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MODERN MEDIA HOLDINGS LIMITED

現代傳播控股有限公司

(incorporated in the Cayman Islands with limited liability)

(stock code: 72)

Subscription agreements for new Shares to be issued under the general mandate

On 17 September 2010, the Company entered into two conditional Subscription Agreements with HM Fund and VPL respectively, pursuant to which the Company has agreed to issue and (i) HM Fund has agreed to subscribe for 10,000,000 new HMF Subscription Shares, and (ii) VPL has agreed to procure VPL Funds (by itself or through nominee(s)) to subscribe for 7,000,000 new VPL Subscription Shares, both at a price of HK\$1.30 per Share.

The HMF Subscription Shares represent (i) approximately 2.50% of the Company's existing issued share capital, (ii) approximately 2.44% of its issued share capital as enlarged by the HMF Subscription Shares, and (iii) approximately 2.40% of its issued share capital as enlarged by both the HMF Subscription Shares and the VPL Subscription Shares.

The VPL Subscription Shares represent (i) approximately 1.75% of the Company's existing issued share capital, (ii) approximately 1.72% of its issued share capital as enlarged by the VPL Subscription Shares, and (iii) approximately 1.68% of its issued share capital as enlarged by both the HMF Subscription Shares and the VPL Subscription Shares.

Each of the HMF Subscription Agreement and VPL Subscription Agreement is conditional upon the granting of a listing of and permission to deal in the Subscription Shares by the Listing Committee of the Stock Exchange on or before the Long Stop Date. Completion of the HMF Subscription Agreement and completion of the VPL Subscription Agreement are not inter-conditional on one another.

The gross proceeds and net proceeds from the Subscription Agreements will be approximately HK\$22.10 million and HK\$21.10 million respectively. The net proceeds from the Subscriptions Shares will be used as general working capital of the Group.

The Subscription Shares will be issued under the general mandate granted to the Directors at the Company's annual general meeting held on 17 May 2010. The issue of the Subscription Shares will not be subject to the approval of the Shareholders.

Application will be made to the Stock Exchange for the listing of, and permission to deal, in the Subscription Shares.

The Board is pleased to announce that on 17 September 2010, the Company entered into two conditional Subscription Agreements with HM Fund and VPL respectively, pursuant to which the Company has agreed to issue and (i) HM Fund has agreed to subscribe for 10,000,000 new HMF Subscription Shares, and (ii) VPL has agreed to procure VPL Funds (by itself or through nominee(s)) subscribe for 7,000,000 new VPL Subscription Shares, both at the Subscription Price. The terms and conditions of the HMF Subscription Agreement and those of the VPL Subscription Agreement are similar, except for (among other matters) their identities and the number of Subscription Shares agreed to be subscribed for by themselves.

SUBSCRIPTION AGREEMENTS

Date of both the HMF Subscription Agreement and the VPL Subscription Agreement: 17 September 2010

Parties to the HMF Subscription Agreement

1. the Company (as issuer); and
2. HM Fund, as subscriber of the HMF Subscription Shares

Information on HM Fund

HM Fund is an open investment fund established in April 2010 and managed by DMFM. DMFM is a private fund management company limited incorporated in the Cayman Islands, with DMC as its majority shareholder. DMC is a private investment management company incorporated in British Virgin Islands with operations in listed equities, venture capital projects and mergers and acquisitions. The principal investment objective of the fund is to generate long-term capital growth through investments in small capitalisation stocks with optimal combinations of earnings growth and fundamental characteristics.

As at the date of this announcement, HM Fund holds 6,182,000 Shares in aggregate, which represent approximately 1.55% of the issued share capital of the Company. Upon completion of the HMF Subscription Agreement, HM Fund will become interested in an aggregate of 16,182,000 Shares, which represents (i) approximately 3.95% of its issued share capital as enlarged by the HMF Subscription Shares, and (ii) approximately 3.88% of the issued share capital of the Company as enlarged by the HMF Subscription Shares and the VPL Subscription Shares. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, HM Fund and its ultimate beneficial owner(s) are third parties independent of the Company and are not connected persons (as defined in the Listing Rules) of the Company.

Parties to the VPL Subscription Agreement

1. the Company (as issuer); and
2. VPL, who has agreed to procure VPL Funds (by itself or through nominee(s)) to subscribe for the VPL Subscription Shares

Information on VPL and VPL Funds

VPL Funds are investment or collective investment funds, and/or managed account(s) managed, advised, sub-managed or sub-advised by VPL or its fellow subsidiaries. VPL is a company incorporated in the British Virgin Islands, whose principal activities are investment management. VPL is a wholly owned subsidiary of Value Partners Group Limited, a company incorporated in the Cayman Islands and whose securities are listed on the Main Board of the Stock Exchange (stock code: 806).

As at the date of this announcement, VPL Funds hold 16,466,000 Shares in aggregate, which represents approximately 4.12% of the issued share capital of the Company. Upon completion of the VPL Subscription Agreement, VPL will become interested in an aggregate of 23,466,000 Shares, which represent (i) approximately 5.77% of its issued share capital as enlarged by the VPL Subscription Shares, and (ii) approximately 5.63% of the issued share capital of the Company as enlarged by the HMF Subscription Shares and the VPL Subscription Shares. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, VPL is a third party independent of the Company and is not connected person (as defined in the Listing Rules) of the Company.

Relationship between HM Fund and VPL Funds

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, both HM Fund and its ultimate beneficial owner are independent of and not connected with VPL Funds.

Number of Subscription Shares

Pursuant to the HMF Subscription Agreement, HM Fund will subscribe for the HMF Subscription Shares (namely, 10 million new Shares).

The HMF Subscription Shares represent (i) approximately 2.50% of the Company's existing issued share capital, (ii) approximately 2.44% of its issued share capital as enlarged by the HMF Subscription Shares, and (iii) approximately 2.40% of its issued share capital as enlarged by both the HMF Subscription Shares and the VPL Subscription Shares.

Pursuant to the VPL Subscription Agreement, VPL will subscribe for the VPL Subscription Shares (namely, 7 million new Shares).

The VPL Subscription Shares represent (i) approximately 1.75% of the Company's existing issued share capital, (ii) approximately 1.72% of its issued share capital as enlarged by the VPL Subscription Shares, and (iii) approximately 1.68% of its issued share capital as enlarged by both the HMF Subscription Shares and the VPL Subscription Shares.

Further details about the HMF Subscription Shares and the VPL Subscription Shares are set out in the section headed "Information about the Subscription Shares" below.

Condition precedent to completion of the Subscription Agreements

Completion of the each of the Subscription Agreements is subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in the Subscription Shares.

If the above condition precedent to completion of the relevant Subscription Agreement is not fulfilled on or before the Long Stop Date (or such later date as may be agreed between the parties thereto), the relevant Subscription Agreement will be terminated and cease to have any effect and none of the parties shall have any claims against the other saved for any antecedent breaches of the provisions thereof.

Completion of the HMF Subscription Agreement and completion of the VPL Subscription Agreement are not inter-conditional on one another.

Completion Date

Completion of each Subscription Agreement will take place on the second Business Day after the fulfillment of the condition precedent to completion referred to above.

Right to terminate the Subscription Agreements

Under the respective Subscription Agreements, each of HM Fund and VPL has been given right to terminate the relevant Subscription Agreement, without liability to the Company, by giving notice in writing to the Company, if at any time prior to 12:00 noon (Hong Kong time) on the Completion Date:

- (A) there develops, occurs or comes into force any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong due to exceptional financial circumstances or otherwise;
- (B) if any representation and warranty given by the Company, at the date of the Subscription Agreements and as of the Completion Date with references to the then existing circumstances, is untrue, inaccurate or incorrect in any material respect, or there having occurred or arisen any event or any matter on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect;
- (C) if the Company fails to perform any of its material undertakings or obligations hereunder which are required to be performed on or before the Completion Date;

- (D) if the transactions contemplated by the Subscription Agreement are or becomes prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, judgment or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Stock Exchange)) which is applicable to the Company, HM Fund, VPL or VPL Funds (as the case may be);
- (E) if there is any adverse change, or development involving a prospective adverse change, in the general affairs, condition, results of operations or prospects, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the reasonable judgment of VPL or HM Fund (as the case may be) is adverse to the trading price of the Company; or
- (F) (save for any suspension of dealings on the Shares pending the approval of this announcement) there has been a suspension of dealings in the Shares for more than seven (7) consecutive trading days;

Further rights and obligations of each party to the relevant Subscription Agreement will cease immediately on termination, but termination does not affect a party's accrued rights and obligations at the date of termination.

INFORMATION ABOUT THE SUBSCRIPTION SHARES

Subscription Price

The Subscription Price is HK\$1.30 per Subscription Share.

The Subscription Price represents (i) a premium of approximately 4.84% to the closing price of HK\$1.24 per Share as quoted on the Stock Exchange on 17 September 2010, being the date of the Subscription Agreements; and (ii) a premium of approximately 1.40% to the average of the closing price of approximately HK\$1.28 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the board meeting held on 16 September 2010 for approving the Subscription Price as provided under the Subscription Agreements.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$1.24 per Subscription Share.

The Board considers that the Subscription Price is fair and reasonable, which are determined after arm's length negotiations between the Company and each of HM Fund and VPL independently with reference to the recent trading prices of the Shares, and are in the interests of the Company and the Shareholders as a whole.

Rights of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Mandate to issue the Subscription Shares

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 17 May 2010 to allot and issue up to 80 million Shares (equivalent to 20.00% of the aggregate nominal amount of the share capital of the Company on the same date, being 400 million Shares).

The Subscription Shares to be allotted and issued upon the exercise in full of the subscription rights attaching to the Subscription Shares will be allotted and issued under the General Mandate. The issue of the Subscription Shares is not subject to the approval of the Shareholders. The aggregate of 17 million Subscription Shares to be allotted and issued would utilise 21.25% of the General Mandate. The General Mandate has not been previously utilised prior to the date of this announcement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING OF SHARES

The Group is principally engaged in the provision of magazines advertising services, printing and distribution of magazines and provision of advertising-related services in both the PRC and Hong Kong.

As disclosed in the Company's interim report 2010 published in late August 2010, the Group, in addition to expanding its print media business, has been exploring the possibility of expansion into the TV media as well as digital media. Examination of the feasibility of such expansion plans entails additional expenses on the part of the Group. It is intended that the net proceeds from the Subscription Agreements will be used as general working capital of the Group.

By entering into the Subscription Agreements, the Group is able to raise capital to further strengthen its capital base and financial position.

Assuming completion of the two Subscription Agreements, the gross proceeds will be approximately HK\$22.10 million. The net proceeds of the Subscription Agreements will be approximately HK\$21.10 million.

FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS

The Company has not carried out any fund raising activities during the 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Subscription Agreements is illustrated as follows (the following additions percentage figures have been calculated with rounding adjustments and, accordingly, figures shown as totals in the last row may not be an arithmetic aggregation of the figures which precede them):

	As at the date of this announcement		Immediately after completion of the HMF Subscription Agreement (but without taking account of the VPL Subscription Shares)		Immediately after completion of the VPL Subscription Agreement (but without taking account of the HMF Subscription Shares)		Immediately after completion of both the HMF Subscription Agreement and the VPL Subscription Agreement	
	Shares	%	Shares	%	Shares	%	Shares	%
CONTROLLING SHAREHOLDERS								
Shao Zhong (<i>Note</i>)	295,862,000	73.97	295,862,000	72.16	295,862,000	72.69	295,862,000	70.95
PUBLIC SHAREHOLDERS								
HM Fund	6,182,000	1.54	16,182,000	3.95	6,182,000	1.52	16,182,000	3.88
VPL Funds (by itself or through nominee(s))	16,466,000	4.12	16,466,000	4.02	23,466,000	5.77	23,466,000	5.63
Other public shareholders	<u>81,490,000</u>	<u>20.37</u>	<u>81,490,000</u>	<u>19.87</u>	<u>81,490,000</u>	<u>20.02</u>	<u>81,490,000</u>	<u>19.54</u>
Sub-total for public Shareholders	<u>104,138,000</u>	<u>26.03</u>	<u>114,138,000</u>	<u>27.84</u>	<u>111,138,000</u>	<u>27.31</u>	<u>121,138,000</u>	<u>29.05</u>
TOTAL	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>	<u><u>410,000,000</u></u>	<u><u>100.00</u></u>	<u><u>407,000,000</u></u>	<u><u>100.00</u></u>	<u><u>417,000,000</u></u>	<u><u>100.00</u></u>

Notes: Madam Zhou Shaomin is the spouse of Mr. Shao Zhong and she is deemed interested in the same number of Shares held by Mr. Shao Zhong under the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

DEFINITIONS

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

“associate(s)”	has the meaning ascribed in the Listing Rules
“Board”	the board of Directors

“Business Day”	any day (excluding a Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in Hong Kong
“Company”	Modern Media Holdings Limited 現代傳播控股有限公司, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the subscription in accordance with the terms and conditions of each of the Subscription Agreements
“Completion Date”	the date of completion of the Subscription Agreements
“Directors”	director(s) of the Company
“DMC”	DM Capital Limited, a private investment management company incorporated in British Virgin Islands
“DMFM”	DM Fund Management Limited, a private fund management company incorporated in the Cayman Islands with DMC as its majority shareholder
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 17 May 2010
“Group”	the Company and its subsidiaries
“HM Fund”	Harmony Master Fund, an open investment fund established in April 2010 and managed by DMFM
“HMF Subscription Agreement”	the conditional share subscription agreement dated 17 September 2010 and entered into between the Company and HM Fund in relation to the subscription of the HMF Subscription Shares
“HMF Subscription Shares”	10 million new Shares to be issued and subscribed under the HMF Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	18 October 2010, or such later date may be agreed by the parties to the relevant Subscription Agreement

“Share(s)”	the ordinary share of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreements”	collectively, the HMF Subscription Agreement and VPL Subscription Agreement
“Subscription Price”	the subscription price of HK\$1.30 per Subscription Share
“Subscription Shares”	new Shares which may fall to be allotted and issued upon completion of the Subscription Agreements
“VPL”	Value Partners Limited, a company incorporated in the British Virgin Islands, whose principal activities are investment management and is a wholly owned subsidiary of Value Partners Group Limited, a company incorporated in the Cayman Islands and whose securities are listed on the Main Board of the Stock Exchange (stock code: 806)
“VPL Funds”	VPL Funds, any investment or collective investment fund(s), and/or managed account(s) managed, advised, sub-managed or sub-advised by VPL or its fellow subsidiaries.
“VPL Subscription Agreement”	the conditional share subscription agreement dated 17 September 2010 and entered into between the Company and VPL in relation to the subscription of the VPL Subscription Shares
“VPL Subscription Shares”	7 million new Shares to be issued and subscribed under the VPL Subscription Agreement
“HK\$”	Hong Kong dollars
“%”	per cent

By Order of the Board
Modern Media Holdings Limited
Shao Zhong
Chairman

Hong Kong, 17 September 2010

As at the date of this announcement, the Board comprises the following members: (a) as executive directors, Mr. Shao Zhong, Mr. Wong Shing Fat, Mr. Mok Chun Ho, Neil, Mr. Li Jian and Mr. Cui Jianfeng; (b) as independent non-executive directors, Mr. Jiang Nanchun, Mr. Wang Shi and Mr. Au-Yeung Kwong Wah.