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MODERN MEDIA HOLDINGS LIMITED

現代傳播控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 72)

ANNUAL PERFORMANCE GUARANTEE IN RELATION TO THE DEEMED DISPOSAL OF EQUITY INTEREST IN MODERN DIGITAL HOLDINGS LIMITED

Reference is made to (i) the announcements (the “**Announcements**”) of the Company dated 10 March 2017, 22 March 2017 and 4 August 2017 in relation to the deemed disposal of equity interest in Modern Digital Holdings Limited and (ii) the annual report of the Company and its subsidiaries (collectively, the “**Group**”) for the financial year (“**FY2017**”) ended 31 December 2017 (the “**2017 Annual Report**”).

Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the Announcements and the 2017 Annual Report.

As disclosed in the Announcements and 2017 Annual Report, Septwolves Invest and the Company subscribed for a total of 428,571 Subscription Shares in MDHL pursuant to the Investment Agreement. Following completion of the Investment Agreement, MDHL has been held as to 70% by the Company (indirectly) and as to 30% by Septwolves Invest.

Pursuant to the Investment Agreement, the Company has undertaken to Septwolves Invest that the expected revenue after tax of the MDHL Group for each the three financial years ending 31 December 2017, 2018 and 2019 will be no less than HK\$140 million, HK\$162 million, and HK\$186 million, respectively; if MDHL fails to achieve the above expected annual performance, Septwolves Invest shall be entitled, on or before 30 April 2020, to require the Company to acquire all MDHL Shares then held by Septwolves Invest.

Based on the audited consolidated financial statements of the MDHL Group, its revenue after tax for FY2017 amounted to approximately RMB124.8 million (equivalent to approximately HK\$143.9 million). As the revenue after tax of MDHL Group for FY2017 was in excess of HK\$140 million, the expected annual performance for such financial year as provided under the Investment Agreement was fulfilled.

The Board confirms that the above additional information does not affect the other information contained in the 2017 Annual Report.

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 13 July 2018

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1 = RMB0.867108. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

As at the date of this announcement, the Board comprises the following members: (a) as executive directors, Mr. SHAO Zhong, Mr. MOK Chun Ho, Neil, Ms. YANG Ying, Mr. LI Jian and Mr. DEROCHE Alain; (b) as independent non-executive directors, Mr. JIANG Nanchun, Mr. WANG Shi and Mr. AU-YEUNG Kwong Wah and Dr. GAO Hao.