

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MEDIA CHINESE INTERNATIONAL LIMITED

世界華文媒體有限公司

(Incorporated in Bermuda with limited liability)

(Malaysia Company No. 995098-A)

(Hong Kong Stock Code: 685)

(Malaysia Stock Code: 5090)

ANNOUNCEMENT IN RELATION TO CONNECTED/RELATED PARTY TRANSACTION: PROPOSED ACQUISITION OF THE PROPERTY

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 30 November 2018, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor to acquire the Property from the Vendor for a total consideration of RM18,400,000 (or equivalent to approximately US\$4,394,030).

IMPLICATIONS UNDER THE LISTING REQUIREMENTS AND LISTING RULES

In view of the interest of certain Directors and major shareholders of the Company, the Proposed Acquisition constitutes a related party transaction pursuant to Chapter 10 of the Listing Requirements. However, the Proposed Acquisition is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Acquisition are less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

As the Vendor is a connected person of the Company under the Listing Rules as more particularly set out below and since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules in respect of the Proposed Acquisition exceeds 0.1% but is less than 5%, the Proposed Acquisition constitutes a connected transaction of the Company is only subject to reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 30 November 2018, the Purchaser had entered into the Sale and Purchase Agreement with the Vendor to acquire the Property from the Vendor for a total consideration of RM18,400,000 (or equivalent to approximately US\$4,394,030).

2. INFORMATION ON THE PARTIES

2.1 Information on the Purchaser

The Purchaser was incorporated in Malaysia under the name of Pemandangan Sinar Sdn Bhd on 15 March 1983 as a private company under the Malaysian Companies Act, 1965. On 8 March 2004, it was converted into a public limited company and on 7 May 2004, it changed its name to Sin Chew Media Corporation Berhad. The Purchaser was listed on the main board of Bursa Securities on 18 October 2004 and was delisted from Bursa Securities following the completion of the merger amongst the Company, the Purchaser and Nanyang Press Holdings Berhad on 30 April 2008. Thereupon, the Purchaser is a wholly-owned subsidiary of the Company.

The issued share capital of the Purchaser is RM151,467,497 comprising 302,000,000 ordinary shares.

The principal activities of the Purchaser are investment holding, publication and distribution of newspaper and magazines, provision of printing and electronic commerce activities.

2.2 Information on the Vendor

The Vendor was incorporated as a private limited company in Malaysia under the Malaysian Companies Act, 1965 on 4 March 1986 under the name of Lembora Sdn Bhd.

The Vendor changed its name to Pembinaan Masasaha Sdn Bhd on 18 March 1987 and assumed its present name on 15 April 1992.

The issued share capital of the Vendor is RM53,000,000 comprising 53,000,000 ordinary shares.

The principal activity of the Vendor is manufacturing and marketing of optical fibres, research and development of broadband services.

Details of the directors and shareholders of the Vendor are as follows:

Directors of the Vendor

1. TSTHK
2. Ms Tiong Choon
3. Dato' Wong Hee Joo

Details of the shareholding structure of the Vendor are as below:

Shareholders of the Vendor	Shareholdings	
	<i>No. of shares held</i>	<i>%</i>
1. DSTIK	250,000	0.47%
2. Dato'Wong Hee Joo	5,000,000	9.43%
3. TSTHK	13,600,000	25.66%
4. Fatherland Enterprise Sdn Bhd	250,000	0.47%
5. Persada Jaya Sdn Bhd	15,900,000	30.00%
6. PAA	8,000,000	15.09%
7. TSL	4,000,000	7.55%
8. TTSE	2,000,000	3.78%
9. TTSH	<u>4,000,000</u>	<u>7.55%</u>
Total	<u>53,000,000</u>	<u>100.00%</u>

The Proposed Acquisition is a related party transaction by virtue of the interests of TSTHK, DSTIK and Ms Tiong Choon as described below:

- PAA is a major shareholder of the Vendor and a shareholder of the Company. TSL is a substantial shareholder of the Vendor and a shareholder of the Company.
- TSTHK is both a major shareholder and a director of the Vendor, PAA, TSL and the Company. He is a director of the Purchaser.
- DSTIK is both a major shareholder and a director of the Company. He is also a shareholder of the Vendor. He is a brother of TSTHK.
- Ms Tiong Choon is both a director and shareholder of the Company. She is also a director of both the Vendor and the Purchaser. She is a daughter of TSTHK.
- Dato'Wong Hee Joo is a son-in-law of TSTHK.

The Vendor is directly held as to 25.66% by TSTHK, 15.09% by PAA, 9.43% by Dato'Wong Hee Joo, 7.55% by TSL, 7.55% by TTSH, 3.78% by TTSE and 0.47% by DSTIK. TSTHK, a substantial shareholder (as defined under the Listing Rules) of the Company and together with his family interests, taken together directly and indirectly interested so as to control the exercise of 30% or more of the voting power at the general meetings of the Vendor. The Vendor, being an associate of TSTHK, is therefore a connected person of the Company. Accordingly, the Proposed Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

3. DETAILS OF THE PROPERTY

3.1 Information on the Property

The Vendor is the registered and beneficial owner of the Property. Details of the Property are set out in the table below:

Details	Description
Identification/location of the Property	Held under land title known as H.S. (D) 262209 No. P.T. 18 Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor, Malaysia
Description of the Property	A parcel of an industrial land erected with a one and half (1½) storey detached factory annexed a single and double storey office buildings together with a warehouse and a guard house (the “buildings”).
Postal address	No. 19, Jalan Semangat, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Land area	4,364.41 square metres (46,978 square feet)
Gross floor area	3,717.06 square metres (40,010 square feet)
Lettable area	3,717.06 square metres (40,010 square feet)
Percentage of occupancy	100%
Existing use	Industrial and warehouse, currently used and occupied by the Vendor
Proposed use	Office
Age of buildings	Approximately 25 years old
Independent registered valuer and quantification of the market value of the Property	The market value of the Property, as appraised by Raine and Horne International Zaki + Partners Sdn Bhd, on 27 June 2018, being the valuation date, was RM18,400,000
Tenure/Expiry date	Leasehold interest for 99 years, expiring on 24 November 2059.
Encumbrances	Nil
Audited net book value as at 31 August 2016	RM12,880,596
Restriction in interest	Nil

The Property comprises a parcel of industrial land which is almost rectangle in shape. It is located within the area of Section 13, Petaling Jaya, Selangor, Malaysia (“Section 13”).

Section 13 is located approximately 3 kilometres to the north of Petaling Jaya town centre and 8.5 kilometres to the south-west of Kuala Lumpur City Centre.

The Property fronts onto Jalan Semangat, Petaling Jaya, Selangor, Malaysia and easily accessible from various parts of the city and suburbs via major roads and highways including the Federal Highway, Lebuhraya Damansara Puchong (LDP) and the New Pantai Expressway (NPE), and its close proximity of 400 meters to the Asia Jaya LRT Station, which is six stations away from the Kuala Lumpur Sentral Transportation Hub that is connected to the ERL Express, all LRT and MRT lines, Monorails and the intercity KTM trains.

3.2 Original cost and date of investment to the Vendor

The Vendor originally purchased the Property from Rimbunan Hijau Estate Sdn Bhd on 26 September 2011 for a consideration of RM14,000,000 (equivalent to approximately US\$3,343,284).

3.3 Basis of arriving at the Consideration and manner of payment

The Consideration was arrived after arm’s length negotiations, and taking into consideration the market value of the Property as ascribed by an independent registered property valuer, Raine & Horne International Zaki + Partners Sdn Bhd vide its valuation report dated 27 June 2018 using the comparison and cost methods of valuation.

The Consideration shall be paid in cash and fully funded by the internal resources of the Purchaser.

4. SALIENT TERMS OF SALE AND PURCHASE AGREEMENT

The salient terms of the Sale and Purchase Agreement include the following:

- (a) The Purchaser purchases the Property free from all encumbrances, caveats, liens, demands, orders and claims of any nature, and with vacant possession.
- (b) The sale and purchase of the Property is conditional upon the Purchaser having obtained the written approval of the Selangor State Authority for the acquisition of the Property, which shall be obtained within six months from the date of the Sale and Purchase Agreement. The Purchaser shall take the necessary steps to apply for and obtain the written consent.
- (c) The Purchaser shall pay 10% of the Consideration to the Vendor as deposit upon execution of the Sale and Purchase Agreement. The balance 90% of the Consideration will be paid to the Purchaser’s solicitors as stakeholders within two (2) months from the date written approval is obtained from the Selangor State Authority (“the Cut-Off Date”) for the acquisition of the Property (“Completion Period”), with a further extension of one (1) month from the Completion Period

subject to interest payment at the rate of 8% per annum until full payment of the Consideration. The balance of the Consideration shall be released by the Purchaser's solicitors to the Vendor 14 days after the transfer of title to the Property has been presented for registration at the land registry.

- (d) Subject to payment of the balance of the Consideration, the Vendor shall deliver vacant possession of the Property within six (6) months to the Purchaser from the date of the Sale and Purchase Agreement. In the event the Vendor fails to deliver vacant possession of the Property within the stipulated period, the Vendor shall pay to the Purchaser interest at the rate of 8% per annum on the Consideration.

5. RATIONALE AND PROSPECTS OF THE PROPOSED ACQUISITION

The Property with a gross floor area of approximately 40,010 square feet is located adjacent to the land currently owned by the Purchaser where certain of the Group's operation is, and is next to a popular commercial, industrial and residential suburbs with a range of facilities. It is intended for self-use and consolidating of various offices of the Group in Malaysia into a single location.

The Board considers that the Proposed Acquisition is expected to improve operation efficiency by consolidating the Group's various offices into a single location and will provide a more optimal area for the Group's future expansion or development.

6. RISK FACTORS

Upon completion of the Proposed Acquisition, the Group will be subject to inherent risks associated with property investment such as general economic downturn in the Malaysian economy. The value of the Property may either appreciate or diminish depending on factors such as property market, economic, political and regulatory conditions in the country.

7. ESTIMATED TIME FRAME FOR COMPLETION

The Proposed Acquisition is expected to be completed on or before 30 June 2019.

8. EFFECT OF THE PROPOSED ACQUISITION

8.1 Share capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital and shareholding structure of the Company.

8.2 Substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings in the Company.

8.3 Net assets per share and gearing

The Proposed Acquisition will not have any material effect on the consolidated net asset, consolidated net asset per share and gearing position of the Group.

8.4 Earnings per share

The Proposed Acquisition will not have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 March 2019.

9. PARTICULARS OF ALL LIABILITIES, INCLUDING CONTINGENT LIABILITIES AND GUARANTEES TO BE ASSUMED BY THE COMPANY ARISING FROM THE PROPOSED ACQUISITION

There is no liability, including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Acquisition.

10. APPROVALS REQUIRED

Save for the consent of the Selangor State Authority, the Proposed Acquisition is not subject to the approval of shareholders of the Company or any other regulatory bodies.

11. HIGHEST PERCENTAGE RATIO APPLICABLE UNDER THE LISTING REQUIREMENTS AND THE LISTING RULES

Based on the latest audited financial statements for financial year ended 31 March 2018, the highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Listing Requirements is 2.22%.

As the Vendor is a connected person of the Company and since the highest applicable percentage ratio calculated under Chapter 14A of the Listing Rules in respect of the Proposed Acquisition exceeds 0.1% but is less than 5%, the Proposed Acquisition constitutes a connected transaction which is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

12. THE NATURE AND EXTENT OF THE INTERESTS OF THE INTERESTED DIRECTORS AND/OR MAJOR SHAREHOLDERS

TSTHK is a substantial shareholder/major shareholder and a director of both the Company and the Vendor, he is also a director of the Purchaser. DSTIK is a director and major shareholder of the Company, he is also a shareholder of the Vendor. Ms Tiong Choon is both a shareholder and a director of the Company and also a director of the Vendor.

Save as disclosed above, none of the other Directors or major shareholders or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition. In addition, the interested Directors, namely DSTIK, TSTHK and Ms Tiong Choon have abstained from the Board's deliberation and voting on the relevant resolutions of the Board to approve the Proposed Acquisition.

13. AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save as disclosed below, there are no other related party transactions between the Vendor and the Group for the preceding 12 months before the date of this announcement:

Nature of transaction	Transacted Value
Provision of broadband internet services from the Vendor to MCIL Multimedia Sdn Bhd, a wholly-owned subsidiary of the Purchaser*	RM3,440

* Since it was a recurrent related party transaction, shareholders' mandate had been obtained by the Company to enter into this transaction at its annual general meeting held on 11 August 2017 and 14 August 2018 respectively.

14. IMPLICATIONS UNDER THE LISTING REQUIREMENTS AND THE LISTING RULES

In view of the interest of certain Directors and major shareholders of the Company, the Proposed Acquisition constitutes a related party transaction pursuant to Chapter 10 of the Listing Requirements. However, the Proposed Acquisition is not subject to the approval of the shareholders as the relevant percentage ratios calculated under Chapter 10 of the Listing Requirements in respect of the Proposed Acquisition are less than 5% as stated in Paragraph 10.08(1) of the Listing Requirements.

As the Vendor is a connected person of the Company under the Listing Rules and since each of the percentage ratios calculated under Chapter 14A of the Listing Rules in respect of the Proposed Acquisition are less than 5%, the Proposed Acquisition constitutes a connected transaction of the Company and is only subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

15. STATEMENT BY DIRECTORS

The Board (including the independent non-executive directors), save for DSTIK, TSTHK and Ms Tiong Choon, after having considered all aspects of the Proposed Acquisition, is of the opinion that the Sale and Purchase Agreement had been entered into after arm's length negotiation and the terms of the Sale and Purchase Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

16. STATEMENT BY AUDIT COMMITTEE

The Audit Committee is of the view that the Proposed Acquisition is in the best interests of the Company and is fair, reasonable and carried out on normal commercial terms and at arm's length basis, and is not detrimental to the interests of the minority shareholders of the Company.

17. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement and the valuation report are available for inspection at the following offices of the Company during normal business hours from Monday to Friday (except public holidays) for a period of three months from the date of this announcement:

(a) Registered office in Malaysia

Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

(b) Head office and principal place of business in Hong Kong

15th Floor, Block A, Ming Pao Industrial Centre, 18 Ka Yip Street, Chai Wan, Hong Kong

TERMS USED IN THIS ANNOUNCEMENT

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

“Board”	the board of directors of the Company
“Bursa Securities”	Bursa Malaysia Securities Berhad (Malaysia Company No. 635598-W)
“Company”	Media Chinese International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange with the stock code: 685 and on the Main Market of Bursa Securities with the stock code: 5090
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	total purchase consideration of RM18,400,000 (equivalent to approximately US\$4,394,030) for the Proposed Acquisition
“Director(s)”	the director(s) (including independent non-executive directors) of the Company
“DSTIK”	Dato’ Sri Dr Tiong Ik King
“Group”	the Company and its subsidiaries
“Listing Requirements”	Main Market Listing Requirements of Bursa Securities
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PAA”	Pertumbuhan Abadi Asia Sdn Bhd (Malaysia Company No. 67069-X)

“persons connected”	has the meaning given to it under the Listing Requirements
“Proposed Acquisition”	the proposed acquisition of the Property by the Purchaser from the Vendor as contemplated under the Sale and Purchase Agreement
“Purchaser”	Sin Chew Media Corporation Berhad (Malaysia Company No. 98702-V), and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 30 November 2018 signed between the Vendor and the Purchaser in relation to the acquisition of the Property
“the Property”	all that parcel of the leasehold land together with buildings thereon measuring approximately 4,364.41 square metres held under title known as H.S. (D) 262209 No. P.T. 18 Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor, Malaysia
“TSL”	Teck Sing Lik Enterprise Sdn Bhd (Malaysia Company No. 057850-M)
“TTSE”	Tiong Toh Siong Enterprises Sdn Bhd (Malaysia Company No.178305-K)
“TTSH”	Tiong Toh Siong Holdings Sdn Bhd (Malaysia Company No. 105159-H)
“TSTHK”	Tan Sri Datuk Sir Tiong Hiew King
“Vendor” or “OCE”	Optical Communication Engineering Sdn Bhd (Malaysia Company No. 151535-H)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RM”	Ringgit, the lawful currency in Malaysia
“%”	per cent

For the purpose of this announcement, the exchange rate of RM4.1875 = US\$1.00 has been used for currency translation, where applicable. Such exchange rate is for illustration purposes and do not constitute representations that any amount in US\$ or RM has been, could have been or may be converted at such rate.

By order of the Board
Media Chinese International Limited
Tiong Kiew Chiong
Director

30 November 2018

As at the date of this announcement, the Board comprises Ms Tiong Choon, Mr Tiong Kiew Chiong, and Mr Leong Chew Meng, being executive directors; Dato'Sri Dr Tiong Ik King and Tan Sri Datuk Sir Tiong Hiew King, being non-executive directors; and Mr Yu Hon To, David, Datuk Chong Kee Yuon and Mr Khoo Kar Khoon, being independent non-executive directors.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.