters contemplated in the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Tranche B Subscription Shares pursuant thereto) as the Director(s) may in his/their absolute discretion consider necessary, desirable or expedient to give effect to the Subscription Agreement and the implementation of all transactions contemplated thereunder (including the allotment and issue of the Tranche B Subscription Shares pursuant thereto) and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and the Members as a whole.”

2. **“THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional Shares, and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall be in addition to any other authorisation given to the Directors at any time to allot, issue and deal with additional Shares and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into Shares) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below); or
  - (ii) an issue of Shares upon the exercise of rights of subscription, exchange or conversion under the terms of any of the options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for or are exchangeable or convertible into Shares); or

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## NOTICE OF SGM

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- (iii) an issue of Shares as scrip dividends pursuant to the bye-laws of the Company (the “**Bye-laws**”) from time to time; or
- (iv) an issue of Shares under any award or option scheme or similar arrangement for the grant or issue to eligible participants under such scheme or arrangement of Shares or rights to acquire Shares,

shall not exceed 20% of the number of the issued Shares at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this Resolution,

“**Relevant Period**” means the period from the date of passing this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Members in general meeting; or
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by law or the Bye-laws to be held; and

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to the holders of Shares whose names appear on the register of members and/or the Hong Kong branch register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

By order of the Board of  
**Media Asia Group Holdings Limited**  
**Wong Lai Chun**  
*Company Secretary*

Hong Kong, 30 June 2021

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place  
of business in Hong Kong:*  
11th Floor  
Lai Sun Commercial Centre  
680 Cheung Sha Wan Road  
Kowloon, Hong Kong

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## NOTICE OF SGM

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Notes:

- (1) *A Member entitled to attend and vote at the SGM convened by the above notice (the “**Notice**”) or its adjourned meeting (as the case may be) is entitled to appoint one (or, if he, she or it holds two or more Shares, more than one) proxy to attend the SGM and vote on his/her/its behalf in accordance with the Bye-laws. A proxy need not be a Member. A form of proxy for use at the SGM or its adjournment (as the case may be) is enclosed with the Circular and is also available on the respective websites of GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company.*
- (2) *To be valid, a form of proxy or a photocopy thereof, duly signed and completed, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be lodged with the branch share registrar of the Company in Hong Kong (the “**Share Registrar**”), Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for holding the SGM or its adjourned meeting (as the case may be) and in default, the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude Members from attending and voting in person at the SGM or at its adjourned meeting (as the case may be) should they so wish. In that event, the said form(s) of proxy will be deemed to be revoked.*

*The contact phone number of the Share Registrar is (852) 2980 1333.*

- (3) *To ascertain the entitlements to attend and vote at the SGM, Members must lodge the relevant transfer document(s) and share certificate(s) at the Share Registrar’s office not later than 4:30 p.m. on Monday, 12 July 2021 for registration.*
- (4) *Where there are joint registered holders of any Share, any one of such joint holders may attend and vote at the SGM or its adjourned meeting (as the case may be), either in person or by proxy, in respect of such Shares as if he/she/it were solely entitled thereto; but if more than one of such joint holders are present at the SGM or its adjourned meeting (as the case may be), personally or by proxy, then one of such holders so present whose name stands first in the register of members and/or Hong Kong branch register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.*
- (5) *In compliance with Rule 17.47(4) of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) and the Bye-laws, voting on all resolutions proposed in the Notice and any other resolutions properly put to the vote of the SGM will be decided by way of poll.*
- (6) *If a tropical cyclone warning signal no. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 8:00 a.m. on the date of the SGM, then the SGM will be proposed to be adjourned. If the SGM is adjourned for less than 14 days, Members will be informed of the date, time and venue of the adjourned SGM by a notice posted on the respective websites of GEM and the Company.*

*If a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is cancelled at or before 8:00 a.m. on the date of the SGM, the SGM will be held as scheduled. The SGM will be held as scheduled when an amber or red rainstorm warning signal is in force.*

*Members should decide on their own whether they would attend the SGM under a bad weather condition bearing in mind their own situations and if they do so, they are advised to exercise care and caution.*

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## NOTICE OF SGM

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- (7) *Members are advised to read the Circular which contains information concerning the resolutions to be proposed in the SGM.*
- (8) *Considering the outbreak of the novel coronavirus (COVID-19), certain measures will be implemented at the SGM or its adjourned meeting (as the case may be) with a view to addressing the risk to attendees of infection, including the following:*
- (i) all attendees will be required to undergo body temperature check;*
  - (ii) all attendees will be required to complete a health declaration form (a copy of the form is enclosed with the Circular), which may be used for contact tracing, if required and comply with the entry requirements of the SGM venue prior to entry to the SGM venue;*
  - (iii) any attendees who are subject to health quarantine prescribed by the Government of Hong Kong Special Administrative Region of the People's Republic of China will not be admitted to the SGM venue;*
  - (iv) all attendees will be required to wear surgical face masks throughout the SGM;*
  - (v) each attendee will be assigned a designated seat at the time of registration to ensure social distancing;*
  - (vi) any person who does not comply with the measures above may be denied entry into, or be required to leave, the SGM venue; and*
  - (vii) no refreshments or beverages will be provided, and there will be no corporate gifts.*
- (9) *The Company reminds Members that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. The Company would like to remind Members that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and **strongly recommends that Members appoint the chairman of the SGM as their proxy** and submit their form of proxy as early as possible. In light of the risks posed by the COVID-19 pandemic, the Company **strongly encourages Members NOT to attend the SGM in person.***
- (10) *The Company will keep the evolving COVID-19 situation and the associated legal restrictions on public gatherings under constant review and may implement additional measures, which will be announced closer to the date of the SGM.*

*As at the date of this Notice, the board of Directors comprises four executive Directors, namely Dr. Lam Kin Ngok, Peter (Chairman), Messrs. Chan Chi Kwong, Lui Siu Tsuen, Richard and Yip Chai Tuck; and three independent non-executive Directors, namely Messrs. Au Hoi Fung, Ng Chi Ho, Dennis and Poon Kwok Hing, Albert.*