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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)**

### **ANNOUNCEMENT IN RELATION TO CONNECTED/ RELATED PARTY TRANSACTION: PROPOSED ACQUISITION OF SALE PROPERTY**

#### **THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 31 May 2012, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor to acquire the Sale Property from the Vendor for a total consideration of RM9,500,000 (or equivalent to approximately US\$2,986,000).

#### **IMPLICATIONS UNDER THE LISTING RULES/LISTING REQUIREMENTS**

As the Vendor is a connected person of the Company and since the relevant percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Proposed Acquisition are less than 5%, the Proposed Acquisition constitutes a connected transaction which is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of the interest of certain Directors and major shareholders of the Company, the Proposed Acquisition constitutes a related party transaction pursuant to Paragraphs 1.01 and 10.02 of the Listing Requirements. However, the Proposed Acquisition is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Acquisition are more than 0.25% but less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

## 1. INTRODUCTION

The Board is pleased to announce that on 31 May 2012, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor to acquire the Sale Property from the Vendor for a total consideration of RM9,500,000 (or equivalent to approximately US\$2,986,000).

## 2. DETAILS OF SALE PROPERTY

### 2.1 Description of the Sale Property

The Sale Property held under title number known as Title No. P.T. No. 209, H.S. (D) 116389, Bandar Sultan Sulaiman, District of Klang, State of Selangor, Malaysia and is situated within an industrial scheme known as Taman Perindustrian Bandar Sultan Sulaiman, Pelabuhan Klang Utara, Selangor, Malaysia.

This part of Taman Perindustrian Bandar Sultan Sulaiman is situated at the north western of Klang Straits Expressway, approximately 13 kilometres to the west of Klang town centre. It is accessible from the abovementioned expressway via Lebuhraya Sultan Mohamed 1 and thence onto Jalan Mohamed 4.

The Sale Property comprises a parcel of industrial land having dual frontages, Jalan Sultan Mohamed 4 and Jalan Sultan Mohamed 5 of Taman Perindustrian Bandar Sultan Sulaiman, Pelabuhan Klang Utara.

The details of the Sale Property held by the Vendor are set out as below:

#### (a) Identification

- Lot no. : P.T 209
- P.T./title no. : H.S. (D) 116389
- Relevant mukim, district & state : Bandar Sultan Sulaiman, District of Klang, State of Selangor
- Postal address : Lot No. 22, Jalan Sultan Mohamed 4, Taman Perindustrian Bandar Sultan Sulaiman, 42000 Pelabuhan Klang Utara, Selangor Darul Ehsan, Malaysia
- Registered/beneficial owner : RHE
- Express conditions/land use : Industrial
- Restriction in interest : This land cannot be transferred, leased or charged without the approval of the Selangor State Authority.

- (b) Description : A parcel of industrial land erected with two (2) single storey warehouses, a pump house and a guard house
- (c) Existing & proposed use : Industrial and warehouse
- (d) Age of buildings : (i) Two (2) single storey warehouses (approximately 17 years)  
(ii) A pump house (approximately 17 years)  
(iii) A guard house (approximately 17 years)
- (e) Tenure/expiry date : 99 years leasehold expiring on 30 June 2105. The unexpired term of lease is approximately 93 years.
- (f) Independent registered valuer and quantification of the market value of the Sale Property : The market value of the Sale Property, as appraised by the Land Valuer, on 7 March 2012, being the valuation date, was RM9,720,000 (equivalent to approximately US\$3,055,000). The market valuation was carried out primarily based on comparison method and cost method.
- (g) NBV based on the latest audited accounts : The NBV of the Sale Property is RM3,882,000 (equivalent to approximately US\$1,220,000) as at 31 August 2011.
- (h) Encumbrances : Nil
- (i) Site area : 13,436 sq. metres (144,624 sq. ft.)
- (j) Amount of lettable space : 76,800 sq. ft. warehouses floor area
- (k) Amount of lettable space available for letting and the occupancy : 76,800 sq. ft. warehouses floor area
- (l) Percentage of occupancy : 100% of warehouses floor area

## **2.2 Original cost and date of investment to the Vendor**

The Vendor originally purchased the land from The Selangor State Development Corporation on 27 September 1994 for a consideration of RM1,457,000 (equivalent to approximately US\$458,000) and further invested RM3,145,000 (equivalent to approximately US\$988,000) in 1995 for the building cost of the said Sale Property.

## **2.3 Basis of arriving at the Consideration and mode of settlement**

The Consideration was arrived after arm's length negotiations, and taking into consideration the market value of the Sale Property as ascribed by an independent property valuer, Raine & Horne International Zaki + Partners Sdn Bhd vide its valuation report dated 7 March 2012 using the comparison and cost methods of valuation.

The Consideration shall be paid in cash and fully funded by the internal resources of the Purchaser.

## **3. SALIENT TERMS OF SALE AND PURCHASE AGREEMENT**

The salient terms of the Sale And Purchase Agreement include the following:

- (a) The Purchaser purchases the Sale Property free from all encumbrances (save for an existing tenancy) and with legal possession.
- (b) The sale and purchase of the Sale Property is conditional upon consent of the Selangor State Authority being granted for the disposal of the Sale Property. Upon the execution of the Sale and Purchase Agreement, the Vendor shall take the necessary steps to apply for and obtain the consent. Such consent shall be obtained within 6 months from the date of the Sale and Purchase Agreement (“**Consent Period**”). If the consent is not obtained by the end of the Consent Period, it shall be extended by another three months.
- (c) The Purchaser will pay 10% of the Consideration to the Vendor as deposit upon signing of the Sale and Purchase Agreement. The balance 90% of the Consideration will be paid to the Vendor within fourteen (14) days from the date of presentation of the Memorandum of Transfer in favour of the Purchaser for registration.

## **4. INFORMATION ON THE PARTIES**

### **4.1 Information on the Group**

The Group is a leading global Chinese-language media group dual-listed on the main boards of The Stock Exchange of Hong Kong Limited (Stock Code: 685) and Bursa Securities (Stock Code: 5090). The Group was formed by the successful merger of the Company (formerly known as Ming Pao Enterprise Corporation Limited), the Purchaser and Nanyang Press Holdings Berhad. It is principally engaged in the businesses of publishing newspapers, magazines and books, providing electronic content on the web, and providing travel and travel related businesses.

## **4.2 Information on the Purchaser**

The Purchaser was incorporated in Malaysia under the name of Pemandangan Sinar Sdn Bhd on 15 March 1983 as a private company under the Act. On 8 March 2004, it was converted into a public limited company and on 7 May 2004, it changed its name to Sin Chew Media Corporation Berhad. The Purchaser was listed on the main board of Bursa Securities on 18 October 2004 and was delisted from Bursa Securities following the completion of the merger amongst the Company, the Purchaser and Nanyang Press Holdings Berhad on 30 April 2008. Thereupon, the Purchaser is a wholly-owned subsidiary of the Company.

The authorised share capital of the Purchaser is RM250,000,000 comprising 500,000,000 ordinary shares of RM0.50 each and the issued and fully paid-up share capital is RM151,000,000 comprising 302,000,000 ordinary shares of RM0.50 each.

The principal activities of the Purchaser are investment holding, the publishing, printing and distribution of the newspaper “Sin Chew Daily”, printing of newspapers for other publishers and distribution of magazines.

## **4.3 Information on the Vendor**

The Vendor was incorporated in Malaysia on 29 May 1986 under the Act.

The authorised share capital of the Vendor is RM25,000,000 comprising 25,000,000 ordinary shares of RM1.00 each and the issued and fully paid up share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each.

The principal activity of the Vendor is property investment holding.

The Vendor is directly held as to 5.7% by TSTHK, 43% by RHSA, 40% by TTSH and 3% by TIK. TSTHK, a substantial shareholder (as defined under the Listing Rules) and a major shareholder (under the Listing Requirements) of the Company, together with his family interests, taken together directly and indirectly interested so as to control the exercise of 30% or more of the voting power at the general meetings of the Vendor. The Vendor, being an associate of TSTHK, is therefore a connected person of the Company.

The directors of the Vendor are TSTHK and Ms Wong Yiing Ngiik.

## **5. RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition meets the operation needs of the Purchaser as the warehouse is specifically built for storage of newsprint. Currently a substantial amount of the Purchaser’s newsprint is stored in the warehouse on the Sale Property. The warehouse is managed by a warehouse manager who has entered into a tenancy with RHE for the rental of the Sale Property. In addition, the Purchaser will be able to generate rental income for the Group if it continues to rent the Sale Property to the warehouse manager.

## **6. PROSPECT OF THE ACQUISITION OF SALE PROPERTY**

Upon completion of the Proposed Acquisition, the Purchaser intends to continue with the existing tenancy of the warehouse.

## **7. RISK FACTORS**

The Board does not envisage any specific risk to be associated with the Proposed Acquisition.

## **8. ESTIMATED TIME FRAME FOR COMPLETION**

Subject to the satisfaction of all the conditions precedent to the Sale and Purchase Agreement, the Proposed Acquisition is expected to be completed by fourth quarter of 2012.

## **9. EFFECT OF THE PROPOSED ACQUISITION**

### **9.1 Share capital**

The Proposed Acquisition will not have any effect on the issued and paid-up share capital and shareholding structure of the Company.

### **9.2 Substantial shareholders' shareholdings**

The Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings in the Company.

### **9.3 Net assets per share and gearing**

The Proposed Acquisition will not have any material effect on the consolidated net asset, consolidated net asset per share and gearing position of the Group.

### **9.4 Earnings per share**

The Proposed Acquisition will not have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 March 2013.

## **10. PARTICULARS OF ALL LIABILITIES, INCLUDING CONTINGENT LIABILITIES AND GUARANTEES TO BE ASSUMED BY THE COMPANY ARISING FROM THE PROPOSED ACQUISITION**

There is no liability, including contingent liabilities and guarantees to be assumed by the Company, arising from the Proposed Acquisition.

## **11. APPROVALS REQUIRED**

Save for the consent of the Selangor State Authority, the Proposed Acquisition is not subject to the approval of shareholders of the Company or any other regulatory bodies.

## **12. HIGHEST PERCENTAGE RATIO UNDER THE LISTING REQUIREMENTS**

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 0.74%.

## **13. THE NATURE AND EXTENT OF THE INTERESTS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS**

TSTHK is a director and substantial shareholder/major shareholder of both the Company and the Vendor, he is also a director of the Purchaser. TIK is a director and major shareholder of the Company, he is also a shareholder of the Vendor.

In view of the above interests, the Proposed Acquisition constitutes a related party transaction under Paragraphs 1.01 and 10.02 of the Listing Requirements.

Saved as disclosed above, none of the other Directors or major shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition. In addition, the interested Directors, namely TSTHK and TIK, have abstained from the Board's deliberation and voting in relation to the Proposed Acquisition in the Board meeting of the Company on 30 May 2012.

## **14. AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS**

The Purchaser has not entered into any transactions with the same related party for the preceding 12 months.

## **15. IMPLICATIONS UNDER THE LISTING RULES/THE LISTING REQUIREMENTS**

As the Vendor is a connected person of the Company and since the relevant percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Proposed Acquisition are less than 5%, the Proposed Acquisition constitutes a connected transaction which is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In view of the interest of certain Directors and major shareholders of the Company, the Proposed Acquisition constitutes a related party transaction pursuant to Paragraphs 1.01 and 10.02 of the Listing Requirements. However, the Proposed Acquisition is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Acquisition are more than 0.25% but less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

## **16. STATEMENT BY DIRECTORS**

Save for TSTHK and TIK, the Board (including the independent non-executive Directors), having taken consideration of all aspects of the Proposed Acquisition, is of the opinion that the Sale and Purchase Agreement has been entered into after arm's

length negotiation and the terms of the Sale and Purchase Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole.

## **17. STATEMENT BY AUDIT COMMITTEE**

The Audit Committee is of the view that the Proposed Acquisition is in the best interests of the Company and is fair, reasonable and carried out on normal commercial terms and at arm's length basis, and is not detrimental to the interests of the minority shareholders of the Company.

## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Sale and Purchase Agreement and the valuation report are available for inspection at the following offices of the Company during normal business hours from Monday to Friday (except public holidays) for a period of one month from the date of this announcement:

### **(a) Registered office in Malaysia**

Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

### **(b) Head office and principal place of business in Hong Kong**

15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, the following expressions have the following meanings:

“Act”	the Malaysian Companies Act, 1965, as amended from time to time and any re-enactment thereof
“Board”	board of Directors of the Company
“Bursa Securities”	Bursa Malaysia Securities Berhad (Malaysia Company No. 635598-W)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	total consideration of RM9,500,000 (equivalent to approximately US\$2,986,000) for the Proposed Acquisition
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries



“Land Valuer”	Raine & Horne International Zaki + Partners Sdn Bhd (Malaysia Company No. 99440-T)
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NBV”	net book value
“person connected”	has the meaning given to it under the Listing Requirements
“Proposed Acquisition”	the proposed acquisition of the Sale Property by the Purchaser from the Vendor as contemplated under the Sale and Purchase Agreement
“Purchaser”	Sin Chew Media Corporation Berhad (Malaysia Company No. 98702-V), and a wholly-owned subsidiary of the Company
“RHSA”	Rimbunan Hijau Southeast Asia Sdn Bhd (Malaysia Company No. 487223-W)
“Sale and Purchase Agreement”	the Sale and Purchase Agreement, dated 31 May 2012 signed between the Vendor and the Purchaser in relation to the acquisition of Sale Property
“Sale Property”	All that parcel of the leasehold land together with buildings thereon measuring approximately 13,436 sq. metres held under title known as P.T. No. 209 No. H.S. (D) 116389, Bandar Sultan Sulaiman, District of Klang, State of Selangor, Malaysia
“TIK”	Dato’ Sri Dr Tiong Ik King
“TTSH”	Tiong Toh Siong Holdings Sdn Bhd (Malaysia Company No. 105159-H)
“TSTHK”	Tan Sri Datuk Sir Tiong Hiew King
“Vendor” or “RHE”	Rimbunan Hijau Estate Sdn Bhd (Malaysia Company No. 153596-K)

For the purpose of this announcement, the exchange rate of RM3.182 = US\$1.00 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and do not constitute representations that any amount in US\$ or RM has been, could have been or may be converted at such rate.

By order of the Board  
**Media Chinese International Limited**  
**Tiong Kiew Chiong**  
*Director*

31 May 2012

*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 Ms Siew Nyoke Chow, being executive directors; Mr Leong Chew Meng, being non-executive director; and Mr David Yu Hon To, Tan Sri Dato' Lau Yin Pin and Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh, being independent non-executive directors.*