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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)**

### **DEEMED DISPOSAL OF SUBSIDIARIES IN RELATION TO THE PROPOSED SPIN-OFF AND THE SEPARATE LISTING OF THE TRAVEL AND TRAVEL-RELATED BUSINESS ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED**

#### **1. INTRODUCTION**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Paragraphs 8.24 and 9.19(23) of the Listing Requirements.

The Board proposes to spin off the Group's travel and travel-related business and to have a separate listing of the same on GEM in Hong Kong. The Company will submit a proposal in relation to the Proposed Spin-off to the HKEx for approval pursuant to Practice Note 15 of the Listing Rules as soon as practicable.

The Proposed Spin-off, should it be materialised, will constitute a deemed disposal of the Company's equity interests in the Travel Group under Rule 14.29 of the Listing Rules. Since each of the applicable percentage ratios calculated in accordance with Rule 14.06 of the Listing Rules is less than 5%, the Proposed Spin-off, if proceed, will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and thereby is not subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. It is proposed that upon completion of the Proposed Spin-off, the Company will continue to be a controlling shareholder holding approximately 75% of the then issued share capital of the Travel Group.

Pursuant to Paragraph 8.24 of the Listing Requirements, the Company must obtain its shareholders' approval if it wishes to list the securities of any of its subsidiaries on any stock exchange.

**The Company will make further announcements in relation to the Proposed Spin-off as and when appropriate and/or required under the Listing Rules and the Listing Requirements.**

**There is no assurance that the Proposed Spin-off will proceed or the HKEx will grant its approval. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## 2. DETAILS OF THE PROPOSED SPIN-OFF AND GROUP REORGANISATION

### 2.1 Introduction

As at the date of this announcement, the Group's travel and travel-related business is being operated by the Company's indirect wholly-owned subsidiaries, namely Charming Hong Kong and Charming North America (together with their respective subsidiaries), both incorporated in Hong Kong in 1987 and 1993, respectively.

For the purpose of the Proposed Spin-off, the Group will undergo a reorganisation. As part of the group reorganisation, five companies with limited liabilities have been incorporated or acquired as at the date of this announcement, details of which are set out below:

Name of company	Place of incorporation	Date of incorporation	Principal business activities	Issued and paid-up share capital	No. of shares acquired/held by its respective shareholder(s)
Sun Bloom Limited (日隆有限公司)	BVI	29 May 2012	Investments holding	1 ordinary share of US\$1	1 share issued and allotted to Media Chinese International Holdings Limited on 15 August 2012
Charming Holidays International Limited (翠明假期國際有限公司)	Cayman Islands	15 August 2012	Investments holding	1 ordinary share of HK\$0.01	1 share issued and allotted to Sun Bloom Limited on 15 August 2012
Charming Holidays Holdings Limited (翠明假期控股有限公司)	BVI	15 August 2012	Investments holding	1 ordinary share of US\$1	1 share issued and allotted to Sun Bloom Limited on 15 August 2012
Easy Trillion Limited	BVI	29 May 2012	Investments holding	1 ordinary share of US\$1	1 share issued and allotted to Charming Holidays Holdings Limited on 15 August 2012
Ever Gallant Limited	BVI	23 May 2012	Investments holding	1 ordinary share of US\$1	1 share issued and allotted to Charming Holidays Holdings Limited on 15 August 2012

Other than the incorporation or acquisition of the abovementioned companies, there is no further step of reorganisation being carried out as at the date of this announcement. It is envisaged that the Proposed Spin-off will involve a deemed disposal of approximately 25% of the equity interests in Charming Holidays. The details in respect of the Proposed Spin-off, including the size and structure of the share offering, the offer price, and proceeds to be raised, will be finalised at a later stage in consultation with the underwriter(s)/bookrunner(s) for the Proposed Spin-off, and will depend upon, amongst other factors, the prevailing market conditions. The expected timetable has also not yet been finalised as at the date of this announcement. Further announcements will be made by the Company upon finalisation of the structure of the Proposed Spin-off and the share offering.

Upon completion of the Proposed Spin-off, the interests of the Company in Charming Holidays will be diluted but the Company will continue to be a controlling shareholder in the then issued share capital of the Travel Group.

Further, Charming Holidays also proposes to establish the Proposed SOS for, among others, eligible directors and employees of Charming Holidays and other grantees that in the opinion of the directors consider appropriate upon listing of the Travel Group. The adoption of the Proposed SOS will be subject to the passing of a resolution of the shareholders of Charming Holidays approving the Proposed SOS. The Proposed SOS and if any, the options granted to the Directors and persons connected with them under the Proposed SOS are subject to the approval of the shareholders of the Company at a general meeting.

## **2.2 Net assets**

The net assets of the Travel Group as at 31 March 2012 was approximately HK\$15.5 million (equivalent to approximately US\$2.0 million).

## **2.3 Information on the Group**

The Group (including the Travel Group) is a leading global Chinese language media group dual primary-listed on the main board of the HKEx (stock code: 685) and the main market of Bursa Malaysia (stock code: 5090). It is principally engaged in the businesses of publishing newspapers, magazines and books, providing electronic content on the web and other digital platforms, and providing travel and travel-related services.

## **2.4 Information on the Travel Group**

As at the date of this announcement, the Travel Group is engaged in the business of travel and travel-related services, including the provision of inbound and outbound touring services, sale of travel packages and the provision of travel-related services, mainly in Hong Kong and North America.

### **3. UTILISATION OF PROCEEDS**

The net proceeds to be raised from the Proposed Spin-off is proposed to be utilised to expand the Travel Group's existing business operations and the development of other travel-related products.

### **4. RATIONALE FOR THE PROPOSED SPIN-OFF**

It is considered that the Proposed Spin-off will be beneficial to the Group for the following reasons:

- (i) given the distinct business nature of the Group as compared to the travel and travel-related business of the Travel Group, the Proposed Spin-off will enable the investors, financiers and market rating agencies to appraise and assess the potential and performance of the businesses of the Group separately and distinctly from the businesses of the Travel Group;
- (ii) it will help the Group and the Travel Group to broaden their shareholder bases and allow each of them to target their respective shareholder bases and to make capital allocation more effectively;
- (iii) it will enable the Group to unlock the value of its investments in the Travel Group;
- (iv) under the Proposed Spin-off, the Company will remain as the controlling shareholder of the Travel Group following the completion of the Proposed Spin-off and will be able to enjoy the benefits from the development of the Travel Group; and
- (v) it will give clearer operational and management focus for the Group and the Travel Group.

The businesses of the Travel Group have grown to a size sufficient to command a separate listing and the Proposed Spin-off is expected to benefit the Travel Group in the following manner:

- (i) it will enable the Travel Group to gain recognition and corporate stature as well as greater financial flexibility to raise funds from the capital market to finance its business activities and expansion plans without reliance on the Company;
- (ii) it will enhance the corporate governance, operational and financial transparency of the Travel Group and attract new investors who are seeking investments in companies engaging in travel and travel-related business; and
- (iii) it will facilitate dedicated management to focus on the specific opportunities arising in the development of travel and travel-related businesses and enable the Travel Group to offer an equity-based incentive program (such as a share option scheme or a share award scheme) separately from the Group to motivate its employees for better performance, which closely aligns with the objective of value creation for its shareholders.

## **5. COMPLETION RISKS**

The Proposed Spin-off is at a preliminary stage and is subject to, *inter alia*, the granting of approvals from the HKEx and the Company's shareholders for the Proposed Spin-off. In addition, depending on, *inter alia*, the market conditions then prevailing, the Company may decide not to proceed with the Proposed Spin-off. Accordingly, there is no assurance that the Proposed Spin-off will proceed and shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Details on any material development on the Proposed Spin-off will be announced as and when appropriate.

## **6. EFFECTS OF THE PROPOSED SPIN-OFF**

### **6.1 Issued and paid-up share capital**

The Proposed Spin-off will not have any effect on the issued and paid-up share capital and shareholding structure of the Company as it does not involve any issuance of new shares by the Company.

### **6.2 Substantial shareholders' shareholdings**

The Proposed Spin-off will not have any effect on the shareholdings of the substantial shareholders of the Company.

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

Upon the completion of the Proposed Spin-off, the net assets of the Group will be increased by the fund raising size of the Proposed Spin-off on the assumptions that the total liability remains unchanged. Accordingly, the gearing ratio will improve as a result of the increase in net assets. The total assets, total liabilities and net assets of the Travel Group will still be consolidated into the total assets, total liabilities and net assets of the Company respectively immediately after the Proposed Spin-off, as it will continue to be a subsidiary of the Company.

### **6.4 Earnings and earnings per share**

Upon completion of the Proposed Spin-off, the Travel Group will continue to be a subsidiary of the Company, which will own a controlling interest of the Travel Group. The financial information of the Travel Group will still be consolidated into the financial statements of the Company. The profit attributable to equity holders of the Company would be reduced by the percentage of non-controlling interest of the profit of the Travel Group.

## **7. CONDITIONS OF THE PROPOSED SPIN-OFF**

The Proposed Spin-off is conditional upon the approvals being obtained from the following:

- (i) the HKEx for the Proposed Spin-off;

(ii) the shareholders of the Company at a SGM to be convened as required under the Listing Requirements; and

(iii) any other relevant authorities/parties, if required.

## **8. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED SPIN-OFF**

Subject to the necessary approvals and consents being obtained and capital market conditions then prevailing, the Board expects the Proposed Spin-off to be completed by the end of 2012.

## **9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

None of the Directors and/or major shareholders and/or their respective connected persons have any interest, direct or indirect, in the Proposed Spin-off.

At this juncture, allocations of options under the Proposed SOS to the eligible directors and employees of the Travel Group have yet to be determined.

## **10. STATEMENT BY THE BOARD**

The Board, having taken into consideration all aspects of the Proposed Spin-off (other than matters which are to be deliberated and finalised at a later point in time, such as pricing, size and structure of the offering), and the rationale for the Proposed Spin-off mentioned above, is of the opinion that the Proposed Spin-off is in the interest of the Company and its shareholders as a whole.

## **11. ADVISER**

New Spring Capital Limited has been appointed as the sole sponsor for the Proposed Spin-off in Hong Kong.

## **12. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED SPIN-OFF PURSUANT TO PARAGRAPH 10.02(G) OF THE LISTING REQUIREMENTS AND DEEMED DISPOSAL PURSUANT TO RULE 14.29 OF THE LISTING RULES**

The highest percentage ratio applicable to the Proposed Spin-off pursuant to paragraph 10.02(g) of the Listing Requirements is approximately 1.47% representing the aggregate value of the consideration received in relation to the Proposed Spin-off compared with the net assets of the Company.

The Proposed Spin-off, should it be materialised, will constitute a deemed disposal of the Company's equity interest in the Travel Group under Rule 14.29 of the Listing Rules. Since each of the applicable percentage ratios calculated in accordance with Rule 14.06 under the Listing Rules is less than 5%, the Proposed Spin-off will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and therefore is not subject to the reporting, announcement and shareholders' approval

requirements under the Listing Rules. It is proposed that upon completion of the Proposed Spin-off, the Company will continue to be a controlling shareholder in the then issued share capital of the Travel Group.

### **13. CORPORATE PROPOSALS ANNOUNCED BUT PENDING**

On 16 July 2012, the Board announced that the Company proposed to implement a capital distribution via a dividend to the shareholders of the Company of approximately US\$219.78 million (equivalent to approximately RM700.00 million or HK\$1,704.41 million).

Save for the Proposed Spin-off and the proposal announced as disclosed above, there are no outstanding corporate proposals which have been announced by the Company but are pending completion as at the date of this announcement.

### **14. APPLICATION TO THE RELEVANT AUTHORITIES**

Under Practice Note 15 of the Listing Rules, the Proposed Spin-off will require the approval from, among others, the HKEx. In this regard, the Company will submit a proposal in relation to the Proposed Spin-off to the HKEx as soon as practicable for consideration and approval pursuant to Practice Note 15 of the Listing Rules.

### **TERMS USED IN THIS ANNOUNCEMENT**

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

“Board”	the board of Directors
“Bursa Malaysia”	Bursa Malaysia Securities Berhad
“BVI”	the British Virgin Islands
“Charming Holidays”	Charming Holidays International Limited, a company incorporated under the laws of the Cayman Islands with limited liability, which will be the holding company of the Travel Group upon the completion of the Proposed Spin-off
“Charming Hong Kong”	Charming Holidays Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Charming North America”	Charming Holidays (North America) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Company”	Media Chinese International Limited, a company incorporated in Bermuda with limited liability and the shares of which are dual primary-listed on the HKEx and Bursa Malaysia
“Director(s)”	director(s) of the Company

“GEM”	the Growth Enterprise Market of the HKEx
“Group”	the Company and its subsidiaries from time to time
“HKEx”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Requirements”	Main Market Listing Requirements of Bursa Malaysia
“Listing Rules”	the Rules Governing the Listing of Securities on the HKEx
“Proposed Spin-off”	the proposed spin-off and separate listing of the Travel Group on GEM
“Proposed SOS”	the share option scheme to be adopted by Charming Holidays subject to the approval of the shareholders of Charming Holidays
“SGM”	the special/extraordinary general meeting of the Company in Hong Kong and in Malaysia to be convened and held for the shareholders to consider and, if thought fit, to approve (among other matters) the Proposed Spin-off
“Travel Group”	indirect wholly-owned subsidiaries of the Company, namely Charming Holidays International Limited, which will be the holding company of, among others, Charming Hong Kong and Charming North America (together with their respective subsidiaries) upon the completion of the Proposed Spin-off, and its subsidiaries
“%”	per cent.

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

15 August 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.*