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万 华 媒 体 ONEMEDIAGROUP

ONE MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 426)

DISCLOSEABLE AND CONNECTED TRANSACTION

The Board is pleased to announce that on 5 August 2011, the Buyer, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Seller, a wholly-owned subsidiary of MCI, 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.

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.

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 date of this announcement, (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 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 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 Capital Asia Limited 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.

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 advice from the Independent Board Committee will be set out in the circular, after receiving advice from the independent financial adviser.

A circular containing, among others, details of the Sale and Purchase Agreement, a letter from the Independent Board Committee and a letter from independent financial adviser, both advising on the terms of the Sale and Purchase Agreement, and a notice of EGM will be despatched to the Shareholders no later than 26 August 2011.

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 by the Buyer, which shall be funded by internal resources of the Group.

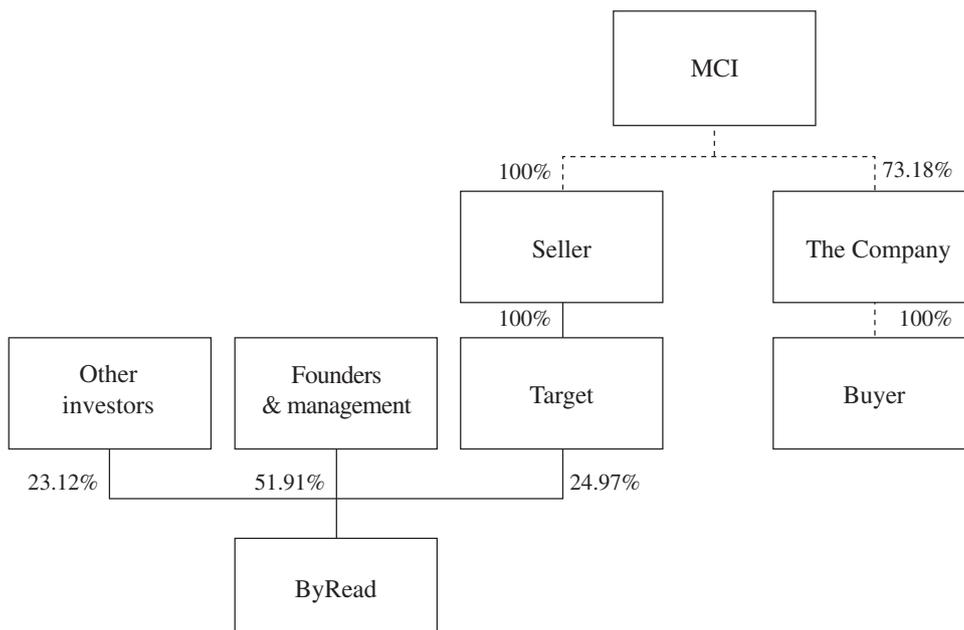
The Consideration was determined with reference to the consideration for a recent acquisition of the existing shares and subscription of new shares in ByRead by a new Independent Third Party investor and the valuation of ByRead conducted by Roma Appraisals Limited, an independent business valuation company. The Board (excluding the independent non-executive Directors) believes that the Consideration is fair and reasonable.

Completion:

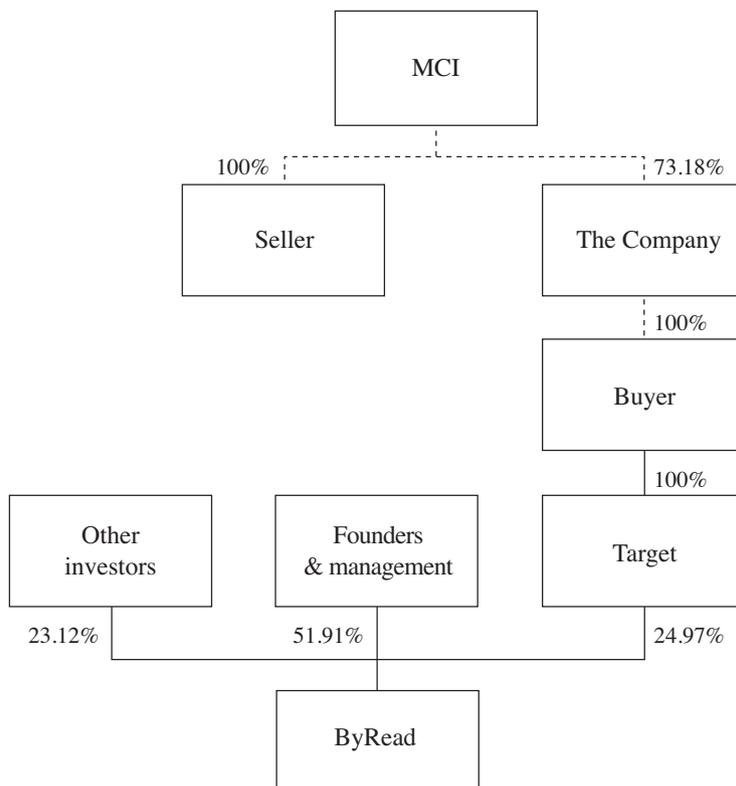
Completion shall take place on or before 30 September 2011 or such date as the parties may agree in writing after fulfillment and/or waiver of all the conditions precedent to the Sale and Purchase Agreement.

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.

The shareholding structure of ByRead before Completion (assuming that the recent acquisition of the existing shares and subscription of new shares in ByRead by the Independent Third Party investor have been duly completed) is shown as follows:



The shareholding structure of ByRead after Completion (assuming that the recent acquisition of the existing shares and subscription of new shares in ByRead by the Independent Third Party investor have 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 businesses 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 HK\$21,844,000). As at the date of this announcement, the Target still holds the ByRead Subscription Shares, representing approximately 24.97% of the issued share capital of ByRead.

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.

REASONS 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. 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.

Besides, the ByRead Group has been granted various awards, including but not limited to, the Best Application Service EnfoNet Award under Mobile Reading Category in ANALYSIS (易觀國際) and was ranked Number 7 in 2010 SPForum Mobile Software Award. 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.

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 Capital Asia Limited 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.

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 advice from the Independent Board Committee will be set out in the circular, after receiving advice from the independent financial adviser.

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TERMS USED IN THIS ANNOUNCEMENT

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

“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 Group”	ByRead and its subsidiaries
“ByRead Subscription Shares”	3,608 series A preference shares of par value of US\$0.01 each in the issued share capital of ByRead
“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
“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 for the purpose of approving the Sale and Purchase Agreement

“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”	the 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) formed to advise the Independent Shareholders in connection with the Sale and Purchase Agreement
“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, a 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% interest in 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
“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
“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
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent.

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

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

Hong Kong, 5 August 2011

As at the date of this announcement, Mr. TIONG Kiu King, Mr. TIONG Kiew Chiong and Mr. LAM Pak Cheong 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.