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ONEMEDIAGROUP
One Media Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 426)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 25 March 2010 in respect of the continuing connected transactions entered into between members of the MCI Group and the Group relating to the provision of services by the MCI Group to the Group for its operations, based on normal commercial terms.

On 7 March 2013, members of the MCI Group and the Group renewed the Magazine Services Agreement and the Advertising Space and Service Barter Agreement and entered into two new agreements relating to the lease of the Leased Premises and the licence to use the Licensed Premises for the Group's operations, each for a term of three years from 1 April 2013 to 31 March 2016.

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.18% of the issued share capital of the Company. Each of MPN and Holgain is an indirect wholly-owned subsidiary of MCI and is therefore an associate of a substantial shareholder of the Company. Accordingly, each of MCI, MPN and Holgain is a connected person of the Company as defined in the Listing Rules and the Transactions constitute continuing connected transactions for the Company.

Given that the percentage ratio of each of the Annual Cap for the transactions contemplated under the Renewed Magazine Services Agreement, the Annual Cap for the transactions contemplated under the Renewed Advertising Barter Agreement and the aggregate Annual Cap for the lease of the Leased Premises under the Tenancy Agreement and for the licence to use the Licensed Premises under the Licence Agreement calculated pursuant to the Rules 14.07 of the Listing Rules is less than 5%, all of these transactions are exempted from the Company's independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules, but are still subject to the reporting and announcement requirements as described in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, these transactions are also subject to the annual review requirements as set out in Rules 14A.37 and 14A.38 of the Listing Rules.

Reference is made to the Company's announcement dated 25 March 2010 in respect of the continuing connected transactions entered into between members of the MCI Group and the Group relating to the provision of services by the MCI Group to the Group for the Group's operations, based on normal commercial terms.

MAGAZINE PUBLICATION RELATED SERVICES

Pursuant to the Magazine Services Agreement entered into between MPN and OMH, MPN agreed to provide to the Group (a) Circulation Support Services, (b) Editorial Support Services and (c) Library Services, and OMH agreed to share the monthly operating expenses of MPN's respective departments determined on a cost reimbursement basis in accordance with the proportion of actual time incurred by the staff of MPN's respective departments towards the provision of such services. The Magazine Services Agreement will expire on 31 March 2013.

On 7 March 2013, MPN and OMH executed the Third MSA Letter to renew the Magazine Services Agreement on the same terms and conditions for a term of three years from 1 April 2013 to 31 March 2016. The Renewed Magazine Services Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of either party or the failure of either party to obtain or maintain the necessary shareholders' approval of its holding company (if applicable) in respect of the Renewed Magazine Services Agreement pursuant to the Listing Rules.

For the two years ended 31 March 2012 and ten months ended 31 January 2013, the aggregate cost of the services rendered for items (a), (b) and (c) under the Magazine Services Agreement are summarized as follows:

Services	For the year ended 31 March		Ten months ended 31 January
	2011 (audited) (HK\$'000)	2012 (audited) (HK\$'000)	2013 (unaudited) (HK\$'000)
Items (a), (b) and (c) — Circulation Support Services, Editorial Support Services and Library Services (in aggregate)	<u>1,562</u>	<u>1,377</u>	<u>1,160</u>

ADVERTISING SERVICES

Pursuant to the Advertising Space and Service Barter Agreement entered into between MCI and the Company, the MCI Group and the Group agreed to enter into the arrangements of exchange of advertising space and services and the fees charged by the MCI Group and the Group for placing advertisements in their respective publications and provision of advertising services, which are determined based on the rates charged by or to (as appropriate) independent third parties, net off each other. The Advertising Space and Service Barter Agreement will expire on 31 March 2013.

On 7 March 2013, MCI and the Company executed the Second ASSBA Letter to renew the Advertising Space and Service Barter Agreement on the same terms and conditions for a term of three years from 1 April 2013 to 31 March 2016. The Renewed Advertising Barter Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of either party or the failure of either party to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Renewed Advertising Barter Agreement pursuant to the Listing Rules.

For the two years ended 31 March 2012 and ten months ended 31 January 2013, the transaction amount under the Advertising Space and Service Barter Agreement are summarized as follows:

Services	For the year ended 31 March		Ten months ended
	2011 (audited) (HK\$'000)	2012 (audited) (HK\$'000)	31 January 2013 (unaudited) (HK\$'000)
Exchange of advertising space and services			
— Income received under the barter advertising arrangement	1,274	1,052	1,346
— Expense incurred under the barter advertising arrangement	<u>1,274</u>	<u>1,052</u>	<u>1,476</u>

USE OF PREMISES

Pursuant to the Administrative Services Agreement entered into between MPH and OMH, MPH agreed to provide to the Group, among other things, Leasing of Premises charged on a monthly basis. The Administrative Services Agreement will expire on 31 March 2013.

(a) Tenancy Agreement

On 7 March 2013, Holgain and OMH entered into the Tenancy Agreement pursuant to which Holgain agreed to lease the Leased Premises to OMH for a term of three years from 1 April 2013 to 31 March 2016. The rental under the Tenancy Agreement is determined based on the floor area to be occupied by OMH at a pre-determined rate fixed with reference to the prevailing market rates of comparable premises, and is exclusive of any rates, government rent, building management fees and all other outgoings and expenses. The Tenancy Agreement may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency of either party or the failure of either party to obtain or maintain the necessary shareholders' approval of its holding company (if applicable) in respect of the Tenancy Agreement pursuant to the Listing Rules.

(b) Licence Agreement

On 7 March 2013, Holgain and OMH entered into the Licence Agreement pursuant to which Holgain agreed to license the Licensed Premises to OMH for a term of three years from 1 April 2013 to 31 March 2016. The licence fee under the Licence Agreement is determined based on the floor area to be occupied by OMH at a pre-determined rate fixed with reference to the prevailing market rates of comparable premises, and is exclusive of any rates, government rent, building management fees and all other outgoings and expenses. Under the Licence Agreement, Holgain reserved the right to enter into the Licensed Premises to inspect and to do all work necessary for maintaining the Licensed Premises in an efficient state at the expense of OMH. The Licence Agreement may be terminated by either party prior to the expiry date upon the default or insolvency of either party or the failure of either party to obtain or maintain the necessary shareholders' approval of its holding company (if applicable) in respect of the Licence Agreement pursuant to the Listing Rules.

For the two years ended 31 March 2012 and ten months ended 31 January 2013, the Aggregate Costs of Leasing of Premises incurred for Leasing of Premises are summarized as follows:

	For the year ended		Ten months
	31 March		ended
Services	2011	2012	31 January
	(audited)	(audited)	(unaudited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Leasing of Premises	<u>1,669</u>	<u>1,680</u>	<u>1,743</u>

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company. The Group is principally engaged in media businesses in the Greater China region, including but not limited to magazine publishing and digital media business. Magazine publications include, among others, the Relevant Magazines.

The MCI Group is principally engaged in the businesses of publishing, printing and distribution of Chinese language newspapers, magazines and books, and providing travel and travel related services in Hong Kong, Mainland China, North America, Malaysia and other Southeast Asian countries.

In the past, the transactions entered into between the MCI Group and the Group have brought operational convenience and benefits to the Group's operations. Given the long and good cooperative relationship between the members of the MCI Group and the Group, the Directors considered it to be in the interests of the Company to continue to enter into the Transactions. The Transactions will continue to be conducted in the ordinary and usual course of business of the Group.

The terms of the Transactions are arrived at after arm's length negotiations between the parties. The Directors, including independent non-executive Directors of the Company, consider that the Transactions are (i) on normal commercial terms and on terms no less favourable than terms available to independent third parties, and on an arm's length basis; (ii) in the ordinary and usual course of the Group's business; and (iii) the terms of the Transactions and the Annual Caps are fair and reasonable. In view of the above, the Directors consider the Transactions to be in the interests of the Company and its shareholders taken as a whole.

As (1) Mr. TIONG Kiew Chiong is (i) a director of both the Company and MCI; (ii) a shareholder of both the Company and MCI holding 1% and approximately 0.1% of the issued share capital of the Company and MCI respectively; (iii) a distant nephew of Tan Sri Datuk Sir TIONG Hiew King who is a non-executive Director of the Company and a director of MCI; (iv) a distant nephew of Dato' Sri Dr. TIONG Ik King who is a director of MCI; and (v) an associate of both Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, substantial shareholders of the Company; and (2) Mr. YU Hon To, David is an independent non-executive director of both the Company and MCI, both Mr. TIONG Kiew Chiong and Mr. YU Hon To, David, by reason of having interests in the Transactions or otherwise, abstained from voting on the resolutions proposed in the meeting of the Board held to approve the New Agreements.

ANNUAL CAPS AND LISTING RULES IMPLICATIONS

Annual Caps

It is expected that the aggregate amount of the Transactions contemplated under each of the New Agreements in each of the three financial years ending 31 March 2016 shall not exceed the Annual Caps as follows:

Annual Caps	Year ending 31 March		
	2014 (HK\$'000)	2015 (HK\$'000)	2016 (HK\$'000)
(i) Renewed Magazine Services Agreement Circulation Support Services, Editorial Support Services and Library Services	2,000	2,200	2,420
(ii) Renewed Advertising Barter Agreement Exchange of advertising space and services — Income received under the barter advertising space and service arrangement	(2,000)	(2,000)	(2,000)
— Expense incurred under the barter advertising space and service arrangement	2,000	2,000	2,000
(iii) Tenancy Agreement and Licence Agreement Lease of the Leased Premises and licence to use the Licensed Premises — Aggregate cost of rental, rates, government rent and building management fees	2,700	2,700	2,700

The Directors have, based on their experience and expertise gained in the magazine publications and related businesses, taken into account the following principal factors and assumptions in determining the Annual Caps for the Transactions:

- historical amounts of the service charges;
- expected circulation of the Relevant Magazines;
- expected increase in advertising fees to be charged by the Relevant Magazines;
- estimated work force and premises required to operate the publication of the Relevant Magazines;
- the monthly rental, licence fee and the rates, government rent and building management fees payable by the tenant and the licensee under the Tenancy Agreement and the Licence Agreement; and
- that there will be a stable market environment and economic conditions.

The Directors consider that the Annual Caps set out above are fair and reasonable so far as the Company and its shareholders are concerned.

Listing Rules implications

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.18% of the issued share capital of the Company. Each of MPN and Holgain is an indirect wholly-owned subsidiary of MCI and is therefore an associate of a substantial shareholder of the Company. Accordingly, each of MCI, MPN and Holgain is a connected person of the Company as defined in the Listing Rules and the Transactions constitute continuing connected transactions for the Company.

Given that the percentage ratio of each of the Annual Cap for the transactions contemplated under the Renewed Magazine Services Agreement, the Annual Cap for the transactions contemplated under the Renewed Advertising Barter Agreement and the aggregate Annual Cap for the lease of the Leased Premises under the Tenancy Agreement and for the licence to use the Licensed Premises under the Licence Agreement calculated pursuant to the Rules 14.07 of the Listing Rules is less than 5%, all of these transactions are exempted from the Company's independent shareholders' approval requirement pursuant to Rule 14A.34(1) of the Listing Rules, but are still subject to the reporting and announcement requirements as described in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, these transactions are also subject to the annual review requirements as set out in Rules 14A.37 and 14A.38 of the Listing Rules.

Upon expiry of the three-year term of the New Agreements, or if any of the above Annual Caps is exceeded or when the New Agreements are being renewed or there is any material change to the terms of the New Agreements, the Company shall fully re-comply with the requirements of the Listing Rules (including but not limited to, Chapter 14A of the Listing Rules) prevailing from time to time, including but not limited to, seeking independent shareholders' approval by poll at a general meeting, if required.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Administrative Services Agreement”	the service agreement entered into between MPH and OMH dated 1 February 2004 relating to, amongst others, the leasing of certain premises by MPH to the Group (as supplemented by (i) the confirmation letter entered into between MPH and OMH dated 1 April 2007 relating to the renewal for a term of three years from 1 April 2007 to 31 March 2010; and (ii) the confirmation letter entered into between MPH and OMH dated 25 March 2010 relating to the renewal for a term of three years from 1 April 2010 to 31 March 2013)
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“Advertising Space and Service Barter Agreement”	the advertising space and service barter agreement entered into between MCI and the Company dated 1 April 2007 relating to the barter advertising transactions between the MCI Group and the Group for a term of three years from 1 April 2007 to 31 March 2010 (as supplemented by the confirmation letter entered into between MCI and the Company dated 25 March 2010 relating to renewal for a term of three years from 1 April 2010 to 31 March 2013)
“Aggregate Costs of Leasing of Premises”	the aggregate costs of Leasing of Premises including rental, rates, government rent and building management fees
“Annual Cap” or “Annual Caps”	the maximum annual amount of the Transactions to be transacted for the three financial years of the Company ending 31 March 2016
“Board”	the board of Directors of the Company
“Circulation Support Services”	the circulation support services relating to the distribution, sale and promotion of the publications of the Group
“Company”	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
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“Editorial Support Services”	the editorial support services relating to specific contents for those special advertisements solely placed in the magazines operated by the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holgain”	Holgain Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leased Premises”	all that portion of the 16th Floor (with a floor area of 15,817 square feet) of Block A, Ming Pao Industrial Centre, the parking space numbered 13 on the 3rd Floor of Ming Pao Industrial Centre and the car parking spaces numbered 5, 6, 18 and 19 on the 1st Floor of Ming Pao Industrial Centre

“Leasing of Premises”	leasing of premises space, storage space and parking spaces, all within Ming Pao Industrial Centre to the Group
“Library Services”	the library services including data classification, data indexing and filing, data storage management and retrieval, data provision and newspaper clipping
“Licence Agreement”	the agreement entered into between Holgain and OMH dated 7 March 2013 relating to the licence to use the Licensed Premises for a term of three years from 1 April 2013 to 31 March 2016
“Licensed Premises”	such portion of the 1st Floor of Ming Pao Industrial Centre as may be agreed between Holgain and OMH from time to time, which will be a portion with floor area of 843 square feet as at 1 April 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magazine Services Agreement”	the service agreement entered into between MPN and OMH dated 1 February 2004 relating to the provision of circulation support, editorial support and library services by MPN to the Group (as supplemented by (i) the confirmation letter entered into between MPN and OMH dated 1 April 2007 relating to the renewal for a term of three years from 1 April 2007 to 31 March 2010 and (ii) the confirmation letter entered into between MPN and OMH dated 25 March 2010 relating to the renewal for a term of three years from 1 April 2010 to 31 March 2013)
“MCI”	Media Chinese International Limited (formerly known as Ming Pao Enterprise Corporation Limited), an exempted company incorporated in Bermuda with limited liability, the shares of which are dual-listed on the Stock Exchange and Bursa Malaysia Securities Berhad
“MCI Group”	MCI and its subsidiaries
“Ming Pao Industrial Centre”	the premise situate at 18 Ka Yip Street, Chaiwan, Hong Kong
“MPH”	Ming Pao Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“MPN”	Ming Pao Newspapers Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI

“New Agreements”	the Renewed Magazine Services Agreement, the Renewed Advertising Barter Agreement, the Tenancy Agreement and the Licence Agreement
“OMH”	One Media Holdings Limited (formerly known as Richtop Resources Limited), a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Relevant Magazines”	relevant magazines published or to be published by the Group in Hong Kong, which include, among others, “ <i>Ming Pao Weekly</i> ”, “ <i>MING WATCH</i> ” and “ <i>Top Gear 極速誌</i> ”
“Renewed Advertising Barter Agreement”	the Advertising Space and Service Barter Agreement (as supplemented by the Second ASSBA Letter)
“Renewed Magazine Services Agreement”	the Magazine Services Agreement (as supplemented by the Third MSA Letter)
“Second ASSBA Letter”	the confirmation letter entered into between MCI and the Company dated 7 March 2013 relating to the renewal of the Advertising Space and Service Barter Agreement for a term of three years from 1 April 2013 to 31 March 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the agreement entered into between Holgain and OMH dated 7 March 2013 relating to the lease of the Leased Premises for a term of three years from 1 April 2013 to 31 March 2016
“Third MSA Letter”	the confirmation letter entered into between MPN and OMH dated 7 March 2013 relating to the renewal of the Magazine Services Agreement for a term of three years from 1 April 2013 to 31 March 2016
“Transactions”	the continuing connected transactions contemplated under the New Agreements between members of the MCI Group and the Group relating to the Group’s operations

By order of the Board
One Media Group Limited
TIONG Kiew Chiong
Director

Hong Kong, 7 March 2013

As at the date of this announcement, the board of the Company comprises Tan Sri Datuk Sir TIONG Hiew King, being non-executive director; Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong, being executive directors; and Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter, being independent non-executive directors.