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## **Media Asia Group Holdings Limited**

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

**(Stock Code: 8075)**

### **CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE 2022 THEATRICAL FILM DISTRIBUTION AGREEMENT AND THE 2022 FILM DISTRIBUTION AGREEMENTS**

References are made to the announcements of the Company dated (i) 12 June 2019 in relation to the 2019 Theatrical Film Distribution Agreement and (ii) 22 October 2019 in relation to the 2019 Film Distribution Agreements. The 2019 Agreements will expire on 31 July 2022. On 28 July 2022, MAFD, IFDL and PAPC entered into the 2022 Theatrical Film Distribution Agreement; and the Company and each of MAD(BVI) and MAD(HK) entered into the 2022 Film Distribution Agreements, respectively, with substantially the same terms as the corresponding 2019 Agreements, for a period of three years from 1 August 2022 to 31 July 2025.

As at the date of this announcement, eSun is the controlling shareholder of the Company indirectly holding approximately 67.70% of the issued share capital of the Company, and each of (i) IFDL and PAPC is indirectly held as to 95% by eSun; and (ii) MAD(BVI) and MAD(HK) is a wholly-owned subsidiary of eSun. Therefore, all of them are connected persons of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the 2022 Theatrical Film Distribution Agreement and the 2022 Film Distribution Agreements constitute continuing connected transactions of the Company under the GEM Listing Rules.

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

References are made to the announcements of the Company dated (i) 12 June 2019 in relation to the 2019 Theatrical Film Distribution Agreement and (ii) 22 October 2019 in relation to the 2019 Film Distribution Agreements. The 2019 Agreements will expire on 31 July 2022. On 28 July 2022, MAFD, IFDL and PAPC entered into the 2022 Theatrical Film Distribution Agreement; and the Company and each of MAD(BVI) and MAD(HK) entered into the 2022 Film Distribution Agreements, respectively, with substantially the same terms as the corresponding 2019 Agreements, for a period of three years from 1 August 2022 to 31 July 2025.

## **THE 2022 THEATRICAL FILM DISTRIBUTION AGREEMENT**

The principal terms of the 2022 Theatrical Film Distribution Agreement are as follows:

Date:	28 July 2022
Parties:	(1) MAFD; (2) IFDL; and (3) PAPC
Term:	three years from 1 August 2022 to 31 July 2025
Licensed rights:	MAFD grants to IFDL, and IFDL accepts, an exclusive licence to exploit in the Territory the Theatrical Rights in the Pictures for a period of one year commencing on the date of the first theatrical release of such Pictures by IFDL in the Territory.
Distribution, Distribution Costs and Film Rental:	IFDL will, among others, arrange for exhibition contracts and bookings for the screening of the Pictures with the best available cinemas and other places of exhibition, including cinemas operated by MCL, at the earliest favourable dates.

The Film Rental for each Picture will be allocated as follows:

- (a) firstly, to pay to IFDL an amount equivalent to the Distribution Fee;
- (b) secondly, to reimburse IFDL an amount equivalent to the Distribution Costs initially paid by IFDL;
- (c) thirdly, to pay PAPC an amount equivalent to the P&A Fee; and
- (d) lastly, to pay to MAFD any Film Rental remaining after the deductions pursuant to items (a) to (c) above.

If the Film Rental of a Picture is insufficient to pay to IFDL an amount equivalent to the Distribution Costs and/or the P&A Fee for that Picture, MAFD shall reimburse IFDL of such shortfall.

Promotion and advertising: IFDL will use its best endeavours to give maximum publicity, promotion and advertising to the Pictures at optimal costs. IFDL shall use PAPC for promotion and advertising of the Pictures and PAPC shall charge the P&A Fee as service fee of each Picture, subject to prior written approval by MAFD. Unless otherwise agreed by MAFD, the budget of the P&A Costs plus the P&A Fee shall be capped at the maximum sum of HK\$2,500,000 for each Picture.

Payment terms: IFDL will use its best endeavours to send to MAFD a film distribution statement within 45 days of the last theatrical release date of each Picture in the Territory and pay MAFD's share of the Film Rental of such Picture as shown on such film distribution statement within 14 days after MAFD's receipt of such statement.

### Annual Caps

The annual caps for the continuing connected transactions contemplated under the 2022 Theatrical Film Distribution Agreement in each of the three financial years ending 31 July 2023, 2024 and 2025 are as follows:

	For the year ending 31 July		
	2023	2024	2025
	HK\$	HK\$	HK\$
Annual caps	5,400,000	6,000,000	6,500,000

The above annual caps are determined with reference to:

- (i) the historical transaction amounts;
- (ii) the projected Film Rental of the Pictures and the rate of the Distribution Fee;
- (iii) the sharing of estimated box office by MCL taking into account the market share of MCL in the industry of cinema operation in the Territory; and
- (iv) the estimated P&A Costs of the Pictures and the rate of the P&A Fee.

The historical transaction amounts in respect of the continuing connected transactions under the 2019 Theatrical Film Distribution Agreement for the years ended 31 July 2020 and 2021 were HK\$731,000 and HK\$379,000, respectively.

## THE 2022 FILM DISTRIBUTION AGREEMENTS

On 28 July 2022, the Company (as sole agent) entered into the MAD(BVI) Film Distribution Agreement with MAD(BVI) (as Principal) and the MAD(HK) Film Distribution Agreement with MAD(HK) (as Principal). Except for the counterparties, the underlying assets and the territories, each of the 2022 Film Distribution Agreements contains the same principal terms which are summarised as follows:

- Date: 28 July 2022
- Term: three years from 1 August 2022 to 31 July 2025
- Distribution services: the relevant Principal appointed the Company to act as its sole agent for distribution services in respect of the Films in the territories specified in the 2022 Film Distribution Agreement, including:
- (a) to negotiate, liaise and enter into agreement with any prospective sublicensees to exploit the Films;
  - (b) to manage any agreement entered into between the existing licensees and the relevant Principal, its subsidiaries, fellow subsidiaries and/or associates; and
  - (c) to collect any and all monies from any of the licensees and sublicensees mentioned in (a) and (b) above.
- Distribution Commission: in consideration of the Company providing the distribution services to the relevant Principal, the Company shall be entitled to retain 15% of the Gross Receipts as the Distribution Commission.
- Payment: the Company shall on a quarterly basis remit to the relevant Principal the net receipts which is determined by deducting the following from the Gross Receipts:
- (a) the Distribution Commission;
  - (b) costs and disbursements actually incurred by the Company for the distribution of any or all rights granted to it; and
  - (c) all taxes, costs and expenses incurred by the Company in connection with the Gross Receipts or for the transmission of payments to the Company.

### Annual Caps

The annual caps for the continuing connected transactions contemplated under the 2022 Film Distribution Agreements in each of the three financial years ending 31 July 2023, 2024 and 2025 are as follows:

	For the year ending 31 July		
	2023	2024	2025
	HK\$	HK\$	HK\$
Annual caps	7,000,000	7,000,000	7,000,000

The above annual caps are determined with reference to:

- (i) the historical transaction amounts;
- (ii) the projected revenue stream that could be generated by the Group in the distribution of the relevant films licensed under the 2022 Film Distribution Agreements; and
- (iii) the rate of Distribution Commission stipulated in the 2022 Film Distribution Agreements.

The historical transaction amounts in respect of the continuing connected transactions under the 2019 Film Distribution Agreements for the period from 23 October 2019 (date of the 2019 Film Distribution Agreements) to 31 July 2020 and for the year ended 31 July 2021 were HK\$2,726,000 and HK\$5,501,000, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

### *The 2022 Theatrical Film Distribution Agreement*

Given that IFDL is prominent in the film distribution industry and is the sole distributor of several major film production studios, the Directors believe that by entering into the 2022 Theatrical Film Distribution Agreement, the Group can continue to leverage on the comprehensive range of distribution channels offered by IFDL, thereby increasing the profitability of its films. Further, the arrangement under the 2022 Theatrical Film Distribution Agreement can enable the Group to secure the best available cinemas at the earliest favourable dates and make advance market campaign arrangements for theatrical release of films and hence increase profits of the Group.

### *The 2022 Film Distribution Agreements*

The Directors believe that it is advantageous for the Company to remain as the sole agent to distribute the underlying films as the Group will be able to maintain the business relationships and generate a stable revenue stream from the commission income. Furthermore, as the Group has been building up its own film library over time, it is more efficient and financially more lucrative to distribute the rights of its film library to the potential customers together with the films in the 2022 Film Distribution Agreements and bundling of new and old films in a transaction enables the Group to capture a wider customers base as well as to charge a better fee for the transaction being contemplated.

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

Dr. Lam Kin Ngok, Peter, the chairman and an executive Director of the Company, is also the ultimate controlling shareholder of eSun, may be regarded as having material interests in the Continuing Connected Transactions and therefore has abstained from voting at the meeting of the Board convened for the purpose of approving the 2022 Theatrical Film Distribution Agreement and the 2022 Film Distribution Agreements.

## **INFORMATION OF THE GROUP AND THE CONNECTED PERSONS**

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

MAFD is principally engaged in film distribution and licensing of films. It is a wholly-owned subsidiary of the Company.

IFDL is principally engaged in film distribution. MCL is principally engaged in investment holding and operation of cinemas. PAPC is principally engaged in provision of advertising services, video duplication services, and translating and subtitling of television programs. Each of IFDL, MCL and PAPC is indirectly held as to 95% by eSun.

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

eSun is an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange. eSun acts as an investment holding company and the principal activities of its subsidiaries include the development, operation of and investment in media and entertainment, music production and distribution, the investment in and production and distribution of television programs, films and video format products and cinema operation in Hong Kong and Mainland China.

## **GEM LISTING RULES IMPLICATIONS**

As at the date of this announcement, eSun is the controlling shareholder of the Company indirectly holding approximately 67.70% of the issued share capital of the Company, and each of (i) IFDL and PAPC is indirectly held as to 95% by eSun; and (ii) MAD(BVI) and MAD(HK) is a wholly-owned subsidiary of eSun. Therefore, all of them are connected persons of the Company under the GEM Listing Rules. Accordingly, the transactions contemplated under the 2022 Theatrical Film Distribution Agreement and the 2022 Film Distribution Agreements constitute continuing connected transactions of the Company under the GEM Listing Rules.

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

## **DEFINITIONS**

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

“2019 Agreements”	collectively, the 2019 Theatrical Film Distribution Agreement and the 2019 Film Distribution Agreements
“2019 Film Distribution Agreements”	(1) the distribution agreement dated 22 October 2019 entered into between MAD(BVI) and the Company in respect of appointing the Company as the sole agent to distribute certain films by MAD(BVI); and (2) the distribution agreement dated 22 October 2019 entered into between MAD(HK) and the Company in respect of appointing the Company as the sole agent to distribute certain films by MAD(HK), both for a period from 23 October 2019 to 31 July 2022
“2019 Theatrical Film Distribution Agreement”	the agreement dated 12 June 2019 entered into among MAFD, IFDL and PACP in relation to the exploitation of the Theatrical Rights in the Pictures in the Territory for a period of three years from 1 August 2019 to 31 July 2022
“2022 Film Distribution Agreements”	collectively, the MAD(BVI) Film Distribution Agreement and the MAD(HK) Film Distribution Agreement, and each a “2022 Film Distribution Agreement”
“2022 Theatrical Film Distribution Agreement”	the agreement dated 28 July 2022 entered into among MAFD, IFDL and PACP in relation to the exploitation of the Theatrical Rights in the Pictures in the Territory for a period of three years from 1 August 2022 to 31 July 2025
“Board”	the board of Directors
“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 shares of which are listed and traded on the GEM (Stock Code: 8075)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions contemplated under the 2022 Theatrical Film Distribution Agreement and the 2022 Film Distribution Agreements
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Distribution Commission”	15% of the Gross Receipts
“Distribution Costs”	any of the distribution costs set out in the 2022 Theatrical Film Distribution Agreement that are approved by MAFD and that are actually incurred by IFDL as out-of-pocket expenses in exploiting the licensed rights under the 2022 Theatrical Film Distribution Agreement
“Distribution Fee”	10% of the Film Rental

“eSun”	eSun Holdings Limited (豐德麗控股有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 571) and the controlling shareholder of the Company
“Film Rental”	all amounts that are or should be invoiced by IFDL to theatrical exhibitors in the Territory and any other amounts receivable by IFDL in connection with the exploitation of the licensed rights under the 2022 Theatrical Film Distribution Agreement
“Films”	the films listed in the schedule(s) of the relevant 2022 Film Distribution Agreement of which the relevant Principal is the sole legal and beneficial owner of and/or has the right to license or appoint distribution agent
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Gross Receipts”	the sums actually received by the Company from the distribution of any or all of the rights granted to it pursuant to the relevant 2022 Film Distribution Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFDL”	Intercontinental Film Distributors (H.K.) Limited (洲立影片發行(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect 95%-owned subsidiary of eSun
“Macao”	the Macao Special Administrative Region of the PRC
“MAD(BVI)”	Media Asia Distribution Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of eSun
“MAD(BVI) Film Distribution Agreement”	the distribution agreement dated 28 July 2022 entered into between MAD(BVI) and the Company in respect of appointing the Company as the sole agent to distribute certain films by MAD(BVI) for a period of three years from 1 August 2022 to 31 July 2025
“MAD(HK)”	Media Asia Distribution (HK) Limited (寰亞電影發行有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of eSun
“MAD(HK) Film Distribution Agreement”	the distribution agreement dated 28 July 2022 entered into between MAD(HK) and the Company in respect of appointing the Company as the sole agent to distribute certain films by MAD(HK) for a period of three years from 1 August 2022 to 31 July 2025



“MAFD”	Media Asia Film Distribution (HK) Limited (寰亞影視發行(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“MCL”	Multiplex Cinema Limited (洲立影藝有限公司), a company incorporated in Hong Kong with limited liability and an indirect 95%-owned subsidiary of eSun
“P&A Costs”	costs in connection with (a) manufacturing additional advertising materials; and (b) advertising, publicising and promoting the Pictures
“P&A Fee”	7% of the P&A Costs
“PAPC”	Perfect Advertising & Production Company Limited (荃美廣告有限公司), a company incorporated in Hong Kong with limited liability and an indirect 95%-owned subsidiary of eSun
“Picture(s)”	any feature motion picture: (a) financed wholly or partially, and/or produced or co-produced by a company in the Group (to the extent that MAFD owns and controls, without encumbrance of any nature, the Theatrical Rights of the Pictures in the Territory); and (b) which MAFD or a company in the Group owns and controls the Theatrical Rights of the Pictures in the Territory and as advised by MAFD at its sole discretion from time to time
“PRC” or “Mainland China”	the People’s Republic of China, excluding Hong Kong, Macao and Taiwan for the purpose of this announcement
“Principals”	collectively MAD(BVI) and MAD(HK), each a “Principal”
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“Territory”	Hong Kong and Macao
“Theatrical Rights”	the right to exploit a motion picture in cinemas or other places of viewing where the general public is admitted and where an admission price or a flat rental is charged, provided that IFDL shall obtain MAFD’s written approval before entering into any such flat rental arrangements in respect of the exhibition of motion pictures
“%”	per cent.

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

Hong Kong, 28 July 2022

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its publication and on the Company’s website at [www.mediaasia.com](http://www.mediaasia.com).*