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# 万 华 媒 体 ONEMEDIAGROUP

## One Media Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 426)**

### ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 12 February 2010 in respect of the continuing connected transactions under the Printing Services Agreement entered into between Beijing OMG and Guangzhou Kin Ming relating to the provision by Guangzhou Kin Ming to Beijing OMG of printing services for the Magazines for a term of 13 months from 1 March 2010 to 31 March 2011. The Board is pleased to announce that on 11 March 2011, Beijing OMG entered into the Confirmation Letter with Guangzhou Kin Ming to renew the Transactions under the Printing Services Agreement on substantially the same terms and conditions for a term of two years from 1 April 2011 to 31 March 2013.

Reference is further made to the Company's announcement dated 25 March 2010 in respect of, among other things, the continuing connected transactions under the Pre-press Service Agreement (as supplemented by the PPSA Letter) entered into between Kin Ming and OMH relating to the provision by Kin Ming to OMH and OMH's subsidiaries of colour separation services, film-making services and typesetting services for a term from 1 April 2007 to 31 March 2013.

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.9% of the issued share capital in the Company. Each of Guangzhou Kin Ming and Kin Ming is an indirect wholly-owned subsidiary of MCI, and is therefore an associate of a substantial shareholder of the Company. Accordingly, each of Guangzhou Kin Ming and Kin Ming is a connected person of the Company as defined in the Listing Rules, the Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

Given that each of the aggregate Annual Caps for the Transactions under (a) the Printing Services Agreement (as supplemented by the Confirmation Letter) and (b) the Pre-press Service Agreement (as supplemented by the PPSA Letter) is less than 25% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules and the annual consideration is less than HK\$10,000,000, the Transactions are exempted from the Company's independent shareholders' approval requirements but are still subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, the Transactions are also subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules.

## **PRINTING SERVICES AGREEMENT (AS SUPPLEMENTED BY THE CONFIRMATION LETTER)**

Reference is made to the Company's announcement dated 12 February 2010 in respect of the continuing connected transactions under the Printing Services Agreement entered into between Beijing OMG and Guangzhou Kin Ming relating to the provision by Guangzhou Kin Ming to Beijing OMG of printing services for the Magazines for a term of 13 months from 1 March 2010 to 31 March 2011.

Pursuant to the Printing Services Agreement, Guangzhou Kin Ming agreed to provide Beijing OMG with the printing services for the Magazines which had been and would continue to be operated and/or distributed by Beijing OMG, on such terms and conditions as may be agreed and determined between Beijing OMG and Guangzhou Kin Ming. Beijing OMG agreed to pay the printing fees in respect of each purchase order by way of cash or such other means as agreed by the parties within 180 business days after receiving the notice of payment from Guangzhou Kin Ming. The fees for the printing services would be calculated with reference to the then prevailing market rates for the provision of similar printing services and would not be at rates less favourable than those offered by Guangzhou Kin Ming to independent third parties. The Printing Services Agreement will expire on 31 March 2011.

On 11 March 2011, Beijing OMG and Guangzhou Kin Ming executed the Confirmation Letter to renew the Printing Services Agreement on the substantially the same terms and conditions for a term of two years from 1 April 2011 to 31 March 2013. The parties further agreed that the printing services for the magazines and/or other printing items would be subject to changes in accordance with the actual demand of Beijing OMG. The Printing Services Agreement (as supplemented by the Confirmation Letter) may be terminated by either party prior to the expiry date by giving at least three-month written notice to the other party or upon the occurrence of certain events including default or insolvency of the parties.

For the two years ended 31 March 2010 and nine months ended 31 December 2010, the cost of the printing services rendered under the Printing Services Agreement are summarised as follows:

<b>Services</b>	<b>For the year ended 31 March 2009 (audited) HK\$'000</b>	<b>For the year ended 31 March 2010 (audited) HK\$'000</b>	<b>Nine months ended 31 December 2010 (unaudited) HK\$'000</b>
Printing services	0	1,912	7,941

## PRE-PRESS SERVICE AGREEMENT (AS SUPPLEMENTED BY THE PPSA LETTER)

Reference is further made to the Company's announcement dated 25 March 2010 in respect of, among other things, the continuing connected transactions under the Pre-press Service Agreement (as supplemented by the PPSA Letter) entered into between Kin Ming and OMH relating to the provision by Kin Ming to OMH and OMH's subsidiaries of colour separation services, film-making services and typesetting services for a term from 1 April 2007 to 31 March 2013.

Pursuant to the Pre-press Service Agreement (as supplemented by the PPSA Letter), Kin Ming agreed to provide colour separation services, film-making services and typesetting services to OMH and OMH's subsidiaries and OMH (for itself and on behalf of OMH's subsidiaries) agreed to share the monthly operating expenses of Kin Ming's respective departments at a pre-determined rate calculated on a cost reimbursement basis. The Pre-press Service Agreement (as supplemented by the PPSA Letter) may be terminated by either party prior to the expiry date upon the occurrence of certain events including the default or insolvency or the failure of either party or its holding company to obtain or maintain the necessary shareholders' approval (if applicable) in respect of the Pre-press Service Agreement (as supplemented by the PPSA Letter) pursuant to the Listing Rules. In addition, OMH shall have the right to terminate the Pre-press Service Agreement (as supplemented by the PPSA Letter) by providing not less than 90 days' prior written notice to Kin Ming.

For the two years ended 31 March 2010 and nine months ended 31 December 2010, the costs of the colour separation services, film-making services and typesetting services rendered under the Pre-press Service Agreement (as supplemented by the PPSA Letter) are summarised as follows:

	For the year ended 31 March 2009 (audited) HK\$'000	For the year ended 31 March 2010 (audited) HK\$'000	Nine months ended 31 December 2010 (unaudited) HK\$'000
Services			
Colour separation services	14	15	–
Film-making services	18	6	2
Typesetting services	89	85	60
<b>Total</b>	<b>121</b>	<b>106</b>	<b>62</b>

## REASONS FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The Company is an investment holding company. The principal business activities of the Group consist of the publication, marketing and distribution of Chinese language lifestyle magazines. Publications include, among others, "Ming Pao Weekly 明報周刊" and "Top Gear 極速誌".

Beijing OMG, an indirect wholly-owned subsidiary of the Company, is engaged in the magazines operation business in the PRC. The magazines include, among others, “MING 明日風尚”, “Popular Science 科技新時代” and “Top Gear 汽車測試報告”.

OMH, a direct wholly-owned subsidiary of the Company, is an investment holding company through its subsidiaries engaged in the magazines operation business.

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.

Guangzhou Kin Ming, an indirect wholly-owned subsidiary of MCI, is engaged in the provision of printing services.

Kin Ming, an indirect wholly-owned subsidiary of MCI, is engaged in the provision of printing services, colour separation services, film-making services and typesetting services.

The Transactions have been and will continue to be conducted in the ordinary and usual course of business of the Group. The terms of the Transactions have been arrived at after arm’s length negotiations between the parties. The Directors, including independent non-executive Directors of the Company, consider that (i) the Transactions are 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) the Transactions are in the ordinary and usual course of the Group’s business; and (iii) the terms of the Printing Services Agreement (as supplemented by the Confirmation Letter) and the Pre-press Service Agreement (as supplemented by the PPSA Letter) and the Annual Caps are fair and reasonable. In view of the above, the Directors consider the Transactions to be in the interests of the Company and its shareholders taken as a whole.

## ANNUAL CAPS AND LISTING RULES IMPLICATIONS

### Annual Caps

The aggregate amount of the Transactions contemplated under the Printing Services Agreement (as supplemented by the Confirmation Letter) and the Pre-press Service Agreement (as supplemented by the PPSA Letter) in each of the three financial years ending 31 March 2013 shall not exceed the Annual Caps as follows:

<b>Annual Caps</b>	<b>Year ending 31 March 2011 HK\$’000</b>	<b>Year ending 31 March 2012 HK\$’000</b>	<b>Year ending 31 March 2013 HK\$’000</b>
Printing Services Agreement (as supplemented by the Confirmation Letter)	9,913*	8,850	8,850
Pre-press Service Agreement (as supplemented by the PPSA Letter)	77	200	200
<b>Total</b>	<b>9,990</b>	<b>9,050</b>	<b>9,050</b>

\* *The annual cap of the transactions transacted or to be transacted under the Printing Services Agreement for the financial year ending 31 March 2011 has been disclosed in the announcement of the Company dated 12 February 2010.*

The Directors have, based on their experience and expertise gained in the magazine publications and related businesses, taken into account the following principal factors and assumptions in determining the Annual Caps for the Transactions:

- the historical amounts of the service charges;
- the market rate for similar printing services;
- the expected circulation of the magazines; and
- that there will be a stable market environment and economic conditions.

The Directors consider that the Annual Caps as set out above are fair and reasonable so far as the Company and its shareholders as a whole are concerned.

### **Listing Rules implications**

MCI is a substantial shareholder of the Company with an indirect holding of approximately 73.9% of the issued share capital in the Company. Each of Guangzhou Kin Ming and Kin Ming is an indirect wholly-owned subsidiary of MCI, and is therefore an associate of a substantial shareholder of the Company. Accordingly, each of Guangzhou Kin Ming and Kin Ming is a connected person of the Company as defined in the Listing Rules, the Transactions constitute non-exempt continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules.

Given that each of the Annual Caps is less than 25% for each of the percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules and the annual consideration is less than HK\$10,000,000, the Transactions are exempted from the Company's independent shareholders' approval requirements but are still subject to reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules. Furthermore, the Transactions are also subject to the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules.

Upon expiry of the term of the Printing Services Agreement (as supplemented by the Confirmation Letter) or the Pre-press Service Agreement (as supplemented by the PPSA Letter), or if any of the above Annual Caps is exceeded or when the Printing Services Agreement (as supplemented by the Confirmation Letter) or the Pre-press Service Agreement (as supplemented by the PPSA Letter) is being renewed or there is any material change to the terms of the Printing Services Agreement (as supplemented by the Confirmation Letter) or the Pre-press Service Agreement (as supplemented by the PPSA Letter), the Company shall fully re-comply with the requirements of the Listing Rules (including but not limited to, Chapter 14A of the Listing Rules) prevailing from time to time, including but not limited to, seeking independent shareholders' approval by poll at a general meeting, if required.

## DEFINITIONS

In this announcement, the following expressions have the following meanings:

“Annual Caps”	the maximum aggregate annual amounts of the Transactions transacted or to be transacted for the three financial years of the Company ending 31 March 2013
“Beijing OMG”	Beijing OMG Advertising Company Limited (北京萬華廣告有限責任公司), a wholly foreign-owned enterprise established under laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“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
“Confirmation Letter”	the confirmation letter entered into between Beijing OMG and Guangzhou Kin Ming dated 11 March 2011 relating to the renewal of the Printing Services Agreement for a term of two years from 1 April 2011 to 31 March 2013
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Kin Ming”	Guangzhou Kin Ming Printing Limited (廣州建明印刷有限公司), a wholly foreign-owned enterprise established under laws of PRC and an indirect wholly-owned subsidiary of MCI
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kin Ming”	Kin Ming Printing Company Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of MCI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magazines”	“MING 明日風尚”, “Popular Science 科技新時代” and “Top Gear 汽車測試報告”
“MCI”	Media Chinese International Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are dual-listed on the Stock Exchange and Bursa Malaysia Securities Berhad

“MCI Group”	MCI and its subsidiaries
“OMH”	One Media Holdings Limited (formerly known as Richtop Resources Limited), a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“PPSA Letter”	the confirmation letter entered into between Kin Ming and OMH dated 25 March 2010 relating to the renewal of the Pre-press Service Agreement for a term of three years from 1 April 2010 to 31 March 2013
“PRC”	the People’s Republic of China
“Pre-press Service Agreement”	the agreement entered into between Kin Ming and OMH dated 1 April 2007 relating to the provision of colour separation services, film-making services and typesetting services by Kin Ming to OMH and OMH’s subsidiaries
“Printing Services Agreement”	the printing services agreement entered into between Beijing OMG and Guangzhou Kin Ming dated 12 February 2010 relating to the provision of the printing services for the Magazines which have been and will continue to be operated and/or distributed by Guangzhou Kin Ming to Beijing OMG
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the continuing connected transactions contemplated under each or both of the Printing Services Agreement (as supplemented by the Confirmation Letter) and the Pre-press Service Agreement (as supplemented by the PPSA Letter)

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

Hong Kong, 11 March 2011

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