

ASIA MEDIA GROUP BERHAD (“AMEDIA” OR THE “COMPANY”)

MEMORANDUM OF UNDERSTANDING ENTERED INTO BETWEEN AMEDIA AND EDM EDUCATIONAL TECHNOLOGY (M) SDN BHD

1. INTRODUCTION

The Board of Directors of AMEDIA (“**Board**”) is pleased to announce that AMEDIA had on 12 February 2019, entered into a Memorandum of Understanding (“**MOU**”) with EDM Educational Technology (M) Sdn Bhd (“**EDM**”) to explore potential business cooperation and/ or collaboration opportunities between AMEDIA and EDM (“**Proposed Collaboration**”).

The MOU forms the basis of consensus and confirms the mutual interests between the Company and EDM (collectively referred to as, the “**Parties**”) in pursuing business cooperation/ collaboration and/ or partnership agreement to leverage on each other’s forte in the multimedia and technology industry in Malaysia for the purpose to further expand their business operations.

2. DETAILS OF THE PROPOSED COLLABORATION

2.1. Background Information on EDM

EDM was incorporated in Malaysia on 18 October 2011 under the Companies Act, 1965 as a private limited company. EDM is principally engaged in the development and provision of teaching-learning software and multimedia courseware.

At present, EDM is mainly involved in the development and provision of teaching-learning software and multimedia courseware based on primary schools’ curriculum set out by the Malaysian Ministry of Education to enhance the primary school students’ learning experiences via e-learning platforms.

As at the date of this announcement, EDM has an issued shares of RM700,100 comprising 700,100 ordinary shares (“**EDM Shares**”). The shareholders of EDM are CSS Management Sdn Bhd and Chen Jui-Liang, each holding 50.0% of the equity interest of EDM, respectively. As at the date of this announcement, the directors of EDM are Lim Boon Ngee, Ng Hock Seng and Chen Jui-Liang.

2.2. Salient Terms of the MOU

- (i) The MOU shall become effective from the date of the MOU and shall be terminated and ceased to have effect upon execution of any agreement in relation to this business collaboration, or if the Parties fail to arrive at a concrete and finite negotiation with an execution of agreement for the said cooperation or partnership within 3 months from the date of the MOU (“**MOU Period**”);
- (ii) During the MOU Period, to the extent allowed or permitted under any laws and regulations applicable to AMEDIA including the rules and regulations of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), EDM shall provide such information relating to EDM as requested by AMEDIA, its bankers, financial advisers, consultants and legal or other advisers; and

- (iii) The MOU shall terminate upon the earlier occurrence of the following:-
 - (a) the Parties entering into the conditional share sale agreement in respect of the Proposed Collaboration; or
 - (b) the Parties jointly agreeing to terminate the MOU by giving to other party at least 1 month prior written notice of its intention to discontinue the MOU and in which event, the MOU shall terminate immediately upon the expiry of the notice period.

3. RATIONALE FOR ENTERING THE MOU AND THE PROPOSED COLLABORATION

The MOU will provide the Parties an opportunity to explore and establish collaboration based on the respective party's strength and forte in the multimedia and technology industry.

The adoption of multimedia and technology in the education industry is growing and the fact that schools in Malaysia have already been adopting technology to carry out their teaching and learning session in classroom, the Board sees that multimedia and technology will play a role in transforming and improving the education system hence there is potential growth in the event AMEDIA could leverage their existing know-how in the multimedia industry into education industry.

Presently, the contents broadcasted by AMEDIA via its live television and radio broadcasting consist of entertainment updates, news in relation to, amongst others, business, health, world and sports, drama & movies as well as documentary clips. It is the intention of the Board to explore business opportunities with EDM, which the main business is in the development of multimedia courseware with the objective to pave a way for AMEDIA to venture into this new content.

As such, the execution of the MOU is to allow AMEDIA and EDM to explore potential business cooperation/ collaboration opportunities specifically in the development of educational multimedia software, through joint venture, business partnership and/ or any business arrangement between the Parties.

For the avoidance of doubt, the MOU is executed purely to allow the Parties to negotiate any potential business cooperation/ collaboration opportunities as stated above. In the event the Parties have identified such terms of the business cooperation/ collaboration opportunities, a definitive agreement will be executed within the MOU Period.

4. RISK FACTORS

The Board is of the view that the risks factors involved in this MOU at this juncture is minimal and in the event AMEDIA enters into a definitive agreement pursuant to the Proposed Collaboration, the management will exercise due care in considering the risks and benefits associated and will engage professionals for advice and to undertake necessary due diligence to ensure the Company's interest is protected.

5. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders of AMEDIA and/ or persons connected with them have any interest, whether direct and/ or indirect, in the Proposed Collaboration.

6. FINANCIAL EFFECTS & PERCENTAGE RATIO

The effects on the total issued shares, substantial shareholders' shareholdings, financial position in respect of the net assets and gearing ratio of AMEDIA as well as earnings level of AMEDIA cannot be determined at this juncture as the terms of the Proposed Collaboration which include, amongst others, the purchase consideration and the mode of settlement for the Proposed Collaboration have yet to be agreed and finalized. Similarly, the highest percentage ratio applicable for the Proposed Collaboration is not available at this juncture.

The above information will be announced immediately upon the signing of the definitive share sale agreement in relation to the Proposed Collaboration.

7. ADVISER

Adviser will be appointed in the event the terms and conditions of the definitive share sale agreement in relation to the Proposed Collaboration is required under the provisions of the applicable rules and regulations which include, amongst others, Main Market Listing Requirements of Bursa Securities.

8. TIMEFRAME

The MOU shall become effective for a period of 3 months from the date of the MOU, during which a definitive agreement in relation to the Proposed Collaboration which include the timeframe for the implementation of the Proposed Collaboration will be finalized and executed.

This information will be made available upon the signing of the definitive agreement in relation to the Proposed Collaboration.

9. APPROVALS REQUIRED

No approval is required for the Company to enter into the MOU.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Collaboration that has been determined currently including, among others, the rationale of entering into the MOU and the Proposed Collaboration, the salient terms of the MOU, and the timeline of the MOU, is of the opinion that the Proposed Collaboration is in the best interest of the Company.

11. DOCUMENT AVAILABLE FOR INSPECTION

The MOU is available for inspection during normal office hours at the registered office of AMEDIA at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya Selangor Darul Ehsan Malaysia from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 12 February 2019.