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# 万 华 媒 体 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 20 April 2007 in respect of the continuing connected transactions under the Agreements entered into between members of MCI Group and the Group relating to the provision of services by MCI Group to the Group for the operations of the HK Magazines, based on normal commercial terms.

#### CONTINUING CONNECTED TRANSACTIONS

On 25 March 2010, members of MCI Group and the Group entered into four confirmation letters to renew the respective Transactions under the Agreements for a term of three years from 1 April 2010 to 31 March 2013.

MCI is a substantial shareholder of the Company with an indirect holding of approximately 62.83% of the issued share in the Company. Each of MPN, MPH and Kin Ming 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, MPH and Kin Ming 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 each of the Annual Cap for item (a) of the Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter), the aggregate Annual Caps for items (d) and (e) of the Administrative Service Agreement (as supplemented by the First ASA Letter and the Second ASA Letter), and the Annual Cap for the transactions under the Advertising Space and Service Barter Agreement (as supplemented by the ASSBA Letter) is less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, pursuant to Rule 14A.34(1) of the Listing Rules, all of these transactions are exempted from the Company's independent shareholders' approval requirement but are still subject to the reporting and announcement requirements as described in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, the 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 20 April 2007 in respect of the continuing connected transactions under the Agreements entered into between members of MCI Group and the Group relating to the provision of services by MCI Group to the Group for the operations of the HK Magazines, based on normal commercial terms.

## **MAGAZINE SERVICES AGREEMENT**

Pursuant to the Magazine Services Agreement (as supplemented by the First MSA Letter) 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 First MSA Letter will expire on 31 March 2010.

On 25 March 2010, the parties executed the Second MSA Letter to renew the Magazine Services Agreement (as supplemented by the First MSA Letter) on the same terms and conditions for a term of three years from 1 April 2010 to 31 March 2013. The Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter) may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency or the failure of either party or its holding company to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter) pursuant to the Listing Rules.

Since the applicable percentage ratios in respect of the maximum aggregate value of the transactions contemplated under items (b) and (c) of the Magazine Service Agreement (as supplemented by the First MSA Letter and the Second MSA Letter) are on an annual basis more than 0.1% but less than 2.5% and the annual consideration is less than HK\$1 million, such transactions are exempted continuing connected transactions under Rule 14A.33(3)(b) of the Listing Rules. For the two years ended 31 March 2008, 31 March 2009 and ten months ended 31 January 2010, the cost of the services rendered for item (a) relating to Circulation Support Services under the Magazine Services Agreement (as supplemented by the First MSA Letter) are summarized as follows:

<b>Services</b>	<b>For the year ended</b>		<b>Ten months</b>
	<b>31 March</b>		<b>ended</b>
	<b>2008</b>	<b>2009</b>	<b>31 January</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(unaudited)</b>
	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>	<b>(HK\$'000)</b>
Circulation Support Services	1,552	1,607	1,311

## ADMINISTRATIVE SERVICES AGREEMENT

Pursuant to the Administrative Services Agreement (as supplemented by the First ASA Letter) entered into between MPH and OMH, MPH agreed to provide to the Group (a) Information Systems Programming Support Services, (b) Administrative Support Services, (c) Human Resources, Corporate Communication and Legal Services, (d) Leasing of Equipment and (e) Leasing of Office charged on a monthly basis. The First ASA Letter will expire on 31 March 2010.

On 25 March 2010, the parties executed the Second ASA Letter to renew the Administrative Services Agreement on the same terms and conditions for a term of three years from 1 April 2010 to 31 March 2013. The Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency or the failure of either party or its holding company to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) pursuant to the Listing Rules.

Since the applicable percentage ratios in respect of the maximum aggregate value of the transactions contemplated under item (a) of the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) are on an annual basis more than 0.1% but less than 2.5% and the annual consideration is less than HK\$1 million, such transactions are exempted continuing connected transactions under Rule 14A.33(3)(b). Since the applicable percentage ratios in respect of the maximum aggregate value of the transactions contemplated under items (b) and (c) of the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) are more than 2.5% but less than 25% and the total consideration is less than HK\$10 million, such transactions are exempted continuing connected transactions under Rule 14A.33(2) of the Listing Rules. For the transactions contemplated under item (d), the charge of the Leasing of Equipment is determined with reference to the total amount of depreciation charges on MPH's equipment used by OMH's subsidiaries based on the depreciation charges of the equipment provided, and for the transactions contemplated under item (e), the charge of Leasing of Office is based on the floor area occupied by OMH and the rental is charged at a Pre-determined rate calculated with reference to the prevailing market rates of comparable premises. For the two years ended 31 March 2008, 31 March 2009 and ten months ended 31 January 2010, the aggregate costs of such services rendered for items (d) and (e) under the Administrative Services Agreement (as supplemented by the First ASA Letter) are summarized as follows:

Services	For the year ended 31 March		Ten months ended
	2008 (audited) (HK\$'000)	2009 (audited) (HK\$'000)	31 January 2010 (unaudited) (HK\$'000)
Leasing of Equipment	207	179	173
Leasing of Office	<u>1,805</u>	<u>1,768</u>	<u>1,444</u>
Total:	<u>2,012</u>	<u>1,947</u>	<u>1,617</u>

## **PRE-PRESS SERVICE AGREEMENT**

Prior to the execution of the Pre-Press Service Agreement, Kin Ming has been providing Colour Separation Services, film-making services and typesetting services to OMH and OMH's subsidiaries. On 1 April 2007, Kin Ming entered into the Pre-press Service Agreement with OMH pursuant to which Kin Ming agreed to provide (a) Colour Separation Services, (b) film-making services and (c) typesetting services to OMH and OMH's subsidiaries and OMH (for itself and on behalf of OMH's subsidiaries) agreed to share the monthly operating expenses of Kin Ming's respective departments at a pre-determined rate calculated on a cost reimbursement basis. The term of the Pre-press Service Agreement was three years from 1 April 2007 to 31 March 2010 and thereafter shall be automatically renewed for a term of three years ending on 31 March 2013 unless either party gives notice of non-renewal to the other party at least 90 days prior to the expiry of the term.

On 25 March 2010, Kin Ming and OMH executed the PPSA Letter to renew the Pre-press Service Agreement on the same terms and conditions for a term of three years from 1 April 2010 to 31 March 2013. The Pre-press Service Agreement (as supplemented by the PPSA Letter) may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency or the failure of either party or its holding company to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Pre-press Service Agreement (as supplemented by the PPSA Letter) pursuant to the Listing Rules.

Since the applicable percentage ratios in respect of the maximum aggregate value of the transactions contemplated under items (a), (b) and (c) of the Pre-press Service Agreement (as supplemented by the PPSA Letter) are on an annual basis more than 0.1% but less than 2.5% and the annual consideration is less than HK\$1 million, such transactions are exempted continuing connected transactions under Rule 14A.33(3)(b) of the Listing Rules.

## **ADVERTISING SPACE AND SERVICE BARTER AGREEMENT**

Pursuant to the Barter Advertising Service Agreement entered into among MPN, Mingpao.com, MPP, CHL and MPM on 1 April 2006, barter advertising services were arranged between the respective members of MCI Group and the Group. Under that agreement each party placed advertisements in the publications of the other party on normal commercial terms and in the ordinary and usual course of its business. The Barter Advertising Service Agreement expired on 31 March 2007.

On 1 April 2007, MCI entered into the Advertising Space and Service Barter Agreement with the Company pursuant to which the MCI Group and the Group agreed to a barter advertising service arrangement between them for a term of three years from 1 April 2007 to 31 March 2010 and thereafter shall be automatically renewed for a term of three years ending 31 March 2013 unless either party gives notice of non-renewal to the other party at least 90 days prior to the expiry of the term.

On 25 March 2010, MCI and the Company executed the 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 2010 to 31 March 2013. The Advertising Space and Service Barter Agreement (as supplemented by the ASSBA Letter) may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency or the failure of either party or its holding company to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Advertising Space and Service Barter Agreement (as supplemented by the ASSBA Letter) pursuant to the Listing Rules.

For the two years ended 31 March 2008, 31 March 2009 and ten months ended 31 January 2010, the aggregate costs for the barter advertising transactions under the Advertising Space and Service Barter Agreement are summarized as follows:

Services	For the year ended 31 March		Ten months ended 31 January
	2008 (audited) (HK\$'000)	2009 (audited) (HK\$'000)	2010 (unaudited) (HK\$'000)
Barter advertising services	1,293	1,697	1,781

## REASONS FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company. The principal business activities of the Group consist of the publication, marketing and distribution of Chinese language lifestyle magazines. Publications include, among others, “*Ming Pao Weekly*”, “*Hi-Tech Weekly*” and “*Top Gear 極速誌*”.

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 Transactions have been and 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.

## ANNUAL CAPS AND LISTING RULES IMPLICATIONS

### Annual Caps

The aggregate amount of the Transactions contemplated under each of the Renewed Agreements in each of the three financial years ending 31 March 2013 shall not exceed the Annual Caps as follows:

Annual Caps	Year ending 31 March		
	2011 (HK\$'000)	2012 (HK\$'000)	2013 (HK\$'000)
(i) Magazine Services Agreement Item (a) – Circulation Support Services	3,500	3,500	3,500
(ii) Administrative Services Agreement Items (d) and (e) – Leasing of Equipment and Leasing of Office	2,800	2,800	2,800
(iii) Advertising Space and Service Barter Agreement Barter advertising services	2,000	2,000	2,000

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 net revenues of the HK Magazines;
- historical amounts of the service charges;
- expected circulation of the HK Magazines;
- expected rate of growth in advertising sales;
- expected increase in advertising fees to be charged by the HK Magazines;
- estimated work force and premises required to operate the HK Magazines; 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 62.83% of the issued share capital of the Company. Each of MPN, MPH and Kin Ming 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, MPH and Kin Ming is a connected person of the Company as defined in the Listing Rules and the Transactions constitute continuing connected transactions for the Company.

The transactions contemplated under items (b) and (c) of the Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter) as stated above are exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules as their respective proposed Annual Cap is below HK\$1 million and less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules.

The transactions contemplated under item (a) of the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) are exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules as the proposed Annual Cap is below HK\$1 million and less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules. The transactions contemplated under items (b) and (c) of the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter) are also exempted continuing connected transactions pursuant to Rule 14A.33(2) of the Listing Rules, as they involve the sharing of general administrative services on cost basis, and the costs are identifiable and allocated to the parties involved on a fair and equitable basis.

The transactions contemplated under items (a), (b) and (c) of the Pre-press Service Agreement (as supplemented by the PPSA Letter) are exempted from the reporting, announcement and independent shareholders' approval requirements of the Company under Rule 14A.33(3)(b) of the Listing Rules as their respective proposed Annual Cap is below HK\$1 million and less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules.

Given that each of the Annual Cap for item (a) of the Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter), the aggregate Annual Caps for items (d) and (e) of the Administrative Service Agreement (as supplemented by the First ASA Letter and the Second ASA Letter), and the Annual Cap for the transactions under the Advertising Space and Service Barter Agreement (as supplemented by the ASSBA Letter) is less than 2.5% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, pursuant to Rule 14A.34(1) of the Listing Rules, all of these transactions are exempted from the Company's independent shareholders' approval requirement but are still subject to the other reporting and announcement requirements as described in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, the 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 period, or if any of the above Annual Caps is exceeded or when the Renewed Agreements are being renewed or there is any material change to the terms of the Renewed 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 the provision of certain administrative services by MPH to the Group
“Administrative Support Services”	the administrative support services relating to the security services, cleaning services, mailing processing and messenger services, ordering and distribution of office supplies services, receptionist and general clerical services
“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 commenced from 1 April 2007 and ending on 31 March 2010
“Agreements”	the Magazine Services Agreement (as supplemented by the First MSA Letter), the Administrative Services Agreement (as supplemented by the First ASA Letter), the Pre-press Service Agreement and the Advertising Space and Service Barter Agreement
“Annual Caps”	the maximum annual amount of the Transactions to be transacted for the three financial years of the Company ending 31 March 2013
“ASSBA Letter”	the confirmation letter entered into between MCI and the Company dated 25 March 2010 relating to the renewal of the Advertising Space and Service Barter Agreement for a term of three years from 1 April 2010 to 31 March 2013
“Barter Advertising Service Agreement”	the agreement entered into between MPN, Mingpao.com, MPP, CHL and MPM dated 1 April 2006 relating to the barter advertising transactions between respective members of the MCI Group and the Group
“Board”	the board of Directors of the Company

“CHL”	Charming Holidays Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“Circulation Support Services”	the circulation support services relating to the distribution, sale and promotion of the publications of the Group
“Colour Separation Services”	the services provided or to be provided by Kin Ming relating to the conversion of photographs or drawings into its component spectral colours ready for four-colour process printing
“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
“First ASA Letter”	the confirmation letter entered into between MPH and OMH dated 1 April 2007 relating to the renewal of the Administrative Services Agreement for a term of three years from 1 April 2007 to 31 March 2010
“First MSA Letter”	the confirmation letter entered into between MPN and OMH dated 1 April 2007 relating to the renewal of the Magazine Services Agreement for a term of three years from 1 April 2007 to 31 March 2010
“Group”	the Company and its subsidiaries
“HK Magazines”	“ <i>Ming Pao Weekly</i> ”, “ <i>Hi-Tech Weekly</i> ” and “ <i>Top Gear 極速誌</i> ” published by MPM in Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Human Resources, Corporate Communication and Legal Services”	the human resources administrative service, corporate communication service and legal service
“Information Systems Programming Support Services”	the information systems programming support services relating to internet-related services such as email services and virus protection, computer networking services, data management services, general computing and programming support services and system analysis

“Kin Ming”	Kin Ming Printing Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“Leasing of Equipment”	leasing of computer and other office equipment to the Group
“Leasing of Office”	leasing of office 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
“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
“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 dually listed on the Stock Exchange and Bursa Malaysia Securities Berhad
“MCI Group”	MCI and its subsidiaries
“Mingpao.com”	Mingpao.com Limited, a company incorporated in Hong Kong and is an indirect non-wholly owned subsidiary of MCI
“MPH”	Ming Pao Holdings Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“MPM”	Ming Pao Magazines Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“MPN”	Ming Pao Newspapers Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“MPP”	Ming Pao Publications Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of MCI
“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

“PPSA Letter”	the confirmation letter entered into between Kin Ming and OMH dated 25 March 2010 relating to the renewal of the Pre-press Service Agreement for a term of three years from 1 April 2010 to 31 March 2013
“Pre-press Service Agreement”	the agreement entered into between Kin Ming and OMH dated 1 April 2007 relating to the provision of Colour Separation Services, film-making services and typesetting services by Kin Ming to the Group
“Renewed Agreements”	the Magazine Services Agreement (as supplemented by the First MSA Letter and the Second MSA Letter), the Administrative Services Agreement (as supplemented by the First ASA Letter and the Second ASA Letter), the Pre-press Service Agreement (as supplemented by the PPSA Letter) and the Advertising Space and Service Barter Agreement (as supplemented by the ASSBA Letter)
“Second ASA Letter”	the confirmation letter entered into between MPH and OMH dated 25 March 2010 relating to the renewal of the Administrative Services Agreement (as supplemented by the First ASA Letter) for a term of three years from 1 April 2010 to 31 March 2013
“Second MSA Letter”	the confirmation letter entered into between MPN and OMH dated 25 March 2010 relating to the renewal of the Magazine Services Agreement (as supplemented by the First MSA Letter) for a term of three years from 1 April 2010 to 31 March 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the continuing connected transactions contemplated under the Agreements or the Renewed Agreements (as the case may be) between members of the MCI Group and the Group relating to the operations of the HK Magazines

By order of the Board  
**One Media Group Limited**  
**TIONG Kiu King**  
*Chairman*

Hong Kong, 25 March 2010

*As at the date of this announcement, Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. TUNG Siu Ho, Terence are executive Directors of the Company. Mr. Peter Bush BRACK is the non-executive Director of the Company. Mr. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter are independent non-executive Directors of the Company.*