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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 MCI's announcement and the Company's prospectus dated 6 April 2004 and 30 September 2005 respectively relating to the Licensing Agreements which constitute continuing connected transactions for the Company under the Listing Rules. Each Licensing Agreement has a term of twenty-one years and two months from 1 February 2004 to 31 March 2025 and subject to the terms and conditions stated therein, such term will automatically be extended upon expiry in 2025 for periods of three years. By a waiver letter dated 28 September 2005 issued by the Stock Exchange, the Stock Exchange had, among other things, granted the Company a waiver from strict compliance with the announcement and Independent Shareholders' approval requirements in connection with the Licensing Agreements.

Reference is also made to an announcement dated 21 September 2007 in respect of the supplemental agreements entered into between MPM and MPF by which, effective from 1 April 2007, the rates of royalty fees payable by MPM to MPF under the Licensing Agreements were reduced from the original 8% and 4% of the Net Revenue respectively to 7% and 3.5% of the Net Revenue respectively. All other terms and conditions of the Licensing Agreements remained unchanged.

Notwithstanding the fact that the Licensing Agreements have terms of twenty-one years and two months and will not expire until March 2025, the Company was required, under the Stock Exchange's waiver letter of 28 September 2005, to re-comply with all applicable requirements under Chapter 14A of the Listing Rules in respect of the Licensing Agreements upon the expiry of the three financial years of the Company ended on 31 March 2008. The Company had inadvertently omitted to so re-comply with the applicable requirements of Chapter 14A of the Listing Rules in 2008 and was in breach of Chapter 14A of the Listing Rules. The Company was not aware of such breach until recently. As soon as the Company discovered this inadvertent omission, it immediately informed the Stock Exchange and now publishes this announcement to provide details of the Licensing Agreements, including the historical annual transaction values for the two years ended 31 March 2010 and the Annual Caps for the three years ending 31 March 2013.

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.9% of the issued share capital in the Company. MPF is an indirect wholly-owned subsidiary of MCI and is therefore an associate of a substantial shareholder of the Company. Accordingly, MPF is a connected person of the Company as defined in the Listing Rules. MPM is an indirect wholly-owned subsidiary of the Company, therefore the Transactions constitute continuing connected transactions for the Company.

As the historical aggregate annual transaction value under the Licensing Agreements for the year ended 31 March 2009 was between 2.5% and 25% under the applicable percentage ratios and exceeded HK\$10,000,000, the Transactions for the year ended 31 March 2009 constituted non-exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with their maximum aggregate annual transaction value were subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As the historical aggregate annual transaction value under the Licensing Agreements for the year ended 31 March 2010 was between 2.5% and 25% under the applicable percentage ratios but did not exceed HK\$10,000,000, the Transactions together with their maximum aggregate annual transaction value were subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under the Listing Rules. The Directors (including the independent non-executive Directors) confirm that the Transactions for the two years ended 31 March 2010 had been conducted in the ordinary and usual course of business of the Company, on normal commercial terms and were in the interests of the Company and the Shareholders taken as a whole.

As the Annual Caps exceed 5% under the applicable percentage ratios and HK\$10,000,000, the Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with the Annual Caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of each of the Licensing Agreements and the Annual Caps. An independent financial adviser has also been appointed to advise the Independent Board Committee of the Company in respect thereof.

A circular containing, among other things, (i) the advice from the Independent Board Committee to the Independent Shareholders; (ii) the advice from the independent financial adviser to the Independent Board Committee in respect thereof; and (iii) a notice of the AGM to approve among other things, the terms of the Licensing Agreements and the Annual Caps, and to ratify the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010, will be dispatched to the Shareholders as soon as practicable.

BACKGROUND

The Licensing Agreements were entered into between MPM and MPF on 1 February 2004, prior to the listing of the shares of the Company on the main board of the Stock Exchange. Each Licensing Agreement has a term of twenty-one years and two months from 1 February

2004 to 31 March 2025 and subject to the terms and conditions stated therein, such term will automatically be extended upon expiry in 2025 for periods of three years each. Upon the listing of the shares of the Company in October 2005, the transactions under the Licensing Agreements would constitute continuing connected transactions of the Company. Details of the Licensing Agreements were set out in MCI's announcement and the Company's prospectus dated 6 April 2004 and 30 September 2005 respectively. By a waiver letter dated 28 September 2005 issued by the Stock Exchange, the Stock Exchange had, among other things, granted the Company a waiver from strict compliance with the announcement and Independent Shareholders' approval requirements in connection with the Licensing Agreements.

On 21 September 2007, the Company announced the entering into of the supplemental agreements between MPM and MPF by which, effective from 1 April 2007, the rates of royalty fees payable by MPM to MPF under the Licensing Agreements were reduced from the original 8% and 4% of the Net Revenue respectively to 7% and 3.5% of the Net Revenue respectively. All other terms and conditions of the Licensing Agreements remained unchanged. On 1 April 2008, MPM ceased to publish *City Children's Weekly* and the CCW Licensing Agreement was terminated.

Notwithstanding the fact that the Licensing Agreements have terms of twenty-one years and two months and will not expire until March 2025, the Company was required, under the Stock Exchange's waiver letter of 28 September 2005, to re-comply with all applicable requirements under Chapter 14A of the Listing Rules in respect of the Licensing Agreements upon the expiry of the three financial years of the Company ended on 31 March 2008. The Company had inadvertently omitted to so re-comply with the applicable requirements of Chapter 14A of the Listing Rules in 2008 and was in breach of Chapter 14A of the Listing Rules. The Company was not aware of such breach until recently. As soon as the Company became aware of this inadvertent omission, it immediately informed the Stock Exchange and now publishes this announcement to provide details of the Licensing Agreements, including the historical annual transaction values for the two years ended 31 March 2010 and the Annual Caps for the three years ending 31 March 2013.

LICENSING AGREEMENTS

1. HTW Licensing Agreement

Pursuant to the HTW Licensing Agreement dated 1 February 2004 entered into between MPF and MPM (as amended by the supplemental agreement dated 29 March 2004, second supplemental agreement dated 6 April 2004, third supplemental agreement dated 26 September 2005 and fourth supplemental agreement dated 20 September 2007), MPF conferred on MPM the right to publish, market, distribute and sell advertising space in *Hi-Tech Weekly* by granting to MPM:

- (i) an exclusive, non-assignable right and license to use the HTW Trademark;
- (ii) a non-exclusive, non-assignable right and license to use the Past HTW Contents;
and
- (iii) a non-exclusive, non-assignable right to sub-license the use of the HTW Trademark and/or to sub-license the Past HTW Contents to other parties;

for a monthly royalty fee payable in cash equal to:

- 7% of the Net Revenue derived from the publication and distribution of *Hi-Tech Weekly*; plus
- 7% of the Net Revenue derived from the Associated Magazines which have 50% or more of their contents being derived from the Past Contents and the New Contents; plus
- 3.5% of the Net Revenue derived from the Associated Magazines which have less than 50% of their contents being derived from the Past Contents and the New Contents.

At the time of the Stock Exchange's waiver letter of 28 September 2005, an annual cap of HK\$2,100,000 was set for the royalty fees in each of the three years ended 31 March 2008. For the three years ended 31 March 2010, the actual royalty fees paid by MPM to MPF under the HTW Licensing Agreement were as follows:

	For the year ended 31 March		
	2008	2009	2010
	(audited)	(audited)	(audited)
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
HTW Licensing Agreement	783	840	791

The actual royalty fees paid during the year ended 31 March 2008 did not exceed the annual cap set in 2005. During the two years ended 31 March 2010, as the applicable percentage ratios in respect of the HK\$840,000 amount and HK\$791,000 amount paid were less than 2.5% and HK\$1,000,000, the Transactions constituted exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with their maximum annual transaction values were exempt from the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

For the three financial years ending 31 March 2013, it is expected that the maximum annual transaction values will not exceed the following amounts:

	For the year ending 31 March		
	2011	2012	2013
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
HTW Licensing Agreement	2,100	2,100	2,100

2. MPW Licensing Agreement

Pursuant to the MPW Licensing Agreement dated 1 February 2004 entered into between MPF and MPM (as amended by supplemental agreement dated 29 March 2004, second supplemental license agreement dated 6 April 2004, third supplemental agreement dated 26 September 2005 and fourth supplemental agreement dated 20 September 2007), MPF conferred on MPM the right to publish, market, distribute and sell advertising space in *Ming Pao Weekly* by granting to MPM:

- (i) an exclusive, non-assignable right and license to use the MPW Trademark;
- (ii) a non-exclusive, non-assignable right and license to use the Past MPW Contents; and
- (iii) a non-exclusive, non-assignable right to sub-license the use of the MPW Trademark and/or to sub-license the Past MPW Contents to other parties;

for a monthly royalty fee payable in cash equal to:

- 7% of the Net Revenue derived from the publication and distribution of *Ming Pao Weekly*; plus
- 7% of the Net Revenue derived from the Associated Magazines which have 50% or more of their contents being derived from the Past Contents and the New Contents; plus
- 3.5% of the Net Revenue derived from the Associated Magazines which have less than 50% of their contents being derived from the Past Contents and the New Contents.

At the time of the Stock Exchange's waiver letter of 28 September 2005, an annual cap of HK\$14,500,000 was set for the royalty fees in each of the three years ended 31 March 2008. For the three years ended 31 March 2010, the actual royalty fees paid by MPM to MPF under the MPW Licensing Agreement were as follows:

	For the year ended 31 March		
	2008	2009	2010
	(audited)	(audited)	(audited)
	(HK\$'000)	(HK\$'000)	(HK\$'000)
MPW Licensing Agreement	11,965	11,506	9,018

The actual royalty fees paid during the year ended 31 March 2008 did not exceed the annual cap set in 2005. During the year ended 31 March 2009, as the applicable percentage ratios in respect of the HK\$11,506,000 amount paid were between 2.5% and 25% and exceeded HK\$10,000,000, the Transactions constituted non-exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with their maximum annual transaction values were subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. During the year ended 31 March 2010, as the applicable percentage ratios in respect of the HK\$9,018,000 amount paid were between 2.5% and 25% but

less than HK\$10,000,000, the Transactions together with their maximum aggregate annual transaction value were subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under the Listing Rules.

For the three financial years ending 31 March 2013, it is expected that the maximum annual transaction values will not exceed the following amounts:

	For the year ending 31 March		
	2011 (HK\$'000)	2012 (HK\$'000)	2013 (HK\$'000)
MPW Licensing Agreement	14,500	14,500	14,500

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".

MCI and its subsidiaries are principally engaged in the businesses of publishing newspapers, magazines and books, providing electronic content on the web, and providing travel and travel related services.

Under the Licensing Agreements, the very important assets licensed to the Group are MPW Trademark and HTW Trademark. Without these trademarks, the Group may not be able to attract the same category of advertisers even with contents of similar quality. 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 are fair and reasonable. In view of the above, the Directors consider the Transactions to be in the interests of the Company and the Shareholders taken as a whole.

ANNUAL CAPS AND LISTING RULES IMPLICATIONS

Aggregate Annual Caps

The aggregate annual transaction values under the HTW Licensing Agreement and the MPW Licensing Agreement for each of the three financial years ending 31 March 2013 will not exceed the Annual Caps below:

Licensing Agreements	For the year ending 31 March		
	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000
(i) HTW Licensing Agreement	2,100	2,100	2,100
(ii) MPW Licensing Agreement	14,500	14,500	14,500
Aggregate Annual Caps	16,600	16,600	16,600

The Annual Caps have been determined by the Directors based on their experience and expertise in the magazine publications and related businesses and after taking into account the following principal factors and assumptions:

- the historical net revenues of the HK Magazines;
- the expected circulation of the HK Magazines;
- the expected rate of growth in advertising sales;
- the expected increase in advertising fees to be charged by the HK Magazines; and
- that there will be a stable market environment and economic conditions.

The Directors (excluding the independent non-executive Directors whose views will be set out separately in a circular to be dispatched to the Shareholders as soon as practicable) consider that the Annual Caps set out above are fair and reasonable.

Listing Rules implications

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.9% of the issued share capital of the Company. MPF is an indirect wholly-owned subsidiary of MCI and is therefore an associate of a substantial shareholder of the Company. Accordingly, MPF is a connected person of the Company as defined in the Listing Rules. MPM is an indirect wholly-owned subsidiary of the Company, therefore the Transactions constitute continuing connected transactions for the Company.

As the historical aggregate annual transaction value under the Licensing Agreements for the year ended 31 March 2009 was between 2.5% and 25% under the applicable percentage ratios and exceeded HK\$10,000,000, the Transactions for the year ended 31 March 2009 constituted non-exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with their maximum aggregate annual transaction value were subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As the historical aggregate annual transaction value under the Licensing Agreements for the year ended 31 March 2010 was between 2.5% and 25% under the applicable percentage ratios but did not exceed HK\$10,000,000, the Transactions together with their maximum aggregate annual transaction value were subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under the Listing Rules. The Directors (including the independent non-executive Directors) confirm that the Transactions for the two years ended 31 March 2010 had been conducted in the ordinary and usual course of business of the Company, on normal commercial terms and were in the interests of the Company and the Shareholders taken as a whole.

As the Annual Caps exceed 5% under the applicable percentage ratios and HK\$10,000,000, the Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules, and the Transactions together with the Annual Caps will be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

An Independent Board Committee comprising independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the terms of each of the Licensing Agreements and the Annual Caps. An independent financial adviser has also been appointed to advise the Independent Board Committee of the Company in respect thereof.

GENERAL

A circular containing, among other things, (i) the advice from the Independent Board Committee to the Independent Shareholders; (ii) the advice from the independent financial adviser to the Independent Board Committee in respect thereof; and (iii) a notice of the AGM to approve among other things, the terms of the Licensing Agreements and the Annual Caps, and to ratify the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010, will be dispatched to the Shareholders as soon as practicable. The expected date of dispatch of the circular is 20 July 2010.

DEFINITIONS

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

“AGM”	the annual general meeting to be held for approving among others, the Transactions
“Annual Caps”	the maximum aggregate annual amount of transaction values payable by MPM to MPF under the Licensing Agreements for the financial years of the Company ending 31 March 2011, 2012 and 2013
“Associated Magazines”	print magazine(s) published by the licensee or its associates or sub-licensees (i) using names which bear resemblance to the relevant HK Magazines or may cause any reasonable person to associate such magazine(s) with the relevant HK Magazines or MCI and its subsidiaries; and/or (ii) the contents of which are in whole or in part derived from the relevant Past Contents and New Contents pursuant to a sub-license granted by the licensee
“Board”	the board of Directors of the Company
“CCW Licensing Agreement”	the licensing agreement dated 1 February 2004 entered into between MPF and Lisport Company Limited (now known as Ming Pao Magazines Limited) (as amended by the supplemental agreements dated 29 March 2004, 6 April 2004, 9 July 2004, 26 September 2005 and 20 September 2007 respectively) relating to <i>City Children’s Weekly</i> , which ceased publication on 1 April 2008

“ <i>City Children’s Weekly</i> ”	“ <i>City Children’s Weekly</i> ” which MPM ceased to publish on 1 April 2008
“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
“Group”	the Company and its subsidiaries
“ <i>Hi-Tech Weekly</i> ”	“ <i>Hi-Tech Weekly</i> ” published by MPM in Hong Kong
“HK Magazines”	<i>Ming Pao Weekly</i> , <i>Hi-Tech Weekly</i> and <i>City Children’s Weekly</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
“HTW Licensing Agreement”	the licensing agreement entered into between MPF and MPM dated 1 February 2004 (as amended by the supplemental agreements dated 29 March 2004, 6 April 2004, 26 September 2005 and 20 September 2007) relating to the licensing by MPF of various rights in relation to <i>Hi-Tech Weekly</i> including the HTW Trademark to MPM
“HTW Trademark”	the trademark of <i>Hi-Tech Weekly</i>
“Independent Board Committee”	the independent board committee of the Company constituted for the purpose of considering the Licensing Agreements, the Annual Caps and the Transactions, comprising three independent non-executive directors
“Independent Shareholders”	any Shareholders other than Mr. TIONG Kiew Chiong, a director of the Company, Comwell Investments Limited, an indirect wholly-owned subsidiary of MCI, which directly holds 73.9% interest in the issued share capital of the Company, and their associates and any Shareholder and its associates which has a material interest in the Transactions

“Licensing Agreement(s)”	the CCW Licensing Agreement, the HTW Licensing Agreement and the MPW Licensing Agreement and since 1 April 2008, the HTW Licensing Agreement and the MPW Licensing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MCI”	Media Chinese International Limited (formerly known as Ming Pao Enterprise Corporation Limited), an exempted company incorporated in Bermuda with limited liability, the shares of which are dual listed on the Stock Exchange and Bursa Malaysia Securities Berhad
“ <i>Ming Pao Weekly</i> ”	“ <i>Ming Pao Weekly</i> ” published by MPM in Hong Kong
“MPF”	Ming Pao Finance Limited, a company incorporated in the British Virgin Islands 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
“MPW Licensing Agreement”	the licensing agreement entered into between MPF and MPM dated 1 February 2004 (as amended by the supplemental agreements dated 29 March 2004, 6 April 2004, 26 September 2005 and 20 September 2007) relating to the licensing by MPF of various rights in relation to <i>Ming Pao Weekly</i> including the MPW Trademark to MPM
“MPW Trademark”	the trademark of <i>Ming Pao Weekly</i>
“Net Revenue”	the total of (a) the gross advertising revenue derived from the relevant HK Magazines or Associated Magazines (as the context may require) in all forms less (i) advertising agency commissions; (ii) any costs paid to media buyers; and (iii) discounts; (b) the gross revenue derived from newsstand sales of such HK Magazines or Associated Magazines less newsstand agency commissions; (c) the gross revenue derived from sale of subscription copies of such HK Magazines or Associated Magazines in all forms less subscription agency commissions; and (d) any other revenue derived from the rights granted by the relevant Licensing Agreement

“New Contents”	all editorial and other contents of all those issues of the relevant HK Magazines which were published from 1 February 2004
“Past Contents”	all editorial and other contents of all those issues of the relevant HK Magazines which were published prior to 1 February 2004
“Past HTW Contents”	the editorial and other contents of all those issues of <i>Hi-Tech Weekly</i> which were published prior to 1 February 2004
“Past MPW Contents”	the editorial and other contents of all those issues of <i>Ming Pao Weekly</i> which were published prior to 1 February 2004
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the continuing connected transactions contemplated under each or both of the HTW Licensing Agreement and the MPW Licensing Agreement between MPF and MPM relating to <i>Hi-Tech Weekly</i> and <i>Ming Pao Weekly</i>

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

Hong Kong, 28 June 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. YU Hon To, David, Mr. SIT Kien Ping, Peter and Mr. TAN Hock Seng, Peter are independent non-executive Directors of the Company.