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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 – ACQUISITION OF PROPERTIES**

#### **THE SALE AND PURCHASE AGREEMENTS**

The Board is pleased to announce that on 29 January 2009, the Purchaser had entered into the Sale and Purchase Agreements with the Vendor to acquire the Sale Properties from the Vendor for a total consideration of RM5.92 million (or approximately equivalent to HK\$12,840,000).

#### **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 Transaction are less than 2.5%, the Transaction 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 Transaction constitutes a related party transaction pursuant to Paragraphs 1.01 and 10.02 of the Listing Requirements. This announcement is made pursuant to Paragraph 10.08(1) of the Listing Requirements, as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Transaction are more than 0.25% but less than 5%.

## INTRODUCTION

The Board is pleased to announce that on 29 January 2009, the Purchaser had entered into the Sale and Purchase Agreements with the Vendor to acquire the Sale Properties from the Vendor for a total consideration of RM5.92 million (or approximately equivalent to HK\$12,840,000).

## DETAILS OF SALE PROPERTIES

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

No.	Location	Description of Property	Tenure	Date of Purchase	Original Purchase Cost (RM)	Net Book Value as at 31-07-2008 (RM)	Market Valuation (RM)	Purchase Price payable by Purchaser (RM)
1.	No. 93, Jalan Leong Sin Nam, 30300 Ipoh, Perak, Malaysia.	Office	Leasehold expiry: 20/12/2078	04/11/1989	330,000	266,029	780,000	780,000
2.	No. A1-1307, Level 13, Block A1, Kempas Apartments, Genting View Resort, 69000 Genting Highlands, Pahang Darul Makmur, Malaysia.	Condominium	Freehold	26/08/1991	185,100	134,506	200,000	90,000
3.	No. 12, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia.	Office	Freehold	19/11/1992	430,000	494,806	530,000	530,000
4.	No. 3, Lorong 1, Medan Sri Intan, Jalan Sekolah, 36000 Teluk Intan, Perak, Malaysia.	Office	Freehold	16/03/1993	340,000	355,725	400,000	400,000
5.	No. 24, Jalan Ibrahim, 85000 Segamat, Johor Darul Takzim, Malaysia.	Office	Freehold	12/08/1993	185,000	258,872	280,000	260,000
6.	No. 16, Lorong Gudang Nanas 2, 41400 Klang, Selangor Darul Ehsan, Malaysia.	Office	Freehold	20/08/1993	480,000	572,122	750,000	740,000

No.	Location	Description of Property	Tenure	Date of Purchase	Original Purchase Cost (RM)	Net Book Value as at 31-07-2008 (RM)	Market Valuation (RM)	Purchase Price payable by Purchaser (RM)
7.	No. 8, Jalan Puteri, 83000 Batu Pahat, Johor Darul Takzim, Malaysia.	Office	Freehold	16/03/1994	215,000	285,388	250,000	250,000
8.	No. 1025, Jalan Berjaya 3, Seberang Jalan Putra, 05150 Alor Setar, Kedah Darul Aman, Malaysia.	Office	Freehold	02/08/1994	300,000	343,762	300,000	250,000
9.	No. 240, Jalan Mersing, Taman Kurnia, 86000 Kluang, Johor Darul Takzim, Malaysia.	Office	Freehold	08/05/1995	235,000	278,371	350,000	320,000
10.	No. 45-67, Jalan Salleh, 84000 Muar, Johor Darul Takzim, Malaysia.	Office	Freehold	19/05/1995	420,000	437,597	400,000	400,000
11.	No. 152, Jalan Petaling, 50000 Kuala Lumpur, Malaysia.	Office	Freehold	14/10/1995	1,130,000	1,253,570	2,800,000	1,200,000
12.	No. 12, Taman Anson, Jalan Raja Omar, 32000 Sitiawan, Perak, Malaysia.	Office	Freehold	13/02/1996	263,000	269,531	380,000	300,000
13.	No. 6, Jalan Mawar 2, Taman Pekan Baru, 08000 Sungai Petani, Kedah Darul Aman, Malaysia.	Office	Leasehold expiry: 19/12/2091	01/11/2002	370,000	446,480	400,000	400,000
Total					<u>4,883,100</u>	<u>5,396,759</u>	<u>7,820,000</u>	<u>5,920,000</u>

## **CONSIDERATION AND SOURCE OF FUND**

The consideration of RM5.92 million (or approximately equivalent to HK\$12,840,000) was based on a “willing buyer willing seller” basis, which was arrived at after arm’s length negotiations with reference to the valuation carried out by an independent property valuer, Colliers, Jordan Lee & Jaafar Sdn Bhd during the period from 6 January 2009 to 14 January 2009 on the Sale Properties.

The consideration shall be fully funded by internal generated funds of the Purchaser.

## **RATIONALE OF THE TRANSACTION**

The Purchaser has entered into tenancy agreements with the Vendor for the Sale Properties since 1990s. The Transaction is necessary for the operations of the Purchaser as it ensures continuity of its presence in locations already known to its readers and advertisers. Furthermore, the Purchaser would be able to enjoy the gross rental savings of approximately RM248,040 (or approximately equivalent to HK\$537,964) per annum.

## **RISK FACTORS**

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

## **EFFECT OF THE TRANSACTION**

The Transaction will not have any material adverse effects on the earnings per share, net assets per share, gearing, share capital and substantial shareholders’ shareholding of the Company.

## **PARTICULARS OF ALL LIABILITIES, INCLUDING CONTINGENT LIABILITIES AND GUARANTEES TO BE ASSUMED BY THE COMPANY ARISING FROM THE TRANSACTION**

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

## **ESTIMATED TIME FRAME FOR COMPLETION OF THE TRANSACTION**

The Transaction is expected to be completed by the third quarter of 2009.

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

TSTHK is a Director and a major shareholder (under the Listing Requirements) of the Company. TSTHK is also a director of the Vendor and the Purchaser. TIK a Director, is also a brother of TSTHK and the shareholder of the Vendor. TKK, a Director, is also a brother of both TSTHK and TIK. The other directors of the Vendor are Ms Siew Nyoke Chow, a Director and Mr Tiong Chiong Ong, son of TSTHK.

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

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

### **APPROVALS REQUIRED**

The Transaction is not subject to the approval of shareholders. Save for the Sale Property bearing the address No. 93, Jalan Leong Sin Nam, 30300 Ipoh, Perak, Malaysia which requires the approval of the Menteri Besar of the state of Perak, the other Sale Properties are not subject to the approval of any other relevant government authorities. It is expected that such approval will be obtained in the second quarter of 2009. Since the Sale and Purchase Agreements are not inter-conditional to one another, the Transaction will proceed in the event that such approval is not granted.

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

As the Vendor is a connected person of the Company, the Transaction constitutes a connected transaction. Since the relevant percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Transaction are less than 2.5%, the Transaction constitutes a connected transaction which is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

### **THE SALIENT FEATURES OF THE SALE AND PURCHASE AGREEMENTS AND THE TIME AND PLACE WHERE THE SALE AND PURCHASE AGREEMENTS MAY BE INSPECTED**

The Purchaser purchases the Sale Properties free from all encumbrances (save for existing tenancies) and with legal possession upon payment of the Balance Purchase Price. Any existing tenancies in relation to the Sale Properties between the Vendor and the Purchaser will be terminated on completion of the Transaction.

The Purchaser will pay 10% of the purchase price of the Sale Properties to the Vendor as deposit upon signing of the Sale and Purchase Agreements. The Balance Purchase Price will be paid to the Vendor within three (3) months from the date of Sale and Purchase Agreements or the date the Sale and Purchase Agreement becomes unconditional, as the case may be. In the event an extension period of one (1) month is required for the payment of the purchase price, interest at the rate of 8% per annum will be imposed on the Balance Purchase Price calculated from the due date until the date of actual receipt of the unpaid portion.

The Sale and Purchase Agreements and all other relevant documents in connection with the Transaction are available for inspection during normal office hours on weekday (except public holidays) at (i) the registered office in Malaysia at 10th Floor, Wisma Havela Thakardas, No. 1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur, 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 for a period of at least three (3) months from the date of this announcement.

## **INFORMATION ON THE GROUP**

The Group is a leading global Chinese-language media group dually 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.

## **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.

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.

## **INFORMATION ON THE VENDOR**

The Vendor was incorporated in Malaysia on 19 August 1983 under the Act.

The authorised share capital of the Vendor is RM100,000 comprising 100,000 ordinary shares of RM1.00 each and the issued and fully paid-up share capital is RM20,002 comprising 20,002 ordinary shares of RM1.00 each.

The principal activity of the Vendor is property investment holding.

The Vendor is directly held as to 99.99% by TSTHK, a substantial shareholder (as defined under the Listing Rules) of the Company and 0.01% by TIK. TSTHK and TIK, together, are 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.

## **STATEMENT BY DIRECTORS**

Save for TSTHK, TIK and TKK, the Board (including the independent non-executive Directors), having taken consideration of all aspects of the Transaction, is of the opinion that the Transaction is carried out at arm's length basis and on fair and reasonable terms, and is not detrimental to the interest of the minority shareholders of the Company and is in the best interest of the Company and its shareholders as a whole.

## **DEPARTURE FROM MALAYSIA SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON ISSUES/OFFER OF SECURITIES**

The Transaction does not depart from Malaysia Securities Commission's Policies and Guidelines on Issues/Offer of Securities.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

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

“Act”	means the Malaysian Companies Act, 1965, as amended from time to time and any re-enactment thereof
“Balance Purchase Price”	means the balance of consideration to be paid by the Purchaser after the payment of the deposit as specified in each of the Sale and Purchase Agreements
“Board”	means the board of Directors of the Company
“Bursa Securities”	means Bursa Malaysia Securities Berhad (Malaysia Company No. 635598-W)
“Company”	means Media Chinese International Limited, an exempted company incorporated in Bermuda with limited liability
“connected person”	has the meaning given to it under Chapter 14A of the Listing Rules
“Director(s)”	means the director(s) of the Company; or in relation to companies incorporated in Malaysia, “Director(s)” shall have the meaning given in Section 4 of the Act
“Group”	means the Company and its subsidiaries
“Listing Requirements”	means the Listing Requirements of Bursa Malaysia Securities Berhad
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“person connected”	has the meaning given to it under the Listing Requirements

“Purchaser”	means Sin Chew Media Corporation Berhad (Malaysian Company No. 98702-V), a company with limited liability incorporated in Malaysia, and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreements”	means the sale and purchase agreements, each dated 29 January 2009 signed between the Vendor and the Purchaser in relation to the acquisition of each of the Sale Properties
“Sale Properties”	means the 13 properties held by the Vendor, details of which are set out the section headed “Details of the Sale Properties” in this announcement, and “Sale Property” means any one of them
“TIK”	Dato’ Sri Dr Tiong Ik King
“TKK”	Mr Tiong Kiu King
“Transaction”	means the sale and purchase of the Sale Properties pursuant to the Sale and Purchase Agreements
“TSTHK”	Tan Sri Datuk Tiong Hiew King
“Vendor”	means Pacific Hijau Sdn Bhd (Malaysia Company No. 105483-K), a company with limited liability incorporated in Malaysia

Sums in this announcement expressed in RM have been translated into HK\$ at the rate of RM0.461072 = HK\$1.00 (representing the middle exchange rate at 5:00 p.m. on 16 January 2009 as quoted by Bank Negara Malaysia).

No representation is made that any amounts in RM could have been or could be converted at the above rate or at any other rates or at all.

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

29 January 2009

*As at the date of this announcement, the Board comprises Tan Sri Datuk Tiong Hiew King, Mr Tiong Kiu King, Dato’ Sri Dr Tiong Ik King, Dato’ Leong Khee Seong, 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, Mr Victor Yang, Tan Sri Dato’ Lau Yin Pin and Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh, being independent non-executive Directors.*