

**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)**

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES AND  
TO ISSUE NEW SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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

**AmCap**  
*Ample Capital Limited*  
**豐盛融資有限公司**

A letter from the Board is set out on pages 6 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from Ample Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular.

A notice convening the AGM 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 Tuesday, 24 August 2010 at 11:00 a.m. is set out on pages 41 to 44 of this circular. A form of proxy for the AGM 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, 20 July 2010

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong on Tuesday, 24 August 2010 at 11:00 a.m. or any adjournment thereof for approving, among other things, the Transactions
“Ample Capital”	Ample Capital Limited, a licensed corporation to carry out 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 Transactions
“Annual Caps”	the maximum aggregate annual amount of transaction values under the Licensing Agreements for the financial years of the Company ending 31 March 2011, 2012 and 2013
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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) relating to <i>City Children’s Weekly</i> , which ceased publication on 1 April 2008

## DEFINITIONS

“ <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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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, comprising three independent non-executive Directors, constituted for the purpose of considering the Licensing Agreements, the Annual Caps and the Transactions

## DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) Mr. TIONG Kiew Chiong, a director of the Company, (ii) Comwell Investment Limited, an indirect wholly-owned subsidiary of MCI, which directly holds 73.9% interest in the issued share capital of the Company, and (iii) any Shareholder who has a material interest in the Transactions and (iv) associates of the persons described in (i) to (iii) above.
“Latest Practicable Date”	16 July 2010, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“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
“MCI Group”	MCI and its subsidiaries, excluding the Group
“ <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

## DEFINITIONS

“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 Agreements
“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
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution

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“Repurchase Resolution”	the proposed ordinary resolution as referred to in no. 7 of the notice of the AGM
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchases
“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>
“%”	per cent

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*Executive Directors:*

Mr. TIONG Kiu King (*Chairman*)  
Mr. TIONG Kiew Chiong  
Mr. TUNG Siu Ho, Terence

*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, 20 July 2010

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS  
PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES AND  
TO ISSUE NEW SHARES  
RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement dated 28 June 2010 issued by the Company in relation to, among other things, the Licensing Agreements, the Annual Caps and the Transactions.

The purpose of this circular is to provide you with, among other things, (i) details of the Licensing Agreements, (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

## LETTER FROM THE BOARD

AGM to approve, among other things, the terms of the Licensing Agreements and the Annual Caps, to ratify the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010, and to approve the grant to the Directors of general mandates to repurchase Shares, to allot, issue and deal with new Shares, and the extension of the general mandate to allot, issue and deal with additional Shares, and the re-election of Directors.

### CONTINUING CONNECTED TRANSACTIONS

#### 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 21 years and 2 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 21 years and 2 months and will not expire until 31 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 published the announcement on 28 June 2010 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.

## LETTER FROM THE BOARD

### 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, the second supplemental agreement dated 6 April 2004, the third supplemental agreement dated 26 September 2005 and the 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 equals:

- 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:

	<b>For the year ended 31 March</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<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

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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 (HK\$'000)	2012 (HK\$'000)	2013 (HK\$'000)
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 the supplemental agreement dated 29 March 2004, the second supplemental license agreement dated 6 April 2004, the third supplemental agreement dated 26 September 2005 and the 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 equals:

- 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.

## LETTER FROM THE BOARD

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:

	<b>For the year ended 31 March</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>(audited)</b> <i>(HK\$'000)</i>	<b>(audited)</b> <i>(HK\$'000)</i>	<b>(audited)</b> <i>(HK\$'000)</i>
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:

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

### **Reasons for and benefit of the 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 other things, *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.

Under the Licensing Agreements, the very important assets licensed to the Group by MPF 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

## LETTER FROM THE BOARD

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.

### 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 <i>(HK\$'000)</i>	2012 <i>(HK\$'000)</i>	2013 <i>(HK\$'000)</i>
(i) HTW Licensing Agreement	2,100	2,100	2,100
(ii) MPW Licensing Agreement	14,500	14,500	14,500
<b>Aggregate Annual Caps</b>	<b>16,600</b>	<b>16,600</b>	<b>16,600</b>

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 – *Ming Pao Weekly* will conduct a revamp including new layout and content during the year ending 31 March 2011. *Hi-Tech Weekly* has conducted a successful revamp in May 2008 and its circulation jumped almost 200% at that time. It will continue to strengthen its content. Therefore the circulations for *Ming Pao Weekly* and *Hi-Tech Weekly* are expected to increase for the years ending 31 March 2011, 2012 and 2013;
- the expected rate of growth in advertising sales;
- the expected increase in advertising fees to be charged by the HK Magazines – it is expected that the advertising rates and number of advertising pages for both *Ming Pao Weekly* and *Hi-Tech Weekly* will increase for the years ending 31 March 2011, 2012 and 2013 after the revamp of *Ming Pao Weekly* and content strengthening of *Hi-Tech Weekly*; and
- that there will be a stable market environment and economic conditions.

## LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) 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 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 values 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.

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.

A meeting of the Board was held on 25 June 2010 at which the terms of the Licensing Agreements and the Annual Caps were reviewed and approved and the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 were reviewed, approved, ratified and confirmed. At the said meeting of the Board, Mr. TIONG Kiu King (the chairman of the Board and an executive Director, and also an executive director of MCI) and Mr. TIONG Kiew Chiong (an executive Director and a shareholder of the Company, and also an executive director of MCI) abstained from the examination of and voting on the same due to conflict of interests.

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 295,600,000 Shares, representing 73.9% of the issued share capital of the Company will abstain from voting at the AGM on the relevant resolutions proposed to be passed to approve the terms of the Licensing Agreements and the Annual Caps as well as to ratify the Transactions between

## LETTER FROM THE BOARD

MPF and MPM for the two years ended 31 March 2009 and 2010. Save and except to the foregoing, no other Shareholders will be required to abstain from voting in relation to the above at the AGM. The votes of the Independent Shareholders at the AGM will be taken by poll.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM of the Company held on 25 August 2009, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such general mandate will lapse at the conclusion of the AGM. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the AGM. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I to this circular.

### **GENERAL MANDATE TO ISSUE NEW SHARES**

Furthermore, at the AGM, two ordinary resolutions will be proposed which aim to grant to the Directors (i) a general mandate to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolutions (i.e. not exceeding 80,000,000 Shares based on the issued share capital of the Company of 400,000,000 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same as the date of passing the resolution); and (ii) an extension to the general mandate so granted to the Directors by the addition of any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

### **RE-ELECTION OF DIRECTORS**

Pursuant to Articles 108(a) of the Articles of Association, Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong will retire at the AGM and, being eligible, offer themselves for re-election. Details of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

### **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 AGM. An announcement on the poll results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## LETTER FROM THE BOARD

### AGM

On pages 41 to 44 of this circular, you will find a notice convening the AGM at which the following businesses are to be transacted:

1. to receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 March 2010;
2. to declare a special dividend and a final dividend;
3. to re-elect Directors and to authorise the Board to fix the remuneration of Directors; and
4. to re-appoint auditor and to authorise the Board to fix the remuneration of auditor.

To consider and, if thought fit, pass the following proposed resolutions:

5. an ordinary resolution to approve the terms of the Licensing Agreements and the Annual Caps;
6. an ordinary resolution to approve, ratify and confirm the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010;
7. an ordinary resolution to grant to the Directors a general mandate to exercise all powers of the Company to repurchase Shares on the Stock Exchange representing up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Resolution;
8. an ordinary resolution to grant to the Directors a general mandate to authorise the Directors to allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution; and
9. an ordinary resolution to extend the general mandate which will be granted to the Directors to allot, issue and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate.

### ACTION TO BE TAKEN

For the purposes of the AGM, the register of members of the Company will be closed from Wednesday, 18 August 2010 to Tuesday, 24 August 2010 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 17 August 2010.

## LETTER FROM THE BOARD

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

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, 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 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM, or any adjourned meeting, should they so wish.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that (i) the Transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Licensing Agreements and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole, and (ii) the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 had been conducted in the ordinary and usual course of business of the Group and on normal commercial terms which were fair and reasonable so far as the Independent Shareholders were concerned and in the interests of the Company and the Shareholders taken as a whole.

The Board has established an Independent Board Committee comprising all independent non-executive Directors to consider and, if appropriate, make a recommendation to the Independent Shareholders: (i) as to whether the terms of the Licensing Agreements and the Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole, (ii) as to whether the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 were fair and reasonable and in the interests of the Company and its Shareholders as a whole, and (iii) to advise the Independent Shareholders on how to vote, taking into account the recommendations of Ample Capital, the independent financial adviser, in relation to the terms of the Licensing Agreements and the Annual Caps and the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010.

The Company has appointed Ample Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Licensing Agreements and the Annual Caps, and the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010.

After taking into account the reasons for and benefits of the Licensing Agreements and the opinions of Ample Capital, the Independent Board Committee considers that the Transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Licensing Agreements and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and the

## LETTER FROM THE BOARD

Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 were entered into in the ordinary and usual course of business of the Group and on normal commercial terms which were fair and reasonable so far as the Independent Shareholders were concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve, among other things, the terms of the Licensing Agreements and the Annual Caps, and to approve, ratify and confirm the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010.

The Directors (including independent non-executive Directors) further believe that the granting of the general mandates to repurchase Shares and to issue new Shares, the extension of the general mandate to issue additional Shares and the re-election of Directors of the Company are in the best interests of the Company as well as its Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors) recommend that all the Shareholders should vote in favour of all the relevant resolutions set out in the notice of the AGM.

### FURTHER INFORMATION

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

By order of the Board  
**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, 20 July 2010

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS**

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 (i) the terms of the Licensing Agreements and the Annual Caps, and (ii) the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 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. Ample Capital 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 Ample Capital as set out in the Circular. Having taking into account the principal factors and reasons considered by and the advice of Ample Capital as set out in its letter of advice, we consider that (i) the Transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms of the Licensing Agreements and the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole; and (ii) the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010 were entered into in the ordinary and usual course of business of the Group and on normal commercial terms which were fair and reasonable so far as the Independent Shareholders were concerned and in the interests of the Company and its Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote at the upcoming AGM in favour of the ordinary resolutions to,

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

among other things, (a) approve the terms of the Licensing Agreements and the Annual Caps, and (b) approve, ratify and confirm the Transactions between MPF and MPM for the two years ended 31 March 2009 and 2010.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee  
**Mr. YU Hon To, David**  
**Mr. SIT Kien Ping, Peter**  
**Mr. TAN Hock Seng, Peter**  
*Independent non-executive Directors*

## LETTER FROM AMPLE CAPITAL

*The following is the full text of the letter of advice from the Independent Financial Adviser in respect of (i) the Licensing Agreements (including the Annual Caps); and (ii) the ratification of the Transactions for the two years ended 31 March 2009 and 2010, and is prepared for the purpose of incorporation into this Circular.*

### **AmCap**

*Ample Capital Limited*

豐盛融資有限公司

Ample Capital Limited  
Unit A, 14th Floor  
Two Chinachem Plaza  
135 Des Voeux Road Central  
Hong Kong

20 July 2010

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

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Licensing Agreements (including the Annual Caps); and (ii) the ratification of the Transactions for the two years ended 31 March 2009 and 2010, the particulars of which have been set out in a circular to the Shareholders dated 20 July 2010 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Circular.

Ample Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to (i) give our recommendations as to whether the terms of the Transactions are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms; (ii) give our recommendations as to whether the Transactions are in the interest of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) advise the Independent Shareholders on how to vote at the AGM. Details of the reasons for the Transactions are set out in the section headed “Letter from the Board” in the Circular (the “**Board Letter**”).

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 other things, *Ming Pao Weekly*, *Hi-Tech Weekly* and “*Top Gear 極速誌*”.

## LETTER FROM AMPLE CAPITAL

As per the Board Letter, 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 21 years and 2 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.

MCI is a substantial shareholder of the Company with an indirect holding of 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.

### **BASIS OF ADVICE**

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps 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 opinion. The Directors have confirmed that, to the best of their information and knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

## LETTER FROM AMPLE CAPITAL

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the Transactions.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

### PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in relation to the Transactions, we have taken into consideration the following factors:

#### 1. Information on the Group

As mentioned earlier, the principal business of the Group consists of the publication, marketing and distribution of Chinese language lifestyle magazines. Set out below is certain key audited financial information as extracted from the Group's final results announcement for the year ended 31 March 2010 (the "**Results Announcement**"):

	Year ended 31 March	
	2010	2009
	HK\$'000	HK\$'000
	(audited)	(audited)
Turnover	181,374	207,941
Profit attributable to Shareholders	5,662	11,397
Total assets	188,499	191,181
Total liabilities	21,441	24,819
Net assets attributable to Shareholders	167,058	166,362

We note that the Company recorded a consolidated turnover of approximately HK\$181,374,000 for the year ended 31 March 2010, representing an approximately 12.78% decrease when compared with the consolidated turnover of approximately HK\$207,941,000 recorded during the year ended 31 March 2009. During the year ended 31 March 2010, the Company recorded profit attributable to Shareholders of approximately HK\$5,662,000, representing an approximately 50.32% decrease when compared with the profit attributable to Shareholders of approximately HK\$11,397,000 recorded during the year ended 31 March 2009. The Result Announcement commented that "*The economy of Hong Kong had evidently improved in the second half of the financial year 2009 – 10 benefiting from the growing economy in China. The Group's major advertising clients appeared to have enjoyed bigger advertising budgets, which in turn benefited the Group's business. Nonetheless, the advertising income of the Group during the year was still weaker than that of last financial year.*" As at 31 March 2010, the Company had consolidated total assets, total liabilities and net assets attributable to Shareholders of approximately HK\$188,499,000, HK\$21,441,000 and HK\$167,058,000 respectively.

**2. Reasons for and the benefits of the Transactions**

It is stated in the Board Letter that under the Licensing Agreements, the very important assets licensed to the Group by MPF are the 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.

The Group's management has advised us that during the year ended 31 March 2010, the revenue generated under the Transactions represents approximately 78% of the Group's total turnover recorded during that year. Based on the above, we are of the view that the Transactions are a vital business segment of the Group, and were conducted in the Group's ordinary and usual course of business.

**3. Terms of the Licensing Agreements**

*3.1 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, the second supplemental agreement dated 6 April 2004, the third supplemental agreement dated 26 September 2005 and the 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;

## LETTER FROM AMPLE CAPITAL

for a monthly royalty fee payable in cash equals:

- 7% of the Net Revenue derived from the publication and distribution of *Hi-Tech Weekly* (the “**HTW Fee**”); 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 (together with the royalty fee for the Associated Magazines mentioned above, the “**HTW Associated Magazine Fee**”).

We have attempted to identify information in relation to royalty fee in similar licensing arrangements in respect of magazine publication. Due to the lack of such information in the public domain, we were unable to identify any publicly available information on royalty fee in similar transactions in the same industry, i.e. magazine publication, for comparison. To assess the fairness and reasonableness of the HTW Fee, we have examined the licensing agreements in respect of four magazines entered into between the Group and certain independent third parties (the “**Royalty Comparables**”) for the grant of license to the Group in relation to publication of localized versions of various magazines from overseas. We note from the Royalty Comparables that the license/royalty rates payable by the Group range from 7% to 8% of the revenue generated from the relevant license. The royalty fee paid by the Group to MPF representing 7% of the Net Revenue derived from the publication and distribution of *Hi-Tech Weekly* is therefore in line with the Royalty Comparables.

In our discussion with the Group’s management, we have learnt that the provisions with regards to the HTW Associated Magazine Fee were originally included in the HTW Licensing Agreement as a protection of MCI’s intellectual property rights such that MCI (through MPF) would be entitled to a royalty fee if the Group launched any Associated Magazines which would have circumvented the royalty fee (i.e. 7% of the Net Revenue) derived from the publication and distribution of *Hi-Tech Weekly* receivable by MPF. The Group’s management has confirmed that in practice, the Group has not launched any Associated Magazines in the past, and has no intention at the moment to launch any Associated Magazines in the near future. Accordingly, MPF has not received, and is not expected to receive in the near future, any HTW Associated Magazine Fee. We have been advised that the HTW Associated Magazine Fee is a commercial term that was determined with MPF through arm’s length discussions. The Group’s management also indicated that the HTW Trademark itself is considered to be more valuable than the Past Contents or New Contents that may be used in any Associated Magazines. The 50% threshold which determines whether MPF would receive 7% or 3.5% of

## LETTER FROM AMPLE CAPITAL

the Net Revenue was adopted so as to set out a framework that is simple to operate. Accordingly, the Group's management is of the view, to which we concur, that the HTW Associated Magazine Fee represents a fair cost for the Group's use of the HTW Trademark, the Past Contents and the New Contents in the Associated Magazines (if any).

As per the HTW Licensing Agreement, the Group shall make royalty payments to MPF in arrears for the preceding calendar month and has been granted a credit period of 21 days. Upon an examination of the licensing agreements of the Royalty Comparables, we note that different arrangements from advanced payment to payment in arrears with credit period of up to 30 days have been adopted. Furthermore, the Group's management has advised us that credit period granted to the Group by its other independent suppliers generally range from 14 to 30 days. Based on the above, the payment term of the HTW Licensing Agreement is in line with the Group's other suppliers.

Pursuant to Rule 14A.35(1), the term for non-exempt continuing connected transactions shall generally not exceed 3 years. We note that the term of over 21 years for the HTW Licensing Agreement expires in March 2025, and such length of term exceeds the maximum term stipulated under Rule 14A.35(1). In that connection, we have identified 5 transactions conducted by listed companies in Hong Kong involving licensing of trademark or brand name (the "**Term Comparables**"). The Term Comparables were identified through (i) certain past transactions we have participated in; and (ii) a search on the Stock Exchange website on a best effort basis, and contain all of the relevant transactions we have identified. The Term Comparables do not represent a search in any particular period since these licensing arrangements are not categorized under the "HKExnews" section of the Stock Exchange's website. Accordingly, the Term Comparables (where applicable) were identified through the search engine of the Stock Exchange website which does not specify a particular time period. The Term Comparables include licensing transactions that are related to industries different from that covered under the Transactions, i.e. magazine publication. As explained earlier, publicly available information on licensing arrangements is very limited. Under such circumstances, we have adopted the

## LETTER FROM AMPLE CAPITAL

Term Comparables in our analysis as they would demonstrate the general market practice of other licensing arrangements. We summarize certain information in relation to the Term Comparables in the table below.

Company (stock code)	Date of announcement	Nature of transaction	Term
NVC Lighting Holding Limited (2222)	7 May 2010 <sup>1</sup>	Licensing of trademark	3 years
San Miguel Brewery Hong Kong Limited (236)	1 April 2010	Licensing of trademark	Over 10 years
Li Ning Company Limited (2331)	31 July 2008	Licensing of trademark	Over 20 years
Win Hanverky Holdings Limited (3322)	8 February 2007	Grant of distributor and right to use trademark	Over 13 years
Hang Ten Group Holdings Limited (448)	22 March 2006	Trademark maintenance and licensing operation	3 years

*Note:*

1. This is the date of the prospectus of the relevant Term Comparable.

We note from the above analysis that it is not uncommon for transactions involving licensing arrangements to have terms that are over 3 years. We have been advised by the Group's management that the HTW Licensing Agreement, together with the MPW Licensing Agreement, are crucial to the Group's overall operation as the Transactions contributed approximately 78% of the Group's total turnover recorded during the year ended 31 March 2010. To guarantee MPF's continued grant of the license to use the HTW Trademark on a long term basis, the Group's management is of the view that it is beneficial for the Group to enter into the HTW Licensing Agreement with a term that is over 21 years. We concur with the view of the Group's management that the existing arrangement under the HTW Licensing Agreement would allow the Group to manage risks arising out of licensing dispute resulting in disruption to the Group's operation to an acceptable level and it is therefore normal business practice for contracts of this type to be of such duration.

Having considered the above, we are of the view that the terms of the HTW Licensing Agreement (including the HTW Fee, the HTW Associated Magazines Fee and the payment term) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## LETTER FROM AMPLE CAPITAL

### 3.2 MPW Licensing Agreement

Pursuant to the MPW Licensing Agreement dated 1 February 2004 entered into between MPF and MPM (as amended by the supplemental agreement dated 29 March 2004, the second supplemental license agreement dated 6 April 2004, the third supplemental agreement dated 26 September 2005 and the 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 equals:

- 7% of the Net Revenue derived from the publication and distribution of *Ming Pao Weekly* (the “MPW Fee”); 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 (together with the royalty fee for the Associated Magazines mentioned above, the “MPW Associated Magazine Fee”).

Same as the HTW Licensing Agreement, we have attempted to identify information in relation to royalty fee in similar licensing arrangements in respect of magazine publication. Due to the lack of such information in the public domain, we were unable to identify any publicly available information on royalty fee in similar transactions in the same industry, i.e. magazine publication, for comparison. To assess the fairness and reasonableness of the MPW Fee, we have examined the Royalty Comparables discussed in section 3.1 of this letter. We note from the Royalty Comparables that the license/royalty rates payable by the Group range from 7% to 8% of the revenue generated from the relevant license. The royalty fee paid by the Group to MPF representing 7% of the Net Revenue derived from the publication and distribution of *Ming Pao Weekly* is therefore in line with the Royalty Comparables.

## LETTER FROM AMPLE CAPITAL

We have been advised by the Group's management that the provisions with regards to the MPW Associated Magazine Fee were originally included in the MPW Licensing Agreement as a protection of MCI's intellectual property rights such that MCI (through MPF) would be entitled to a royalty fee if the Group launched any Associated Magazines which would have circumvented the royalty fee (i.e. 7% of the Net Revenue) derived from the publication and distribution of *Ming Pao Weekly* receivable by MPF. The Group's management has confirmed that in practice, the Group has not launched any Associated Magazines in the past, and has no intention at the moment to launch any Associated Magazines in the near future. Accordingly, MPF has not received, and is not expected to receive in the near future, any MPW Associated Magazine Fee. We have been advised that the MPW Associated Magazine Fee is a commercial term that was determined with MPF through arm's length discussions. The Group's management also indicated that the MPW Trademark itself is considered to be more valuable than the Past Contents or New Contents that may be used in any Associated Magazines. The 50% threshold which determines whether MPF would receive 7% or 3.5% of the Net Revenue was adopted so as to set out a framework that is simple to operate. Accordingly, the Group's management is of the view, to which we concur, that the MPW Associated Magazine Fee represents a fair cost for the Group's use of the MPW Trademark, the Past Contents and the New Contents in the Associated Magazines (if any).

As per the MPW Licensing Agreement, the Group shall make royalty payments to MPF in arrears for the preceding calendar month and has been granted a credit period of 21 days. Upon an examination of the licensing agreements of the Royalty Comparables, we note that different arrangements from advanced payment to payment in arrears with credit period of up to 30 days have been adopted. Furthermore, the Group's management has advised us that credit period granted to the Group by its other independent suppliers generally range from 14 to 30 days. Based on the above, the payment term of the MPW Licensing Agreement is in line with the Group's other suppliers.

Pursuant to Rule 14A.35(1), the term for non-exempt continuing connected transactions shall generally not exceed 3 years. We note that the term of over 21 years for the MPW Licensing Agreement expires in March 2025, and such length of term exceeds the maximum term stipulated under Rule 14A.35(1). In that connection, we examined the Term Comparables discussed in section 3.1 of this letter. We note from the analysis on the Term Comparables that it is not uncommon for transactions involving licensing arrangements to have terms that are over 3 years. We have been advised by the Group's management that the MPW Licensing Agreement, together with the HTW Licensing Agreement, are crucial to the Group's overall operation as the Transactions contributed approximately 78% of the Group's total turnover recorded during the year ended 31 March 2010. To guarantee MPF's continued grant of the license to use the MPW Trademark on a long term basis, the Group's management is of the view that it is beneficial for the Group to enter into the MPW Licensing Agreement with a term that is over 21 years. We

## LETTER FROM AMPLE CAPITAL

concur with the view of the Group's management that the existing arrangement under the MPW Licensing Agreement would allow the Group to manage risks arising out of licensing dispute resulting in disruption to the Group's operation to an acceptable level and it is therefore normal business practice for contracts of this type to be of such duration.

Having considered the above, we are of the view that the terms of the MPW Licensing Agreement (including the MPW Fee, the MPW Associated Magazine Fee and the payment term) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### 4. The Annual Caps

##### 4.1 The HTW Licensing Agreement

It is stated in the Board Letter that the proposed Annual Caps for the HTW Licensing Agreement will be HK\$2,100,000 for each of the three years ending 31 March 2011, 2012, and 2013 (the "HTW Annual Caps").

We set out below the historical royalty fees paid by MPM to MPF under the HTW Licensing Agreement as extracted from the Board Letter below:

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

To assess the fairness and reasonableness of the HTW Annual Caps, we have (i) examined the turnover forecast compiled by the Group in respect of *Hi-Tech Weekly* for each of the three years ending 31 March 2011, 2012 and 2013; (ii) examined the historical turnover for each of the three years ended 31 March 2008, 2009, and 2010; and (iii) discussed with the Group's management on the basis, assumptions and underlying figures adopted in the turnover forecast and factors considered by the Group's management. We note that the HTW Annual Caps of HK\$2,100,000 represents an approximately 165.49% increase over the actual royalty fees paid to MPF of approximately HK\$791,000 during the year ended 31 March 2010. In that connection, the Group's management has advised us that they have taken the following factors into consideration when compiling the turnover forecast:

- (i) the global financial tsunami has adversely affected turnover generated through *Hi-Tech Weekly* (and therefore royalty fee paid to MPF) during the entire year ended 31 March 2010 and the Group's management believe that signs indicating improvements are already emerging;

## LETTER FROM AMPLE CAPITAL

- (ii) the Group will undertake certain measures to increase advertising income during the current year, including but not limited to organizing various “Gadgets Fairs” during the current year which provides value added services to advertisers in *Hi-Tech Weekly* and a competitive edge over the Group’s competitors; and
- (iii) certain shifts in the industry in the coming years such as mainstream adoption of new technologies or devices including tablet PC, desktop PC with multi-touch enabled touch screen, 3D television and solid-state drive, etc., are expected to generate interest and demand for new classes of products therefore driving up both advertising and circulation income.

Since the transactions under the HTW Licensing Agreement are conducted in the Group’s ordinary and usual course of business and, together with the MPW Licensing Agreement, represent a crucial business segment of the Group, we consider that it is reasonable for the Group to set the HTW Annual Caps at a level which can sufficiently cover the Group’s turnover forecast. Otherwise, it would be unduly burdensome for the Group to seek for approval of the revised annual caps in the event that the HTW Annual Caps are exceeded. Having considered the above, we are of the view that the HTW Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### 4.2 *The MPW Licensing Agreement*

As stated in the Board Letter, the proposed Annual Caps for the MPW Licensing Agreement will be HK\$14,500,000 for each of the three years ending 31 March 2011, 2012, and 2013 (the “MPW Annual Caps”).

We set out below the historical royalty fees paid by MPM to MPF under the MPW Licensing Agreement as extracted from the Board Letter below:

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

To assess the fairness and reasonableness of the MPW Annual Caps, we have (i) examined the turnover forecast compiled by the Group in respect of *Ming Pao Weekly* for each of the three years ending 31 March 2011, 2012 and 2013; (ii) examined the historical turnover for each of the three years ended 31 March 2008, 2009, and 2010; and (iii) discussed with the Group’s management on the basis, assumptions and underlying figures adopted in the turnover forecast and factors considered by the Group’s management. We note that the

## LETTER FROM AMPLE CAPITAL

MPW Annual Caps of HK\$14,500,000 represents an approximately 60.79% increase over the actual royalty fees paid to MPF of approximately HK\$9,018,000 during the year ended 31 March 2010. In that connection, the Group's management has advised us that they have taken the following factors into consideration when compiling the turnover forecast:

- (i) the global financial tsunami has adversely affected turnover generated through *Ming Pao Weekly* (and therefore royalty fee paid to MPF) during the entire year ended 31 March 2010 and the Group's management believe that signs indicating improvements are already emerging;
- (ii) the Group will undertake certain measures to increase advertising income during the current year; and
- (iii) the Group is exploring a revamp of *Ming Pao Weekly* including new layout and/or content which, when implemented, is expected to drive up both advertising and circulation income.

Since the transactions under the MPW Licensing Agreement are conducted in the Group's ordinary and usual course of business and, together with the HTW Licensing Agreement, represent a crucial business segment of the Group, we consider that it is reasonable for the Group to set the MPW Annual Caps at a level which can sufficiently cover the Group's turnover forecast. Otherwise, it would be unduly burdensome for the Group to seek for approval of the revised annual caps in the event that the MPW Annual Caps are exceeded. Having considered the above, we are of the view that the MPW Annual Caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### CONCLUSION

Having considered the above principal factors, we are of the opinion that the terms of the Transactions (including the Annual Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, we consider that the Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the ordinary resolution(s) to approve (i) the Licensing Agreements (including the Annual Caps); and (ii) the ratification of the Transactions for the two years ended 31 March 2009 and 2010, at the AGM.

Yours faithfully,  
For and on behalf of  
**Ample Capital Limited**  
**H. W. Tang**  
*President*

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 400,000,000 Shares. Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Resolution to repurchase up to a maximum of 40,000,000 Shares, representing not more than 10% of the aggregate nominal amount of the issued share capital of the Company as at the Latest Practicable Date.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per share and/or earnings per share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

## **3. FUNDING OF REPURCHASE**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and Articles of Association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the Company's annual report for the year ended 31 March 2010 in the event that the power to repurchase Shares pursuant to the Repurchase Proposal were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the power to repurchase Shares pursuant to the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Proposal and in accordance with the Listing Rules, the memorandum and Articles of Association of the Company and the applicable laws of the Cayman Islands.

None of the Directors and, to the best of their knowledge, having made all reasonable enquiries, none of their respective associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

#### 5. EFFECT OF TAKEOVERS CODE AND PUBLIC FLOAT

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Comwell Investment Limited has an interest of 295,600,000 Shares representing 73.9% of the issued share capital of the Company.

Based on such shareholdings and in the event that the Directors exercise in full the power to repurchase Shares pursuant to the general mandate, the shareholdings of Comwell Investment Limited in the Company would be increased to approximately 82.11% of the issued share capital of the Company.

The Directors are not aware of any consequence which may arise under Rule 26 of the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. The Directors will use their best endeavours to ensure that the share repurchase mandate will not be exercised to the extent that the number of Shares held by public would be reduced to less than 25% of the issued share capital of the Company.

**6. SHARE PURCHASED BY THE COMPANY**

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**7. SHARE PRICES**

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

	<b>Highest Price</b> <i>HK\$</i>	<b>Lowest Price</b> <i>HK\$</i>
<b>2009</b>		
July	0.300	0.236
August	0.270	0.265
September	0.260	0.210
October	0.280	0.210
November	0.380	0.222
December	0.470	0.310
<b>2010</b>		
January	0.495	0.415
February	0.450	0.400
March	0.450	0.385
April	0.435	0.345
May	0.410	0.285
June	0.465	0.290
July (up to the Latest Practicable Date)	0.460	0.410

The following are the particulars of the Directors proposed to be re-elected at the AGM in accordance with the Articles of Association:

1. **TIONG Kiu King**, aged 75, was appointed as executive Director in April 2005 and is the Chairman of the Company. He has been an executive director of MCI (stock code: 0685) since October 1995. MCI is the holding company of the Company and it is publicly listed on the Stock Exchange and Bursa Malaysia Securities Berhad. He has extensive business experience in many industries including media and publishing, property development, plantation, as well as investment projects in Mainland China. He also holds directorships in various subsidiaries of the Company and private limited companies. He graduated with a Diploma in Civil Engineering from Tak Ming College in Hong Kong. He is a brother of Tan Sri Datuk Sir TIONG Hiew King and Dato' Sri Dr. TIONG Ik King, both are the substantial shareholders of the Company. Mr. TIONG is also a distant relative of Mr. TIONG Kiew Chiong who is an executive Director and the Deputy Chairman of the Company.

Save as disclosed herein, Mr. TIONG has not held any directorship in other listed public companies in the past three years and does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company and has not held any other positions with any members of the Group.

As at the Latest Practicable Date, Mr. TIONG has interest in share options to subscribe for 1,250,000 Shares within the meaning of Part XV of the SFO.

Mr. TIONG entered into a service contract with the Company for an initial fixed term of one year starting from 1 September 2005 and shall continue unless and until terminated by either the Company or Mr. TIONG giving to the other not less than 3 months' prior notice in writing to terminate the service contract. The appointment is subject to retirement by rotation and re-election at the next AGM of the Company in accordance with the Articles of Association. The director's emolument of Mr. TIONG will be reviewed annually by the Board pursuant to the authority granted by the Shareholders at the general meetings of the Company and by reference to his duties and responsibilities with the Company, the Company's performance, as well as prevailing market conditions. For the year ended 31 March 2010, total emoluments paid to Mr. TIONG amounted to HK\$1. He will be entitled to HK\$1 as director's emoluments and will not be entitled to any bonus in the coming year.

Save as disclosed above, Mr. TIONG has confirmed that there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders in connection with his re-election.

2. **TIONG Kiew Chiong**, aged 50, was appointed as an executive Director in March 2005 and is the Deputy Chairman of the Company. Mr. TIONG is also the Chairman of the executive committee of the Company (the “Executive Committee”) and a member of the Remuneration Committee and Nomination Committee of the Company. He has been an executive director of MCI (stock code: 0685) since May 1998. MCI is the holding company of the Company and it is publicly listed on the Stock Exchange and Bursa Malaysia Securities Berhad. Mr. TIONG has extensive experience in the media business. He is one of the founders of “*The National*”, a newspaper in Papua New Guinea launched in 1993. Mr. TIONG obtained a Bachelor Degree of Business Administration (Honours) from York University, Toronto, Canada in 1982. Mr. TIONG was appointed as an executive director of RH Petrogas Limited (previously known as Tri-M Technologies (S) Limited), a Singaporean company listed on the main board of Singapore Stock Exchange (stock code: T13), on 28 July 2009. He also serves as a director of various subsidiaries of the Company and several private limited companies. 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 is the Chairman of the Company and both Tan Sri Datuk Sir TIONG Hiew King and Dato’ Sri Dr. TIONG Ik King are the substantial shareholders of the Company.

Save as disclosed herein, Mr. TIONG has not held any directorship in other listed public companies in the past three years and does not have any relationship with any other directors, senior management, substantial shareholders or controlling shareholders of the Company and has not held any other positions with any members of the Group.

As at the Latest Practicable Date, Mr. TIONG has personal interest in 4,000,000 Shares and interest in share options to subscribe for 1,250,000 Shares within the meaning of Part XV of the SFO.

Mr. TIONG entered into a service contract with the Company for an initial fixed term of one year starting from 1 September 2005 and shall continue unless and until terminated by either the Company or Mr. TIONG giving to the other not less than 3 months’ prior notice in writing to terminate the service contract. The appointment is subject to retirement by rotation and re-election at the next AGM of the Company in accordance with the Articles of Association. For the year ended 31 March 2010, total emoluments paid to Mr. TIONG amounted to HK\$1. Mr. TIONG will be entitled to HK\$1 as director’s emoluments and will not be entitled to any bonus in the coming year.

Save as disclosed above, Mr. TIONG has confirmed that there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters which need to be brought to the attention of the Shareholders in connection with his re-election.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer 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						Aggregate interests	Percentage of issued ordinary shares as at Latest Practicable Date
	Personal interests	Family interests	Corporate interests	Total interests in shares	Interests in underlying shares pursuant to share options (Note)			
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. TUNG Siu Ho, Terence	-	-	-	-	1,000,000	1,000,000	0.25%	
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					Deemed interests in MCI's share pursuant to share options	Total number of MCI's shares in which the Director has or is deemed to have interests	Approximate percentage of issued ordinary shares in MCI as at Latest Practicable Date (Note)
	Personal interests	Family interests	Corporate interests	Total interests in shares	Total interests in shares			
Mr. TIONG Kiu King	2,540,559	147,000	-	2,687,559	600,000	3,287,559	0.20%	
Mr. TIONG Kiew Chiong	4,474,583	-	-	4,474,583	600,000	5,074,583	0.30%	

*Note:* These represent share options granted by MCI to the relevant Directors under the share option scheme approved at a special general meeting of MCI held on 21 August 2001 to subscribe for shares in MCI. Further details of these share options are as follows:

Name of Director	Underlying MCI's shares pursuant to share options	Approximate percentage of interest in MCI	Exercise price per MCI's share HK\$	Date of grant	Exercisable period
Mr. TIONG Kiu King	300,000	0.018%	1.592	31/8/2001	1/9/2001-20/8/2011
Mr. TIONG Kiu King	300,000	0.018%	1.800	15/9/2003	16/9/2003-20/8/2011
Mr. TIONG Kiew Chiong	300,000	0.018%	1.592	31/8/2001	1/9/2001-20/8/2011
Mr. TIONG Kiew Chiong	300,000	0.018%	1.800	15/9/2003	16/9/2003-20/8/2011

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 2010, 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> )	295,600,000	Beneficial owner	73.90%

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

*Note:*

Comwell Investment Limited 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 52.50% 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 15.59% by virtue of his personal interests and corporate interests.

In addition, MCI is directly held as to 9.16% 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 2010, 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
Ample Capital	A licensed corporation for 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, Ample Capital 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.

Ample Capital 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, Ample Capital had no interest, direct or indirect, in any assets which since 31 March 2010, 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. 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.

**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 20 July 2010 to 3 August 2010 (both dates inclusive):

- (i) the Licensing Agreements; 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 IS HEREBY GIVEN** that the Annual General Meeting 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 Tuesday, 24 August 2010 at 11:00 a.m. for the following purposes:

1. to receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 March 2010;
2. to declare a special dividend and a final dividend;
3. to re-elect directors and to authorise the Board to fix the remuneration of directors; and
4. to re-appoint auditor and to authorise the Board to fix the remuneration of auditor.

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

**ORDINARY RESOLUTIONS**

5. "THAT the terms the Licensing Agreements (as defined in the Company's circular dated 20 July 2010 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 Annual Caps (as defined in the Circular) and the Transactions (as defined in the Circular) contemplated under the Licensing Agreements 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 Licensing Agreements and the transactions contemplated thereby or incidental thereto."
6. "THAT the Transactions between Ming Pao Finance Limited and Ming Pao Magazines Limited for the two years ended 31 March 2009 and 2010 (the details of which are set out in the Circular) be and are hereby approved, ratified and confirmed."

## 7. "THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.001 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association of the Company to be held; or
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting."

## 8. "THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.001 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and

debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Articles of Association of the Company to be held; or
  - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

- 9. **“THAT** subject to the passing of the resolutions nos. 7 and 8 set out in the notice convening the meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to resolution no. 8 set out in the notice convening this meeting be and is hereby

extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 7 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said resolution.”

By Order of the Board  
**LAM Pak Cheong**  
*Secretary*

Hong Kong, 20 July 2010

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting 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. 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.
3. The register of members will be closed from Wednesday, 18 August 2010, to Tuesday, 24 August 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special and final dividends, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 17 August 2010.
4. With regard to item no. 3 in this notice, the Board of Directors of the Company proposes that the retiring Directors, namely Mr. TIONG Kiu King and Mr. TIONG Kiew Chiong be re-elected as Directors of the Company. Details of the said retiring Directors are set out in the Appendix II to the circular to be sent to the Shareholders on 20 July 2010.