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MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 995098-A)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

**(i) DISCLOSEABLE TRANSACTION IN RELATION TO
THE DISPOSAL BY THE COMPANY OF 292,700,000 ORDINARY
SHARES IN ONE MEDIA GROUP LIMITED
REPRESENTING APPROXIMATELY 73.01%
SHAREHOLDING INTEREST IN ONE MEDIA GROUP LIMITED;
AND
(ii) RESUMPTION OF TRADING**

Financial Advisers to Media Chinese International Limited

In Malaysia



RHB Investment Bank Berhad

(Company Registration Number: 19663-P)

*(A Participating Organisation of Bursa Malaysia
Securities Berhad)*

In Hong Kong



SHARE TRANSFER AGREEMENT

The Board is pleased to announce that on 22 July 2016 (after trading hours), Comwell (as vendor), the Company (as guarantor) and the Purchaser (as purchaser) entered into the Share Transfer Agreement, pursuant to which Comwell conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares for a consideration of HK\$498,058,320 (equivalent to approximately US\$64,210,907), representing approximately 73.01% of the entire issued Shares as at the date of this announcement.

The Share Transfer Closing is conditional upon the fulfilment (or, as appropriate, waiver by the Purchaser as described below) of the Share Transfer Conditions as set out under the section headed “2.5 Conditions precedent to the Share Transfer Agreement” of this announcement which, amongst others, include the Connected Disposal Agreement, Sub-contracting Agreement, Management Service Agreement, the Service Contracts and the CCT Agreements becoming executed and unconditional. After the fulfilment of all (or otherwise with waiver (if permissible)) the Share Transfer Conditions, completion of the Share Transfer Agreement shall take place on the Share Transfer Closing Date. Upon the Share Transfer Closing, the Remaining Group will cease to be subsidiaries of the Company.

As at the date of this announcement, the CP Agreements have neither been executed, nor have their terms been finalised. The execution of any or all of the CP Agreements may constitute special deal(s) for One Media pursuant to Rule 25 of the Takeovers Code, which will require the consent of the Executive as well as the Independent Shareholders which may or may not be obtained. Further announcement(s) of the details of the transactions contemplated under the CP Agreements, together with updates to this announcement (if any), will be made by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate. Investors are advised to read such further announcement(s) in conjunction with this announcement.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios as set out in the Listing Rules in respect of the Proposed Disposal under the Share Transfer Agreement exceed 5% but all are less than 25%, such disposal constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

LISTING REQUIREMENTS IMPLICATIONS

The highest percentage ratio applicable to the Proposed Disposal as per Paragraph 10.02(g) of the Listing Requirements is the aggregate value of consideration, compared with the net assets of the Group, which amounts to approximately 30.15%. Accordingly, the Proposed Disposal is subject to Paragraph 10.07 of the Listing Requirements. Therefore, the Proposed Disposal is subject to announcement requirements pursuant to Chapter 10 of the Listing Requirements and a circular in relation to the Proposed Disposal will be issued to the shareholders of the Company and shareholders' approval will be sought for the Proposed Disposal.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange and Bursa Malaysia Securities Berhad was halted with effect from 9:00 a.m. on 25 July 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 1:00 p.m. on 1 August 2016 on the Stock Exchange. Trading in the shares of the Company will resume with effect from 2:30 p.m. on 1 August 2016 on Bursa Malaysia Securities Berhad.

Unless otherwise stated, capitalised terms used herein are defined in the “Definitions” section of this announcement.

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT THE SHARE TRANSFER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER ARE SUBJECT TO A NUMBER OF CONDITIONS STATED HEREUNDER INCLUDING WITHOUT LIMITATION THE CP AGREEMENTS BEING EXECUTED AND BECOME UNCONDITIONAL AND ABOUT WHICH FURTHER DETAILS ARE TO BE DISCLOSED, THEY MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

FURTHER ANNOUNCEMENT WILL BE MADE BY THE COMPANY IN RELATION TO DETAILS OF THE CP AGREEMENTS, AND ON WHETHER THE SHARE TRANSFER CLOSING WILL TAKE PLACE.

1.0 INTRODUCTION

Reference is made to the announcements of the Company dated 12 January 2016, 12 February 2016, 4 March 2016, 1 April 2016, 15 April 2016, 13 May 2016, 13 June 2016 and 28 June 2016, in relation to, among other things, the possible disposal by Comwell of its approximately 73.01% of the entire issued Shares.

The Board is pleased to announce that on 22 July 2016 (after trading hours), Comwell (as vendor), the Company (as guarantor) and the Purchaser (as purchaser) entered into the Share Transfer Agreement, pursuant to which Comwell conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing approximately 73.01% of the entire issued Shares as at the date of this announcement.

2.0 SHARE TRANSFER AGREEMENT

2.1 Date

22 July 2016 (after trading hours)

2.2 Parties

- (a) Vendor: Comwell Investment Limited, an indirect wholly-owned subsidiary of the Company
- (b) Purchaser: Qingdao West Coast Holdings (Internation) Limited
- (c) Guarantor: the Company

Comwell directly holds 292,700,000 Shares (representing approximately 73.01% of the entire issued Shares) as at the date of this announcement.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser, its ultimate beneficial owners and parties acting in concert with any of them are: (i) third parties independent of and not connected with the Company and its connected persons; and (ii) not acting in concert with Comwell or parties acting in concert with it.

2.3 Subject of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, Comwell conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing approximately 73.01% of the entire issued share capital of One Media, for a consideration of HK\$498,058,320 (equivalent to approximately US\$64,210,907) or approximately HK\$1.7016 (equivalent to approximately US\$0.2194) per Sale Share, free from all encumbrances and with all rights attached to the Sale Shares.

The Sale Shares represent the entire holding of Shares held by Comwell immediately prior to the entering into of the Share Transfer Agreement.

The Company has guaranteed to the Purchaser the due performance of certain obligations on the part of Comwell under the Share Transfer Agreement.

2.4 Consideration for the Sale Shares under the Share Transfer Agreement

The consideration for the Sale Shares is HK\$498,058,320 (equivalent to approximately US\$64,210,907) or approximately HK\$1.7016 (equivalent to approximately US\$0.2194) per Sale Share, which was determined after arm's length negotiations between Comwell and the Purchaser, after taking into consideration, among others, (i) the prevailing market prices of the Shares; (ii) the audited consolidated net assets value of the One Media Group; and (iii) the fact that the Purchaser can obtain a controlling interest in One Media upon the Share Transfer Closing.

Based on the market price of HK\$1.4 (equivalent to approximately US\$0.1805) for each Share on the Last Trading Day, the market value of the Sale Shares is HK\$409,780,000 (equivalent to approximately US\$52,829,848). The Consideration represents a premium of approximately 21.54%, or HK\$88,278,320 (equivalent to approximately US\$11,381,059), to the market value of the Sale Shares on the Last Trading Day.

The Consideration shall be satisfied by the Purchaser in cash in full upon the Share Transfer Closing.

2.5 Conditions precedent to the Share Transfer Agreement

The Share Transfer Closing is conditional upon the following conditions being satisfied (or, where applicable, waived by the Purchaser) before the Share Transfer Long Stop Date:

- (a) all necessary approvals, consents, clearance or waivers (if applicable) under the Listing Rules, the Takeovers Code, the Listing Requirements or any applicable laws, rules or regulations for the consummation of the transactions contemplated under the Share Transfer Agreement having been obtained by the Company and/or One Media and/or Comwell and remain to be in full force and effect;
- (b) all necessary approvals under the Listing Rules or Listing Requirements (where applicable) from the respective shareholders of the Company and One Media approving the Share Transfer Agreement and the transactions contemplated thereunder, including the CP Agreements (which constitute special deals of One Media pursuant to the Takeovers Code and require, *inter alia* approval by the Independent Shareholders at the extraordinary general meeting of One Media) and their respective transactions contemplated thereunder, if required, having been obtained by the Company and One Media respectively (and the relevant approvals having not being withdrawn prior to the Share Transfer Closing);
- (c) the consent of the Executive for those transactions contemplated under the Share Transfer Agreement (i.e. the CP Agreements) which may constitute special deal(s) for One Media under Rule 25 of the Takeovers Code having been obtained, and any condition for the giving of any such consent having been fulfilled (and the relevant consent not having been withdrawn);
- (d) the listing and trading of the Shares having been resumed following the clearance by the Stock Exchange and the SFC of the announcement concerning, among other matters, the subject matter of the Share Transfer Agreement and the transactions contemplated thereunder and its publication, and the Shares thereafter remaining so listed and traded on the Share Transfer Closing Date (save for the suspension of trading of the Shares for no more than five (5) Trading Days, or in relation to the issue of any announcement regarding the Share Transfer Agreement or the Offer), and no indication being received on or before the Share Transfer Closing Date from the SFC or the Stock Exchange to the effect that the listing of the Shares of One Media on the

Main Board of the Stock Exchange will be withdrawn or objected to (or conditions will be attached thereto) as a result of the Share Transfer Closing or in connection with the terms of or any transaction contemplated by the Share Transfer Agreement;

- (e) all necessary approval procedures with the competent governmental and/or regulatory authorities in respect of the Share Transfer Agreement and the transactions thereunder having been completed by the Purchaser;
- (f) the passing of the requisite resolutions by the Independent Shareholders at a general meeting approving those transactions contemplated under the Share Transfer Agreement (including, amongst others, the CP Agreements) which may require such approval under the requirements of the constitutional documents of One Media, the Listing Rules and the Takeovers Code;
- (g) the warranties remaining true, accurate and not misleading in all respects at the Share Transfer Closing, as if repeated at the Share Transfer Closing and at all times between the date of the Share Transfer Agreement and the Share Transfer Closing;
- (h) there is no material adverse effect taking place at any time from the date of the Share Transfer Agreement until the Share Transfer Closing Date;
- (i) no order or judgment (whether temporary, preliminary or permanent) of any relevant governmental authority or any applicable laws or regulations having been issued or made prior to the Share Transfer Closing, which has the effect of making unlawful or otherwise prohibiting or restricting or limiting any party from completing any transaction contemplated under the Share Transfer Agreement;
- (j) Comwell having performed all its respective undertakings and agreements in all material respects pursuant to the Share Transfer Agreement;
- (k) Comwell and the Company having duly executed a deed of indemnity in the form scheduled to the Share Transfer Agreement;
- (l) the Management Service Agreement having been executed and become unconditional upon the Share Transfer Closing;
- (m) the Sub-contracting Agreement having been executed and become unconditional;
- (n) the Service Contracts having been executed and become unconditional upon the Share Transfer Closing;
- (o) the Connected Disposal Agreement having been executed and become unconditional (save for the condition as to the Share Transfer Agreement to become unconditional); and

(p) the CCT Agreements having been executed and become unconditional upon the Share Transfer Closing.

The Purchaser has the right to waive the conditions set out above except for (a), (b), (c), (f), (i), (j), (l), (m), (n), (o) and (p), which cannot be waived, and, to the extent that it is permitted to be waived under the Listing Rules and/or the Listing Requirements. Comwell has agreed to faithfully and diligently use its reasonable efforts (as far as it lies within its powers) to procure the fulfilment of the above conditions (save for (e)) on or before the Share Transfer Long Stop Date. The Purchaser shall faithfully and diligently use its reasonable efforts to procure condition (e) to be satisfied in so far as it relates to the Purchaser.

The approval, consents, clearance or waivers mentioned in condition (a) above as envisaged as at the date of this announcement are (i) the shareholders' approval of the Company and (ii) the Independent Shareholders' approval of One Media respectively, on the transactions contemplated under the Share Transfer Agreement as required by the Listing Rules and the Listing Requirements (so far as the Company is concerned) and the Listing Rules and the Takeovers Code (so far as One Media is concerned). Save as aforesaid and those referred to in conditions (b) and (c), as at the date of this announcement, the Company does not expect there are other approval, consents, clearance or waivers required to be obtained by One Media, the Company or Comwell in respect thereof.

The material adverse effect mentioned in condition (h) above refers to a material adverse effect on the financial position, business, operations, business prospects or assets of the One Media Group as a whole.

The undertakings and agreements mentioned in condition (j) above include Comwell's undertaking to procure that the Remaining Business will be operated in a normal and prudent basis and in the ordinary course of business, and other customary pre-closing covenants not to cause material changes to the Remaining Businesses.

As at the date of this announcement, the CP Agreements (namely, the Connected Disposal Agreement, the Sub-contracting Agreement, the Management Service Agreement, the Service Contracts, and the CCT Agreements referred to in the conditions (l), (m), (n), (o), (p) above) have neither been executed nor have their terms been finalised. The execution of any or all of the CP Agreements may constitute special deal(s) for One Media pursuant to Rule 25 of the Takeovers Code, which will require the consent of the Executive as well as the Independent Shareholders which may or may not be obtained. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in its opinion the terms of the CP Agreements (where applicable) are fair and reasonable; and (ii) the relevant special deals being approved by the Independent Shareholders by way of poll at an extraordinary general meeting to be convened by One Media, at which the shareholders of One Media who are involved or interested in any of the Share Transfer Agreement, and the CP Agreements, their respective associates and parties acting in concert with them will abstain from voting.

Moreover, some of the CP Agreements may constitute notifiable transactions of the Company under Chapter 14 of the Listing Rules.

A brief description of the CP Agreements is set out below:

- (a) **Connected Disposal Agreement:** — the conditional sale and purchase agreement to be entered into between the One Media as vendor and the Company as purchaser, whereby One Media will dispose of all its businesses (other than those related to the publication of the weekly magazine of “Ming Pao Weekly” (明周) in Hong Kong and its relevant digital business) (collectively the “**Disposal Businesses**”) to members of the Group. The Disposal Businesses are expected to include, among others, (i) the publication for the Hong Kong, PRC and Taiwan editions of TopGear Magazines and the related digital businesses; (ii) the contract publication of the Automobile Publications; (iii) the publication of the Hong Kong and PRC editions of Ming Watch Magazines; (iv) the operation of a digital entertainment news platform in the name of Hihoku; (v) the running of artiste and events management in the name of ST Productions Limited, and (vi) minority investments in media-related businesses such as Blackpaper Limited, ByRead Inc. and Chu Kong Culture Media Company Limited.
- (b) **Sub-contracting Agreement:** — the conditional agreement to be entered into regarding the sub-contracting of the management and operations of the Disposal Businesses by the Group to MPM for the purposes of maintaining the consistency in style and direction of the Disposal Businesses.
- (c) **Management Service Agreement:** — the conditional agreement to be entered into between certain members of the One Media Group, and certain key executives who have been instrumental in managing the businesses of the One Media Group to date, which sets out the duties and rights of those key executives in managing the One Media Group’s businesses and operations after the Share Transfer Closing.
- (d) **Service Contracts:** — the possible revision and renewal of the terms of the employment contracts of those key executives of the One Media Group who are parties to the conditional Management Service Agreement, in consideration of their continued services toward the One Media Group after the Share Transfer Closing.
- (e) **CCT Agreements:** — the series of agreements to be entered into between various members of the Group and the One Media Group, relating to the provision of various services by the Group to the One Media Group and vice versa on normal commercial terms, most of which have been in place between the two groups since 2013 to ensure minimal disruption to the One Media Group’s operations, including:
 - (i) circulation services, library services, type-setting and pre-press services, air-ticketing and travel services, information systems programming, and information systems support services to be provided by the Group to the One Media Group;

- (ii) content licensing arrangement to be provided by the One Media Group to the Group;
- (iii) advertising space and bartering services to be exchanged between the Group and the One Media Group; and
- (iv) the letting and licensing of office, carpark and other premises to be provided by the Group to the One Media Group.

Further announcement(s) of the details of the transactions contemplated under the CP Agreements, together with updates to this announcement (if any), will be made by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate. Investors are advised to read such further announcement(s) in conjunction with this announcement.

2.6 Share Transfer Closing

After the fulfilment (or otherwise with waiver (if permissible)) of all the Share Transfer Conditions, completion of the Share Transfer Agreement shall take place on the Share Transfer Closing Date. Upon the Share Transfer Closing, the Remaining Group will cease to be subsidiaries of the Company.

3.0 ORIGINAL COST AND DATE OF INVESTMENT

Up to the date of this announcement, the Company had invested a total of HK\$13,586,000 (equivalent to approximately US\$1,752,000) in the share capital of One Media.

The date and original cost of investment incurred by the Company in One Media is summarised in the following table:

Date	Number of Shares	Amount (HK\$'000)	Equivalent amount (US\$'000)
11 March 2005	1,000,000	1	0
26 September 2005	250,239,812	250	32
2 February 2007	50,000	28	4
6 February 2007	50,000	29	4
11 June 2010	44,260,188	13,278	1,712
29 March 2011	(2,000,000)	(830)	(107)
30 March 2011	(900,000)	(376)	(49)
	<u>292,700,000</u>	<u>12,380</u>	<u>1,596</u>

4.0 UTILISATION OF THE PROCEEDS

The proceeds arising from the Proposed Disposal of HK\$498,058,320 (equivalent to approximately US\$64,210,907) are to be utilised in the following manner:

Details	Timeframe for utilisation	<i>Notes</i>	Amount (HK\$'000)	Equivalent amount (US\$'000)
Repayment of bank and other borrowings	within 12 months	1	250,000	32,231
General working capital and investment purposes	within 12 months	2	225,000	29,007
Estimated expenses related to the Proposed Disposal	within 3 months	3	<u>23,058</u>	<u>2,973</u>
Total			<u><u>498,058</u></u>	<u><u>64,211</u></u>

Notes:

- (1) As at 31 March 2016, the total borrowings of the Group stood at approximately US\$116,116,000 (equivalent to approximately HK\$900,665,000). The Company intends to partially repay its outstanding borrowings amounting to approximately HK\$250,000,000 (equivalent to approximately US\$32,231,000).
- (2) The Company proposes to partially utilise the proceeds for general working capital and investment purposes including but not limited to, the expansion of its digital media business.
- (3) The estimated expenses arising from the Proposed Disposal amounted to approximately HK\$23,058,000 (equivalent to approximately US\$2,973,000). Any shortfall or excess in proceeds allocated for the estimated expenses will be funded from or used for the amount to be utilised as for general working capital and investment purposes.

5.0 FINANCIAL EFFECT ON THE GROUP

5.1 Share capital and substantial shareholders' shareholding

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company and the shareholdings of the substantial shareholders in the Company.

5.2 Earnings, earnings per share

The pro forma effects of the Proposed Disposal on the earnings and earnings per share of the Group, based on the audited consolidated financial statements for the year ended 31 March 2016 are set out as below:

	Audited consolidated income statement for the year ended 31 March 2016	(Pro forma) After the Proposed Disposal
Profit for the year attributable to owners of the Company (US\$ '000)	26,649	73,489
Weighted average number of shares ('000)	1,687,237	1,687,237
Basic earnings per share (US cents)	1.58	4.36

It is estimated that as a result of the Proposed Disposal, the Company will recognise a gain of approximately HK\$363.3 million (equivalent to approximately US\$46.8 million), being the Consideration less the net carrying value attributable to the Sale Shares as at 31 March 2016 and after taking into consideration the estimated expenses and relevant accounting adjustments related to the Proposed Disposal.

The repayment of the bank and other borrowings amounting to approximately HK\$250,000,000 (equivalent to approximately US\$32,231,000) is expected to result in an interest saving of approximately HK\$11,450,000 (equivalent to approximately US\$1,476,000) per annum based on an effective interest rate of 4.58% per annum.

Following the Share Transfer Closing, the Remaining Group will cease to be subsidiaries of the Company and their operating results, assets and liabilities will no longer be consolidated into the Company's financial statements.

5.3 Net assets and gearing

The pro forma effects of the Proposed Disposal on the net assets and gearing of the Group, based on the audited consolidated statement of financial position of the Group as at 31 March 2016 are set out as below:

	Audited consolidated statement of financial position as at 31 March 2016 (US\$ '000)	(Pro forma) After the Proposed Disposal (US\$ '000)
Share capital	21,715	21,715
Share premium	54,664	54,664
Other reserves	(107,715)	(109,313)
Retained earnings	<u>244,360</u>	<u>292,128</u>
Shareholders' equity	213,024	259,194
Non-controlling interests	<u>5,703</u>	<u>743</u>
Total equity	<u><u>218,727</u></u>	<u><u>259,937</u></u>
Number of shares in issue ('000)	1,687,236	1,687,236
Net assets per share attributable to owners of the Company (US cents)	12.63	15.36
Cash and cash equivalents (US\$'000)	140,950	201,632
Total borrowings (US\$'000)	116,116	116,116
Gearing (times)	0.53	0.45

6.0 LIABILITIES TO BE ASSUMED BY THE PURCHASER

Apart from the liabilities arising from the Proposed Disposal pursuant to the Share Transfer Agreement, there is no liability to be assumed by the Purchaser separately.

7.0 REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SHARE TRANSFER AGREEMENT

The Proposed Disposal would provide an opportunity for the Company to realise its investment in One Media with the Consideration at a premium to the market price of the Shares for the past one (1) year. The Proposed Disposal would also raise funds for the Company to, amongst others, partially repay bank and other borrowings of the Company which would reduce the gearing of the Company and is expected to result in an interest saving of approximately HK\$11,450,000 (equivalent to approximately US\$1,476,000) per annum based on an effective interest rate of 4.58% per annum.

The proceeds from the Proposed Disposal would also partially be utilised for the Group's general working capital and investment purposes including but not limited to, the expansion of the Group's digital media business. Upon the completion of the Proposed Disposal, the Company would also be able to better utilise and devote its resources (e.g. human resources and financial resources) to the remaining operations of the Group which would result in an improvement to the overall operational efficiency of the Group.

The Company considers that the terms of the Share Transfer Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8.0 INFORMATION ON ONE MEDIA

8.1 History and business

One Media is a company incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange. It is principally engaged in the Disposal Businesses and the Remaining Businesses, which primarily involves (i) publication of the weekly magazine of "Ming Pao Weekly" (明周) in Hong Kong and its relevant digital business; (ii) publication for the Hong Kong, PRC and Taiwan editions of TopGear Magazines and the related digital businesses; (iii) contract publication of the Automobile Publications; (iv) publication of the Hong Kong and PRC editions of Ming Watch Magazines; (v) operation of a digital entertainment news platform in the name of Hihoku; (vi) running of artiste and events management in the name of ST Productions Limited; and (vii) minority investments in media-related businesses such as Blackpaper Limited, ByRead Inc. and Chu Kong Culture Media Company Limited.

8.2 Summary of financial information

The following table is a summary of certain financial information of the One Media Group extracted from the respective published annual reports of the One Media Group for the three (3) financial years ended 31 March 2016:

	For the year ended 31 March		
	2014	2015	2016
	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>	<i>(HK\$ '000)</i>
Revenue	203,352	179,248	137,247
Profit/(Loss) before income tax	37,408	(5,081)	(11,427)
Profit/(Loss) attributable to the owners of One Media	28,646	(11,072)	(15,605)
Total equity	192,656	167,495	147,773
Total borrowings	74,024	75,508	936
Gearing (times)	0.38	0.45	0.01

For the year ended 31 March 2014

Turnover of the One Media Group for the year ended 31 March 2014 decreased by approximately 6% to HK\$203,352,000 due to unfavourable advertising market conditions. Profit attributable to equity holders of One Media was approximately HK\$28,646,000, representing a 20% drop compared with the previous financial year.

For the year ended 31 March 2015

Turnover of the One Media Group for the year ended 31 March 2015 decreased by approximately 12% to HK\$179,248,000. Adding to the difficult market conditions, the One Media Group made an allowance for impairment of its interest in an associate and recognised an impairment loss of goodwill arising from the acquisition of One Media's subsidiaries in Mainland China in 2004 of approximately HK\$23,467,000 and HK\$2,725,000 respectively. As a result, the One Media Group reported a loss of approximately HK\$11,072,000, compared with a profit attributable to equity holders of One Media of approximately HK\$28,646,000 in the previous financial year. However, these provisions had no impact on the cash flow of the One Media Group as they were non-cash expenses.

For the year ended 31 March 2016

Turnover of the One Media Group for the year ended 31 March 2016 decreased by approximately 23% or HK\$42,001,000 from approximately HK\$179,248,000 to HK\$137,247,000. Loss attributable to owners of One Media was approximately HK\$15,605,000, compared with a loss attributable to owners of One Media of approximately HK\$11,072,000 in the previous financial year. The One Media Group's loss was partly attributed to the professional fees incurred in relation to the Proposed Disposal. Included in the previous year's loss were impairment charges on the One Media Group's interest in an associate and goodwill arising from One Media's subsidiaries in Mainland China which in aggregate amounted to approximately HK\$26,192,000. Excluding the impairment losses recognised in the previous year, the One Media Group would have reported a profit attributable to owners of One Media of approximately HK\$15,120,000 for the last financial year against a loss of approximately HK\$15,605,000 in this financial year.

9.0 INFORMATION ON COMWELL AND THE COMPANY

Comwell is a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Company is an investment holding company and the Group is principally engaged in: (i) publishing, printing and distribution of newspapers, magazines, books and digital contents primarily in the Chinese language; (ii) travel and travel related businesses; and (iii) investment holding.

10.0 INFORMATION ON THE PURCHASER

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a company incorporated in the British Virgin Islands and the controlling company of the Purchaser is a Chinese stated-owned enterprise.

11.0 LISTING RULES IMPLICATIONS

As certain applicable percentage ratios as set out in the Listing Rules in respect of the Proposed Disposal under the Share Transfer Agreement exceed 5% but all are less than 25%, such disposal constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

12.0 APPROVALS REQUIRED

Pursuant to the conditions precedent to the Share Transfer Agreement as set out in the section headed "2.5 Conditions precedent to the Share Transfer Agreement" of this announcement, the Proposed Disposal is subject to the following approvals/consents being obtained prior to completion:

- (i) all necessary approvals, consents, clearance or waivers (if applicable) under the Listing Rules, the Takeovers Code, the Listing Requirements or any applicable laws, rules or regulations for the consummation of the transactions contemplated under the Share Transfer Agreement to be obtained by the Company and/or One Media and/or Comwell;
- (ii) all necessary approvals under the Listing Rules or Listing Requirements (where applicable) from the respective shareholders of the Company and One Media approving the Share Transfer Agreement and the transactions contemplated thereunder, including the CP Agreements (or which constitute special deals of One Media pursuant to the Takeovers Code are require, inter alia approval by the Independent Shareholders at the extraordinary general meeting of One Media) and their respective transactions contemplated thereunder, if required, to be obtained by the Company and One Media respectively;
- (iii) the consent of the Executive in relation for those transactions contemplated under the Share Transfer Agreement (i.e. the CP Agreements) which may constitute special deal(s) for One Media under Rule 25 of the Takeovers Code;
- (iv) all necessary approval procedures with the competent governmental and/or regulatory authorities in respect of the Share Transfer Agreement and the transactions thereunder to be completed by the Purchaser; and
- (v) the passing of the requisite resolutions by the Independent Shareholders at a general meeting approving those transactions contemplated under the Share Transfer Agreement (including, amongst others, the CP Agreements) which require such approval under the requirements of the constitutional documents of One Media, the Listing Rules and the Takeovers Code.

The circular to the shareholders of the Company in relation to the Proposed Disposal, will be submitted to Bursa Malaysia Securities Berhad within two (2) months from the date of this announcement.

13.0 INTERESTS OF THE DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the Directors, major shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal:

- (i) Tan Sri Datuk Sir Tiong Hiew King, who is the Group Executive Chairman and executive Director of the Company and a non-executive director of One Media;
- (ii) Mr Tiong Kiew Chiong, who is the Group Chief Executive Officer and executive Director of the Company and an executive director of One Media; and
- (iii) Mr David Yu Hon To, who is an Independent non-executive Director of the Company and an independent non-executive director of One Media.

14.0 DIRECTORS' STATEMENT

After having taken into consideration all aspects of the Proposed Disposal, including but not limited to the rationale and financial effects of the Proposed Disposal, the Board is of the opinion that the Proposed Disposal is in the best interests of the Group.

15.0 PERCENTAGE RATIOS UNDER PARAGRAPH 10.02(G) OF LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Disposal as per Paragraph 10.02(g) of the Listing Requirements is the aggregate value of consideration, compared with the net assets of the Group, which amounts to approximately 30.15%. Accordingly, the Proposed Disposal is subject to Paragraph 10.07 of the Listing Requirements. Therefore, the Proposed Disposal is subject to announcement requirements pursuant to Chapter 10 of the Listing Requirements and a circular in relation to the Proposed Disposal will be issued to the shareholders of the Company and shareholders' approval will be sought for the Proposed Disposal.

16.0 ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Barring unforeseen circumstances, the Proposed Disposal is expected to be completed by the fourth quarter of 2016.

17.0 DOCUMENTS AVAILABLE FOR INSPECTION

The Share Transfer Agreement is available for inspection at (i) the registered office of the Company in Malaysia at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia; and (ii) the Hong Kong head office and principal place of business at 15th Floor, Block A,

Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong during normal business hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

18.0 TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange and Bursa Malaysia Securities Berhad was halted with effect from 9:00 a.m. on 25 July 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 1:00 p.m. on 1 August 2016 on the Stock Exchange. Trading in the shares of the Company will resume with effect from 2:30 p.m. on 1 August 2016 on Bursa Malaysia Securities Berhad.

SHAREHOLDERS AND POTENTIAL INVESTORS SHOULD NOTE THAT THE SHARE TRANSFER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER ARE SUBJECT TO A NUMBER OF CONDITIONS STATED HEREINABOVE INCLUDING WITHOUT LIMITATION THE CP AGREEMENTS BEING EXECUTED AND BECOME UNCONDITIONAL AND ABOUT WHICH FURTHER DETAILS ARE TO BE DISCLOSED, THEY MAY OR MAY NOT PROCEED. SHAREHOLDERS AND POTENTIAL INVESTORS ARE THEREFORE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES OF THE COMPANY, AND IF THEY ARE IN DOUBT ABOUT THEIR POSITION, THEY SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

FURTHER ANNOUNCEMENT WILL BE MADE BY THE COMPANY IN RELATION TO DETAILS OF THE CP AGREEMENTS, AND ON WHETHER THE SHARE TRANSFER CLOSING WILL TAKE PLACE.

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“associate”	has the same meaning ascribed to it under the Listing Rules
“Automobile Publications”	the contract publications for automobile clients of a group of international automobile brands operating in Hong Kong
“Board”	the board of Directors

“Business Day(s)”	a day (other than a Saturday or Sunday, public holiday and days on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. or 5:00 p.m.) on which banks are open in Hong Kong and the PRC to the general public for normal banking business
“CCT Agreements”	a series of agreements in relation to transactions to be entered into between various members of the Group and the One Media Group, details of which are set out under the section headed “2.5 Conditions precedent to the Share Transfer Agreement”, and will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“Company”	Media Chinese International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with the stock code: 685 and on the Main Market of Bursa Malaysia Securities Berhad with the stock code: 5090
“Comwell”	Comwell Investment Limited, an indirect wholly-owned subsidiary of the Company
“Connected Disposal Agreement”	the conditional sale and purchase agreement to be entered into between the Company (as purchaser) and One Media (as vendor) relating to the disposal by One Media to the Company of the Disposal Businesses, details of which are set out under the section headed “2.5 Conditions precedent to the Share Transfer Agreement”, and will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	being HK\$498,058,320 (equivalent to approximately US\$64,210,907), representing the amount paid by the Purchaser to Comwell for the Sale Shares
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“CP Agreements”	collectively, the Connected Disposal Agreement, the Sub-contracting Agreement, the Management Service Agreement, the Service Contracts and the CCT Agreements
“Directors”	the director(s) of the Company, from time to time

“Disposal Businesses”	The possible disposal of the businesses of the One Media Group pursuant to the Connected Disposal Agreement, details of which will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“Executive”	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries, and where the contexts so require, excluding the Remaining Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	an independent financial adviser, to be appointed by the independent board committee of One Media to advise the independent board committee to make recommendation to the Offer Shareholders as to whether the terms of the Offer is fair and reasonable and as to acceptance of the Offer
“Independent Shareholders”	for the purpose of approving the special deals for One Media under Rule 25 of the Takeovers Code, the shareholders of One Media other than Comwell, Tan Sri Datuk Sir Tiong Hiew King, Mr Tiong Kiew Chiong, Mr Yu Hon To, David, Mr Lam Pak Cheong, the Purchaser and its ultimate beneficial owner, their respective associates and parties acting in concert with any of them and those who are involved in or interested in the Connected Disposal Agreement, the Sub-contracting Agreement, the Management Service Agreement and the Service Contracts the CCT Agreements, the Share Transfer Agreement, if applicable
“Last Trading Day”	22 July 2016, being the last trading day for the Shares immediately prior to the trading halt of the Shares on the Stock Exchange pending the publication of the joint announcement by the Purchaser and One Media
“Listing Requirements”	the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Management Service Agreement”	the conditional agreement to be entered into between certain members of the One Media Group, and certain key executives in respect of the duties and rights of the key executives in managing the Remaining Businesses, details of which are set out under the section headed “2.5 Conditions precedent to the Share Transfer Agreement”, and will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“Ming Watch Magazines”	the publication for the Hong Kong and the PRC’s editions of magazines titled “Ming Watch” and its related digital businesses
“MPM”	Ming Pao Magazines Limited, a company incorporated in Hong Kong and is an indirectly wholly-owned subsidiary of One Media, which will form part of the Remaining Group
“Offer”	the unconditional mandatory cash general offer to acquire all the issued shares of One Media (other than those already owned or agreed to be acquired by the Purchaser and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Shareholders”	the shareholders of One Media, other than Comwell, the Purchaser (or its ultimate beneficial owner), or parties acting in concert with any of them
“One Media”	One Media Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with the stock code: 426
“One Media Group”	One Media and its subsidiaries
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Disposal”	Proposed disposal of the Sale Shares
“Purchaser”	Qingdao West Coast Holdings (Internation) Limited 青島西海岸控股(國際)有限公司, a company incorporated in the British Virgin Islands, whose ultimate controlling shareholder is Qingdao West Coast Development (Group) Limited* 青島西海岸發展(集團)有限公司 which is a PRC state-owned enterprise

“Remaining Businesses”	the business to be carried on by the Remaining Group after the completion of the Connected Disposal Agreement, which involves, among other things, the publication of the weekly magazine, “Ming Pao Weekly” (明周) in Hong Kong, and its relevant digital business
“Remaining Group”	One Media Group immediately after the completion of the Connected Disposal Agreement
“Sale Shares”	an aggregate of 292,700,000 Shares, legally and beneficially owned by Comwell and agreed to be sold under the Share Transfer Agreement
“Service Contract(s)”	the possible revision and renewal of the terms of the employment contracts of certain key executives of the Group, details of which are set out under the section headed “2.5 Conditions Precedent to the Share Transfer Agreement”, and will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share Transfer Agreement”	the conditional sale and purchase agreement dated 22 July 2016 entered into between Comwell (as vendor), the Company (as guarantor) and the Purchaser (as purchaser) in respect of sale and purchase of the Sale Shares
“Share Transfer Closing”	the completion of the sale and purchase of the Sale Shares, further details of which are set out in this announcement
“Share Transfer Closing Date”	the date on which the Share Transfer Closing shall take place, which shall be on the seventh (7th) Business Day following satisfaction or waiver of all conditions precedents under the section headed “2.5 Conditions precedent to the Share Transfer Agreement”
“Share Transfer Condition(s)”	the condition(s) precedent to the Share Transfer Closing as stipulated in the Share Transfer Agreement
“Share Transfer Long Stop Date”	30 November 2016 (or such other date as Comwell and the Purchaser may agree in writing)
“Shareholder(s)”	holder(s) of shares of the Company
“Shares”	ordinary share(s) in the share capital of One Media

“special deals”	the transactions contemplated under the Connected Disposal Agreement, the Sub-contracting Agreement, the Management Service Agreement, the Service Contracts and the CCT Agreements (if applicable)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-contracting Agreement”	the conditional agreement to be entered into between Comwell and MPM regarding the sub-contracting of the management and operations of the Disposal Businesses by Comwell as contractor to MPM as the sub-contractor, details of which are set out under the section headed “2.5 Conditions precedent to the Share Transfer Agreement”, and will be announced by the Company in accordance with the requirements of the Listing Rules and the Listing Requirements as and when appropriate
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“TopGear Magazines”	the publication and the related digital businesses for the Hong Kong, the PRC and Taiwan’s editions of magazines titled “TopGear”
“Trading Day”	a day when the Stock Exchange is open for the business of dealing in securities in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$” or “US cents”	United States dollars and cents, the lawful currency of the United States
“%”	per cent.

On behalf of the Board
MEDIA CHINESE INTERNATIONAL LIMITED
Tiong Kiew Chiong
Director

1 August 2016

As at the date of this announcement, the Board comprises Tan Sri Datuk Sir Tiong Hiew King, Dato’ Sri Dr Tiong Ik King, Mr Tiong Kiew Chiong, Mr Ng Chek Yong and Mr Leong Chew Meng, being executive Directors; Ms Tiong Choon, being non-executive Director; and Mr David Yu Hon To, Datuk Chong Kee Yuon and Mr Khoo Kar Khoon, being independent non-executive Directors.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.

Unless otherwise stated, the exchange rate between US\$ and HK\$ used in this announcement is US\$1 = HK\$7.7566 which was determined by making reference to the middle exchange rate as at 17:00 p.m. on 25 July 2016 quoted by Bank Negara Malaysia. Such exchange rate should not be taken as that the relevant amount has been, ought to be or can be exchanged at such exchange rate.

** For identification purposes only*