

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **ONE MEDIA GROUP LIMITED**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**万 华 媒 体**  
**ONEMEDIAGROUP**  
**ONE MEDIA GROUP LIMITED**  
**萬 華 媒 體 集 團 有 限 公 司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 426)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**  
**AND**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent financial adviser to**  
**the Independent Board Committee and Independent Shareholders**



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A letter from the Board is set out on pages 5 to 12 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from Investec, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening the EGM of One Media Group Limited to be held at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Friday, 16 September 2011 at 10:00 a.m. is set out on page 28 of this circular. A form of proxy for the EGM is enclosed with this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not prevent you from attending and voting in person at the meeting if you so wish.

Hong Kong, 26 August 2011

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## DEFINITION

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

“Articles”	the articles of association of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Buyer”	Sky Success Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“ByRead”	ByRead Inc., a company incorporated in the Cayman Islands with limited liability
“ByRead A Share(s)”	Series A preference share(s) of par value of US\$0.01 each in the issued share capital of ByRead, the holders of which are entitled to non-cumulative dividend at the rate of 8% per annum, one vote per ByRead A Share held at general meetings of ByRead and at class meetings of holders of ByRead A Shares and liquidation rights in priority over and in preference over the holders of ByRead Ordinary Share(s) but after the holders of ByRead B Share(s)
“ByRead B Share(s)”	Series B preference share(s) of par value of US\$0.01 each in the issued share capital of ByRead, the holders of which are entitled to non-cumulative dividend at the rate of 8% per annum, one vote per ByRead B Share held at general meetings of ByRead and at class meetings of holders of ByRead B Shares, and liquidation rights and co-sale rights in priority over and in preference over the holders of ByRead A Share(s) and ByRead Ordinary Share(s)
“ByRead Group”	ByRead and its subsidiaries
“ByRead Ordinary Share(s)”	ordinary share(s) of par value of US\$0.01 each in the issued share capital of ByRead
“ByRead Share(s)”	ByRead A Share(s), ByRead B Share(s) and/or ByRead Ordinary Share(s)
“ByRead Subscription Shares”	3,608 ByRead A Shares
“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
“Completion”	completion of the acquisition of the Sale Share by the Buyer under the Sale and Purchase Agreement

## DEFINITION

“Consideration”	the consideration payable by the Buyer for the acquisition of the Sale Share, being HK\$25,800,000
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on Friday, 16 September 2011 for the purpose of approving the Sale and Purchase Agreement, details of which are set out in the notice of EGM on page 28 of this circular
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors other than Mr. YU Hon To, David due to his possible conflict of interest (namely Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter), which has been formed to advise the Independent Shareholders in connection with the Sale and Purchase Agreement
“Independent ByRead Acquisition and Subscription”	the recent acquisition of the existing ByRead A Shares and subscription of new ByRead B Shares (representing an aggregate of approximately 7.54% of the enlarged issued share capital of ByRead upon completion of the said acquisition and subscription of ByRead Shares) by a new Independent Third Party investor
“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Sale and Purchase Agreement, including (i) Mr. TIONG Kiew Chiong, an executive director and a shareholder of both the Company and MCI, (ii) Comwell Investment Limited, an indirect wholly-owned subsidiary of MCI, which directly holds approximately 73.18% of the issued share capital of the Company, (iii) any Shareholder who has a material interest in the transactions contemplated under the Sale and Purchase Agreement and (iv) associates of the persons described in (i) to (iii) above
“Independent Third Party”	independent third party who is not connected with any of the directors, chief executives, substantial shareholders of the Company or its subsidiaries or any of their respective associates

## DEFINITION

“Investec”	Investec Capital Asia Limited (formerly known as Access Capital Limited), a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement
“Latest Practicable Date”	23 August 2011, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MCI”	Media Chinese International 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
“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 share with no par value, 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 MCI
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Media Connect Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of MCI

## DEFINITION

“US\$” US dollars, the lawful currency of the United States of America

“%” per cent.

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

LETTER FROM THE BOARD

万 华 媒 体  
ONEMEDIAGROUP  
ONE MEDIA GROUP LIMITED  
萬華媒體集團有限公司  
(incorporated in the Cayman Islands with limited liability)  
(Stock Code: 426)

*Executive Directors:*

Mr. TIONG Kiu King (*Chairman*)  
Mr. TIONG Kiew Chiong  
Mr. LAM Pak Cheong

*Independent Non-executive Directors:*

Mr. YU Hon To, David  
Mr. SIT Kien Ping, Peter  
Mr. TAN Hock Seng, Peter

*Registered Office:*

Clifton House  
75 Fort Street  
P.O. Box 1350 GT  
George Town  
Grand Cayman  
Cayman Islands

*Head Office in Hong Kong:*

16th Floor, Block A  
Ming Pao Industrial Centre  
18 Ka Yip Street  
Chai Wan  
Hong Kong

Hong Kong, 26 August 2011

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**INTRODUCTION**

Reference is made to the announcement dated 5 August 2011 issued by the Company in relation to, among other things, the Sale and Purchase Agreement.

The purpose of this circular is to provide you with, among other things, (i) details of the Sale and Purchase Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM to approve the terms of the Sale and Purchase Agreement.

## LETTER FROM THE BOARD

### DISCLOSEABLE AND CONNECTED TRANSACTION

#### Background

On 5 August 2011, the Buyer entered into the Sale and Purchase Agreement with the Seller pursuant to which the Seller as legal and beneficial owner shall sell, and the Buyer shall purchase the Sale Share subject to the terms and conditions therein.

#### The Sale and Purchase Agreement

##### *Date:*

5 August 2011

##### *Parties:*

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

##### *Equity interest acquired:*

Under the Sale and Purchase Agreement, the Seller as legal and beneficial owner shall sell, and the Buyer shall purchase the Sale Share, being the entire issued share capital of the Target, at the Consideration.

##### *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 the Company 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, if applicable;
- (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.

##### *Consideration:*

The Consideration shall be HK\$25,800,000, payable in cash upon Completion on or before 30 September 2011 by the Buyer, which shall be funded by internal resources of the Group.

## LETTER FROM THE BOARD

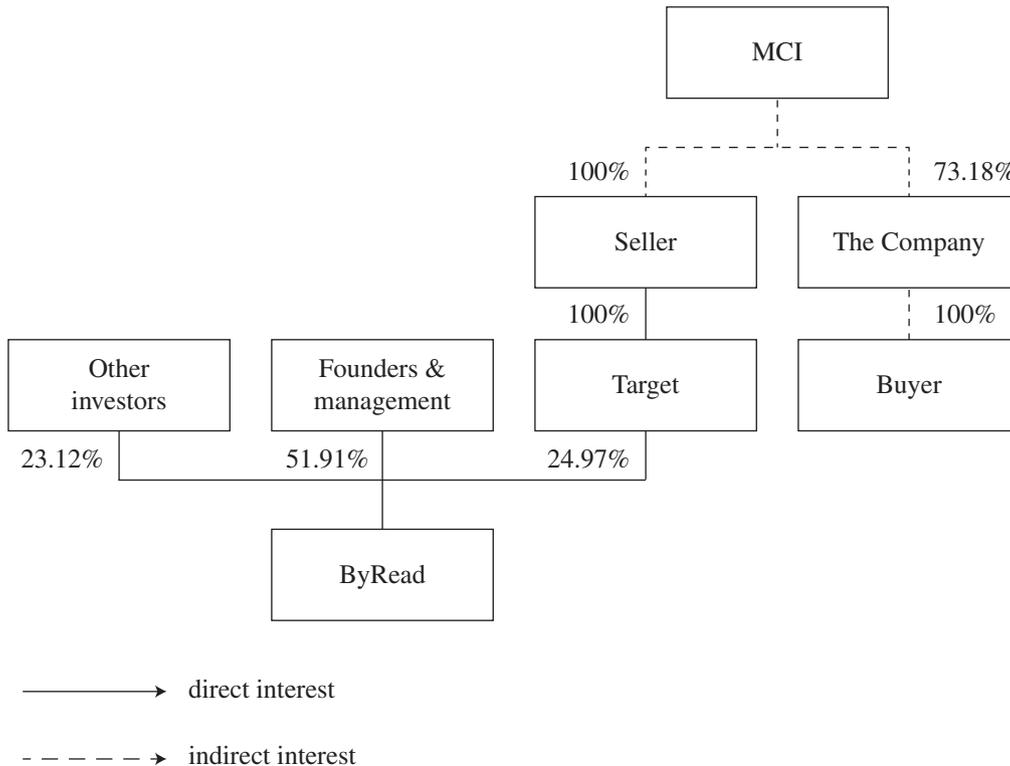
The Consideration was determined with reference to the consideration for the Independent ByRead Acquisition and Subscription of US\$1,000,000 (equivalent to approximately HK\$7,802,000, which was based on the weighted average of the purchase price of the existing ByRead A Shares and the subscription price of the new ByRead B Shares by the said Independent Third Party investor) and the valuation of 100% equity interest in ByRead (being all ByRead Shares) at a market value of HK\$125,000,000 conducted by Roma Appraisals Limited, an independent business valuation company, adopting the market-approach as at 31 March 2011. The Board (excluding the independent non-executive Directors) believes that the Consideration is fair and reasonable.

*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.

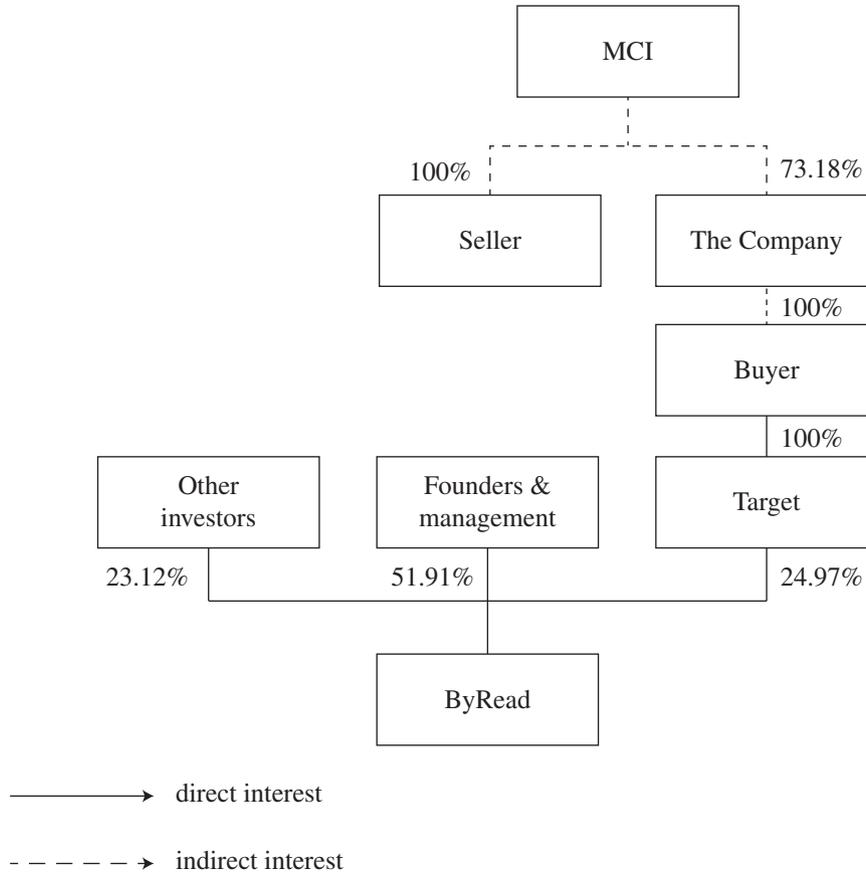
Upon Completion, the Buyer will own the entire issued share capital of the Target, which in turn holds approximately 24.97% of the issued share capital of ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed).

The shareholding structure of ByRead before Completion (assuming that the Independent ByRead Acquisition and Subscription has been duly completed) is shown as follows:



## LETTER FROM THE BOARD

The shareholding structure of ByRead after Completion (assuming that the Independent ByRead Acquisition and Subscription has been duly completed) is shown as follows:



### Information on the Group, the Buyer, the MCI Group, the Seller and the Target

The Company is an investment holding company. The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business. Publications include, among others, “*Ming Pao Weekly 明報周刊*” and “*Top Gear 極速誌*”.

The Buyer is principally engaged in the business of investment holding.

The MCI Group is principally engaged in the businesses of publishing newspapers, magazines and books, providing electronic content on the web, and providing travel and travel related services.

The Seller is principally engaged in the business of investment holding.

The Target is principally engaged in the business of investment holding and its sole investment is approximately 24.97% equity interest in ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed). On 30 November 2009, the Target subscribed for the ByRead Subscription Shares (being 3,608 ByRead A Shares) at a total subscription price of US\$2,800,000 (equivalent to approximately HK\$21,844,000). As at the Latest Practicable Date, the

## LETTER FROM THE BOARD

Target still holds the ByRead Subscription Shares (being 3,608 ByRead A Shares), representing approximately 24.97% of the issued share capital of ByRead (assuming the Independent ByRead Acquisition and Subscription has been duly completed).

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 approximately 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 approximately HK\$1,310,000 and HK\$9,386,000, respectively. The increase in net loss before taxation and extraordinary items for the ByRead Group was due to the combined effect of the decrease in turnover of HK\$3,539,000 from HK\$6,253,000 for the year ended 31 March 2010 to HK\$2,714,000 for the year ended 31 March 2011 and the increase in staff costs and operating expenses of HK\$4,540,000 from HK\$7,526,000 for the year ended 31 March 2010 to HK\$12,066,000 for the year ended 31 March 2011.

Currently, there are six members on the board of directors of ByRead (the “ByRead Board”). Such directors have the rights to, among others, monitor the operational and financial performance and approve major expansion and investment plans of ByRead. Upon Completion, two members of the ByRead Board who have been appointed by MCI will be replaced by the persons designated by the Group, so as to enable the Group to exert monitoring influence on the operation of ByRead, including but not limited to any expansion and investment plan which may require additional financial contribution from its shareholders.

Based on the audited consolidated financial statements of the MCI 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 the 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 the 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.

Upon Completion, the ByRead Group will be accounted for as an associate of the Company and as such, the Group’s share of the ByRead Group’s earnings, assets and liabilities will be consolidated into the consolidated financial statements of the Company using equity accounting.

### **Reasons for and benefits of entering into the Sale and Purchase Agreement**

The ByRead Group is one of the top leading mobile reading platforms in the PRC in terms of mobile software rankings in 2010 published by SPForum.net, an independent internet and mobile industry expert in the PRC. According to the said rankings, the ByRead Group ranked the seventh among other mobile Internet service providers (including Internet search engines and social networking providers) and such ranking was determined based on the nominations and grading provided by the industry experts with reference to users’ comments, number of active users, contents or product quality, creativity, brand influence and page view.

## LETTER FROM THE BOARD

ByRead, through its subsidiaries, is principally engaged in the research and development of mobile software and the operation and provision of mobile reading solution and social networking solution in the PRC for mobile device users to read e-magazines and e-books, to connect and interact with other users and to play online and standalone games through mobile devices.

With the advanced mobile reading technology and enhanced mobile social networking services and brand recognition, the ByRead Group has experienced significant growth in terms of number of registered users. As at March 2011, the ByRead Group had approximately 34.6 million registered users, representing an increase of approximately 54% over the previous year.

In addition to the seventh ranking in 2010 SPForum Mobile Software Award as mentioned above, the ByRead Group has been granted various awards including the Best Application Service EnfoNet Award under Mobile Reading Category in ANALYSIS (易觀國際). These achievements represent the recognition of ByRead's technologies and services among the industry and the public.

The Board (excluding the independent non-executive Directors) considers that the acquisition of the Sale Share allows the Group to gain access to the mobile reading and social networking businesses in the PRC. As the Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business, the Group intends to take advantage of its past experience in magazine publishing and is exploring the possibilities of publishing the Group's contents through the platform of ByRead. It is therefore believed that this will strengthen the Group's capabilities in digital publication and mobile content business and make further use of the Group's lifestyle and infotainment content archive.

It is further believed that with the existing business network and expertise of the Group coupled with the added distribution channel that the ByRead Group will bring, the Group will be able to facilitate and enhance the development of its multimedia business in the PRC.

It is expected that the management of the ByRead Group will continue developing its business successfully and enhancing the value for all its shareholders.

### **Listing Rules implications**

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.18% of the issued share capital in the Company. As the Seller is a wholly-owned subsidiary of MCI, the Seller is a connected person of the Company as defined in the Listing Rules. As some of the applicable percentage ratios of the Sale and Purchase Agreement exceed 5% but are less than 25% and the total consideration exceed HK\$10,000,000, the Sale and Purchase Agreement constitutes a discloseable and connected transaction of the Company and is subject to the reporting and announcement requirements as well as the independent shareholders' approval requirement.

By virtue of their respective interests in the Company, as at the Latest Practicable Date, (i) Mr. TIONG Kiew Chiong who was interested in 4,000,000 Shares, representing 1% of the issued share capital of the Company, and (ii) Comwell Investment Limited which is an indirect wholly-owned subsidiary of MCI and was interested in 292,700,000 Shares, representing approximately 73.18% of the issued share capital of the Company will abstain from voting at the EGM on the resolution proposed to

## **LETTER FROM THE BOARD**

be passed to approve the Sale and Purchase Agreement. Save and except to the foregoing, no other Shareholders will be required to abstain from voting in relation to the above at the EGM. The votes of the Independent Shareholders at the EGM will be taken by poll.

### **VOTING BY POLL**

As required under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all resolutions will be put to vote by way of poll at the EGM. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **ACTION TO BE TAKEN**

Each Shareholder who has the right to attend and vote at the EGM, is entitled to appoint one or more proxies, whether they are Shareholders or not, to attend and vote on his behalf at the EGM.

A proxy form for use at the EGM is enclosed herein. Whether or not you intend to attend the EGM, you are requested to complete the proxy form and return it to the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the EGM, or any adjourned meeting, should they so wish.

### **RECOMMENDATION**

A meeting of the Board was held on 2 August 2011 at which the Sale and Purchase Agreement was reviewed and approved. Mr. TIONG Kiu King is the chairman of the Board and an executive Director, and also an executive director and a shareholder of MCI holding approximately 0.19% of the issued share capital of MCI and he is the brother of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, who both are substantial shareholders of the Company and MCI. Mr. TIONG Kiew Chiong is an executive director of both the Company and MCI and a shareholder of both the Company and MCI holding 1% and approximately 0.22% of the issued share capital of the Company and MCI, respectively and he is a distant nephew of Tan Sri Datuk Sir TIONG Hiew King, Mr. TIONG Kiu King and Dato' Sri Dr. TIONG Ik King. Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong, both being associates of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, are, together with the interests of such substantial shareholders in MCI, beneficially interested in more than 5% of the issued share capital of MCI. Both Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong were not entitled to vote on the Sale and Purchase Agreement or counted in the quorum at the said Board meeting pursuant to the Articles and accordingly, both of them abstained from voting on the Sale and Purchase Agreement and were not counted in the quorum at the said Board meeting. Notwithstanding the fact that Mr. YU Hon To, David (an independent non-executive director of both the Company and MCI) was permitted under the Articles to vote on the Sale and Purchase Agreement or counted in the quorum at the said Board meeting, Mr. YU Hon To, David voluntarily abstained from voting on the Sale and Purchase Agreement due to his possible conflict of interests.

## **LETTER FROM THE BOARD**

The Board (excluding the independent non-executive Directors) considers 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.

The Independent Board Committee has been formed to consider, and to advise the Independent Shareholders on, the fairness and reasonableness of the terms of the Sale and Purchase Agreement. Investec has been appointed as the independent financial adviser of the Company to make recommendations to the Independent Board Committee and the Independent Shareholders in respect of the same.

After taking into account the reasons for and benefits of the Sale and Purchase Agreement and the opinions of Investec, the Independent Board Committee considers that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. The Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement.

Accordingly, the Directors (excluding the independent non-executive Directors) recommend that the Independent Shareholders should vote in favour of the relevant ordinary resolution set out in the notice of the EGM.

### **FURTHER INFORMATION**

Further information of the Company is set out in the appendices to this circular for your information.

By order of the Board  
**ONE MEDIA GROUP LIMITED**  
**TIONG Kiu King**  
*Chairman*

**万 华 媒 体**  
**ONEMEDIAGROUP**  
**ONE MEDIA GROUP LIMITED**  
**萬 華 媒 體 集 團 有 限 公 司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 426)**

Hong Kong, 26 August 2011

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION**

We refer to the circular issued by the Company to the Shareholders of even date (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee by the Board to consider the terms of the Sale and Purchase Agreement and to advise the Independent Shareholders as to whether, in our opinion, such transactions were and such terms are fair and reasonable insofar as the interests of the Company and the Independent Shareholders as a whole are concerned. Mr. YU Hon To, David, being an independent non-executive director of both the Company and MCI, voluntarily excluded himself from the Independent Board Committee and abstained from voting on the Sale and Purchase Agreement as a member of the Independent Board Committee, due to his possible conflict of interests. Investec has been appointed as the independent financial adviser to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from Investec as set out in the Circular. Having taking into account the principal factors and reasons considered by and the advice of Investec as set out in its letter of advice, we consider that the terms of the Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. The Sale and Purchase Agreement is in the interests of the Company and its Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote at the upcoming EGM in favour of the ordinary resolution to approve the Sale and Purchase Agreement.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee  
**ONE MEDIA GROUP LIMITED**  
**SIT Kien Ping, Peter**  
**TAN Hock Seng, Peter**  
*Independent non-executive Directors*

## LETTER FROM INVESTEC

*Set out below is the text of the letter of advice from Investec to the Independent Board Committee and the Independent Shareholders prepared for inclusion in this Circular.*



Investec Capital Asia Ltd  
Room 3609, 36/F  
Two International Finance Centre  
8 Finance Street, Central, Hong Kong  
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國際金融中心二期36樓3609室  
Tel/電話: (852) 3187 5000  
Fax/傳真: (852) 2501 0171  
www.investec.com

26 August 2011

*To the Independent Board Committee and the Independent Shareholders of  
One Media Group Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular to the Shareholders dated 26 August 2011 (the “Circular”), of which this letter forms part. This letter contains our advice to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder. Unless the context otherwise requires, terms used in this letter have the same meanings as those defined in the Circular.

On 5 August 2011, the Buyer, a wholly-owned subsidiary of the Company, and the Seller, a wholly-owned subsidiary of MCI, entered into the Sale and Purchase Agreement, pursuant to which the Buyer agreed to purchase the Sale Share from the Seller at a consideration of HK\$25,800,000.

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.18% of the issued share capital in the Company. As the Seller is a wholly-owned subsidiary of MCI, the Seller is a connected person of the Company as defined in the Listing Rules. As some of the applicable percentage ratios of the Sale and Purchase Agreement exceed 5% and are less than 25% and the total consideration exceeds HK\$10,000,000, the Sale and Purchase Agreement constitutes a discloseable and connected transaction of the Company and is subject to the reporting and announcement requirements as well as the independent shareholders’ approval requirement.

## LETTER FROM INVESTEC

By virtue of their respective interests in the Company, as at the Latest Practicable Date, (i) Mr. TIONG Kiew Chiong, an executive Director, who was interested in 4,000,000 Shares, representing 1% of the issued share capital of the Company, and (ii) Comwell Investment Limited which is an indirect wholly-owned subsidiary of MCI and was interested in 292,700,000 Shares, representing approximately 73.18% of the issued share capital of the Company will abstain from voting at the EGM on the resolution proposed to be passed to approve the terms of the Sale and Purchase Agreement.

### THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of three executive Directors, namely Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong; and three independent non-executive Directors, namely Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter, and Mr. TAN Hock Seng, Peter.

The Independent Board Committee comprising two independent non-executive Directors, namely Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter, has been established to consider the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement and transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Mr. YU Hon To, David, being an independent non-executive director of both the Company and MCI, voluntarily excluded himself from the Independent Board Committee and abstained from voting on the Sale and Purchase Agreement as a member of the Independent Board Committee, due to his possible conflict of interests.

We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Sale and Purchase Agreement for the Independent Board Committee's consideration when making its recommendation to the Independent Shareholders.

Apart from the normal advisory fee payable to us in connection with our appointment, with the approval of the Independent Board Committee, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### BASIS AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff and/or the Directors. We have assumed that all such statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular or otherwise provided or made or given by the Group and/or its senior management staff and/or the Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Directors and/or the senior management staff of the Group contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Group and/or its senior management staff and/or the Directors that no material facts have been omitted from the information provided and referred to in the Circular.

## LETTER FROM INVESTEC

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or its senior management staff and/or the Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

### PRINCIPAL FACTORS CONSIDERED

In formulating our opinion regarding the Sale and Purchase Agreement, we have taken into consideration the following principal factors:

#### 1. Background information

##### (i) Information of the Group

The principal business activities of the Group are publication, marketing and distribution of Chinese language lifestyle magazines. The following sets out the financial information of the Group for the financial years ended 31 March 2010 and 2011, which is extracted from the Company's respective published annual reports.

	<b>For the year ended</b>	
	<b>31 March</b>	
	<b>2010</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Turnover		
— Hong Kong	146,361	164,693
— PRC	35,013	35,495
	181,374	200,188
Cost of goods sold	(94,448)	(96,099)
Gross Profit	86,926	104,089
Profit before tax	9,686	27,174
Profit for the year	5,662	20,406

Turnover for the year ended 31 March 2011 was approximately HK\$200.2 million, representing an increase of approximately 10.4% over the same period for the previous year. The increase was mainly attributable to the increase in advertising revenue from the Group's operation in Hong Kong as a result of improved consumer sentiment as well as effective sales efforts.

## LETTER FROM INVESTEC

For the Group's operation in the PRC, revenue increased slightly by approximately 1.4% to approximately HK\$35.5 million for the year ended 31 March 2011. The Group's magazines in the PRC have attracted a stable group of readers.

Profit for the year increased by approximately 2.6 times for the year ended 31 March 2011 to approximately HK\$20.4 million, which reflected the strong growth in advertising revenue.

As stated in the annual report of the Group for the year ended 31 March 2010, it has been the Group's intention to explore potential business opportunities in the PRC. The Group also intended to establish a new business model by combining the digital media platform of MCI with the Group's editorial capabilities and advertising base. As stated in the annual report of the Group for the year ended 31 March 2011, the Group would continue to explore potential acquisition opportunities.

### *(ii) Information of Target*

The Target 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 approximately HK\$21,844,000). As at the Latest Practicable Date, the Target still holds the ByRead Subscription Shares (being 3,608 ByRead A Shares), representing approximately 24.97% of the issued share capital of ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed).

ByRead, through its subsidiaries, is principally engaged in the research and development of mobile software and the operation and provision of mobile reading solution and social networking solution in the PRC for mobile device users to read e-magazines and e-books, to connect and interact with other users and to play online and standalone games through mobile devices.

Summarised below is the unaudited financial information of the ByRead Group for the financial years ended 31 March 2010 and 2011:

	<b>For the year ended/as at</b>	
	<b>31 March</b>	
	<b>2010</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	6,253	2,714
Net loss before taxation and extraordinary items	(1,273)	(9,352)
Net asset value	16,106	7,191

## LETTER FROM INVESTEC

The management of the Company understands that the reason for the increase in net loss before taxation and extraordinary items of the ByRead Group of approximately HK\$8.1 million to HK\$9.4 million for the year ended 31 March 2011 was due to the decrease in turnover of approximately HK\$3.5 million and increase in staff costs and operating expenses of approximately HK\$4.5 million.

Based on the audited consolidated financial statements of the MCI Group as at 31 March 2011, the audited net asset value of the Target as at 31 March 2011 was approximately HK\$18.5 million and the net loss before taxation and extraordinary items attributable to the Target for the years ended 31 March 2010 and 2011 were approximately HK\$0.6 million and HK\$2.8 million, respectively.

*(iii) Reason for the acquisition of the Sale Share*

As discussed in the “Letter from the Board”, the ByRead Group is one of the leading mobile reading platforms in the PRC. With the advanced mobile reading technology and enhanced mobile social networking services and brand recognition, the ByRead Group has experienced significant growth in terms of the number of registered users. In March 2011, the ByRead Group had approximately 34.6 million registered users, representing an increase of approximately 54% over the previous year.

As stated in the “Letter from the Board”, the Board (excluding the independent non-executive Directors) considers that the acquisition of the Sale Share allows the Group to gain access to the mobile reading and social networking businesses in the PRC. The executive Directors believe that the Group will benefit from combining the existing business network and expertise of the Group with the additional distribution channel that the ByRead Group will bring to further develop the Group’s multimedia business in the PRC.

The Group is principally engaged in media business in the Greater China region, including but not limited to magazine publishing and digital media business. The Group intends to take advantage of its past experience and, through this acquisition, to seek to collaborate with the ByRead Group with the view to strengthening the Group’s capabilities in digital publication and mobile content business, whilst utilizing the Group’s extensive lifestyle and infotainment content archive. The Group is exploring the possibilities of publishing the Group’s contents through the platform of ByRead.

Currently, there are six members on the board of directors of ByRead. The board of directors holds the rights to, among others, monitor the operational and financial performance and approve major expansion and investment plans of ByRead. Two of the board members are appointed by MCI, who will be replaced by two appointees of the Group upon Completion. The executive Directors believe the Group will exert significant influence to monitor the operations of ByRead, including expansion and investments plans which may require financial contribution from ByRead’s shareholders, through the Group’s representation on the board of directors of ByRead.

## LETTER FROM INVESTEC

*(iv) Mobile phone usage and social networking in the PRC*

According to reports by the Ministry of Industry and Information Technology of the People's Republic of China, the number of mobile phone users in the PRC has grown by approximately 14.9% to approximately 859.0 million in 2010. In the first five months of 2011, the number of mobile users further increased by approximately 51.1 million.

Based on a report by China Internet Network Information Center (the "CNNIC Report"), the number of mobile internet users in the PRC increased to approximately 303.0 million in 2010, representing an increase of approximately 29.7% over the previous year.

The CNNIC Report also stated that approximately 36.6% of the mobile internet users utilised mobile social networking platforms in 2010, compared to approximately 22.8% in 2009. As stated in the CNNIC Report, given that the strong growth in the use of social networking in the PRC, mobile social networking platforms have ample potential for development. As the ByRead Group is engaged in mobile software research, development and social networking operation, the executive Directors are of the view that the ByRead Group is in the position to benefit from the continued growth of PRC mobile phone users as well as the rapid increase in usage of mobile social networking platforms. We concur with the executive Directors' view.

## **2. Principal terms of the Sale and Purchase Agreement**

*Date:* 5 August 2011

*Parties:* The Buyer, a wholly-owned subsidiary of the Company  
The Seller, a wholly-owned subsidiary of MCI

*Subject*

The Sale Share, being the entire share capital of the Target, which is interested in 24.97% of the issued share capital of ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed).

*Consideration*

A cash consideration of HK\$25,800,000 shall be paid by the Buyer to the Seller for the acquisition of the Sale Share under the Sale and Purchase Agreement.

As stated in the "Letter from the Board", the consideration is determined with reference to (i) the consideration for the Independent ByRead Acquisition and Subscription; and (ii) the valuation of ByRead conducted by Roma Appraisals Limited, an independent business valuation company (the "Valuer").

## LETTER FROM INVESTEC

### *Evaluation of the Consideration*

In assessing the fairness and reasonableness of the Consideration, the Valuer was appointed to evaluate the value of 100% equity interest in ByRead (being all ByRead Shares).

We have reviewed the valuation report prepared by the Valuer. We have also discussed with the Valuer and understand that the Valuer has considered three different generally accepted valuation methods, namely the income-based approach, the market-based approach and the asset-based approach in arriving at the market value of 100% equity interest in ByRead (being all ByRead Shares). Based on our discussions with the Valuer, the Valuer considers that it is inappropriate to adopt the income-based approach and the asset-based approach for the purpose of valuing the 100% equity interest in ByRead (being all ByRead Shares). Given that the income-based approach involves a number of assumptions and the valuation is sensitive to any inappropriate assumptions made, and the asset-based approach does not reflect the market value of ByRead, the Valuer considers the market-based approach as the only appropriate approach for the purpose of valuing the 100% equity interest in ByRead (being all ByRead Shares). Based on our discussions with the Valuer, we consider that the adoption of market-based approach to value 100% equity interest in ByRead (being all ByRead Shares) to be appropriate.

In assessing the market value of 100% equity interest in ByRead (being all ByRead Shares), the Valuer has identified several comparable companies with similar business nature and operations as ByRead. However, under the comparables identified, companies without sufficient data and information for valuation purpose, such as market capitalisation and the number of registered users, were eliminated. Accordingly, the Valuer has selected two comparables for the purpose of valuation, namely Tencent Holdings Limited and Shanda Interactive Entertainment Limited (shares of which are listed on the Stock Exchange (stock code: 700) and the Nasdaq Stock Market in the United States (stock code: SNDA) respectively). The Valuer considers the two comparables to be engaged in similar business as ByRead with sufficient data and information.

By adopting the market-approach, the Valuer has selected the price-to-sales, price-to-book and equity value per user multiples of the comparables as the appropriate multiples. In addition, the Valuer has applied a marketability discount to arrive at the market value of 100% equity interest in ByRead (being all ByRead Shares) to reflect the differences in marketability and size of operations between ByRead, which is a private company, and the two comparables, which are public companies. The Valuer has confirmed that these valuation multiples and the marketability discount are commonly used in the valuation of internet companies.

As further confirmed by the Valuer, the two comparables are selected based on the similarity in business activities in the internet industry and availability of sufficient data and information for valuation purpose. The valuation multiples selected, i.e. the price-to-sales, price-to-book and equity value per user multiples, are also commonly used in the valuation of internet companies. Given the operational size and profitability of ByRead, the Valuer has applied a 55% marketability discount which is in line with the market practice.

## LETTER FROM INVESTEC

As assessed by the Valuer, the market value of 100% equity interest in ByRead (being all ByRead Shares) is valued at HK\$125,000,000 as at 31 March 2011. As the principal holding of the Target is the 24.97% equity interest in ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed), the implied market value of the Sale Share is approximately HK\$31,212,500, calculated by multiplying the market value of 100% equity interest in ByRead (being all ByRead Shares) by the Target's 24.97% equity interest in ByRead (assuming that the Independent ByRead Acquisition and Subscription has been duly completed), which represents approximately 21.0% premium over the Consideration of HK\$25,800,000.

In addition, we also note the Independent ByRead Acquisition and Subscription, in which the aggregate consideration of US\$1,000,000 (equivalent to approximately HK\$7,802,000) was based on the weighted average of the price of existing ByRead A Shares and the issue price of new ByRead B Shares issued by ByRead to the Independent Third Party investor. Based on this recent transaction, ByRead is valued at HK\$103,322,000. By applying the same valuation for this recent transaction by the Independent Third Party Investor, the 24.97% equity interest in ByRead held by the Target (assuming that the Independent ByRead Acquisition and Subscription has been duly completed) is equivalent to approximately HK\$25,800,000 which is comparable to the Consideration.

### **3. Possible financial effects of the acquisition of the Sale Shares to the Group**

Upon Completion, the ByRead Group will be accounted for as an associate of the Company and as such, the Group's share of the ByRead Group's earnings, assets and liabilities will be consolidated into the consolidated financial statements of the Company using equity accounting.

### **4. Our view**

Whilst the ByRead Group experienced a net loss for the two financial years ended 31 March 2011, the ByRead Group is currently undergoing a growth phase where it is important for the ByRead Group to continue to attract new users and increase its popularity among mobile users in the PRC. With reference to the rapid growth of registered members of the ByRead Group, coupled with the continued growth of mobile phone users in the PRC, the executive Directors are of the view that the ByRead Group has the potential to improve its operating performance and will benefit from its position as a provider of mobile reading and mobile social networking services in the PRC.

Moreover, the acquisition of an indirect interest in ByRead would allow the Group to seek opportunities for commercial collaboration with the view to utilizing the online reading and social networking platform of the ByRead Group to expand the Group's readership from print media to digital media.

## LETTER FROM INVESTEC

Taking into account the background to, and reasons for, the Sale and Purchase Agreement, including (i) information of the Target and the ByRead Group; (ii) the implied market value of the Sale Shares represents a premium of approximately 21.0% over the Consideration; (iii) the implied valuation of the Sale Share is comparable to the consideration paid for a recent acquisition/ subscription of an equity interest in ByRead by an Independent Third Party; (iv) the growth of the number of users of mobile phones and social networking platforms; and (v) the Group's intention to explore potential business opportunities in the PRC and to establish a new business model by combining the digital media platform with the Group's editorial capabilities, we concur with the view of the Directors that the entering into the Sale and Purchase Agreement is in the interests of the Company and Independent Shareholders as a whole.

### RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Sale and Purchase Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We also consider that the Sale and Purchase Agreement to be in the interests of the Group and the Independent Shareholders as a whole, despite the transactions under the Sale and Purchase Agreement are not in the ordinary course of business of the Company. Therefore, we would advise the Independent Board Committee and the Independent Shareholders to vote in favour for the ordinary resolution to approve the Sale and Purchase Agreement at the EGM.

Yours faithfully  
For and on behalf of  
**Investec Capital Asia Limited**  
**Jimmy Chung**  
*Executive Director*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests or short positions of the Directors, chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

### (a) Interests in the Company’s shares

Name of Director	Number of shares/underlying shares held					Interests in underlying shares pursuant to share options <i>(Note)</i>	Aggregate interest	Percentage of issued ordinary shares as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total interests in shares				
Mr. TIONG Kiu King	—	—	—	—	1,250,000	1,250,000	0.31%	
Mr. TIONG Kiew Chiong	4,000,000	—	—	4,000,000	1,250,000	5,250,000	1.31%	
Mr. LAM Pak Cheong	—	—	3,000,000	3,000,000	1,000,000	4,000,000	1.00%	
Mr. YU Hon To, David	—	—	—	—	150,000	150,000	0.04%	
Mr. SIT Kien Ping, Peter	—	—	—	—	150,000	150,000	0.04%	
Mr. TAN Hock Seng, Peter	200,000	—	—	200,000	150,000	350,000	0.09%	

*Note:* These represent share options granted by the Company to the relevant Directors under a pre-IPO share option scheme conditionally approved by MCI and conditionally approved and adopted by the Company on 26 September 2005 to subscribe for shares of the Company.

## (b) Interests in shares in MCI

Name of Director	Number of shares/underlying shares held				Total interests in shares	Percentage of issued ordinary shares in MCI as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests			
Mr. TIONG Kiu King	3,140,559	147,000	—		3,287,559	0.19%
Mr. TIONG Kiew Chiong	3,747,483	—	—		3,747,483	0.22%

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executives of the Company and their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are deemed or taken to have under provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

No contract or arrangement subsisting at the date hereof in which a Director is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which, since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save as disclosed in the notes to paragraph 3 below, none of the Directors was a director or employee of a company which had any interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to or can be ascertained after reasonable enquiry by the Directors, the persons (not being a Director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of issued ordinary shares as at Latest Practicable Date
Comwell Investment Limited ( <i>Note</i> )	292,700,000	Beneficial owner	73.18%

*All the interests stated above represent long positions in the shares of the Company.*

*Note:*

Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong are directors of Comwell Investment Limited which is an indirect wholly-owned subsidiary of MCI. Tan Sri Datuk Sir TIONG Hiew King, a director of MCI, is deemed interested in MCI in an aggregate of 52.40% by virtue of his personal interests, family interests and corporate interests. Dato' Sri Dr. TIONG Ik King, a director of MCI, is deemed interested in MCI in an aggregate of 15.62% by virtue of his personal interests and corporate interests. Mr. TIONG Kiu King is the brother of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, and Mr. TIONG Kiew Chiong is a distant nephew of Tan Sri Datuk Sir TIONG Hiew King, Mr. TIONG Kiu King and Dato' Sri Dr. TIONG Ik King.

In addition, MCI is directly held as to 9.14% by Zaman Pemimpin Sdn Bhd ("Zaman"). 49% of the interest in Zaman is held by Globegate Alliance Sdn Bhd, a company jointly owned by Ms. LU Mee Bing and Salmiah Binti SANI.

Save as disclosed above, there is no person known to the Directors, who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

### 4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not terminable by the employer within one year without payment of compensation (other than statutory compensation).

### 5. MATERIAL CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

## 6. EXPERT

The following is the qualification of the experts who have given an opinion or advice contained in this circular:

Name	Qualification
Investec	A corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

As at the Latest Practicable Date, Investec had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

Investec has given and has not withdrawn its written consent to the issue of this circular with the reference to its name and its letter in the form and context in which they appear.

As at the Latest Practicable Date, Investec had no interest, direct or indirect, in any assets which since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up, have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 7. COMPETING BUSINESS

MCI is a publicly listed company in Hong Kong and Malaysia. It is an investment holding company and the principal activities of the MCI Group is the publishing, printing and distribution of Chinese language newspapers, magazines and books, and the provision of travel and travel related services in Hong Kong, North America, Malaysia and other Southeast Asian countries (“Remaining Business”). The substantial shareholders of MCI are Tan Sri Datuk Sir TIONG Hiew King and Dato’ Sri Dr. TIONG Ik King, both being executive directors of MCI. In addition, Mr. TIONG Kiew Chiong and Mr. TIONG Kiu King are executive directors of both MCI and the Company. As the contents and demographic readership of the publications of the Group and those of MCI Group are different, the Directors consider that there is a clear delineation between the businesses of the MCI Group and the Group and that there is no direct competition between the Remaining Business and the business of the Group. In addition, the Group is carrying on its business independently of, and at arm’s length with, MCI Group.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong during normal business hours from the date of this circular to and including 9 September 2011 (both dates inclusive):

- (i) the Sale and Purchase Agreement; and
- (ii) this circular.

**9. MISCELLANEOUS**

The English text of this circular shall prevail over its Chinese text.

**万 华 媒 体**  
**ONEMEDIAGROUP**  
**ONE MEDIA GROUP LIMITED**  
**萬 華 媒 體 集 團 有 限 公 司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 426)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting (“EGM”) of One Media Group Limited (the “Company”) will be held at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Friday, 16 September 2011 at 10:00 a.m. to consider and, if thought fit, pass with or without amendments, the following resolution as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT** the Sale and Purchase Agreement (as defined in the Company’s circular dated 26 August 2011 despatched by the Company to its shareholders (the “Circular”) and the details of which are set out in the Circular), a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose, and the transactions contemplated under the Sale and Purchase Agreement be and are hereby approved and the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents as they may in their absolute discretion consider necessary or desirable to give effect to the Sale and Purchase Agreement and the transactions contemplated thereby or incidental thereto.”

By Order of the Board  
**ONE MEDIA GROUP LIMITED**  
**YEUNG Ying Fat**  
*Secretary*

Hong Kong, 26 August 2011

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share of the Company as if he were solely entitled thereto; but if more than one such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office of the Company at 16th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish. In the event that you attend the EGM after having lodged the proxy form, it will be deemed to have been revoked.