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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)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next page.

5 August 2011

As at the date of this announcement, the Board comprises Tan Sri Datuk Sir Tiong Hiew King, Mr Tiong Kiu King, Dato' Sri Dr Tiong Ik King, Mr Tiong Kiew Chiong, Ms Siew Nyoke Chow and Ms Sim Sai Hoon, 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.

General Announcement

Reference No. MC-110802-68824

Company Name : **MEDIA CHINESE INTERNATIONAL LIMITED**
Stock Name : **MEDIAC**
Date Announced : **5/8/2011**

Type : **Announcement**
Subject : **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
RELATED PARTY TRANSACTIONS**

Description : **MEDIA CHINESE INTERNATIONAL LIMITED (the "Company")
- PROPOSED DISPOSAL OF MEDIA CONNECT INVESTMENT
LIMITED TO SKY SUCCESS ENTERPRISES LIMITED**

Announcement Details / Table Section:

MediaNet Resources Limited (the "Seller"), a wholly-owned subsidiary of the Company, has today entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Sky Success Enterprises Limited (the "Buyer"), a wholly-owned subsidiary of One Media Group Limited ("OMG"), whereby the Seller as legal and beneficial owner shall sell, and the Buyer shall purchase one ordinary share with no par value (being the entire issued share capital) of Media Connect Investment Limited (the "Target"), a wholly-owned subsidiary of the Company for a consideration of HK\$25,800,000 (equivalent to US\$3,307,000)(the "Proposed Disposal").

Upon completion of the Proposed Disposal, the Target will cease to be an indirect wholly-owned subsidiary of the Company and the Seller shall cease its interest in the Target including its investment in ByRead Inc.

The Company is a substantial shareholder of OMG with an indirect shareholding of 292,700,000 shares, representing 73.18% of the entire issued and paid-up capital of OMG. OMG is an exempted company incorporated in the Cayman Islands with limited liability whose shares have been listed on the main board of The Stock Exchange of Hong Kong Limited since 18 October 2005.

Pursuant to Paragraphs 1.01 and 10.02 of the Listing Requirements and in view of the interest of certain Directors of the Company, the Proposed Disposal constitutes a related party transaction under the Listing Requirements. However, the Proposed Disposal is not subject to the approval of the shareholders as the transaction value of the Proposed Disposal is less than 5% of the percentage ratio threshold as stated in the Paragraph 10.08(1) of the Listing Requirements, whilst only an immediate announcement is required.

Details of the announcement of Related Party Transaction in relation to the Proposed Disposal is attached herewith.

This announcement is dated 5 August 2011.

PROPOSED DISPOSAL BY THE COMPANY TO SKY SUCCESS ENTERPRISES LIMITED OF ITS 100% INDIRECT EQUITY INTEREST IN MEDIA CONNECT INVESTMENT LIMITED FOR A TOTAL CONSIDERATION OF HK\$25,800,000 (EQUIVALENT TO US\$3,307,000) (the "PROPOSED DISPOSAL")

1. THE PROPOSED DISPOSAL

1.1 Details

The Board of the Company wishes to announce that the Seller has today entered into a Sale and Purchase Agreement with the Buyer, for the Proposed Disposal of the Sale Share which represents its 100% equity interest in the Target, for a total cash consideration of HK\$25,800,000 (equivalent to US\$3,307,000) to the Buyer. Upon Completion of this Proposed Disposal, the Target will cease to be an indirect wholly-owned subsidiary of the Company and the Seller shall cease its interest in the Target including the investment in ByRead Subscription Shares.

1.2 Salient terms of the Sale and Purchase Agreement

Date:

5 August 2011

Parties:

- (1) The Seller, a wholly-owned subsidiary of the Company; and
- (2) The Buyer, a wholly-owned subsidiary of the OMG.

Asset to be disposed:

The Sale Share, being one ordinary share with no par value, which represents the entire issued share capital of the Target.

Consideration:

HK\$25,800,000 (equivalent to US\$3,307,000)

Conditions precedent:

Completion of the Sale and Purchase Agreement is subject to the fulfillment of all of the following conditions:

- (1) the passing by the independent shareholders of OMG in general meeting of an ordinary resolution approving the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (2) the Seller, the Buyer and the Target having obtained all other necessary consents, approvals or waivers which may be required for the execution and performance of the Sale and Purchase Agreement;
- (3) the warranties given by the Seller being true and accurate in all respects as at the Completion; and
- (4) no material adverse change having occurred on or prior to the Completion.

Completion :

Completion shall take place on or before 30 September 2011 or such date as the parties may agree in writing after fulfillment and/or waiver of all the conditions precedent to the Sale and Purchase Agreement.

Upon Completion, the Buyer will own the entire issued share capital of the Target, which in turn holds approximately 24.97% of the issued share capital of ByRead.

1.3 Basis of arriving at the Consideration and mode of settlement

The Consideration of HK\$25,800,000 (equivalent to US\$3,307,000) was arrived after arm's length negotiations with reference to the latest consideration of a recent acquisition of the existing shares and subscription of new shares in ByRead by a new independent third party investor and the valuation of ByRead conducted by Roma Appraisals Limited, an independent business valuation company using market-based approach. The market value of 100% equity interest in ByRead is valued at HK\$125,000,000 (equivalent to US\$16,022,000) as of 31 March 2011.

The Consideration shall be fully funded by the internal resources of OMG.

1.4 Financial information on Target

Based on the unaudited consolidated financial statements of the ByRead Group as at 31 March 2011, the net asset value of the ByRead Group as at 31 March 2011 was approximately HK\$7,191,000 and the net loss before taxation and extraordinary items for the ByRead Group for the years ended 31 March 2010 and 2011 were HK\$1,273,000 and HK\$9,352,000, respectively, while the net loss after taxation and extraordinary items for the ByRead Group for the years ended 31 March 2010 and 2011 were HK\$1,310,000 and HK\$9,386,000, respectively.

Based on the audited consolidated financial statements of the Group as at 31 March 2011, the net asset value of the Target as at 31 March 2011 was approximately HK\$18,516,000 and the net loss before taxation and extraordinary items of ByRead Group attributable to the Target for the years ended 31 March 2010 and 2011 were approximately HK\$647,000 and HK\$2,743,000, respectively, while the net loss after taxation and extraordinary items of ByRead Group attributable to the Target for the years ended 31 March 2010 and 2011 were approximately HK\$648,000 and HK\$2,752,000, respectively.

1.5 Expected gains/losses

There will not be any gains or losses in the Group's consolidated financial statements arising from the Proposed Disposal.

1.6 Utilisation of proceeds

The proceeds will be used towards the Group's working capital and other general corporate purposes.

2. SALIENT FEATURES OF THE VALUATION REPORT

Valuer :	Roma Appraisals Limited, an independent valuation firm based in Hong Kong
Date of valuation :	31 March 2011
Market value of 100% equity interest in ByRead Group :	HK\$125,000,000 (equivalent to US\$16,022,000)
Valuation methodology:	In the process of valuing the ByRead Group, the valuer has taken into account of the uniqueness of its operation and the industry it is participating. The income-based approach was not adopted because a lot of assumptions will have to be made and the valuation can be largely influenced by any inappropriate assumptions made. The asset-based approach was not adopted because it cannot reflect the market value of the ByRead Group. The valuer has therefore considered the adoption of market-based approach in arriving at the market value of the ByRead Group.
Business valuation :	By adopting the market-based approach, the valuer has adopted the equity value per user multiple, price-to-sales ratio and price-to-book ratio, in which the valuer considered them as the most appropriate methods to value the ByRead Group.
Limiting conditions :	The valuer has relied to a considerable extent on information provided by the management in arriving at the opinion of value. The valuer was not in the position to verify the accuracy of all information provided to it. However, the valuer has had no reason to doubt the truth and accuracy of the information provided to it and to doubt that any material facts have been omitted from the information provided.

3. INFORMATION ON THE PARTIES

3.1 Information on the Group

The Company is dual-listed on the HKEx (Stock Code : 685) and Bursa Securities (Stock Code : 5090). The Group is a leading global Chinese-language media group principally engaged in the business of publishing newspapers, magazines and books, providing electronic content on the web, and is providing travel and travel related services.

The Company is a substantial shareholder of OMG with an indirect shareholding of 292,700,000 shares, representing 73.18% of the entire issued and paid-up capital of OMG.

3.2 Information on the Seller

The Seller, a wholly-owned subsidiary of the Company, was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on 3 October 2007 as a private limited company with an issued and paid-up share capital of HK\$1.00 comprising of 1 ordinary share at no par value. It is principally engaged in the business of investment holding.

3.3 Information on the Buyer

The Buyer was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on 17 March 2011 as a private limited company with an issued and paid-up share capital of US\$1.00 comprising of 1 ordinary share at no par value. It is principally engaged in the business of investment holding.

The Buyer is a wholly-owned subsidiary of OMG. OMG is an exempted company incorporated in the Cayman Islands with limited liability on 11 March 2005 whose shares have been listed on the main board of the HKEx (Stock Code : 426) since 18 October 2005, and is a subsidiary of the Company with the total shareholding of 73.18% as at the date of this announcement.

3.4 Information on the Target

The Target was incorporated in the British Virgin Islands under the BVI Business Companies Act 2004 on 6 August 2009 as a private limited company with an issued and paid-up share capital of HK\$1.00 comprising of 1 ordinary share at no par value. It is principally engaged in the business of investment holding.

On 30 November 2009, the Target subscribed for the ByRead Subscription Shares at a total subscription price of US\$2,800,000 (equivalent to HK\$21,844,000). As at the date of this announcement, the Target still holds the ByRead Subscription Shares, representing approximately 24.97% of the issued share capital of ByRead.

4. RATIONALE FOR THE PROPOSED DISPOSAL

OMG has been operating in PRC since 2005 and has to date gained much experience and knowledge on how to operate in the PRC market. With its vast experience and deep understanding and good business network in the PRC, the business and prospects of ByRead would be enhanced if ByRead is under the management of OMG.

The Proposed Disposal will also enhance the Company's investment in the PRC albeit via OMG while resulting in saving of resources for the Group and bringing synergy to both the Group and OMG.

5. ESTIMATED TIME FRAME FOR COMPLETION

Subject to the satisfaction of (or waiver thereof by the Buyer) of all the conditions precedent to the Sale and Purchase Agreement, the Proposed Disposal is expected to take place on or before 30 September 2011.

6. RISK FACTORS

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

7. EFFECT OF THE PROPOSED DISPOSAL

7.1 Share capital

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

7.2 Substantial shareholders' shareholdings

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

7.3 Net assets per share and gearing

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

7.4 Earnings per share

The Proposed Disposal will not have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 March 2012.

8. PARTICULARS OF ALL LIABILITIES, INCLUDING CONTINGENT LIABILITIES AND GUARANTEES TO BE ASSUMED BY THE COMPANY ARISING FROM THE PROPOSED DISPOSAL

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

9. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of shareholders of the Company or any regulatory bodies.

10. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is 1.01%.

11. THE NATURE AND EXTENT OF THE INTERESTS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS

The Company is a substantial shareholder of OMG with an indirect shareholding of 292,700,000 shares, representing 73.18% of the entire issued and paid-up capital of OMG.

TKK is a director of OMG, the Seller, the Buyer and the Target, he is also a director and shareholder of the Company. TKC is a director and a shareholder of both the Company and OMG, he is also a director of the Seller, Buyer and the Target. YHT is a director of both the Company and OMG.

In view of the above interests, the Proposed Disposal 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 Disposal. In addition, the interested Directors, namely TKK, TKC and YHT, have abstained from the Board's deliberation and voting in relation to the Proposed Disposal in the Board meeting of the Company.

12. IMPLICATIONS UNDER THE LISTING REQUIREMENTS

Pursuant to Paragraphs 1.01 and 10.02 of the Listing Requirements and in view of the interest of certain Directors of the Company, the Proposed Disposal constitutes a related party transaction under the Listing Requirements. However, the Proposed Disposal is not subject to the approval of the shareholders as the transaction value of the Proposed Disposal is less than 5% of the percentage ratio threshold as stated in Paragraph 10.08(1) of the Listing Requirements.

13. STATEMENT BY DIRECTORS

Save for TKK, TKC and YHT, the Board (including the independent non-executive Directors), having taken consideration of all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is carried out on normal commercial terms and at arm's length basis, and is not detrimental to the interest of the Company and its shareholders as a whole.

14. STATEMENT BY AUDIT COMMITTEE

The Audit Committee is of the view that the Proposed Disposal is in the best interests of the Company and is 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.

15. 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, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“ByRead”	ByRead Inc., a company incorporated in the Cayman Islands with limited liability
“ByRead Group”	ByRead and its subsidiaries
“ByRead Subscription Shares”	3,608 series A preference shares of par value of HK\$0.01 each in the issued share capital of ByRead
“Bursa Securities”	Bursa Malaysia Securities Berhad (Malaysia Company No. 635998-W)
“Buyer”	Sky Success Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of OMG, and in turn an indirect subsidiary of the Company
“Company”	Media Chinese International Limited (Malaysia Company No. 995098-A), a company incorporated in Bermuda with limited liability and the shares of which are dual-listed on the HKEx and Bursa Securities
“Completion”	completion of the acquisition of the Sale Share by the Buyer under the Sale and Purchase Agreement
“Consideration”	the consideration payable by the Buyer for the acquisition of the Sale Share, being HK\$25,800,000 (equivalent to US\$3,307,000)
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Requirements”	Main Market Listing Requirements of Bursa Securities
“OMG”	One Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the HKEx and is a non wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Sale and Purchase Agreement”	the sale and purchase agreement dated 5 August 2011 entered into between the Buyer and the Seller in relation to the acquisition of the Sale Share by the Buyer from the Seller
“Sale Share”	one ordinary share of HK\$1.00, being the entire issued share capital of the Target
“Seller”	MediaNet Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Target”	Media Connect Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“TKC”	Mr. Tiong Kiew Chiong
“TKK”	Mr. Tiong Kiu King
“US\$”	US dollars, the lawful currency of the United States of America
“YHT”	Mr. Yu Hon To, David
“%”	per cent.

For the purpose of this announcement, the exchange rate of US\$1.00 = HK\$7.8016 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and do not constitute representations that any amount in HK\$ or US\$ has been, could have been or may be converted at such rate.