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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF PREFERENCE SHARES OF BYREAD INC.

The Company is pleased to announce that on 30 November 2009, Media Connect, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with ByRead whereby Media Connect has conditionally agreed to subscribe for the Subscription Shares at a total subscription price of US\$2,800,000 (equivalent to approximately HK\$21,700,000 or RM9,486,400).

Based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Subscription constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. In addition, pursuant to Paragraph 10.06 of the Listing Requirements, the Subscription is subject to the announcement requirements as the materiality of the transaction is more than 5% of the percentage ratios as defined in Paragraph 10.02(g) of the Listing Requirements.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

1. THE SUBSCRIPTION

1.1 Details of the Subscription

The Company is pleased to announce that on 30 November 2009, Media Connect, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with ByRead whereby Media Connect has conditionally agreed to subscribe for the Subscription Shares at a total subscription price of US\$2,800,000 (equivalent to approximately HK\$21,700,000 or RM9,486,400).

Upon completion of the Subscription, Media Connect will hold approximately 53.99% of the issued share capital of ByRead. Pursuant to a share subscription and option agreement dated 26 July 2005 made between Morningside, ByRead and the Founders, ByRead has granted in favour of the Founders certain options to subscribe for the shares of ByRead. If the options granted to the Founders are exercised in full, Media Connect will then hold approximately 25.44% of the issued share capital of ByRead.

1.2 Information of the Group

The Group is a leading global Chinese-language media group dually listed on the main boards of The Stock Exchange of Hong Kong Limited (Stock Code: 685) and Bursa Malaysia Securities Berhad (Stock Code: 5090). The 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.

1.3 Background information of ByRead

ByRead is principally engaged in the holding of the entire issued share capital of Million Fortune, which in turn, is principally engaged in the holding of the entire equity capital of Zhangfu. Zhangmen is a domestic enterprise established in the PRC whose entire equity capital is indirectly and beneficially owned by ByRead through the Founders and a PRC designee of Morningside. Zhangmen is principally engaged in the research and development of mobile software and the operation and provision of social networking solution and online reading platforms in the PRC for mobile device users to play online and standalone games, to connect and interact with other users and to read e-magazines and e-books through mobile devices.

Zhangmen owns the website known as Baiyue (www.byread.com) which is a well known player in the China mobile reading market. Baiyue provides mobile value-added services such as entertainment, learning and multimedia applications for individuals and enterprises. It is also an open channel for individuals or enterprises to make, to manage and to distribute multimedia content to terminal users. Apart from mobile reading, Baiyue allows its users to enjoy a combination of social networking services (“SNS”) and games. In its mobile SNS community, it offers a wide range of online services including blog, album, group discussion board, dating, news and reading. As at the date of this announcement, there are more than 15,000,000 registered users in the PRC using ByRead Group’s SNS community services.

The cutting-edge technologies of ByRead Group have earned it recognition within the industry and various awards, including among others, the best application service EnfoNet award under mobile reading category in ANALYSYS (易觀國際) and No.4 in 2008 SPForum mobile software award. ByRead Group, including Zhangmen, as appraised by an independent valuer appointed by the Company on market value basis, has a fair value of RMB286,000,000 (equivalent to approximately HK\$324,610,000 or RM141,856,000) as at 31 October 2009.

1.4 Basis of arriving at the purchase consideration and mode of settlement

The total subscription price of US\$2,800,000 (equivalent to approximately HK\$21,700,000 or RM9,486,400) was arrived at after arm's length negotiation between the parties to the Subscription Agreement on a willing buyer-willing seller basis after taking into consideration the future prospects and valuation of business of ByRead Group. The said subscription price will be paid by the Group upon completion of the Subscription by way of cash from internal resources.

1.5 Financial information of ByRead

The unaudited consolidated loss before and after tax of ByRead Group for the year ended 31 December 2008 were RMB3,777,761 (equivalent to approximately HK\$4,287,759 or RM1,873,769) (2007: RMB 3,226,765, equivalent to approximately HK\$3,662,378 or RM1,600,475) and RMB3,782,405 (equivalent to approximately HK\$4,293,030 or RM1,876,073) (2007: RMB3,227,320, equivalent to approximately HK\$3,663,008 or RM1,600,751) respectively.

The unaudited consolidated loss before and after tax of ByRead Group for the nine months ended 30 September 2009 were RMB140,735 (equivalent to approximately HK\$159,734 or RM69,805) and RMB184,163 (equivalent to approximately HK\$209,025 or RM91,345) respectively. The unaudited consolidated net liabilities of ByRead Group as at 30 September 2009 were approximately RMB5,050,521 (equivalent to approximately HK\$5,732,341 or RM2,505,058).

1.6 Assumption of liabilities

The Company will not be assuming any liabilities, including contingent liabilities and guarantees arising from the Subscription.

2. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

Date:	30 November 2009
Parties:	<ol style="list-style-type: none">1. Media Connect.2. ByRead. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ByRead is an Independent Third Party.
Asset to be acquired:	The Subscription Shares, i.e. 3,608 Preference Shares to be allotted and issued by ByRead, representing approximately 53.99% of the issued share capital of ByRead, as enlarged by the Subscription.
Consideration:	The consideration payable for the Subscription Shares by Media Connect to ByRead upon completion of the Subscription shall be US\$2,800,000 (equivalent to approximately HK\$21,700,000 or RM9,486,400) which was determined by the parties to the Subscription Agreement after arm's length negotiations.

Conditions:

Completion of the Subscription shall be conditional upon the fulfillment of all of the following conditions:

- (a) completion of legal, financial and technical due diligence on ByRead and each of the ByRead Group companies;
- (b) a legal opinion being issued by a firm of PRC lawyers acceptable to Media Connect relating to the legality of the operation and business of the ByRead Group in the PRC in a form to the reasonable satisfaction of Media Connect;
- (c) certain intellectual property rights and technology having been properly registered in the name of and beneficially owned by ByRead Group;
- (d) execution and delivery of a certain shareholders' agreement by the parties thereto (except Media Connect);
- (e) the shareholder of ByRead having passed all necessary resolutions authorising and approving, among others, (1) the allotment and issuance to Media Connect of the Subscription Shares; and (2) the Subscription Agreement, the transactions contemplated by the Subscription Agreement and any related agreements and documents;
- (f) 575 Preference Shares of ByRead having been allotted and issued to Morningside, the existing sole shareholder of ByRead, upon the partial exercise by Morningside of the conversion right pursuant to a certain convertible loan agreement;
- (g) ByRead having obtained all necessary consent, approval or waiver which may be required under any agreement, indenture, mortgage, charge, trust, lease or instrument or obligations to which ByRead is a party or by which any of its assets is bound;
- (h) each of the shareholder and option holders of ByRead having waived any right of pre-emption conferred on it/him by the memorandum and articles of association of ByRead or otherwise in relation to the allotment and issue of the Subscription Shares pursuant to the Subscription Agreement;
- (i) the warranties given by ByRead being true in all material respects as at the date of completion of the Subscription; and
- (j) there being no material adverse change in the circumstances of each of the ByRead Group companies.

The Subscription Agreement shall be terminated automatically and none of the parties to the Subscription Agreement shall have any claim against the other party save in respect of any antecedent breaches if any of the above conditions is not satisfied (unless waived by Media Connect) on or before 17 December 2009 or such other date as the parties to the Subscription Agreement may agree.

Completion: Completion of the Subscription shall take place on or before 18 December 2009 or on such date as shall be mutually agreed by Media Connect and ByRead after fulfillment and/or waiver of all the conditions precedent to the Subscription Agreement.

3. SALIENT FEATURES OF THE VALUATION REPORT

Valuer: Roma Appraisals Limited, an independent valuation company based in Hong Kong

Date of valuation: 31 October 2009

Value: RMB286,000,000 (equivalent to approximately HK\$324,610,000 and RM141,856,000)

Valuation methodology: The Market-Based Approach where it values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. By adopting this approach, the valuer will look for valuation indication of prices of other similar business entities in companies or equity interests in entities that have been sold recently and assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

Business valuation: Based on the uniqueness of the operation and the industry in which the ByRead Group is in, the Market-Based Approach is adopted in arriving at the market value of the ByRead Group.

By adopting the Market-Based Approach, the valuer has adopted both the equity value per user multiple and price to sales ratio, in which the valuer considered them as the most appropriate methods to value companies in the Internet industry.

Limiting conditions: The valuer has relied to a considerable extent on information provided by the management and the Company in arriving at the opinion of value. The valuer is not in the position to verify the accuracy of all information provided by the Company. However, the valuer has had no reason to doubt the truth and accuracy of the information provided to him and to doubt that any material facts have been omitted from the information provided.

4. RATIONALE FOR AND BENEFITS OF THE SUBSCRIPTION

The Subscription allows the Group to gain access to the mobile software and online reading platforms of ByRead Group. This is another key milestone of the Group's expansion from print media to digital media. It is therefore believed that the Subscription will strengthen the Group's capabilities in digital publication and mobile content business, as well as allow the Group to further develop its business in the PRC.

5. INDUSTRY OVERVIEW AND PROSPECTS OF BYREAD

5.1 Industry overview

The number of Internet users and mobile phone users in the PRC has been rising significantly in the past ten years. According to the National Bureau of Statistics of China, the number of Internet users has grown from 22.5 million in 2000 to 300 million in 2008, whereas the number of mobile phone users has increased from 23.9 million in 1998 to 695 million in June 2009. The number of China's mobile Internet users had reached 192 million, a year-on-year increase of 62.7%. China issued 3G license in 2009, which will stimulate the growth of mobile Internet users. The mobile Internet will accelerate the development and promote a new economic model and growth points. In Japan, the number of mobile Internet users has been over that of PC Internet users after the arrival of the 3G era and the emergence of certain mobile Internet giant companies such as DeNA, Mixi and Gree mobile.

5.2 Prospects

ByRead Group is growing and maturing in terms of services and brand building for mobile reading technology with a large user base. With increasing market activities and more attractive content that drive stickyness, it is possible to convert the existing user base to registered paying customers. Hence, ByRead Group can be a digital platform for the Company's publication business and in return, the Company can help ByRead Group to institutionalise their operations to other countries by promoting the ByRead brand.

6. RISKS FACTORS

6.1 Business risks

The occurrence of any of the following business risks could have a material adverse effect on the business of ByRead Group:

- (a) ByRead Group's operation is dependent on certain relevant licences in the PRC. There is no assurance that ByRead Group will be able to renew these licences or to obtain all necessary permissions, approvals, and licences in respect of its business operations as required under the laws in the PRC.

- (b) Due to regulatory limitations, ByRead Group conducts its core business in the PRC through Zhangmen, in which neither ByRead nor any of its subsidiaries have direct ownership or interest. ByRead maintains a certain degree of control over Zhangmen through contractual arrangements with the Founders and the PRC designee of Morningside, who are registered shareholder of Zhangmen. If any of the Founders or the said PRC designee of Morningside violate any or all of the contractual arrangements, the financial performance and future growth of ByRead Group will be adversely and materially affected.
- (c) ByRead Group has a limited operating history in the PRC to assess its future expected performance. ByRead Group reported net losses in the two financial years ended 31 December 2008 and in the nine months ended 30 September 2009. There is no assurance that ByRead Group will become profitable in the future or that it will continue to be able to provide new services and offerings (for example, mobile games).
- (d) ByRead Group's operation is dependent on some independent business partners, including but not limited to payment gateway service providers. Should there be termination of a majority of business cooperation and ByRead Group is not able to find appropriate replacement partners in a timely manner, its business and operation may be adversely affected. Nevertheless, ByRead Group will work towards expanding its network of business partners.
- (e) The markets for mobile reading, mobile SNS community and related services are characterised by rapidly changing technology, industry standards, subscriber needs and new products and services. The emerging nature of these products and services and their rapid evolution will require ByRead Group to continually improve the performance, features and reliability of its software, content and services, especially in response to its competitors' offerings. ByRead Group may not be successful in responding quickly, cost effectively or sufficiently to these developments. In addition, services or technologies developed by competitors may render ByRead Group's services or technologies undesirable or obsolete. ByRead Group's business and operation may be adversely affected.
- (f) The success of ByRead Group's operation and business is dependent on the effective protection of its intellectual property rights. Due to the competitive environment in the market, ByRead Group's intellectual property may be subject to infringement. In particular, ByRead Group is susceptible to third parties' infringement of its intellectual property rights due to the fact that protection and enforcement of intellectual property rights in the PRC are not as certain and effective as in other countries. Should there be any possible infringement of its own and/or third parties' intellectual property and other rights, ByRead's business and operation may be adversely affected.

6.2 Competitive risks

Competition in the mobile reading market and mobile community market is increasing, which will result in reduced margins or loss of market share. Should ByRead Group fail to compete with other potential direct and indirect competitors and newcomers by maintaining its competitive advantages or responding rapidly to a fast changing business environment and users' preferences, ByRead Group's operation and business will be adversely affected.

6.3 Dependence on key personnel

ByRead Group's continued success depends significantly on the abilities and continued efforts of the Founders and senior management. It has a sound management team whose combined experience and expertise has brought ByRead Group to its present position as a leader in the e-publication market. Whilst the loss of key personnel may affect the operations and performance of ByRead Group, every effort is being made to groom new talent in the Company.

6.4 Political, economical and legislative risks

The Subscription represents indirect foreign investments in the PRC. Hence, ByRead Group is subject to the regulations and policies of the PRC. The future growth and level of profitability are subject to risks that are linked to the political and economic uncertainties in the PRC which may affect the financial performance of ByRead Group. These include risks of economic downturn, unfavourable changes in government policy and introduction of new regulations.

7. EFFECTS OF THE SUBSCRIPTION

7.1 Share capital

The Subscription shall be fully settled by cash and as such, the Subscription will not have any effect on the issued and paid up share capital and shareholding structure of the Company.

7.2 Substantial shareholders' shareholdings

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

7.3 Net assets per share and gearing

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

7.4 Earnings per share

The Subscription will not have any material effect on the earnings and earnings per share of the Group for the financial year ending 31 March 2010.

8. APPROVALS REQUIRED

The Subscription is not subject to the approval of the shareholders of the Company and any relevant authorities.

9. ESTIMATED TIMEFRAME FOR COMPLETION OF THE SUBSCRIPTION

Subject to the satisfactions (or waiver thereroft by Media Connect) of all the conditions precedent to the Subscription Agreement, completion of the Subscription is expected to take place on 18 December 2009.

10. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders and/or their respective connected persons have any interest, direct or indirect, in the Subscription.

11. STATEMENT BY BOARD OF DIRECTORS

The Board, having taken into consideration all aspects of the Subscription, considers that the terms of the Subscription Agreement have been agreed on an arm's length basis and on normal commercial terms which are fair and reasonable and is of the opinion that the Subscription is in the best interest of the Company and the shareholders of the Company as a whole.

12. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Subscription pursuant to paragraph 10.02(g) of the Listing Requirements is approximately 14% being the value stated in the valuation report compared with the unaudited consolidated net assets of the Group as at 30 September 2009.

13. IMPLICATIONS UNDER THE LISTING RULES/LISTING REQUIREMENTS

Based on the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules, the Subscription constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. In addition, pursuant to Paragraph 10.06 of the Listing Requirements, the Subscription is subject to the announcement requirements as the materiality of the transaction is more than 5% of the percentage ratios as defined in Paragraph 10.02(g) of the Listing Requirements.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The Subscription 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 one month from the date of this announcement:

- (a) Registered office in Malaysia

10th Floor, Wisma Havela Thakardas, No. 1, Jalan Tiong Nam, Off Jalan Raja Laut, 50350 Kuala Lumpur, 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

DEFINITIONS

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

“Board”	means the board of Directors of the Company
“ByRead”	means ByRead Inc., a company incorporated in the Cayman Islands with limited liability
“ByRead Group”	means ByRead and its subsidiaries
“Company”	means Media Chinese International Limited, an exempted company incorporated in Bermuda with limited liability
“Directors”	means the directors of the Company
“Founders”	means the three PRC nationals, who are the founders of ByRead and Zhangmen, and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, Independent Third Parties
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party”	means independent third party who is not connected with any of the Directors, chief executives, substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Listing Requirements”	means the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Media Connect”	means Media Connect Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Million Fortune”	means Million Fortune Resources Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of ByRead
“Morningside”	means Morningside Technology Investments Limited, the existing sole shareholder of ByRead and an Independent Third Party
“PRC”	means the People’s Republic of China
“Preference Shares”	means Series A preference shares of par value of US\$0.01 each in the share capital of ByRead
“RM”	means Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	means Renminbi, the lawful currency of the PRC
“Subscription”	means the subscription of 3,608 Preference Shares of ByRead by Media Connect pursuant to the Subscription Agreement
“Subscription Agreement”	means the subscription agreement dated 30 November 2009 and entered into between Media Connect and ByRead in relation to the Subscription of the Preference Shares of ByRead
“Subscription Shares”	means 3,608 Preference Shares to be allotted and issued to Media Connect by ByRead pursuant to the Subscription Agreement
“US\$”	means US dollar(s), the lawful currency of the United States of America

“Zhangfu”	means 掌富科技(南京)有限公司 (Zhangfu Science and Technology (Nanjing) Co. Ltd.), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of ByRead
“Zhangmen”	means 南京掌門科技有限公司 (Nanjing Zhangmen Science and Technology Co. Ltd.), a limited liability company established in the PRC, whose entire equity capital is indirectly and beneficially owned by ByRead through the Founders and a PRC designee of Morningside

In this announcement, certain amounts quoted in RMB and US\$ have been translated into HK\$ and RM at the following exchange rates representing the middle exchange rate at 5:00 p.m. on 26 November 2009 as quoted by Bank Negara Malaysia:

US\$1.00	=	HK\$7.750
US\$1.00	=	RM3.388
RMB1.00	=	HK\$1.135
RMB1.00	=	RM0.496

Such translations are for information purposes only and should not be construed as a representation that the relevant amounts have been, could have been, or could be, converted at that or any other rate or at all.

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

30 November 2009

As at the date of this announcement, the Board comprises Tan Sri Datuk Sir Tiong Hiew King, Mr Tiong Kiu King, Dato' Sri Dr Tiong Ik King, Mr Tiong Kiew Chiong, Ms Siew Nyoke Chow and Ms Sim Sai Hoon, being executive Directors; Mr Leong Chew Meng, being non-executive Director; and Mr David Yu Hon To, Tan Sri Dato' Lau Yin Pin and Temenggong Datuk Kenneth Kanyan Anak Temenggong Koh, being independent non-executive Directors.